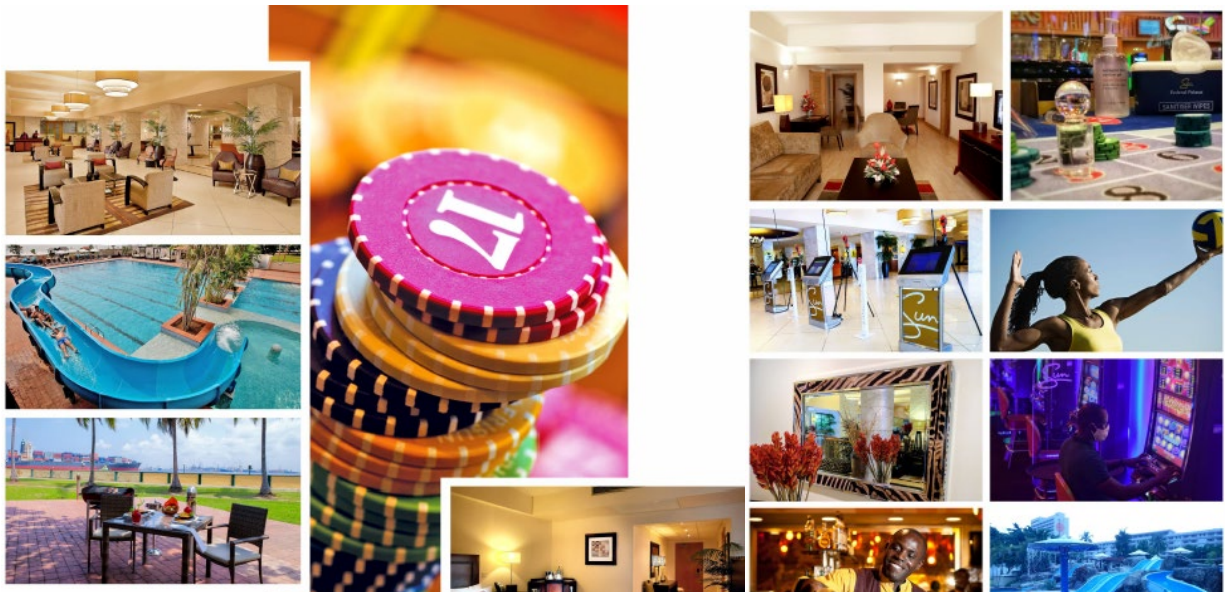


# 2023 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



*ENVIRONMENTAL  
RESPONSIBILITY*

*SOCIAL  
UPLIFTMENT*

*PROTECTING  
OUR PEOPLE*

*ETHICS*

*TRUST AND  
PASSION*

# STRATEGIC LEADERSHIP



At The Tourist Company of Nigeria Plc (TCN) we are committed to a business strategy that incorporates economic, environmental, and social factors as incorporated into our organization's policies, practices, and processes to enable the shared value addition with long-term benefits for the respective external and internal stakeholders while being mindful of conserving and protecting resources as is demonstrated by our environmental, social and governance (ESG) activities.

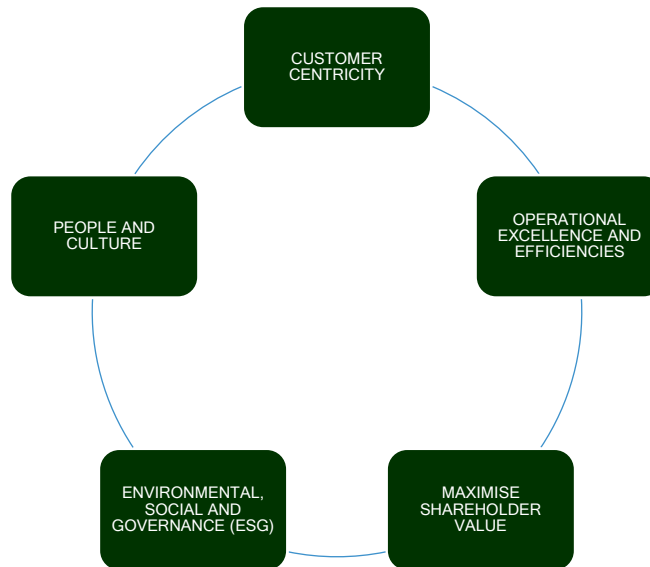
Our sustainability journey continues to evolve as we face numerous challenges owing to the uncertainties due to the impact of the Russia-Ukraine conflict which may cause a deterioration in the trading environment through amplified inflationary pressure fueled mainly by rising food, diesel, and gas prices and persistent supply disruptions, albeit there is currently an overall steady improvement in the worldwide hospitality trading environment, we continued to assess and adjust our business model to expand on the cost saving initiatives learnt from the challenges borne out of the pandemic to ensure a continued sustainable business strategy.

This includes a holistic ESG focus, allowing us to measure, monitor and evaluate our contribution towards minimising our impact on the natural and social environments we operate in, while ensuring sustainable value creation for all our stakeholders.

Our strategy included: improving our existing operations and our guest experience; protect our existing assets; grow our revenue streams, governance and sustainability and our people. During 2022, our strategic objectives were refreshed to align with our current operating environment and strategic outlook.

## FORWARD-LOOKING STATEMENTS

This report may contain certain forward-looking statements other than the statements of historical fact, which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the company's external auditors. Such statements may include predictions of or indicate future earnings, objectives, savings, events, trends or plans based on current expectations, forecasts and assumptions. As with any forward-looking statement, prediction or forecast, there are inherently unexpected events which could cause uncertainty and unexpected change which have not, and could not, be accounted for. Whereas the company has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this report, any forward-looking statements speak only as at the date that they are made. The actual results may vary materially from those expressed or implied and the company undertakes no obligation to publicly update or alter these or to release revisions after the date of publication of this report.



These strategic objectives are:

While ESG is a standalone objective, these ESG elements are encompassed within all our other strategic objectives.

We are continually seeking strategy to help us lead sustainable environmental management in the hospitality sector. This includes concerns like a sustainable energy supply and rising energy costs, water quality and availability, and increasing concerns around the shortage of certified waste contractors and the amount of waste going to landfills.

Our people are the primary interface with our guests and customers and they are the custodians of memorable guest experiences. They are the heart of our business. Despite a challenging operating environment, the resilience and forbearance of our people have ensured that we remain a thriving business that continues to make memorable experiences for all of our guests.

Our new Sun Stars reward, and recognition programme will shine a light on those who go above and beyond the call of duty.

The health, safety and wellbeing of our employees and guests continue to be a key focus area for TCN and encouragingly there were no fatalities for the year under review.

The board remains committed to promoting an ethical culture from the top as well as to actively engaging stakeholders. We embrace the governance pillars of integrity, responsibility, fairness, transparency, honesty and accountability for all stakeholders, which assist in preserving our long-term sustainability so we can create stakeholder value.

Thank you to our employees, who continue to focus on enhancing the customer experience and delivering memorable experiences for our guests.

Chief (Dr) Anthony Idigbe, SAN  
Chairman  
24 July 2024

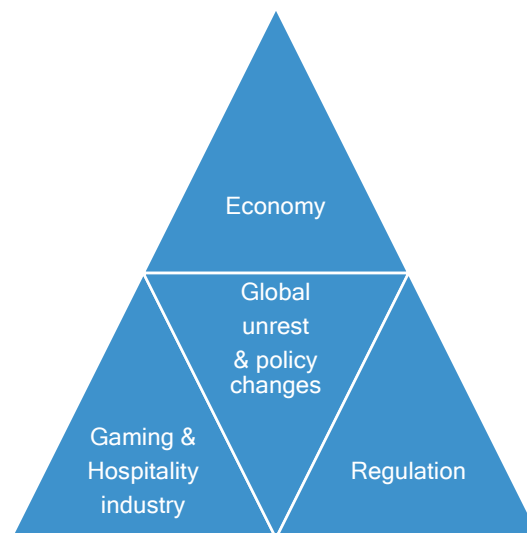
Mr David Kliegl  
Executive Director  
24 July 2024

## SUSTAINABLE VALUE CREATION

Our ESG dimensions rest on the ethical principles of avoiding and or minimizing harm and optimizing benefits to all respective stakeholders within our operating environment. TCN's continuous efforts assist in minimizing environmental impact on our society and community and avoiding waste in all its forms wherever possible. Our successful sustainable value creation is aided by layer of checks and balances within the organization covering the Company's Board, Management and Investors, to enhance operations and the deliver optimal value creation and leaving a positive environmental and social footprint and throughout.

## OPERATING ENVIRONMENT

Our macro-operating environment continues to be influenced by external and internal factors that are not always under our control. These factors include economic, regulatory and industry trends in Nigeria as well as supply chain disruptions the global conflicts that continues to impact our entire operating environment. This operating environment constantly informs and shapes our strategy as we adapt to these trends and navigate our way forward.



### GLOBAL UNREST & POLICY CHANGES

#### IMPACT IN 2023

Local trading conditions remain challenging and have been compounded by global unrest and uncertainties coupled with change in foreign currency rate policy.

#### COMPANY INTERVENTIONS:

Cost optimization

#### OUTLOOK:

The swift escalation in global food and energy costs, stemming from the Ukraine invasion, persistent high cost of inputs as well as continued naira depreciation, will impact company's trading outcomes. In light of this, it remains imperative that we steadfastly adhere to our energy conservation, fuel management, and cash preservation protocols.

## ECONOMY

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### IMPACT IN 2023:

The Nigerian economy experienced slowed growth in the period under review. This slow growth performance was due to policy changes and other economic challenges. Consumers and businesses faced economic challenges compounded by global unrest and uncertainties. Real income remained under pressure as the country experienced a surge in inflation, coupled with a significant devaluation of the naira against the dollar, with more pressure on costs and income structure. The high inflation, particularly food and transportation inflation, has not abated. The total effect of removing the petrol subsidy and devaluing naira will continue to drive the inflation rate.

Nigeria's Gross Domestic Product (GDP) grew by 3.46% (year-on-year) in real terms in the fourth quarter of 2023. This growth rate is lower than the 3.52% recorded in the fourth quarter of 2022 and higher than the third quarter of 2023 growth of 2.54%. The performance of the GDP in the fourth quarter of 2023 was driven mainly by the services sector, which recorded an increase of 3.98% and contributed 56.55% to the aggregate GDP. The agriculture sector grew by 2.10%, from the growth of 2.05% recorded in the fourth quarter of 2022. The growth of the industrial sector was 3.86%, an improvement from -0.94% recorded in the fourth quarter of 2022. In terms of share of the GDP, the industrial and services sectors contributed more to the aggregate GDP in the fourth quarter of 2023 compared to the fourth quarter of 2022. On an annual basis, GDP grew by 2.74% in 2023 relative to 3.10% in 2022.

On a year-on-year basis, Nigeria's headline inflation rate was 7.58% points higher than the rate recorded in December 2022, which was 21.34%. This shows that the headline inflation rate (year-on-year basis) increased in December 2023 compared to the same month in the preceding year (i.e., December 2022).

### COMPANY INTERVENTIONS:

Ongoing cost efficiencies and optimization and pricing.

### OUTLOOK:

We are committed to ensuring the Company's profitability and applying solid strategies to compete on the price and quality of the hospitality services rendered to customers and maintain its property to the highest standard.

## GAMING & HOSPITALITY INDUSTRY

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### IMPACT IN 2023:

Despite the myriad challenges faced, TCN achieved commendable performance and experienced notable growth, particularly with a remarkable 26% increase in hospitality revenues. Albeit, our gaming revenues were subdued with a reduction to last year. It's worth noting that the hospitality industry remains significantly influenced by the elevated travel costs and the constrained disposable income of consumers, stemming from financial uncertainty and various other socio-economic factors

### COMPANY INTERVENTIONS:

- Implemented a new website booking engine.
- Continued Global Hotels Alliance participation - world's largest alliance of independent hotel brands network.
- Focus on local leisure in the absence of international travelers.

### OUTLOOK:

Although economic challenges are expected to persist in the foreseeable future, the combination of soaring international air travel costs and the devaluation of the naira has constrained travel options. We continuously re-align our pricing strategy at commercially viable competitive pace to aid in value creation for stakeholders.

## REGULATION

### IMPACT IN 2023:

There were no major regulatory changes directly impacting operations during the year 2023.

### COMPANY INTERVENTIONS:

- Ongoing monitoring by compliance department.
- Ongoing engagement with regulatory bodies.

### OUTLOOK:

TCN continues to monitor regulatory developments, engage relevant regulatory bodies and mitigate relevant legislative risks.

## OUR STRATEGY



Our **purpose** of creating great memories for our guests, people and stakeholders is at the heart of our strategy. Various internal and external factors influence our strategy, including our **operating environment, risks and opportunities** availability. **Key stakeholder** feedback is also pertinent to continually shaping our strategy to ensure that we remain relevant and continue to create stakeholder value.

Our **ESG elements** are fundamental to TCN's operations and are embedded in our strategy and decision-making process, from board to operations. We remain committed to being a **responsible corporate citizen**.

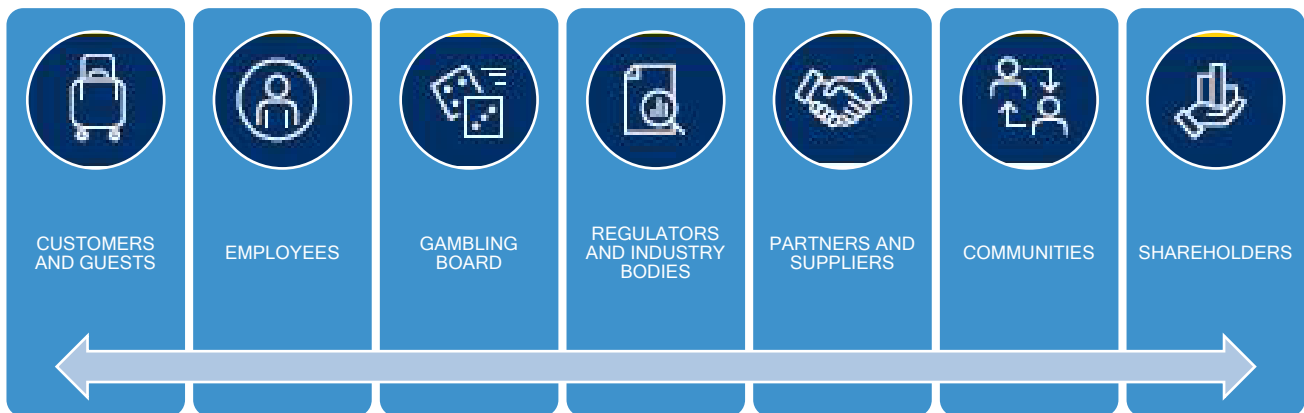
## RISK MANAGEMENT

The Company's executive management has established a finance and risk committee, which is overseen by the board of directors of the Company. The finance and risk committee assesses the risks to the Company and reviews the effectiveness of any mitigating actions and controls for risks identified, on a quarterly basis. This is reported to meetings of the audit committee and the board of directors.

## STAKEHOLDER MANAGEMENT

Relationships with our stakeholders impact directly and indirectly on our business and reputation. TCN encourages constructive stakeholder feedback through the various communication channels. Our stakeholder engagement approach ensures that we continue to add stakeholder value in this challenging operating environment.

Our stakeholder engagement approach allows for ongoing key stakeholder engagement in an open and transparent manner. Achieving our five strategic objectives depends on our ability to proactively engage with and respond to our stakeholders. Our various engagement methods include online and face-to-face interactions, formal and informal communication platforms, social media, results presentations, reports and our annual general meeting (AGM). We also engage through our marketing campaigns, digital platforms, advertising, electronic media, and roadshows. We conduct regular surveys among our guests and employees, with the aim of continually improving service delivery, guest experience and employee satisfaction.





## CUSTOMERS AND GUESTS

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Our livelihood depends on our guests, as they have a direct impact on our financial sustainability. We constantly need to innovate and create memorable experiences to remain relevant and attract and retain our guests.

### METHODS OF ENGAGEMENT

- Customer surveys
- Online booking engine
- Digital communication platforms
- Media releases
- Website
- Social media
- Face-to-face engagements

### VALUE ADD

- Rewarding our loyalty members through our Global Hotel Alliance affiliation
- Enhancing customer service and experience through new product offerings
- Creating memorable experiences
- Streamlining the customer experience with the new online booking engine

## EMPLOYEES

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Employees are the heart of our business. They are the primary interface with our guests and the custodians of the memorable experiences we strive to offer our guests.

### METHODS OF ENGAGEMENT

- Social media
- Email notifications
- Face-to-face meetings
- Ongoing training - online and face-to-face

### VALUE ADD

- Driving SunStars employee recognition and reward programme
- Proactively engaging and supporting employees
- Ongoing training and development
- Retaining and attracting key skills
- Ongoing talent management

## LAGOS STATE LOTTERIES AND GAMING AUTHORITY (LSLGA)

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LSLGA provide our licence to operate the Casino. They also provide oversight on the gaming industry to ensure a fair and responsible industry.

### METHODS OF ENGAGEMENT

- Virtual and face-to-face meetings
- Written correspondence

### VALUE ADD

- Creating co-operative interactions with regulators
- Responsible gaming

## REGULATORS AND INDUSTRY BODIES

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Regulators provide the guidance within which we are required to operate, and industry bodies provide a platform to influence policy and legislation. This continues to create value for all stakeholders within the confines of the law.

### METHODS OF ENGAGEMENT

- Written submissions
- Face-to-face and virtual meetings

### VALUE ADD

- Remaining abreast of any legislation change and/or new legislation
- Ongoing compliance with all relevant regulation



## PARTNERS AND SUPPLIERS

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Partners provide support to ensure that we do not operate in isolation, thereby maximising potential value creation. Suppliers provide the necessary supplies, services and systems to enable the group to conduct its business activities and improve the overall guest experience.

### METHODS OF ENGAGEMENT

- Emails
- Meetings

### VALUE ADD

- Empowering smaller businesses and service providers
- Partnering with local business to leverage synergies

## COMMUNITIES

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Communities form an integral part of our operating environment as they provide our social licence to operate. It is imperative to create shared value for these communities to sustain our operations. The company plays and contributes to charitable organizations, such as small world, creating memorable experiences for orphans through various activities.

## SHAREHOLDERS

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Shareholders provide us with the financial resources to deliver on our strategic objectives.

### METHODS OF ENGAGEMENT

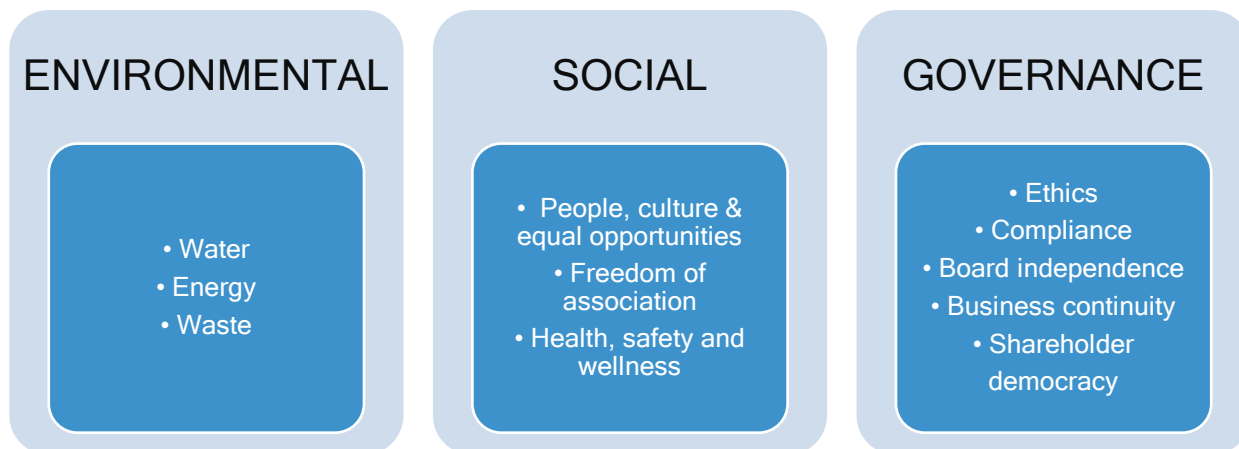
- Quarterly and Year-end financial results presentations
- Annual report and financial statements
- Virtual and face-to-face meetings
- AGM
- Written correspondence

### VALUE ADD

- Protecting shareholder value
- Optimising cost of debt
- Ensuring sound corporate governance

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Doing business sustainably is part of the company's purpose of creating lasting memories for all key stakeholders. TCN's ongoing commitment to ESG ensures that we maintain our operational and social license to operate and are continued to be viewed as a responsible corporate citizen.



### ENVIRONMENTAL

Our environmental practices are integral to TCN business strategy, we are committed to protecting environments and minimizing our environmental footprint by managing our natural resources responsibly.

#### WATER

Water is a critical resource and key focus area of our strategy. We are committed to using it responsibly, while ensuring we have a secure supply to all our property. We continue to investigate internal efficiencies that enable reduction of water usage, while not compromising on our service offering to our guests.

#### ENERGY

EKEDC is the primary electricity supplier, with diesel operated generators providing back-up supply in the event of unscheduled power outages. As we are highly reliant on diesel generated power, we continuously investigate internal efficiencies that enable reduction, such as load shedding and different sources of power supply such as gas turbines and hybrid solar solutions.

#### RECYCLING

Single use inputs are being minimized, as we are committed to reduce carbon footprint. We are committed to using it non single use consumables.

## SOCIAL

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Our employees enable the group to achieve its strategic objectives. We operate in a highly governed and competitive service-oriented industry. We continue to develop our employees and reward them for performing well.

### *PEOPLE, CULTURE AND EQUAL OPPORTUNITIES*

#### *EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS*

The Company has an employment policy that precludes discrimination against the physically challenged.

#### *EMPLOYEES' INVOLVEMENT AND TRAINING*

Employees are regularly provided with information on matters concerning the Company. Management holds regular formal and informal meetings with the staff, aimed at ensuring positive labour relations throughout the year.

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### *HEALTH, SAFETY AND WELLNESS*

The health, safety and wellness of our employees, guests and communities are our responsibility and important to our business, as this directly impacts our reputation and sustainability. Our health and safety framework enables the company to manage and monitor health and safety, protect relevant stakeholders, maintain legislative compliance, and position the company to continually improve its health and safety performance.

All staff are members of an approved medical aid scheme. A daily meal is provided to staff while on duty. The Company is also very conscious of the safety requirements both of its guests and employees, and stringent precautions are taken to ensure this. It has a Health and Safety Committee (comprising management and staff), whose members receive regular training in the areas of health and safety.

#### *FIRE, LIFE SAFETY AND RISK CONTROL AUDITS*

External audits, conducted by relevant authorities, focused on assessing fire prevention and control measure effectiveness; fire equipment servicing, maintenance and repair interventions; legislative compliance; public health and safety, and emergency preparedness were conducted.

#### *HYGIENE AUDITS*

We pride ourselves on maintaining the highest food-safety and hygiene standards and are HACCP certified. We monitor and mitigate all hygiene related risks focusing on food safety.

## CORPORATE GOVERNANCE

The Company continues to subscribe to the highest principles of good corporate governance. An outline of the Company's current corporate governance structure and practices is provided below:

### ***BOARD OF DIRECTORS***

The directors are responsible for the corporate governance of the Company.

The affairs of the Company are structured for management by a board of directors. As at the date of this report the board consisted of eight directors. The board meets regularly to decide on policy matters and direct the affairs of the Company. During these meetings, the directors also review the Company's performance, operations and finances, and set standards for the ethical conduct of the Company's business.

### ***AUDIT COMMITTEE***

In accordance with Section 404(2) of the Companies and Allied Matters Act (CAMA) 2020 (as amended), the Company has an audit committee comprising two Company directors and three shareholder representatives. The audit committee carries out its functions as set out in section 404(7) of the Companies and Allied Matters Act (CAMA) 2020 (as amended) and according to its approved terms of reference.

### ***FINANCE AND RISK COMMITTEE***

Reviews the adequacy, effectiveness and integrity of the Company's risk management and internal controls and assists the board to discharge its functions in terms of the management, insurance and reporting of risks.

- Provides oversight of the governance risks.
- Monitors and reviews stakeholder engagement with regard to assessing and dealing with stakeholder issues and concerns.
- Assesses the compliance environment in which the company operates.
- Reviews and satisfies itself regarding the company's insurance portfolio.

### ***PROCESS OF APPOINTMENT OF BOARD MEMBERS***

The Company's nomination and governance committee ("committee") has the responsibility, per the Company's board charter, the committee's mandate and terms of reference and best corporate governance practices, to nominate members for appointment to the board. The Committee regularly reviews the structure, size, composition and commitment of the board members having regard to, among others, the Company's memorandum and articles of association, plus shareholders agreement and makes recommendations on any proposed changes to the board. The committee identifies suitable candidates to fill any vacancy that may arise on the board. The committee recommends these individuals to the board for board approval. Thereafter, the board recommends these individuals to shareholders for election or re-election, as the case may be, at each Annual General Meeting (AGM).

### ***NOMINATION AND GOVERNANCE COMMITTEE***

Evaluates the skills requirements of the board, committees and executive management.

- Evaluates the performance of the chairman, directors, board committees and its members, and the company secretary for recommendation to the board.
- Makes recommendations on board, committee and executive composition and succession planning.
- Considers the independence of directors

### ***INTERNAL AUDIT***

The internal audit function is performed by the firm of Grant Thornton. A systematic, disciplined and risk-based approach is adopted to evaluate and improve the effectiveness of internal controls and governance processes in the areas that are audited quarterly.