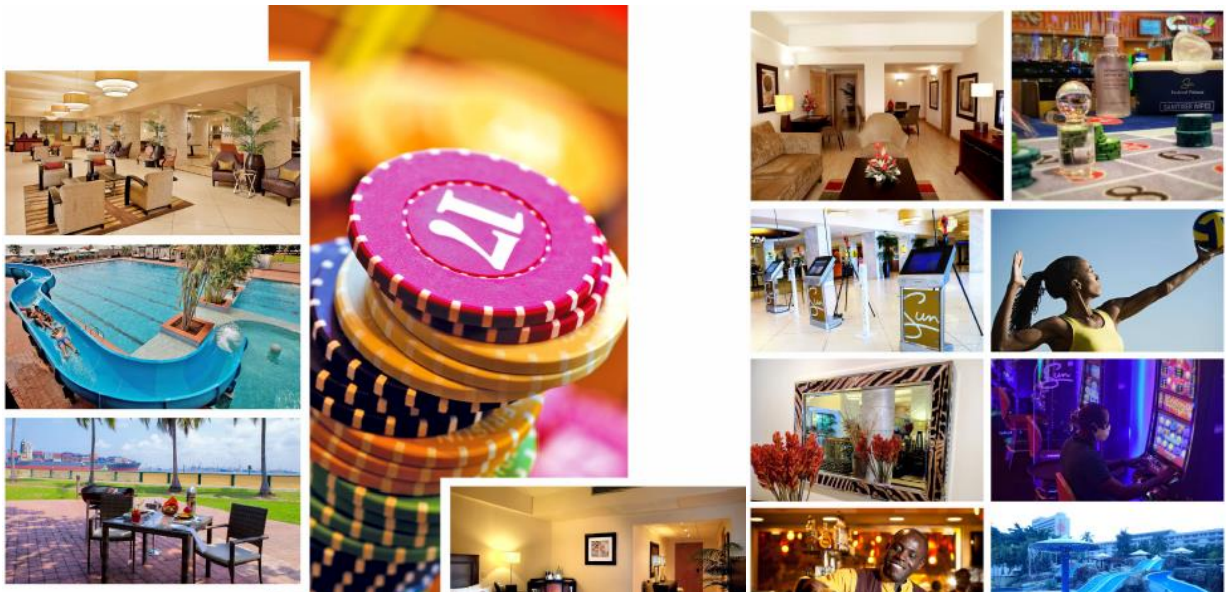


2022 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



***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 impact that the Russia-Ukraine conflict may cause a deterioration in the trading environment through amplified inflationary pressure fueled mainly by rising food, diesel, and gas prices and supply disruptions. Albeit there is 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.

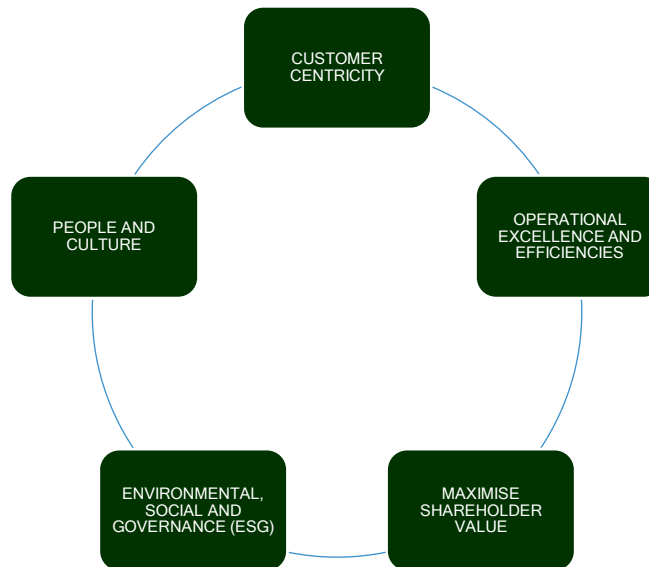
This includes a holistic ESG focus, allowing us to measure, monitor and evaluate our contribution towards minimising our impact on the natural and social environments we operate in, while ensuring sustainable value creation for all our stakeholders.

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 remains a distinct and significant objective, it is important to note that these ESG principles are woven into the fabric of all our other strategic goals.

We are steadfast in our pursuit of strategies that position us as leaders in sustainable environmental management within the hospitality sector. This includes addressing critical issues such as ensuring a sustainable energy supply in the face of rising energy costs, maintaining water quality and availability, and tackling growing concerns related to the scarcity of certified waste contractors and the volume of waste destined for landfills

Our dedicated team serves as the primary point of contact for our guests and customers, entrusted with curating unforgettable experiences. They truly represent the essence of our business, serving as its beating heart. Despite the trials of a challenging operating landscape, the unwavering resilience and determination of our team have been instrumental in maintaining our status as a thriving enterprise, consistently delivering exceptional experiences to all our guests. Our recently launched Sun Stars reward and recognition program will illuminate the exceptional efforts of those who consistently exceed expectations.

TCN remains steadfast in prioritizing the health, safety, and well-being of our employees and guests. We are pleased to report that for the year under review, there were no severe injuries or fatalities, affirming our commitment to maintaining a safe and secure environment.

The board remains steadfast in its commitment to foster an ethical culture that starts at the highest levels and actively engages with all stakeholders. We wholeheartedly embrace the fundamental governance principles of integrity, responsibility, fairness, transparency, honesty, and accountability for the benefit of all our stakeholders. These principles are integral to safeguarding our long-term sustainability and enabling us to continually create value for our stakeholders.

We extend our gratitude to our dedicated employees, whose unwavering commitment to elevating the customer experience has resulted in countless unforgettable moments for our cherished guests.

Chief (Dr) Anthony Idigbe, SAN
Chairman
28 July 2023

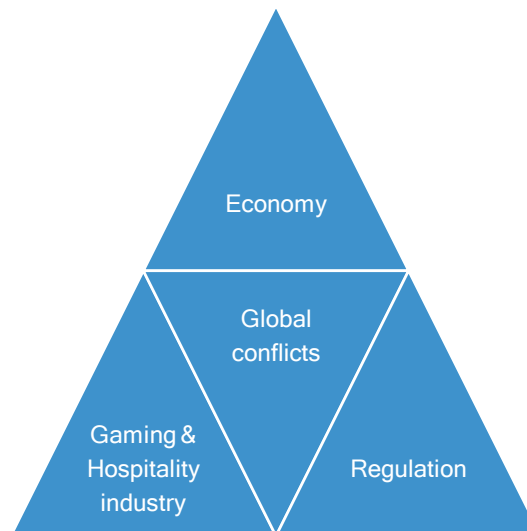
Mr David Kliegl
Executive Director
28 July 2023

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 remains subject to ongoing influences from both external and internal factors, many of which lie beyond our immediate control. These factors encompass economic conditions, regulatory dynamics, and industry trends specific to Nigeria. Additionally, we confront the persistent challenges of escalating inflation rates, disruptions in our supply chain, surging energy costs, currency devaluation, and the enduring impacts of global conflicts that reverberate across our operational landscape. It is within this ever-evolving operating environment that we continually shape and refine our strategic approach, allowing us to adeptly respond to these trends as we chart our path forward.



GLOBAL CONFLICTS

IMPACT IN 2022

Before the onset of the Ukraine conflict, TCN diligently monitored the repercussions on recovering markets still grappling with the aftermath of COVID-19. This proactive approach aimed to equip us with the insights needed to enhance our preparedness for potential contingencies that could adversely impact the operations of Tourist Company of Nigeria Plc (TCN).

COMPANY INTERVENTIONS:

Cost optimization

OUTLOOK:

The swift escalation in global food and energy costs, stemming from the Ukraine invasion, will persist in influencing the 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

IMPACT IN 2022:

The National Bureau of Statistics (NBS) estimates Nigeria's economic growth at 3.52% in 2022 from the 3.98% increase recorded in 2021. Accordingly, in its National Gross Domestic Product report for Q4 2022, Nigeria's Gross Domestic Product (GDP) grew by 3.52% (year-on-year) in real terms in Q4 2022, showing a sustained positive growth for the Q4, albeit lower than the prior year growth of 3.9%.

Nigeria's Gross Domestic Product (GDP) grew by 3.52% (year-on-year) in real terms in the fourth quarter of 2022, following a growth of 2.25% in the third quarter of 2022 and 3.98% in the fourth quarter of 2021. The GDP performance in the fourth quarter of 2022 was driven mainly by the services sector, which recorded a growth of 5.69% and contributed 56.27% to the aggregate GDP. On the other hand, although the agriculture sector grew by 2.05% in the reference period, severe incidences of flood experienced across the country severely hampered performance, accounting for lesser growth than the fourth quarter of 2021, which was 3.58%. Moreover, the industrial sector experienced challenges, recording -0.94% growth and contributing less to the aggregate GDP than in the third quarter of 2022 and the fourth quarter of 2021. Overall, the annual GDP growth rate in 2022 stood at 3.10%, from the 3.40% reported in 2021. Thus, the performance of agriculture and industry reduced in 2022 relative to 2021, while the services sector improved in 2022.

The January 2023 World Economic Outlook Update projects that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

COMPANY INTERVENTIONS:

Ongoing cost efficiencies and optimization.

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 the property to the highest standard.

GAMING & HOSPITALITY INDUSTRY

IMPACT IN 2022:

Despite the myriad challenges faced, TCN achieved commendable performance and experienced notable growth, particularly with a remarkable 57% increase in hospitality revenues. Furthermore, our gaming revenues also demonstrated substantial growth, achieving a 28% upswing. 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 travel options.

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. This situation positions our hotel favorably to accommodate the growing number of domestic leisure guests.

REGULATION

IMPACT IN 2022:

There were no major regulatory changes directly impacting operations during the year 2022.

COMPANY INTERVENTIONS:

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

OUTLOOK:

TCN maintains vigilant oversight of regulatory developments, actively engages with pertinent regulatory bodies, and proactively mitigates legislative risks as they arise.

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

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

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)

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

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

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

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. However due slow but steady recovery post COVID-19 as well as global conflicts, the company paced a moratorium on activities in a bid to remain financially viable.

SHAREHOLDERS

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

METHODS OF ENGAGEMENT

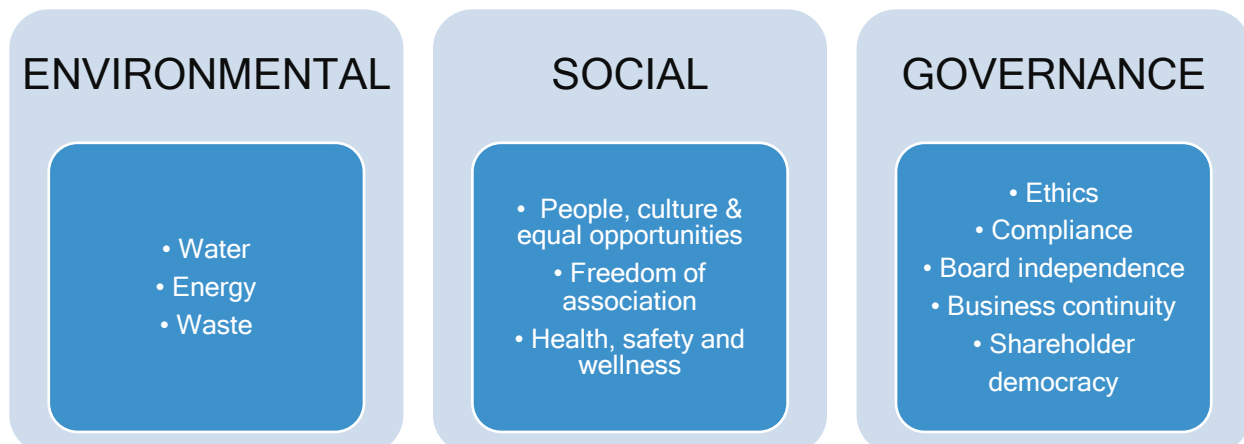
- Quarterly and Year-end financial results presentations
- Annual report and financial statements
- Virtual and face-to-face meetings
- AGM
- Written correspondence

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 and different sources of power supply such as gas turbines and hybrid solar solutions.

SOCIAL

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.

HEALTH, SAFETY AND WELLNESS

The health, safety and wellbeing 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, 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 and according to its approved terms of reference.

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

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.

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.