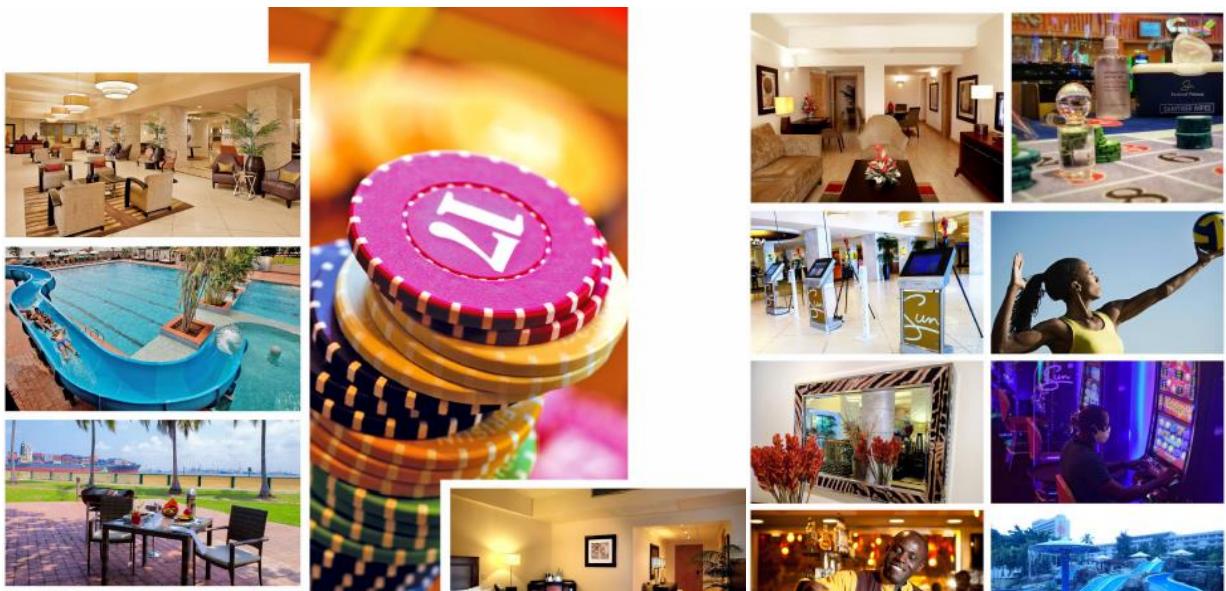


# 2021 ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



## ***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.

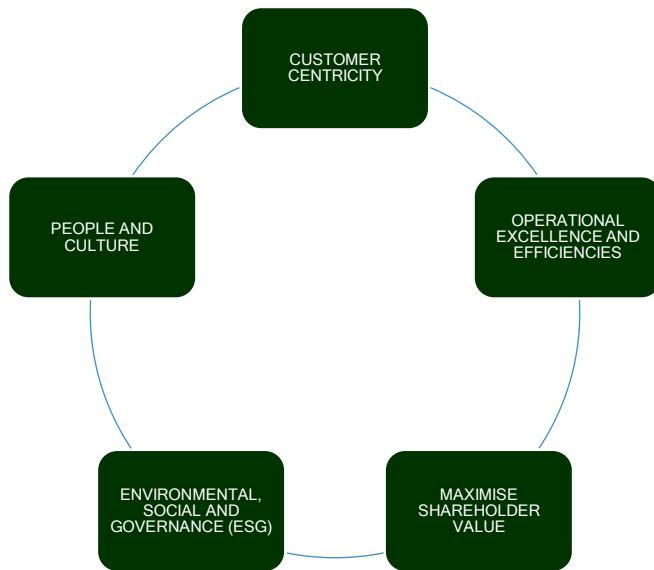
In 2021, our sustainability journey evolved in the face of numerous challenges owing to the onset of COVID-19. We assessed and adjusted our business model continuously to expand on the cost saving initiatives necessitated by the challenges borne out of the pandemic and to ensure a continued sustainable business strategy.

This included a holistic ESG focus, allowing us to measure, monitor and evaluate our efforts 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; protecting our existing assets; growing our revenue streams, governance and sustainability and our people. In 2021, 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 of 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 strategies 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 heart of our business and continue to go above and beyond the call of duty during the challenging Covid-19 period, and as we emerge from it.

They are the primary interface with our guests and customers and are the custodians of memorable guest experiences.

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. We continued to mitigate the impact of the Covid-19 pandemic through industry-leading interventions aligned with global best practices and local legislation.

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 and maximising stakeholder value.

We are proud of how TCN has made it through the last two years. Our focus is now on the future and the prospects of renewed growth. We thank our people for their role in overcoming the immense challenges we faced and look forward to their continued contribution in helping us regain our momentum.

  
 Chief (Dr) Anthony Idigbe, SAN  
 Chairman  
 30 September 2022

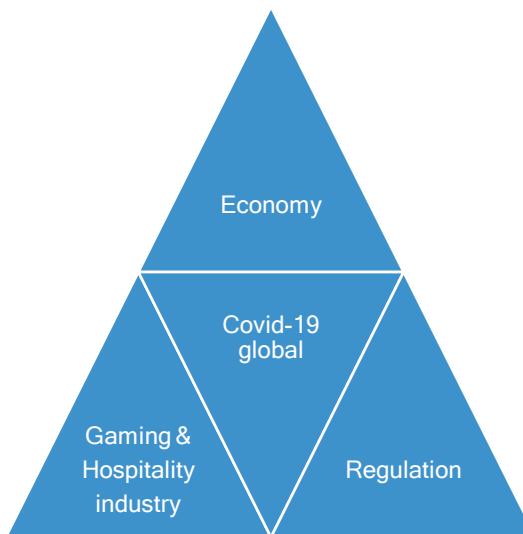
  
 Mr David Kliegl  
 Executive Director  
 30 September 2022

## 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 the environmental impact on our society and community and avoiding waste in all its forms wherever possible. Our successful sustainable value creation is aided by a layer of checks and balances within the organization covering the Company's Board, Management and Investors, to enhance operations and deliver optimal value creation and leave a positive environmental and social footprint.

## 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 the Covid-19 global pandemic 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.



### COVID-19 GLOBAL PANDEMIC

#### IMPACT IN 2021

The effect of the COVID-19 pandemic and its various variants continues to negatively affect the business of the Tourist Company of Nigeria Plc (TCN), as seen in the 2021 financial year, and the world at large, as it adapts to the pandemic's effects.

#### COMPANY INTERVENTIONS:

Cost optimisation

#### OUTLOOK:

The Covid-19 pandemic, coupled with the ongoing restrictions imposed on business activities, will continue to have an impact on the company's trading results and will take time to recover. We must continue to adhere to COVID-19 protocols and health advisories to keep safe. Encouragingly, the Federal Government rollout of the vaccination programme and a reduction in infection rates over time will result in a more stable operating environment, positive sentiment and improved trading conditions.

## ECONOMY

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### IMPACT IN 2021:

The National Bureau of Statistics (NBS) estimates that Nigeria's economy grew by 3.4% in 2021, from the 1.92 % contraction recorded in 2020. Accordingly, in its National Gross Domestic Product report for Q4 2021, Nigeria's Gross Domestic Product (GDP) grew by 3.9% (year-on-year) in real terms in Q4 2021, showing a sustained positive growth for the Q4 since the recession and inflation witnessed in 2020 when output contracted by -6.10% and -3.62% in Q2 and Q3 of 2020 under the Covid pandemic.

The Q4 2021 growth indicates a steady recovery accounting for annual growth of 3.40% in 2021. As a result, the Q4 2021 growth rate was higher than the 0.11% growth rate recorded in Q4 2020 by 3.87% points and lower than 4.03% recorded in Q3 2021 by 0.05% points. Nevertheless, quarter on quarter, real GDP grew at 9.63% in Q4 2021 compared to Q3 2021, reflecting a higher economic activity than the preceding quarter. As a result, the nominal GDP growth rate in Q4 2021 was higher relative to the 10.07% growth recorded in Q4 2020 but lower than the 15.41% growth recorded in the preceding quarter. Consequently, 2021 annual nominal growth stood at 13.92%.

Global growth projections are more positive at 4.4% (2020: -3.5%) as economies rebound from the Covid-19 pandemic impact. The International Monetary Fund (IMF) is forecasting a GDP growth of 2.5% in 2022 for Nigeria. Personal disposable income remains under severe pressure, resulting in less disposable income allocated to leisure and entertainment spending.

### 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 its property to the highest standard.

## GAMING & HOSPITALITY INDUSTRY

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### IMPACT IN 2021:

Nigeria had a slow start to the year with the Covid-19 second wave peaking in January 2021. Occupancies began to recover, however, various local and international restrictions remained throughout 2021.

With the new variant (Omicron) identified, Nigeria was included on international countries' red lists, which severely impacted the influx of international travellers. With the relaxation of certain restrictions, we are hopeful that there will be an uptick in local and international tourism during 2022.

The hospitality industry continues to be significantly impacted by travel disruptions due to Covid-19. Consumers' disposable income was also constrained due to financial uncertainty, fear of unemployment and other socio-economic factors.

### COMPANY INTERVENTIONS:

- Implemented a new website booking engine
- Joined the Global Hotels Alliance - world's largest alliance of independent hotel brands network
- Focus on local leisure in the absence of international travellers
- Continued to focus on cost optimization

### OUTLOOK:

While lockdown and economic challenges are likely to remain into the foreseeable future, as the harsh travel bans imposed on Nigeria over December 2021 were lifted, our hotel remains well placed to host all guests (local and international) and ensure safe and memorable experiences.

## REGULATION

### IMPACT IN 2021:

Coronavirus Disease (Covid-19) Health Protection Regulations 2021: impacted hospitality through indoor capacity restrictions as well as Nigerian inbound and outbound travellers' protocols.

### 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 are 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 continue 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, quarterly. This is reported on at the 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 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 openly and transparently. 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, to continually improve 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

- Stringent Covid-19 and safety protocols at all operations
- 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

- Launch of the 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

- Stringent Covid-19 and safety protocols
- 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 to the COVID-19 onslaught, the company placed 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

- Water
- Energy
- Waste

### SOCIAL

- People, culture & equal opportunities
- Freedom of association
- Health, safety and wellness

### GOVERNANCE

- Ethics
- Compliance
- Board independence
- Business continuity
- Shareholder democracy

## ENVIRONMENTAL

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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 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. The current generation, transmission and distribution remains epileptic, and we are highly reliant on diesel generated power. We continuously investigate internal efficiencies that enable the reduction of power consumption particularly diesel generated power. Investigations include different sources of power supply such as gas turbines and hybrid solar solutions.

## 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.

### *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 and Covid-19.

#### ***COVID-19***

The health and safety of our customers and employees remain a priority, along with protecting our reputation as a memorable destination of choice. We invested in Covid-19 exposure mitigation since the start of the pandemic. These investments have enabled the company to demonstrate resilience and adaptability in adhering to all legislation and implementing relevant, best practice protocols to limit capacity, ensure physical distancing, and provide adequate sanitation facilities to our employees and customers. These protocols helped us to significantly minimise the risk of Covid-19 exposure.

## **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 of 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.

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

The Company's nomination and governance committee ("committee") have 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, and the shareholder's 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 at each Annual General Meeting (AGM).

#### ***AUDIT COMMITTEE***

Following 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.

#### ***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.