TPSEA Limited

Registered Office:
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TPS EASTERN AFRICA PLC APPROACH TO SUSTAINABILITY RISKS.

TPSEAP is committed to managing ESG (Sustainability Risks) as per the board approved Enterprise Risk Management Framework of 2024. Sustainability is the fourth Risk Taxonomy that the group is closely managing backed up by designed early warning signs, Key Risk Indicators and mitigation plan put in place by management to address the risk factors.

ESG(Sustainability) risks refer to the potential impact of environmental, social, and governance risks on TPSEA Plc and its subsidiaries' reputation, operations, and long-term success. For over 50 years, sustainability has been a core part of the Serena brand ethos. Integrating ESG-related strategic considerations by aligning with global sustainability standards, Serena Hotels reinforces its commitment to responsible tourism, strengthens community relationships, and ensures resilience, contributing to its long-term profitability and future proofing the business.

The Company operations are guided by:

Sustainability Commitment Statement, Environmental Mission Statement and various policies informed by Environmental, Social, and Governance (ESG) principles, alongside the Aga Khan Development Network (AKDN) Environmental and Climate Commitment Statement (the Statement).

Our approach to sustainability risks is broken down into the following sub-risks.

i. Environmental risk

a) **Energy and Water Management:** High energy and water consumption in hotels can lead to environmental degradation and increased operational costs. Serena Hotels shall adopt efficient systems to reduce their carbon footprint.

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b) **Waste Management:** Inefficient waste disposal, particularly food and plastic waste, can harm ecosystems and damage Serena Hotels' sustainability reputation hence our proactive approach to managing the related exposures on waste management.

c) **Biodiversity Impact:** Operating in ecologically sensitive areas requires responsible practices to protect wildlife, habitats, and ecosystems from negative impacts that serena is committed to.

d) **Climate Change Resilience:** Increased climate risks such as rising temperatures, rise in sea levels, floods, droughts, and erosion can disrupt operations. Serena Hotels shall invest in infrastructure and practices to adapt to changing environmental conditions.

ii. Social risk

a) **Labor Practices and Employee Welfare**: Ensuring fair wages, appropriate working conditions, and diversity and inclusion is vital to avoid reputational damage and employee dissatisfaction. Serena Hotels shall maintain strong policies on worker rights, health, and safety.

b) **Community Relations and Impact:** Being a part of local communities, Serena Hotels shall ensure it supports community development, respects local cultures, and minimizes any negative social impacts from its operations.

c) **Guest Health and Safety:** Ensuring a safe, secure, and hygienic environment for guests is critical, especially post-COVID-19. Serena Hotels shall maintain stringent health protocols and crisis management plans

iii. Governance risk

a) **Transparency and Ethical Governance:** Strong governance systems that ensure transparency, ethical decision-making, and accountability are essential. Serena Hotels shall prioritize corporate governance to prevent corruption, fraud, or mismanagement.

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d) **Compliance with Regulations:** Adhering to both local and international laws/best practices regarding environmental protection, labor standards, and hospitality regulations is crucial to avoid legal issues.

e) **Stakeholder Engagement:** Maintaining clear communication and strong relationships with investors, employees, and customers ensures trust and alignment with ESG objectives

f) **Supply Chain Management:** Managing suppliers to ensure they adhere to sustainable practices and human rights standards is key in reducing risks related to governance and social responsibility.