

NESTLÉ NIGERIA PLC

Audit and Risk Management Committee Charter

Establishment of Audit and Risk Management Committee Charter

1. The Board has established the Audit and Risk Management Committee Charter of Nestlé Nigeria Plc pursuant to the Nigerian Code of Corporate Governance 2018 (Code).
2. The Committee shall consist of at least three members to be appointed by the Board which shall be made up of both non-executive and independent non-executive directors. Where the number of members of the Committee is not more than six, the quorum shall be two members. However, where the number of members is more than six, the quorum shall be the number nearest to one-third.
3. The Board shall appoint the chairman of the Committee.

Attendance at meetings

4. In addition to the directors who are the members of the Committee, the Finance & Control Director, Manager Financial Accounts, the Heads of Nestlé Market Audit and Internal Control, representative(s) of the external auditor may be invited to attend meetings and make presentations to the Committee.
5. A director and or senior management may attend meetings if invited by the Committee.
6. The Audit Committee may meet separately with the external auditors, management and head of internal audit.
7. The Company Secretary/Legal Adviser or his designated representative shall be secretary of the Committee.

Frequency of meetings

8. The Committee should meet quarterly which should coincide with key dates in the company's corporate calendar.
9. Two members of the Committee may request a meeting at any time to consider urgent matters.

Notice of meetings

10. The notice of meeting shall be sent to all members of the Committee fourteen days before the meeting.

Responsibilities / Terms of Reference

11. In accordance with the provisions of the Code, the terms of reference are:
- a) Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;
 - b) Ensure the establishment of and exercise oversight on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;
 - c) Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
 - d) Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
 - e) Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
 - f) Maintain oversight of financial and non-financial reporting.
 - g) Review and ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the board;
 - h) Review, with the external auditors, any audit scope limitations or significant matters encountered and management's responses to same;
 - i) Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;
 - j) Review the independence of the external auditors prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest, or other legal or ethical impediment;
 - k) Preserve auditor independence, by setting clear hiring policies for employees or former employees of external auditors;
 - l) Ensure the development of a Related Party Transactions policy and monitor its implementation by management. The Committee should consider any related party transaction that may arise within the Company.
 - m) At least once in a year, the committee should hold a discussion with the head of the internal audit function and the external auditors without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for open discussion.
 - n) Review and recommend for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy;

- o) Review the adequacy and effectiveness of risk management and controls in the Company;
- p) Exercise oversight over the process for the identification and assessment of risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- q) Review the level of the Company's compliance with applicable laws and regulatory requirements which may impact the Company's risk profile;
- r) Periodically review changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile and those trends which may threaten the Company's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate;
- s) Review and recommend for approval of the Board, at least annually, the Company's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated, and relevant assets are managed effectively. The framework may include:
 - (i) Development of IT strategy and policy;
 - (ii) Proactive monitoring and management of cyber threats and attacks as well as adverse social media incidents;
 - (iii) Management of risks relating to third-party and outsourced IT service providers;
 - (iv) Assessment of value delivered to the Company through investments in IT; and
 - (v) Periodic independent assurance on the effectiveness of the Company's IT arrangements.

Reporting procedures

- 12. The Secretary shall circulate the minutes of meetings of the Committee to all members with the notice of the meeting.
- 13. At Board meetings, the chairman of the Committee should present a written report of the key recommendations made at all the meetings held by the committee since the last Board meeting.
- 14. The Committee should be accountable to the Board for their activities and performance.

Code of conduct and ethics

- 15. Each member is always expected to act with integrity.
- 16. A member of the Committee should not allow his personal interest to conflict with any of his duties to the Company.
- 17. A member of the Committee should devote enough time to the committee's work.

Expenses

- 18. The Committee may engage a consultant at the expense of the Company for the purpose of obtaining independent external expertise in carrying out their responsibilities, subject to the written approval of the Board.

Tenor of office

- 19. The tenor of the Committee is to be determined by the Board, which may reconstitute the Committee from time to time.

ACKNOWLEDGEMENT

This is to acknowledge the receipt of a copy of the Audit and Risk Management Committee Charter of Nestlé Nigeria Plc. I hereby confirm my willingness to comply with the provisions of the Audit and Risk Management Committee Charter, the Code and applicable laws or regulations in Nigeria.

NAME:

SIGNATURE:.....

DATE: