

Nestlé Nigeria Risk Management Policy

Purpose:

This Policy Statement defines and formalizes Nestlé Nigeria’s approach to the oversight and management of material business risks.

Policy:

All material business risks (threats and opportunities) must be identified and managed by a process of risk assessment aligned with the Nestlé Group’s Enterprise Risk Management framework.

Risk assessments should be completed by the senior management team in each business as a minimum, once annually. Further, all significant business decisions must take account of and formally assess both threats and opportunity to the business from a “bottom up” perspective.

Scope:

This Policy applies to all businesses under Nestlé Nigeria management control, on a “Nestlé in the Market” basis, including Nestlé Waters.

Context:

There is risk (both threat and opportunity) in all business decisions and activities. Failure to adequately manage these risks could have negative financial implications, lost sales opportunities and other impacts. The identification, evaluation, prioritisation and management of risk is fundamental to good governance, and important in the creation of competitive advantage. Structured and disciplined management of risk supports the delivery of outstanding business results and the achievement of longer-term business objectives, whilst enhancing resilience to external shocks and building ongoing performance sustainability. Risk management is about both protecting value, and creating value.

Objectives:

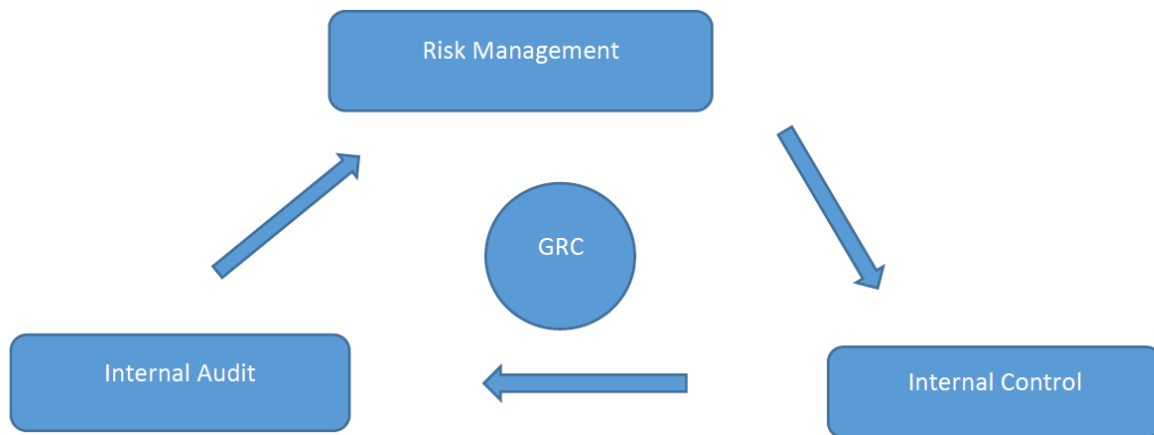
- To systematically identify and measure risks which might impact the achievement of business goals and objectives.
- To formulate and implement risk mitigation strategies where the potential risk level exceeds the acceptable threshold.
- To create competitive advantage by maximizing opportunities.
- To raise risk awareness and embed a culture of risk management within Nestlé in Nigeria.
- To protect shareholder returns, deliver outstanding business results and minimize risk to Nestlé’s reputation and ongoing viability.
- To demonstrate good corporate governance.
- To improve the transparency and visibility of risk within our businesses.

Risk Appetite:

The risk appetite defines the maximum level of risk that Nestlé is prepared to take in pursuit of its objectives. The Nestlé Nigeria risk appetite is defined as per the Nestle Group Enterprise Risk Management template and is approved by the Risk Management Committee.

Risk Strategy:

Risk management is an integral element of the Governance, Risk Management and Compliance (GRC) model. GRC is an integrated, holistic approach ensuring that the organization acts in accordance with its risk appetite, internal policies & guidelines, and external regulations. GRC is thereby promoting a proactive risk management and the effectiveness of internal controls. The board is responsible for the overall management of the company risk. Legal, Internal Control and Internal audit are responsible for operational management of risk while the risk management committee is responsible for risk monitoring.



Responsibilities:

The Finance & Control Director is the senior executive management staff with responsibility for risk management in Nestlé Nigeria.

Operational responsibility will rest with the Legal, Internal Control and Internal Audit.

Risk assessment, the development and implementation of related action plans is the responsibility of business or function management. Country and Business Executive Managers will be supported by the Nigeria corporate specialist functions (for example, Tax, Procurement, IT).