

INTERNAL AUDIT CHARTER

OF

NESTLÉ NIGERIA PLC

Dated the 4th day of March 2019

Nestlé Nigeria Internal Audit Charter

This Charter describes the purpose, scope and accountability of the Nestlé Internal Audit function, which is an integral part of Nestlé's Corporate Governance and Risks Management framework. The internal Audit function at Nestlé Nigeria has been established by the Board of Directors and its responsibilities are defined by the applicable documents, Code of Corporate Governance and assignments given to it by the Audit Committee as part of their oversight function.

Mission:

To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

Professional and Quality Standards:

Internal Audit activities are conducted in adherence with international standards and in line with Nestlé principles, policies, procedures and code of corporate governance. Their quality is monitored and periodically assessed by internal or external reviewers.

Authority and Organization:

Members of Internal Audit are authorized to have full, free and unrestricted access to any and all of Nestlé's records, physical locations, assets and personnel, relevant to any process under review, senior management and oversight bodies, adhering to strict confidentiality and accountability for safeguarding of records. All employees and management are requested to assist Internal Audit in fulfilling their duties in a proactive and timely manner.

The Manager of Nestlé Internal Audit should report directly to the committee responsible for audit while having a line of communication with the Managing Director / CEO. The head of the function should also have unrestricted access to the chairman of the Audit Committee as well as the Chairman of the Board.

The head of the function is to:

- i) report quarterly to the Audit Committee, on the adequacy and effectiveness of management, governance, risk and control environment; deficiencies observed and management mitigation plans;
- ii) to provide assurance to the Board by conducting periodic evaluations to determine the effectiveness and efficiency of the Company's internal control systems and make recommendations for enhancement or improvement;
- iii) develop an annual risk-based internal audit plan which should be approved by the Audit Committee;
- iv) liaise with other internal and external providers of assurance in order to ensure proper coverage and to minimize duplication of efforts.

Documents and information given to Internal Audit during a review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

The Manager of Internal Audit shall assist the Audit Committee in performing its responsibilities defined in the Audit Committee Charter.

Independence and Objectivity:

All Internal Audit activities shall remain free from interference by any individual in the Company, including matters of audit selection, scope, procedures, frequency, timing or report content to permit an independent and objective approach, necessary in conducting audits and rendering reports.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity, which would normally be audited.

Management are responsible for the operation and enhancement of internal controls. This includes responsibility for addressing recommendations identified in Internal Audit reports endorsed by the Audit Committee.

The evaluation of the head of internal audit function should be performed by the committee responsible for audit, and he may only be removed by the Board on the recommendation of the committee responsible for audit.

Scope of work:

Internal Audit is an independent and objective assurance function, guided by a philosophy of adding value to the Nestlé organization and its stakeholders. Its objective is to provide reasonable assurance that risks are identified and controls designed to manage these risks. It assists Nestlé in accomplishing its mission and objectives by applying a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, operations and control processes. In particular, the scope of activities includes the following areas of responsibilities.

- Reliability and integrity of financial and operational information,
- Safeguarding of assets,
- Effectiveness and efficiency of operations,
- Compliance with Regulations, Company principles and guidelines,
- Ensuring there is appropriate follow-up of audit recommendations
- Performing advisory services related to governance, risk management and control

Audit Planning and Coordination:

Based on a prioritization, risk-based methodology and coordinated with all internal and external assurance providers, the Manager of Internal Audit shall annually align with the Management and submit to the Audit Committee a summary of the Audit Plan for the following fiscal year. Any significant deviation from the Plan shall be communicated to the Audit Committee through periodic activity reports.

Resources:

Nestlé Internal Audit will maintain a professional audit staff with appropriate knowledge, skills and professional certifications to meet the requirements of this Charter, while developing staff for future management roles. When needed, Nestlé Internal Audit may appoint 3rd party specialists. Nestlé Internal Audit plays a key role for increasing the overall awareness and understanding of controls and governance, which are core skills for senior managers within the Nestlé business. It is therefore seen as a key building block in the career of future Nestlé Managers.

Reporting:

Following the conclusion of each audit, a written report will be issued and distributed as appropriate. The report will include the auditee's response and corrective action taken or to be taken, with a timetable and an explanation for any recommendations not addressed.

The internal Audit function shall be responsible to establish a follow-up process to monitor and ensure that actions have been effectively implemented or that senior management has accepted the risk or not taking action.

The Manager of Internal Audit will regularly report to the Audit Committee on the main audit findings.

APPROVED BY THE BOARD THIS 4TH DAY OF MARCH 2019


.....
CHAIRMAN