

REPORTING ON SUSTAINABLE FINANCIAL PRINCIPLES FOR THE  
NIGERIAN CAPITAL MARKET

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NESTLÉ NIGERIA PLC SUSTAINABILITY REPORT TO SECURITIES &  
EXCHANGE COMMISSION AND THE NIGERIAN EXCHANGE  
LIMITED

FOR THE YEAR ENDED

12/31/2022

# Principle 1: Environmental, Social and Governance (ESG) Considerations

- Regulated entities should put in place effective governance structures and consider the impact of their operations and activities on the environment and society.
- The entities should innovate and implement measures that promote the good of the communities and the natural environment in which they operate. Factors to be considered include:
  - Efficient use of resources, such as energy and water;
  - Effective waste management;
  - Compliance with applicable labour and social standards; and
  - Alignment of their community development programmes with Nigeria's overall goal for sustainable economic and social development.
- They should establish appropriate ways to encourage and promote desired behaviours of employees to meet ESG standards.

Kindly disclose the implementation status of Principle 1 in your entity by ticking ( ✓ ) in the appropriate cells in the table below and offer a brief description of your efforts so far.

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
1.1. Entities should develop appropriate policies to integrate ESG considerations into decision-making processes and enterprise risk management framework.	✓				- The Nestlé Corporate Business Principles specifies the foundation for Sustainability and Creating Shared Value. It also highlights the 10 principles for business operations including ESG considerations. Other policies like the Nestlé Policy on Environmental Sustainability, Nestlé Management Systems Policy and Code of Business Conduct also reflect the company's ESG standards and commitments.
1.2. Entities should also develop robust and transparent procedures, which entail clear governance structures, limits of authority, standards and codes of conduct, to support implementation of their policies and the Principles.	✓				- The Nestlé Code of Business Conduct and Ethics specifies and helps the continued implementation of the Corporate Business Principles by establishing certain non-negotiable minimum standards of behavior in key areas. It also provides a frame of reference against which to measure company activities and governance structures.

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
<p><b>1.3.</b> Entities should put in place programmes for managing their environmental and social footprints<sup>1</sup>. The programmes should reduce greenhouse gas emissions, promote efficient use of water and energy, and improve waste and construction management.</p>	√				<p>In 2020, Nestlé SA introduced her net zero roadmap, with commitment to halve GHG emissions by 2030 and achieve net zero by 2050. The roadmap also details global strategies for plastic waste management, regenerative agriculture and improved operational efficiency.</p> <p>Below are local examples of some programs geared towards managing Nestlé Nigeria's environmental footprints:</p> <p><b>Greenhouse gas emission reduction:</b> Generation of electricity and steam using natural gas fuel – with less CO2 effect.</p> <p><b>Efficient use of water:</b> Effective water recycling system for water reuse purposes (<i>For irrigation and cleaning of non-production areas</i>) to reduce water withdrawal.</p> <p><b>Efficient use of energy:</b> Use of CCHP (combined cooling, heat, and power) systems for generating electricity and use of economizer for steam boiler energy efficiency.</p>
<p><b>1.4.</b> Entities should outline the minimum labour and social standards they will apply in managing their operations consistent with good practice, such as the United Nations Declaration of Human Rights and the International Labour Organisation Charter.</p>	√				<p>Nestlé Nigeria fully supports the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aims to provide an example of good human rights and labour practices throughout our business activities. Nestlé Nigeria also complies with all applicable Nigerian Labor Laws.</p>
<p><b>1.5.</b> Entities should develop and promote investment in community projects and initiatives with the aim of contributing to the sustainable development of their host communities.</p>	√				<p>Nestlé Creates Shared Value for stakeholders in its communities by investing in projects to improve livelihoods. Projects include:</p> <ol style="list-style-type: none"> <li>1. Rural development</li> </ol>

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
					<ul style="list-style-type: none"> <li>i. Improving access to water and sanitation. We provide over 14 million litres of clean safe water to our communities daily. 16 new WASH facilities were commissioned in the past 3 years.</li> <li>ii. Improving teaching and learning environments in schools within our communities by renovating classrooms, providing WASH facilities, libraries and playgrounds as needed.</li> </ul> <p>2. Youth empowerment</p> <ul style="list-style-type: none"> <li>i. Technical Training program at the Nestlé Technical Training Centers in Agbara and Abaji</li> <li>ii. Community scholarship scheme for secondary and tertiary education</li> </ul>
<p><b>1.6.</b> Entities should articulate, in their sustainable finance policies and procedures, ESG procurement standards for suppliers, contractors, and other third-party service providers</p>	√				<p>Nestlé's Responsible Sourcing Standard is shared with all vendors on registration. The policy covers Environmental and social care, Compliance, Human Rights, Safety and Health etc.</p>
<p><b>1.7.</b> Entities should monitor their service providers to ensure compliance with the ESG standards.</p>		√			<p>Nestlé retains the right to audit the activities of service providers to ensure compliance and carries out spot checks from time to time as required.</p>
<p><b>1.8.</b> Entities should regularly conduct internal reviews of the integrity and quality of ESG practices and procedures for continuous improvement. External audit of ESG practices and procedures may also be undertaken.</p>	√				<p>In 2022, an external audit of ESG practices was performed by Ernst and Young.</p>
<p><b>1.9.</b> Entities should set criteria for reporting their ESG risk assessment processes on their business operations and activities.</p>	√				<p>Environmental Impact Assessments which cover several environmental risks areas are performed and reviewed regularly.</p>

## Principle 2: Collaborative Partnership and Capacity Building

Regulated entities should collaborate with stakeholders to raise awareness on ESG issues, build capacity, manage risks, develop innovative solutions and promote widespread action across the Nigerian financial system.

Kindly disclose the implementation status of Principle 2 in your entity by ticking (✓) in the appropriate cells in the table below and offer a brief description of your efforts so far.

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
2.1 Develop an ESG policy e.g., sustainable policy – to serve as a tool and strategic framework to guide and support the entities in the delivery of its sustainable agenda.	✓				The Nestlé Corporate Business Principles specifies the foundation for Sustainability and Creating Shared Value
2.2. Dedicate Environmental Sustainable Office (ESO) to work assiduously in enshrining in the organization the workings of its sustainable policies.	✓				The Safety, Health and Environment (SHE) Department oversees, monitors and coordinates the implementation of environment related policies across the organisation.
2.3. Develop structural mechanisms to guide the implementation of the structural policies and guidelines.	✓				The company's structure for the implementation of the Sustainability Agenda Management team oversees.
2.4. Have an internal capacity to support the implementation of sustainable policies and guidelines.	✓				Same as 2.2 and 2.3
2.5. Engage and created the buy in of key stakeholders to support the implementation of the policies.	✓				Same as 2.2 and 2.3
2.6. Develop and implement the entity's sustainable strategy.	✓				Our Policy on Environmental Sustainability documents our strategy in relation to sustainability.

## Principle 3: Financing of Priority Sectors of the Economy

- Regulated entities should promote financing of priority sectors of the economy, while ensuring balance with ESG considerations.
- In consideration of the nationwide efforts to catalyse the national economy, entities are expected to contribute to national rebirth by supporting priority sectors of the economy. To this end, entities should measure and disclose the level to which they have supported priority sectors.

**Kindly disclose the implementation status of Principle 3 in your entity by ticking ( ✓ ) in the appropriate cells in the table below and offer a brief description of your efforts so far.**

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
<b>3.1.</b> Entities should on the basis of verifiable business plans/feasibility reports identify priority sector(s) in which they operate by way of providing financing/carrying out investments.					
<b>3.2.</b> Entities should disclose products and services designed to facilitate financing of priority sectors of the economy.					
<b>3.3.</b> Entities should report the monetary value of actual investments undertaken in/products and services invested in financing of priority sectors of the economy.					
<b>3.4.</b> Entities should record and report total monetary value of assistance received from government(s) for financing/investing in priority sectors of the economy. This should cover items such as: <ul style="list-style-type: none"> <li>▪ Subsidies</li> <li>▪ Tax reliefs and tax credits</li> <li>▪ Financial incentives</li> <li>▪ Royalty holidays</li> <li>▪ Export promotion grants</li> </ul>					



## Principle 4: Human Rights, Women’s Economic Empowerment, Job Creation and Financial Inclusion

Regulated entities will respect human rights, promote women's economic empowerment, support job creation and enhance financial inclusion.

Kindly disclose the implementation status of Principle 4 in your entity by ticking ( ✓ ) in the appropriate cells in the table below and offer a brief description of your efforts so far.

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
4.1. Entities should balance the ratio of employment between men and women and bridge the gap in favour of women.		✓			We are committed to improving diversity and inclusion within the company. We are improving the male: female ratio year on year.
4.2. Entities should encourage policies that better the lots of women, for e.g., building crèche; increasing the current maternity leave from 3 months to 6 months; setting up of standing committees and by-laws to protect sexual harassment in offices; improving on toilet facilities to cover sanitary requirements;	✓				With our Parental Leave Policy, primary care givers are entitled to 17 weeks paid leave in addition to their annual leave. We have established creches/baby rooms across all our sites. Guided by Nestlé's policy against discrimination, violence and harassment at work, The company has zero tolerance for sexual harassment. Our toilet facilities include adequate provisions for all sanitary requirements.
4.3. Equal opportunities with respect to positions and capacity building;	✓				Nestlé Nigeria upholds the principle of non-discrimination, equal employment opportunities and diversity in its recruitment process. Every employee is given equal opportunity for promotion based solely on merit.



Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
4.4. Quarterly seminars/sessions on economic savings and empowerment;	√				The company organizes regular sessions for empowerment of employees including economic and financial awareness
4.5. Entities should collaborate on how to design programs/projects that will encourage macro small medium enterprises to be active in the financial market.				√	

## Principle 5: Reporting and Disclosures

- Regulated entities should regularly report their progress in implementing these principles and require organisations they supervise and/or finance to make appropriate disclosures on their ESG issues.
- Entities should recognise that sustainability issues have gained global recognition and acceptance as such businesses are increasingly assessed on the importance they attach to sustainability issues.
- Entities should seek to report on their sustainability practices in a manner that allows stakeholders to take informed decisions.

**Kindly disclose the implementation status of Principle 5 in your entity by ticking ( ✓ ) the appropriate cells in the table below and offer a brief description of your efforts so far.**

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
<b>5.1.</b> Entity should report ESG issues annually either on a stand-alone basis or as an integral part of its annual report to stakeholders. The timing of the reporting should be the same as the financial performance report of the organization.	✓				Nestlé Nigeria PLC reports annually on ESG issues on stand-alone basis to stakeholders. A comprehensive report on ESG is also sent to Securities & Exchange Commission and the Nigerian Exchange Group.
<b>5.2.</b> Entities should articulate clear goals, targets and measurement indicators for each Principle.		✓			Nestlé has sustainability goals and measurement indicators to measure compliance.
<b>5.3.</b> Entity should develop a reporting template that is incorporated into its management information system. Reports should demonstrate progress against the indicators set for each Principle.		✓			
<b>5.4.</b> Entity should define the scope of its activities and identify stakeholders in its ESG report	✓				We have identified our key stakeholders including communities, shareholders and Government. We provide highlights of our activities carried out during the course of the year on a regular basis.
<b>5.5.</b> Entity's ESG performance should be reported in relation to local or global expectations its ESG report		✓			Our ESG performance is reported in relation to local and global expectations
<b>5.6.</b> Entity should concentrate on aspects of operations that have significant ESG impacts that may influence the decisions of stakeholders in its ESG report	✓				We consider the aspects of our operations that have significant ESG impacts that may influence the decisions of stakeholders in our ESG report
<b>5.7.</b> ESG Reporting should be transparent and comprehensive covering both positive and negative aspects of performance	✓				Our annual report provides detailed information on Sustainability initiatives undertaken during the course of the year

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
<b>5.8.</b> Information in ESG report should be presented in a consistent manner so as to allow for comparison over a period of time.	√				Report of our ESG initiatives is presented in a consistent manner.
<b>5.9.</b> In ESG reporting, ambiguity should be avoided. Information is to be presented in clear and understandable manner.	√				Our ESG report contains no ambiguity. Information is presented in clear and understandable manner.
<b>5.10.</b> All information used to prepare the performance report should be gathered, recorded, compiled, analyzed and disclosed in such a manner as to allow for independent examination to establish the quality and materiality of the information. Entities should adopt the GRI or any other internationally recognized reporting standard in preparing their report.		√			Information for our sustainability report is gathered and compiled in an auditable manner

## **Additional Information**

### **1. Suppliers Relations Management and Ethics**

The Responsible Sourcing and Procurement Policies (among others) address our ethical practices on transparency, confidentiality, fairness, child labor, conflict of interest, corruption etc.

### **2. Diversity in the workplace-**

- Gender - Male: Female (89%:11%)
- Age Group -19 to 60
- Full time against contract - 2307: 208
- Percentage of board seat filled by independents & women: 33% and 22%

### 3. Labour Practices

- Employee benefits: Work life Balance, Paid and extended Maternity Leave, Creche in the office, Continuous Education, Child scholarship program, Car and house ownership loans, etc.
- Employee turnover: 7.5%

### 4. Occupational Health and Safety

2022 summary on Injuries for Nestle Nigeria PLC.

- 0 Fatality
- 1 Lost time accidents from one of our sites. Affected person was a member of the public. He was treated and discharged.
- We are subscribed to several policies, standards and protocols to help improve our Safety & Health management system (Factories ACT 2004, Occupational Health and Safety Management Systems ISO 45001: 2018, Nestlé Policy on Health and Safety)

### 2022 Human Rights

- Number of grievances about human rights impacts filed, addressed or resolved: Zero

### 2023 Details and Impact of community-based programs

Nestlé Nigeria has been a force for good since its foundation. We are the Good Food, Good Life Company.

We strongly believe that our long-term success depends on creating value for both our shareholders and society, therefore we work with all stakeholders to drive positive social impact. This is the core of our Creating Shared Value (CSV) approach to business.

Creating Shared Value is at the heart of Nestlé's business strategy. It is the way we operate, building long-term value for society and shareholders at a meaningful scale. This approach supports our company's purpose of unlocking the power of food to enhance quality of life for everyone, today and for generations to come. This purpose drives us to make a positive impact in the lives of people, our communities and the environment, now and in the future

Our focus areas for creating shared value initiatives are:

1. Rural development
  - a. provision of access to water and sanitation
  - b. school renovation projects to provide conducive learning environment for children in our communities
  
2. Youth empowerment
  - a. Technical Training program
  - b. Community scholarship scheme
  
3. Nutrition education through the Nestlé for Healthier Kids program.

Our target groups are the communities around our operations and locations.

During the year under review, Nestlé Nigeria made significant strides, creating value across our impact areas, individuals and families, our communities and the planet. Some highlights of our community development projects are shared below:

- A. **Provision of access to water and sanitation** - We recognize that access to safe drinking water and sanitation is a basic human right, and that safe water, sanitation and hygiene (WASH) contribute to health, well-being, personal dignity and community resilience. We believe that we have a role to play in helping to ensure that more people in the communities surrounding our direct operations have access to safe water and sanitation facilities. Over the past 4 years, 14 WASH projects have been donated in Ogun State and Abaji within the FCT. Through the three new facilities provided in 2022, over 1,700 learners and teachers in the beneficiary schools, now have access to clean and safe drinking water and sanitation facilities.
  
- B. **Technical Training Program** - With the aim to bridge the technical skills gap, Nestlé set up the Technical Training Center at our Agbara Factory in 2011 and Abaji Factory in 2017 to provide vocational training skills in machining, mechanical fitting operations, Electrical operations, instrumentation operations and automation to young Nigerians. The training follows an intensive 18-month theoretical and practical engineering syllabus, based on the City and Guilds of London technicians' curriculum for Mechanical and Electrical Engineering students. The top five graduates from the Agbara Center also participate in a three-month internship at a Nestlé factory in Switzerland, sponsored by the Swiss Government. The program at the Abaji center is also supported by the

Nigeria Employers' Consultative Association (NECA) and Industrial Training Fund (ITF). Over 160 students have benefitted from the technical training program since its inception, and 95% of them have been directly employed by Nestlé Nigeria

- C. **Community scholarship scheme** – Nestlé Nigeria launched the community scholarship scheme in 2020 to afford deserving and qualified students from her host communities' the opportunity to attain their educational aspirations. The scheme which covers two categories: senior secondary and tertiary, was inaugurated for the Abaji and Flowergate factories communities in 2020, and extended to the Agbara community in 2022.. 112 students from both categories have benefitted from the scheme since inception.
- D. **Nestlé for Healthier Kids** - Nestlé for Healthier kids, a global flagship initiative aims to help 50 million children enjoy healthier lives by 2030. This initiative federates all our efforts to support parents and caregivers on their journey to raise healthier kids. Nestlé for Healthier Kids (N4HK), a school-based nutrition education program, addresses the need for nutrition education early in life. Supported by the Federal Ministry of Education, the Federal Ministry of Health, Universal Basic Education Board, Ogun State, FCT Universal Basic Education Board and the Nutrition Society of Nigeria, Nestlé for Healthier Kids reaches children in 30 schools - 20 of them in Ogun State and 10 in the Federal Capital Territory. During the year under review, we collaborated with the International Climate Change Development Initiative (ICCDI) on a Sustainability Training which reached over 1,000 children. Nutrition Quiz competitions aimed at enhancing recall and retention of in-class lessons were also held in Abuja and Ogun State for all 30 schools. Gado Nasko Science Primary School, Gwagwalada, Abuja and St Paul's Primary School, Orile Imo, in Ogun State emerged winners of the nutrition quiz competition.
- E. **Rural Women Empowerment Program** – In 2022, Nestlé Nigeria extended the implementation of the Rural Women empowerment program to North-East, South-South and South-East regions. The program is one of the creative shared value initiatives that Nestlé deploys to help build thriving communities and improve livelihoods. The program is an economic and social empowerment initiative that aims to help rural women retailers scale up their businesses and sustain the new level of up to three times the size of their existing business, through training, mentorship and grants in form of Nestlé products. In 2022, 150 rural women were added to the scheme, bringing the number of beneficiaries since inception of the scheme to 250.

#### **2024      Anti-Corruption (Activities to combat corruption and bribery)**

The Company has zero-tolerance attitude to corruption and unethical practice. It encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations. On a regular basis, the Company tracks and monitors potential corruption prone activities and designs strategies to eliminate the corruption risks. In furtherance of the above, the Company has established an anonymous whistle blowing system which enables

staff, suppliers and distributors to raise concerns in relation to its operations and report malpractice, illegal acts or omission by employees.

Such concerns could be communicated to the Company through our Speak Up channel which can be accessed via **Web URL:** [website](#).

Our Code for Business Conduct and Ethics condemns any form of bribery and corruption and defines the legal and ethical standards which govern employees and their relationships with customers, other employees, government officials and with all other parties. Employees are also mandatorily required to undergo annual trainings on the principles espoused in our Code of Business Conduct.

The Company did not have any incidents, fine or exposure related to anti-corruption during the financial year ended December 31, 2022.

#### **Waste management**

- Weight of hazardous waste: 21 Tons
- Weight of Non-hazardous waste: 16,423 Tons
- 2022 Production figure for Nigeria: 465,461 Ton
- Ration of waste to production:  $21,000 / 465,461 = 0.045$

#### **Water**

- Total volume of water used: 974,799 cubic meters
- Percentage of water recycled: 11% (Agbara factory only)

#### **Energy**

- Total energy consumed: 1,059,032 GJ
- Amount of reduction in energy consumption achieved as a result of conservation and efficiency initiatives: None

- Alternative energy research (Investment & Plans): Solar (feasibility study in progress) for our factories.
- Use of renewable energy: None