

SECURITIES AND EXCHANGE COMMISSION

REPORTING TEMPLATE ON SUSTAINABLE FINANCIAL
PRINCIPLES FOR THE NIGERIAN CAPITAL MARKET

Nestlé Nigeria PLC - 2024

SEC

2/21/2024

Type general instruction here

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.	X				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.	X				The Nestlé Code of Business Conduct and Ethics specifies and helps the continued implementation of the Corporate Business Principles by establishing certain nonnegotiable 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>1.3. Entities should put in place programmes for managing their environmental and social footprints¹. The programmes should reduce greenhouse gas emissions, promote efficient use of water and energy, and improve waste and construction management.</p>	X				
<p>1.4. 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>		X			<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>1.5. 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>	X				<p>Nestlé continues to create Shared Value for stakeholders in its communities by investing in projects to improve livelihoods. Some of these projects include:</p> <p>1. Improving access to water and sanitation: In addition to 16 new WASH facilities commissioned in the past 3 years, yielding over 14 million litres of clean safe water to our communities, in 2023, Nestlé Nigeria successfully completed water and sanitation facilities to two schools in communities around our operations - Wesley School 2, Sagamu, Ogun State and Local Government Primary School, Ketu Adie Ovie, Ado Odo Ota , both in Ogun State. These facilities will be commissioned in Q1 2024.</p> <p>Through the new facilities, over 930 learners and teachers in these schools now have access to clean and safe drinking water and sanitation facilities.</p>

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
					<p>2. Youth empowerment:</p> <p>i. Technical Training program at the Nestlé Technical Training Centers in Agbara, Abaji and now Flowergate</p> <p>ii. Community scholarship scheme for secondary and tertiary education</p> <p>3. Nestlé Cares Mentoring Program</p> <p>About 280 Nestlé Nigeria volunteers, including the MD and CEO, participated in the Youth Leadership Mentoring Programme, mentoring over 12,000 students in 23 public secondary schools across Nigeria.</p> <p>Through the program, Nestlé Nigeria and REVAMP Africa are equipping young individuals across the six geopolitical zones in the country, including our host communities with the skills, knowledge, and confidence needed to excel in an ever-evolving world.</p> <p>The Youth Leadership Mentoring Programme aims to instill the right values, skills and attitudes requisite for success and positive personal development from an early age in children.</p>

Indicators	Completed	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
<p>1.6. 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 corporate business principle, which includes our responsible Sourcing Standard, is shared and aligned with all vendors on registration. The policy covers Environmental sustainability and social care, Compliance, Human Rights, Safety and Health etc.</p> <p>Nestle's Corporate Business Principles</p>
<p>1.7. 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>1.8. 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>		X			<p>The 2023 external audit of ESG practices was performed by Ernst and Young.</p>
<p>1.9. Entities should set criteria for reporting their ESG risk assessment processes on their business operations and activities.</p>		X			<p>Nestlé has engaged EY to provide independent assurance of thirteen selected Environmental, Social and Governance (ESG) key performance indicators (KPIs) of high strategic importance to our business. This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance. Nestlé obtained limited assurance for these KPIs to strengthen stakeholder confidence in the data we report and in anticipation of increased regulation of sustainability reporting and assurance.</p> <p>Reporting Scope and Methodology for ESG Key Performance Indicators</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.	X				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.	X				The Safety, Health and Environment (SHE) Department oversees, monitors, and coordinates the implementation of environment related policies across the organisation. In addition, Nestlé Nigeria has hired a Sustainability Manager who specifically oversees environmental sustainability projects and policies
2.3. Develop structural mechanisms to guide the implementation of the structural policies and guidelines.	X				Same as 2.2 above
2.4. Have an internal capacity to support the implementation of sustainable policies and guidelines.	X				To support Nestlé's implementation of sustainable polices and guidelines, in addition to the SHE team, Nestlé Nigeria has now hired a Sustainability Manager.
2.5. Engage and created the buy in of key stakeholders to support the implementation of the policies.	X				The organization has carefully mapped, engaged and secured the buy-in of key stakeholders including Government, regulatory and private sector to support implementation of its sustainable policies
2.6. Develop and implement the entity's sustainable strategy.	X				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
3.1. 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.				X	
3.2. Entities should disclose products and services designed to facilitate financing of priority sectors of the economy.				X	
3.3. Entities should report the monetary value of actual investments undertaken in/products and services invested in financing of priority sectors of the economy.				X	
3.4. 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"> ▪ Subsidies ▪ Tax reliefs and tax credits ▪ Financial incentives ▪ Royalty holidays ▪ Export promotion grants 				X	

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.		X			We are committed to improving diversity and inclusion within the company. We are improving the male: female ratio year on year. With our Gender Balance Acceleration Plan. Nestlé put further emphasis on increasing the proportion of women in the Managerial Cadre from less than 20% in 2020 to 25% in 2023. This is another step in Nestlé’s journey towards gender parity.
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;	X				To foster a supportive environment for employees and their families, Nestlé established the Nestlé Maternity Protection Policy which implements minimum standards and provisions to be applied across our company that strengthen maternal safeguards and help all our employees care for their children. This Policy embraces the key principles set out by the International Labour Organization Maternity Protection Convention (Convention C183), which is one of the most significant established tools to support gender equality and promote

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
					breastfeeding in the workplace. Specifically, it promotes five pillars: <ol style="list-style-type: none"> 1. Maternity protection including 18 weeks paid maternity leave in addition to their annual leave. 2. Employment protection and non-discrimination 3. Healthy work environment 4. Flexible work arrangements 5. Conducive work environment to breastfeed 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;		X			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.
4.4. Quarterly seminars/sessions on economic savings and empowerment;		X			Nestlé 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.				X	

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
5.1. 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.		X			Nestlé Nigeria PLC reports annually on ESG issues on stand-alone basis to stakeholders. A comprehensive report on ESG is also included in the Annual Reports.
5.2. Entities should articulate clear goals, targets and measurement indicators for each Principle.		X			Nestlé has set global sustainability goals and measurement indicators to measure compliance.
5.3. 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.		X			Nestlé ESG reporting template is incorporated into its management information system and provides information on progress per indicator
5.4. Entity should define the scope of its activities and identify stakeholders in its ESG report		X			We have identified our key stakeholders including communities, shareholders, and Government. We provide highlights of our activities carried out during the year on a regular basis.
5.5. Entity's ESG performance should be reported in relation to local or global expectations its ESG report		X			Our ESG performance is reported in relation to local and global expectations
5.6. Entity should concentrate on aspects of operations that have significant ESG impacts that may influence the decisions of stakeholders in its ESG report	X				We consider the aspects of our operations that have significant ESG impacts that may influence the decisions of stakeholders in our ESG report

Indicators	Complete	In progress	Yet to start	Not applicable	Brief description of action(s) taken towards implementation
5.7. ESG Reporting should be transparent and comprehensive covering both positive and negative aspects of performance	X				Our annual report provides detailed information on Sustainability initiatives undertaken during the year
5.8. Information in ESG report should be presented in a consistent manner so as to allow for comparison over a period of time.	X				Report of our ESG initiatives is presented in a consistent manner
5.9. In ESG reporting, ambiguity should be avoided. Information is to be presented in clear and understandable manner.	X				Our ESG report contains no ambiguity. Information is presented in a clear and understandable manner.
5.10. 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.		X			Information for our sustainability report is gathered and compiled in an auditable manner