



## **Nestlé Nigeria Plc**

## **Policy on Internal Control Systems**

September 2020

### **Purpose:**

This policy is established in order to assure proper Internal Control is in place and to minimize any risks involved within the organization of Nestlé Nigeria Plc.'s Internal Control to cover:

- Complying with the laws in Nigeria and Nestlé's global and local policies & principles (e.g. Nestlé Corporate Business Principles, Basic Nestlé Management and Leadership Principles, Nestlé Code of Business Conduct, etc.)
- Assuring the effectiveness of business procedures
- Safeguarding Company's assets based upon appropriate control procedures
- Maintaining high credibility of Financial Reports.

### **Responsibility for Internal Control:**

All employees and Directors are responsible for Internal Control at Nestlé. Each business and functional unit should take responsibility in their respective End-to-End business unit and processes. Line Managers of functional units are responsible to lead Internal Controls in their respective business areas as the first line of defense.

### **Internal Control Systems:**

In order to ensure proper internal controls are in place, the following functions and systems are established at Nestlé Nigeria Plc.

#### **Control Framework (CF)**

CF functions are for promoting effective Internal Controls, control assessments for Role Allocations in GLOBE System (SAP) and confirming necessary Internal Control processes are embedded in business procedures. Its function is assigned to Nestlé Internal Control unit.

#### **Standard Operating Procedure (SOP)**

Internal Controls are materialized through practices according to SOP for each End-to-End process. These SOPs are to achieve efficiency, quality output and uniformity of performance in line with the designed set of controls in place. Therefore, SOPs should be in line with CF when issuing new ones or updates.

#### **Role Allocation in GLOBE System (SAP)**

SAP roles are allocated to employees after proper training and risk assessment have been carried out. Proper Segregation of Duty must be assured for Internal Control purpose and Compensating Controls as necessary should be executed by responsible managers where there are exceptions.

#### **Risk and Control Self-Assessment**

In order to self-evaluate Internal Control quality in each end-to-end process, Nimbus and PowerBi tools are provided to support the business. As a result of self-assessment, it is required to take corrective actions towards the set targets upon identifying weaknesses in business processes.

#### **Nestlé Internal Audit and Internal Control Unit:**

Nestlé Internal Audit and Nestlé Internal Control team validates these Internal Control systems and gives support where necessary. Internal Control systems are also subject to validation by the company's external auditors.

MD/CEO, Nestlé Nigeria Plc.