

Building a Sustainable Future, Scaling Impact



2022

Sustainability
Report



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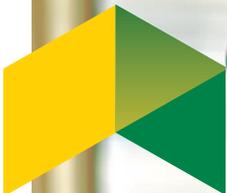
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The Chairman's Statement



John Coumantaros
Chairman

I am pleased to present our latest sustainability report, themed, **Building a Sustainable Future, Scaling Impact**, which highlights our commitment to long-term, sustainable value creation that encompasses the wider demands of people and planet; and the progress achieved over the past year in this regard. At Flour Mills of Nigeria Plc (FMN), we understand the importance of operating in a responsible and sustainable manner that benefits all stakeholders, including our employees, customers, investors, suppliers, and the communities in which we operate. In line with our commitment to transparency in our disclosures, this report details our successes, and the challenges faced during the year especially considering an operating business environment characterized by the shocks and ongoing impacts of the COVID-19 pandemic, geopolitical and social tensions, and climate change, all of which have adversely affected supply chains globally and further catalyzed changing stakeholder expectations.

As a responsible organisation that is committed to sustainable development, we have developed and implemented a comprehensive sustainability strategy that is aligned with the United Nations Sustainable Development Goals (SDGs) and core ESG domains of Governance, Planet, People and Prosperity as well as the Nigeria Exchange Group's (NGX) Sustainability Disclosure Guidelines. This strategy is referred to as FMN's "**Tropos**", a 4-Pillar framework comprising Governance, Economic, Social and Environmental pillars, which guide our approach to integrating sustainability across the business; and helps us to balance our economic goals with our responsibility to society and the environment.

We are dedicated to operating responsibly and we will continue to innovate, invest, and collaborate with relevant stakeholders to achieve our sustainability goals. We recognise that sustainability is not just about minimizing our impact on the environment, but also about creating economic value and social impact. As such, we have made significant progress in our sustainability journey, focusing on our four pillars.

We are committed to operating to the highest standards of **Governance**, and thus continue to introduce and entrench strong governance practices and policies to ensure transparency, accountability, and ethical conduct across all areas of our operations. This governance character cascades down from the composition of our Board of Directors, which accentuates the qualities of integrity, reputation, and commitment; familiarity with the commercial and economic landscape; regional balancing across Nigeria's geopolitical zones; improving gender diversity, and the possession of a rich network of critical relationships in the business segments of present and emerging relevance to FMN.

In action, our governance at the Board level which respond to

statutory governance imperatives and compliance obligations, emphasize ethical governance philosophies, values, processes, and functions, place risk management at the kernel of our governance thinking, but also places a defining strategic imperative in our industry – Local Content – on the front burner. These themes guide Management in their conceptualization and design of approaches to implementation of the Group's corporate strategy.

In terms of our **Economic** performance, we have been working to diversify our revenue streams beyond our core flour milling business across our five (5) core value chains of grains, starches, fats & oils, proteins, and sweeteners. We have also expanded our operations in Nigeria through acquisitions and joint ventures. In the coming year, FMN will continue to focus on expanding its operations in Africa, as the continent offers significant growth potential. We will also explore opportunities to enter new segments or geographies, organically and inorganically as we deem strategically viable. Our long-term goals include increasing our revenue and profitability by growing our existing businesses and entering new markets. We will also focus on improving operational efficiency in order to enhance our competitive advantages and boost our profitability.

We are aware that there are several externalities that could potentially affect our business and influence its sustainability priorities. These include climate change, government policies and regulations, consumer preferences, economic volatility, and technological advancements. We remain vigilant in monitoring these external factors and trends to ensure that we are able to adapt our sustainability priorities and strategies to remain agile, resilient and competitive in the marketplace while fulfilling our obligations to stakeholders.

Recognising that it is innovation that will bring about the solutions that can simultaneously address the objectives of food security, growth in incomes for Nigerians in the lower-income segments of the population, poverty reduction, and environmental sustainability, we launched the FMN Prize for Innovation in 2022. The Prize series has just concluded its second season. Through this initiative, we have awarded over N10m in prize monies to winning agro-allied startups to help grow their ventures, even as we lay the groundwork for more robust relationships with them as they develop.

Finally, we are proud of our economic performance and the positive impact we have on the Nigerian economy through our sustained commitment to backward integration and local content development across our value chains. Our investments in the deepening of our value chains, especially upstream, has continued. Of particular note is the expansion of production at the Sunti Golden Sugar Estates and our collaboration with other flour millers under the auspices of the Flour Milling Association of Nigeria

(FMAN) to establish, strengthen and build on a firm foothold for commercial wheat value chain development, a venture at which we have recorded some impressive results, particularly in yield improvement for locally cultivated wheat.

As a responsible corporate alive to the imperatives of sustainable living on our planet, we intensified our **Environmental** stewardship over the past year. We continue to invest in initiatives that reduce our environmental footprint, such as energy efficiency initiatives, waste management, and responsible sourcing and packaging. Social responsibility is also a top priority for us, and we have undertaken a number of initiatives to improve the well-being of our employees and the communities where we operate. These include investing in employee health and safety, supporting education and skills development, and contributing to social investments in the wellbeing of the members of the communities where we operate in and the wider Nigerian society. Additionally, we will continue to invest in sustainability initiatives, such as energy efficient facilities and equipment, in a greater role for renewable energy sources in our energy mix, and in the circular economy to strengthen the trust our consumers and investors reserve in us.

In creating long-term **Social** impact for our stakeholders, two of our foremost Corporate Social Responsibility (CSR) initiatives in the outgone year addressed challenges in healthcare, in keeping with the spirit of Goal 3 of the SDGs. Our renovation of clinics at the Faculty of Dental Sciences, Lagos University Teaching Hospital (LUTH) and our partnership with END fund to fight neglected tropical diseases speak to this. The context specificity of the latter of these two interventions reflects our systematic approach to ensuring the relevance and impact of the interventions we choose to make.

As detailed in the report, we partnered with some new organisations during the year, and strengthened our relationships with existing partners in delivering value to our stakeholders. This applies especially to farmers within our host communities and supply chains. We bolstered support to our network of farmers across Nigeria, providing agronomic support, farming inputs such as improved seeds, machinery, and fertilizer; and enhanced market access for those in the rural areas.

Our partnership with the International Finance Corporation's (IFC) Nigeria2Equal gender programme has empowered us with more systematic tools and approaches to driving increased participation by women in senior roles, enhancing the visibility of women, and building pipelines to increased female leadership across the company. Topmost among these concrete developments is the appointment of the outstanding professional, Ms. Yewande Sadiku, to our Board of Directors in 2022. In support of SDG 17, we remain focused on building strong relationships and partner-

ships with a broad range of organisations which will serve as a means for us to create lasting impact across all our business and impact areas.

Our efforts are being recognised. This recognition takes expression in our receipt of the following accolades:

- Global Certification ISO 27001:2013 Information Security Management Systems achieved to display commitment to protecting investor intellectual property
- SERAS Award for Best Company in Supply Chain Management
- Adjudged as the best performing Backward Integration Program (BIP) by National Sugar Development Council (NSDC)

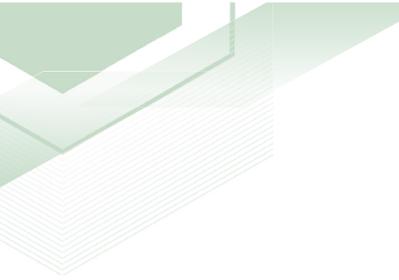
We are mindful that sustainability is a journey that requires constant innovation, collaboration, and dedication. We remain committed to working closely with our stakeholders to create shared value and make even more robust contributions to sustainable development.

Once again, I want to express our sincere appreciation to all our stakeholders for their support, and we look forward to continuing this sustainability journey with you.

Sincerely,

John Coumantaros
Chairman





Message from the CEO



Mr Boye Olusanya
GMD/CEO

BUILDING A SUSTAINABLE FUTURE, SCALING IMPACT

Over the years, Flour Mills of Nigeria Plc (FMN) has established its leadership position as a company that is driven and inspired by a sincere commitment to entrenching sustainable growth and shared prosperity for people and planet. Starting with our first sustainability report in 2020 and the second in 2021, we have shown, backed with real stories of impact, how our business has been inspired and driven by our strong sustainability ethos. This year, we are pleased once again to present to you our 2022 sustainability report in furtherance of our commitment to transparency and accountability in line with global best practices.

Last year, the theme of our sustainability report was “Nourishing Sustainably Today for Tomorrow”. This theme reflected the remarkable strides we recorded in our commitment towards responsible production and consumption as encapsulated in our mandate of “Feeding the Nation, Everyday”. This year, we are not resting on our oars, as we continue to proactively seek out ways to ramp up our sustainability efforts, meeting critical needs of our diverse stakeholders and making our contributions to global prosperity for people and planet. The theme of this year’s report, “Building a Sustainable Future, Scaling Impact” is a testament to our commitment to actively and consistently building a sustainable business in line with global best practices and standards. It also describes our journey and contributions, as we build, brick by brick, one step at a time, the sustainable future we all desire for the present and future generations. We continue to solidify and scale impact across all facets of our operations. This report is not just a record of our sustainability initiatives, it is more! It is a reflection of how far we have come on this journey, ramping up and scaling impact while delivering real value to our diverse stakeholders and contributing to sustainable socio-economic development in Nigeria and globally.

We are deeply encouraged and even further inspired by the successes we have achieved thus far. Last year, we were resilient through unprecedented challenges as we continued in our transition from the effects of the COVID-19 pandemic, emerging ever stronger than before. This reflects the “FMN spirit”. The spirit that has kept us thriving for more than 60 years now. Our business has continued to show great agility and resilience through turbulent and uncertain times.

The company recorded significant growth over the last year. We boosted our operational efficiency by accelerating plans for supply chain optimisation, content localisation, and cost optimisation across our business segments which helped cushion the sharp rise in the cost of raw materials. The Group recorded outstanding top-line growth across all business segments for the year, with revenue increasing by 51% and Profit Before Tax reaching

N41 billion, up from N37 billion in the prior year. Our food segment grew by N270 billion due to higher B2B volumes and growth in core B2C categories, as we continued to expand our focus on local content. These superlative results underscore our dedication to achieving sustainable growth and creating value for our shareholders.

Some of the significant results we achieved this year, include but are not limited to the following:

1. We installed one LNG plant, with a total capacity of 45 tons at our Agbara plant, to reduce diesel consumption and, thereby, reduce air pollution, enhance ambient air quality and reduce our carbon footprint
2. We recycled 2,058 MT, 717 MT and 780 MT of packaging materials across our Lagos, Morpack, and Kano offices, respectively.
3. We engaged a third-party consultant to assess our waste collection processes and create an environmental audit report to reflect their findings. According to their environmental assessment report, we are compliant with relevant laws that relate to waste management.
4. We ensured that 100% of water withdrawn in our Apapa facility was treated before use in the production process.
5. Recently, we were certified on ISO 27001 (Information Security Management System). The implementation of management system had strengthened our cybersecurity posture. We are the first indigenous FMCG organisation to be certified on Information Security Standards.

As an organisation, we recognise the importance of research in developing innovative solutions to accelerate our development. Hence, we spent about N5 billion during the year on driving cost optimisation programmes and also upgrading our state-of-the-art innovation centre to improve our product development capability. This investment has been instrumental in establishing our plan to launch a few new products, including a new flavour of noodles, a new snack product, and some sweet/savoury spread variants in the coming year. We are encouraged to continue our investment in research and innovation, particularly in adopting new technologies and methods for manufacturing new products that meet our consumers’ expectations.

Still in our bid to scale our impact across the board, we partnered with organisations and multilateral agencies who align with our vision and mandate. We worked with World Connect to fund various grassroots projects, one of which was aimed at creating a Waste to Resource Empowerment Programme (WREP) for internally displaced women in Waru. This programme aimed to retrofit a shipping container into a space for these women to

transform recycled waste into products such as tote bags, mats and shoes, transform organic wastes into compost and transform paper wastes into new handmade sheets for canvas. We also partnered with the Mercy Corps – Rural Resilient Activity (RRA) in North-East. This partnership targets 3,000 maize farmers in Adamawa and Gombe states with the aim to increase access to quality agricultural input, improve access to higher-value markets and better access to agricultural information, extension and advisory service. Our partnership with the Christian AID (CAID) and Community Health Justice and Peace Initiative for Development Justice Development (JDPH) empowered 200 farmers in Dadin Kowa, Sabongari communities in Yamaltu/Deba LGA, Gombe State. We provided quality agricultural inputs and effective market linkages. We also joined the Nigeria2Equal gender program implemented by the International Finance Corporation (IFC), in partnership with the Nigerian Exchange Limited (NGX) to scale our impact in bridging gender gaps and equal access to opportunities for all.

On this journey, we have never neglected the importance of giving back to our communities. We invested massively in our corporate social sustainability efforts by renovating schools, sustaining the vocational centre we built for children with special needs in 2017, and undertaking youth empowerment initiatives through sports, skills development and empowerment. There is no greater joy than hearing the testimonials of our people and beneficiaries recounting their experiences of how FMN has positively impacted their lives. These have spurred us on and we will never relent.

The successes we have recorded in this past year wouldn't have been possible without the hard and smart work of our people. I am full of in-depth gratitude to our 13,324 employees who have chipped in wholesome effort, as we build the company we call our own and scale sustainable impact.

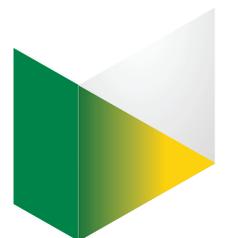
Our sustained growth over the years, has shown that FMN has continued in its quest to hire and retain the best talents who are truly committed to upholding the values and ethos of the company and replicating its successful performance. This is why we are committed to their development and welfare by the programmes and packages elucidated in this report.

We believe that the goal of shared prosperity for people and planet can only be achieved by everyone playing their part and conducting business in a sustainable manner. We are ever more dedicated to achieving sector strategic growth opportunities, both organic and inorganic with keen determination as we continue to create value for our shareholders. To do this more seamlessly, we have now instituted a stand-alone sustainability unit to spearhead all our efforts. This unit oversees all our sustainability activities, strategies and goals as we continue to create real impact on a granular level for our people and all our stakeholders.

In the years to come and in line with our sustainability agenda, we will continue to strengthen the capabilities of our people, from our network of smallholder farmers, young entrepreneurs, communities, our stakeholders, and society at large. FMN will remain vested in the provision of enabling structures in the areas of human capital development, provision of quality inputs, supporting training, and related extension services. We remain poised, now, more than ever before, to keep up the good work we've started as we build the future together.

Thank you!

Mr Boye Olusanya
GMD/CEO



About the Report



Our annual sustainability report provides an opportunity to showcase the progress we have made in meeting our economic, environmental, social and governance goals over time while advancing the global quest for sustainable development. As a business, transparency is our watchword, thus we are eager to evaluate our sustainability performance in accordance with the recently issued 2021 Global Reporting Initiative (GRI) Guidelines, which establish a global baseline in sustainability reporting.

In this report, we highlight the standards through which we have delivered value and benefits for all our stakeholders, including our employees, customers, government agencies, farmers, suppliers, and vendors. We also spotlight the sustainability initiatives that we have undertaken to optimise our business processes, value chain and supply chain as well as contributions to community development. Various snapshots found in this report will codify alignment with the United Nations (UN) Sustainable Development Goals (SDGs), which we have adopted to guide us in delivering innovative and sustainable products and value to our customers and communities. We recognise that we have not achieved this progress alone, therefore we have also highlighted the partnerships that have contributed to our successes as well as a look to the future as we continue to enhance our sustainability performance.

This report covers Flour Mills of Nigeria Plc, its subsidiary companies and divisions.

Except otherwise stated, the disclosures contained within this period are in line with our progress in our 2021/2022 Financial Reporting Year (April 2021 – March 2022). As part of our reporting practices, certain KPIs in this report have been assured as seen in the section, 'Assurance Statement'.

Sustainability Recognitions and Awards 2021/2022

At Flour Mills Nigeria (FMN), we are proud to continually improve our sustainability achievements. We are focused on reducing emissions and contributing positively to society. We have been recognised for our efforts to achieve our aspirational sustainability goals. These are some of the key awards and recognitions for our committed efforts.

ACHIEVEMENTS AND RECOGNITIONS

Sustainability Highlights



- Expansion of production on Sunti Farms.
- Renovation of the Faculty of Dental Sciences, College of Medicine, University of Lagos clinics.
- Partnership with END fund to fight neglected tropical diseases.
- Launch of the FMN Prize for Innovation competition to enhance food value chain innovation across the country.

Business Achievements



Key Appointments:

Board of Directors: Ms. Yewande Sadiku

Director for Special Projects: Mr. Bola Adeeko.

Awards and Certifications



- Global Certification ISO 27001:2013 Information Security Management Systems achieved to display commitment to protecting investor intellectual property
- SERAS Award for Best Company in Supply Chain Management
- Adjudged as the best performing Backward Integration Program (BIP) by National Sugar Development Council (NSDC).
- Apapa Bulk Terminal Ltd (ABTL) clinched the International Standard Excellence Award for the Best World Class Port Terminal Management Company of the year 2022.
- FMN clinched the prestigious Nigerian Business Leadership Award (NBLA)



Sustainability Performance: A Snapshot

Strategy to Creating Shared Value

Partnerships for Shared Value Creation

N228 million

Amount expended in supporting permanent and temporary staff in easing off from COVID-19 impacts

Over 35,000 farmers trained

Flour Milling Association of Nigeria

Responsible Farm-to-Table Practices

Food Security

FMN daily wheat grinding capacity	8,694 MT
Amount of wheat milled in the FY	1,810,318 MT
Flour extraction rate	78.3%

Economic Performance and Contributions

Direct economic value generated rose from N775 billion in 2020/2021 to 1.16 trillion in 2021/2022

Economic value distributed by FMN grew from N706.7 billion in FY 2021 to 1.1 trillion in FY 2022

Employee wages and benefits increased by an average of 18% across all levels

Employee Rights and Welfare

TRAINING

- We expended a total of 106,384 total training hours, an average of 29.4 hours per employee, across all management levels

Community Investments and Relations

CSR

- We invested N586,228,000 in our host communities across our CSR pillars

Environmental Protection and Stewardship

Energy and Emissions Management

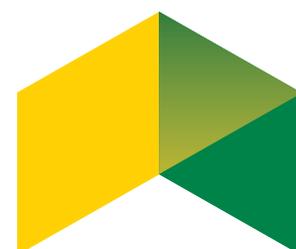
Total energy consumption	5,085,111 GJ
Total indirect CO ₂ emissions	290,238,374 KgCO₂e
Total energy saved from generation of steam via heat recovery at Golden Sugar Company	63,082,778 kWh
Total energy saved from generation of hot water via heat recovery at Golden Pasta Iganmu	18,216,944 kWh
Total energy saved from generation of hot water via heat recovery at Golden Pasta Agbara	94,480 kWh

Sustainable Packaging

Weight of recycled non-avoidable scrap across our BAGCO offices	3,555 MT
Weight of recycled non-avoidable scrap material reintroduced into the production process	547 MT
Amount saved from reintroducing recycled material into the flexible packaging production process	N213.3 million

Natural Resources Conservation

Water withdrawal for 2021/2022	963,442 m³
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01

FMD



Who We Are

Who We Are

1.1 Our Business Profile

Flour Mills of Nigeria (FMN) is one of the largest flour milling businesses and a leading agro-allied group in Nigeria. For the past six decades, beginning with our establishment in September 1960 and continuing till date with our current headquarters in Apapa, Lagos, Nigeria, we have been the preferred partner for feeding Nigeria. We are a publicly traded company with a vertically integrated food, agro-allied, logistics, and support business supply chain.

As a people-centric business, we are committed to creating sustainable and responsible value for all stakeholders. To put it even more simply, we have a mandate to keep “Feeding the Nation, Everyday”, while creating shared value across the triple bottom line of economic success, positive environmental and social impact.

Currently, we have a diverse customer base that includes companies involved in the production of livestock, port operations, logistics, and real estate, through which we have continued to improve our product quality and reputation.

We are a diversified business and flour milling makes up the largest share of our operations. We pioneered flour milling in Nigeria, opening our first mill in Apapa in 1962, with a daily grinding capacity of 500 metric tonnes of wheat.

As a business:

- Our vision is “To be the leading food and Agro-Allied Group in Africa”
- We are on a Mission “To produce and supply products of superior quality and value to the market thereby enriching the lives of consumers, customers, communities, employees and all stakeholders”
- We have designed and integrated three pronged strategic goals which are:
 1. To be a customer centric company
 2. To be focused on both product and process innovation
 3. To always seek to build value for all stakeholders
- Our commitment to sustainability is strongly hinged on our mandate of “Feeding the Nation, Everyday”
- Through the years and in line with our purpose, we have developed a renowned brand; Golden Penny, a household and trusted name in Nigeria for staple and nutritious food.

Our shareholders are:

- Excelsior Shipping Company Limited
- West Africa Investment Limited
- Stanbic Nominees Nigeria Limited
- Other individuals and institutional shareholders

1.2 Our Value Chain

Our value chains and operations in Nigeria are distributed across many geopolitical zones. We currently offer a diverse range of products through them, including diverse flour brands, ball foods, pasta and noodles, sweeteners, edible oil and fats, Amazing Day breakfast cereal, livestock feeds, fertiliser manufacturing and distribution, and various agro-allied downstream businesses, among others.

Our business is broadly divided into the following four major sectors

- Food division
- Agro-allied
- Sugar
- Support services

Our strive for excellence, innovation and customer satisfaction has enabled us to conceive and produce a diverse and profitable product portfolio. Coupled with our value chain optimisation and utilisation of local initiative, FMN has deployed a balanced mix of resources and strategies to continue to deliver products that satisfy the nation and region.

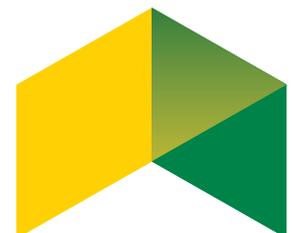


Table 1.1: Our business divisions and products

S/N	Business Division	Operations Description					
1	Food Division	For the past 30 years, we have consistently provided great tasting and nourishing food to millions of Nigerian families under the legendary brand, "Golden Penny". At the core of our food operations is the identification and meeting of customer and consumer needs to unlock value, as we "Feed the Nation Every day". Demanded and consumed by millions in millions of metric tonnes per day, we meet demands for good food and affordable nutrition.	<p>Pasta / Noodles</p>  <ul style="list-style-type: none"> Golden Penny Noodles, Golden Penny Twists, Golden Penny Macaroni, Golden Penny Spaghetti, Golden Penny Spaghettini, Golden Penny Couscous, Mai Kwabo Macaroni, Mai Kwabo Spaghetti Auntie B Spaghetti Slim Auntie B Spaghetti <p>Ball Foods</p>  <ul style="list-style-type: none"> Golden Penny Semovita Golden Penny Goldenvita Golden Penny Massavita Golden Penny Garri <p>Flour</p>  <ul style="list-style-type: none"> Golden Penny Masafloor, Thai Farm Cassava Flour, Golden Penny Easy Bake Flour, Golden Penny Noodle Flour, Golden Penny Whole Wheat Flour, Mai Kwabo Flour, Golden Penny Classic Flour, Golden Penny Eagle Wheat Flour Soft Biscuit Flour Golden Penny Multipurpose Flour Golden Penny Confectionary Flour Golden Penny Prime Flour 				
2	Agro-Allied	We have continued to make significant investments in several farms and downstream activities to support our five major value chains of Grains, Oils & Fats, Sugar, Feeds & Proteins, and Cassava Starches since our inception in Kabiyoji, Niger state. In support of our mission of "Feeding the Nation Every Day", we are committed to delivering Golden Penny products to our customers and consumers from farm to table through our Agro-Allied Division and the local content value chains in which we operate.	<p>Feed and Protein</p>  <ul style="list-style-type: none"> Layer Mash, Chick Mash, Broiler Super Starter, Extruded Catfish Juvenile, Grower Mash, Broiler Finisher Extruded Tilapia Fish Layer Phase 2 <p>Fertiliser</p>  <ul style="list-style-type: none"> Urea 46-0-0, NPK 20-10-10, NPK 15-15-15, NPK 27-13-13 NPK 12-12-17 + MgO Fertiliser <p>Edible Oil and Fats</p>  <ul style="list-style-type: none"> Golden Penny Spread, Pure Vegetable Oil, Margarine, Pure Soya Oil <p>Starches</p>  <ul style="list-style-type: none"> Garri Cassava Flour Industrial Starch 				
3	Sugar	<p>FMN supports the domestic production of sugar in Nigeria through its iconic Golden Penny Sugar brand. Equipped with one of Nigeria's biggest state-of-the-art sugar refineries in Apapa, Lagos State and sugar mill in Sunti, Niger State, we produce premium white granulated sugar, granulated brown sugar, and white sugar cubes packaged in various SKUs and sold to numerous corporate and retailer/open market customers. FMN overall sugar value chain doesn't just refine sugar from imported raw sugarcane but also through our backward integration programmes (BIP) where we cultivate and harness thousands of hectares of sugarcane plantation to drive local content.</p> <p>With a total landmass of over 21,000 hectares, including a world-class sugar refinery, FMN continued to expand operations at Sunti Golden Sugar Estate including an additional \$300 million investment in Nasarawa state and a commitment to investing another N70 billion over the next three years to develop the upland area of the Sunti Golden Sugar Estate.</p> <p>The FMN Golden Sugar Company is the only sugar factory constructed under the National Sugar Development Council (NSDC) that is locally producing and processing sugar from cultivation to finished products in Nigeria today.</p>	 <ul style="list-style-type: none"> Premium White Granulated Sugar Premium White Sugar Cubes 	Sweeteners			
4	Support Services	<p>FMN also owns a segment in the logistics and support network that connects businesses and industries. Our investment and contribution to the smooth running of the various chains and webs of businesses in the economy chains and networks is several companies strong. Our support services are offered through the subsidiaries listed below:</p> <ul style="list-style-type: none"> BAGCO – Africa's largest and leading manufacturer of premium bags, sustained through state-of-the-art machinery, professional staff, and best manufacturing practices. Apapa Bulk Terminal Limited – Offers a wide range of services, including consolidations, warehousing, open storage areas, packing, repair facilities, and even office complexes. ABTL also manages terminals A & B at the Apapa ports. Golden Transport Company (GTC) Limited – Established to provide effective nationwide haulage services and distribution networks that enable sister company's products to reach their customers on time and in excellent condition. 	 <ul style="list-style-type: none"> Jumbo bags, BAGCO thread, Ropes, Laminates, Webbings, Shopping bags, Blown film, Carrier bags, Open market bags 	BAGCO	 <p>Golden Transport Company</p>		
					 <p>Apapa Bulk Terminal Limited</p>	 <p>ABTL</p>	Logistics and Support

1.3 Our Operational Landscape in Nigeria

Since our incorporation, we have continued to enlarge our footprint in the Nigerian FMCG industry and market. Our current market base spans 7 states and various local markets within the country, and we promote economic development in these regions through employment, purchases, and investments.

The combination of our investments and the restructuring of our delivery strategy has enabled us to strengthen and increase capacity across the nation. As a result, we have been able to deliver optimal financial and economic results whilst maintaining our competitive advantage with our established procurement and distribution strategy and network.

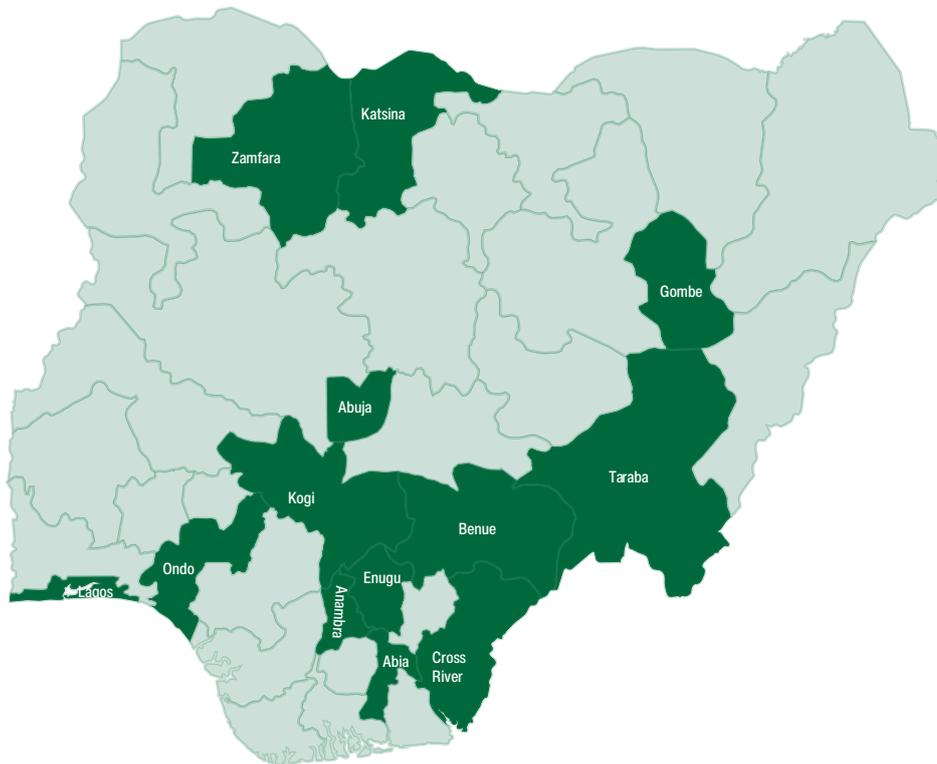


Figure 1.1: Map of Nigeria showing the locations of our business operations and subsidiaries across Nigeria

Expansion Profiles

Our rapid growth reflects the effectiveness of our numerous business strategies, and at FMN, we continue to develop new and innovative products for markets and consumers. This fiscal year, we took various expansion steps that were consistent with our overall business plan. They are as follows:

1. Farms and feed
2. Newly sourced locally manufactured products
3. Increase in support services enabling suppliers and vendors

1.4 Our Subsidiaries

Table 1.2: Our subsidiaries and their locations

S/N	Location (State)	Company
1	Lagos	Flour Mills of Nigeria Plc Lagos, Ogun, Cross River, Kano
2		Golden Sugar Company Limited
3		Apapa Bulk Terminal Limited
4		Crestview Towers Limited
5		Premier Chicks Limited
6		Golden Fertilizer Company Limited
7	Oyo	Independent Grain Handling and Storage Limited
8		Best Chickens Limited
9		Premier Feed Mills Company Limited
10		Premium Edible Oil Products Limited
11		Nigerian Eagle Flour Mills Limited
12		Premier Poultry Processors Limited
13	Ogun	Premium Cassava Products Limited
14	Niger	Golden Sugar Company Limited
15	Kano	Northern Nigeria Flour Mills Plc
16	Benue	Upland Grains Production Company Limited
17	Gombe	ServeWell Agricultural Services Limited
18	Kaduna	Golden Fertiliser Company Limited
19	Cross River	Eastern Premier Feed Mills Limited

02



Our Sustainability Approach

Our Sustainability Approach

2.1 Board and Leadership Structure

At FMN, we believe that we have the capacity to grow sustainably, and our commitment to sustainable development is guided, in great part, by our leadership team. Our corporate governance structure acts as a framework within which members of the Board and the management team can work together to oversee performance and plan for a better future.

FMN's Board of Directors ("The Board") is composed of 15 members, 14 of whom are non-executive members and 5 of whom are independent non-executive directors. They are as follows:



01 MR. JOHN GEORGE
COUMANTAROS

Chairman

02 MR. PAUL MIYONMIDE
GBEDEDU

Vice Chairman

01 MR. OMOBOYEDE
OLUSANYA

Group Managing Director /
Chief Executive Officer



04



05



06



07



08



09

04 DR. (MRS.) SALAMATU HUSSAINI SULEIMAN

Non-Executive Director

05 PROFESSOR JERRY GANA, CON

Non-Executive Director

06 MR. ALFONSO GARATE

Non-Executive Director

07 MR. FOLUSO OLAJIDE PHILLIS

Non-Executive Director

08 MR. IOANNIS KATSAOUNIS

Non-Executive Director

09 MR. THANASSIS MAZARAKIS

Non-Executive Director



11 MRS. JULIET ANAMMAH

Non-Executive
Director



12 MR. FOLARIN ROTIMI
ABIOLA WILLIAMS

Non-Executive
Director



13 ALHAJI RABIU M.
GWARZO, OON

Non-Executive
Director



14 YEWANDE SADIKU

Non-Executive
Director



15 ALHAJI YUNUS OLALEKAN
A. SALIU

Non-Executive
Director



16 ALHAJI MUHAMMAD
K. AHMAD, OON

Non-Executive
Director

Our Board is made up of individuals with extensive experience in a variety of business sectors and geographies. They work together to create value for our stakeholders while maintaining an ethical and productive corporate culture across our entire value chain. In addition, the Board guarantees that our sustainability performance is transparently documented.

Each of our Board members record an average of 20 years of professional experience, which translates into over a hundred years of total professional experience. Integrity, reputation, and commitment; familiarity with the commercial and economic landscape; regional balancing; and a good network in FMN areas of business are key factors considered for effective appointment to the Board.

Our Board members are informed of the rules and procedures that govern our decision-making at the highest governance level through the Board charter. It also assures regulatory, legal, and ethical compliance across all business divisions, as well as the implementation of FMN's compliance framework and the hedging of potential business and environmental risks through strategic planning and forecasting.

Furthermore, our Board is distinguished by four committees, namely the:

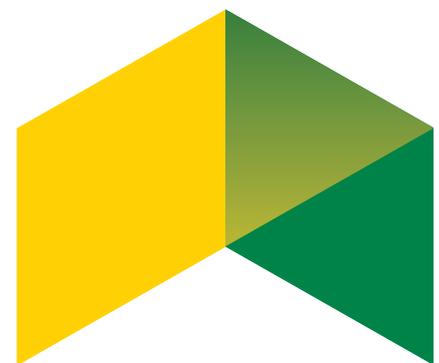
- Remuneration and Governance Committee,
- Audit and Risk Management Committee,
- Local Content Committee, and
- Statutory Audit Committee.

In our 2022 Annual Report, we published a comprehensive governance report that you can consult for further information on the broad tasks and responsibilities of our highest governing bodies.

Our Remuneration & Governance Committee is responsible for overseeing FMN's sustainability agenda and our board committee members discuss the sustainability agenda on a quarterly basis, as part of every board meeting. The members of the Board's Remuneration and Governance Committee are as follows:

- Mr. Foluso Philips - **Chairman**
- Mr. Thanassis Mazarakis
- Dr (Mrs.) Salamatu Suleiman
- Mr. Muhammad Ahmad
- Mr. Folarin Williams
- Mr. Joseph Umolu - **Secretary**

Our governance structure is fully compliant with SEC's Code of Corporate Governance and the Nigerian Code of Corporate Governance (NCCG) 2018. In compliance with the NCCG 2018, we conducted a Board and Corporate Governance evaluation. Based on this evaluation, which was facilitated by the Institute of Corporate Secretaries and Administrators of Nigeria (ICSAN), and our self-evaluation, we are confident that our Board is highly competent and well-prepared to guide the company into the future, in accordance with our Board charter and in close collaboration with our on-the-ground management team.



2.2 Change Leadership Team: Sustainability from the Top

In line with our mission of 'Feeding the Nation, Everyday' and commitment to sustainable, restorative and regenerative agricultural production, our sustainability initiatives support us in eliminating our negative impacts on the environment and enriching the lives of consumers, customers, communities, employees and all stakeholders across our value chain on a daily basis. To this effect, our management team is capable and accountable for delegating corporate sustainability obligations to each of our departments.

The committee is responsible for developing, planning, and initiating the implementation of strategies that aim to address emerging risks facing the business. Individual members of our management committee meet regularly to ensure that ESG issues material to the company are being addressed on a day-to-day basis. Additional members of the committee represent the Agro-allied Division, the Apapa Bulk Terminal Limited, BAGCO, and Premium Edible oil Products Limited.

Members of our management team are listed as follows:



Mr. Devlin Hainsworth

MD, Foods Division



Mr. Stoney Su

MD, Agro-Allied Division



Mr. Anders Kristiansson

Chief Finance Officer



Mr. Jack Cwach

Flour Operations Director



Mr. Joseph Umolu

Company Secretary/Director,
Legal Services



Mr. Narhari Prasad Tripathi

Manufacturing Director



Mr. Russel Prior

General Manager, BAGCO



Mr. Sadiq Usman

Director, Group Strategy &
Stakeholder Relations



Mr. Vlassis Liakouris

Group Business Transformation Director



Mr. Wale Adediran

Group Human Resource Director



Mr. Waltonio Percival-Deigh

Director, Business Assurance



Mr. Yiannis Katsichitis

GM, Premium Edible Oil Products Limited



Mr. Festus Omotoyinbo

GM, Apapa Bulk Terminal Limited



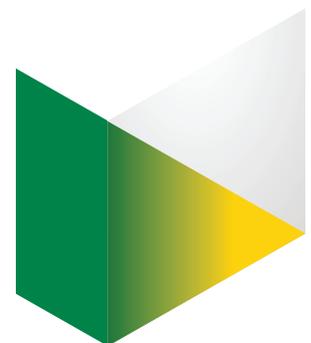
Mr. Bola Adeeko

Director, Special Projects



Mr. Cephas Afebuameh

Supply Chain Director



2.3 Our Four Pillars of Sustainability

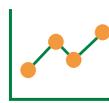
This report describes our performance in relation to our sustainability goals for the 2021/22 reporting period. We choose to establish our sustainability activities and commitments utilising our Four Pillars of Sustainability for simplicity of communication. We recognise that all sustainability initiatives mentioned within these EESG pillars are responsible for securing our company's future while also building value for all stakeholders. For this purpose, we are fully committed to continuously improving our EESG performance, in line with the following objectives and goals.



GOVERNANCE PILLAR COMMITMENTS

Every day, we apply governance best practices and principles to our business. Our Governance initiatives promote purpose-led management and assist us in aligning our overall ESG business performance with our company strategy and other principles to which we subscribe. Notable elements include;

1. Purpose
2. Governance body composition
3. Material issues impacting stakeholders
4. Anti-corruption
5. Protected ethics advice and reporting mechanisms
6. Risk and opportunity integration into business process
7. Purpose led management
8. Alignment of strategy / policies to lobbying
9. Remuneration



ECONOMIC PILLAR COMMITMENTS

Every day, we create extended economic value for our local communities and Nigeria at large. Such initiatives ensure that the company achieves and maintains a state of sustainable business growth and a high level of corporate resilience to emerging issues in the market. Notable elements include;

1. Absolute number and rate of employment
2. Economic contribution
3. Financial investment contribution
4. Total R&D expenses
5. Total tax paid
6. Additional taxes remitted
7. Significant indirect economic impacts



SOCIAL PILLAR COMMITMENTS

Every day, we conduct profitable business while protecting our people from harm. Such initiatives aim to create long-term social impact for all stakeholders, particularly employees and local community members; they ensure that corporate performance has a direct and beneficial impact on the lives of people of the surrounding society. Notable elements include;

1. Diversity and inclusion
2. Labour and working conditions
3. Occupational health & safety
4. Customer health & safety
5. Community health & safety
6. Supply chain management
7. Product responsibility
8. Human right review & grievance mechanism
9. Social (Community) Investments (currently known as "CSR")



ENVIRONMENTAL PILLAR COMMITMENTS

Every day, we minimise or eliminate the negative impacts of our operations on the environment. Our environmental initiatives ensure that FMN does business in ways that safeguard our planet. Notable elements include;

1. Greenhouse gas (GHG) emissions
2. Water consumption
3. Land use & ecological sensitivity
4. Solid waste
5. Resource circularity

2.4 Alignment with National and Global Commitments

United Nations (UN) Sustainable Development Agenda for 2030

At FMN, we identify with the UN Sustainable Development Goals (UN SDGs) and have adopted several ESG commitments that also aim to ‘create economic prosperity, social inclusion and environmental sustainability for all,’ in line with the UN SDGs’ vision of a sustainable future. In line with this vision and our own corporate value creation model, we continue to drive efforts towards achieving some of the strategic targets of the goals, especially in relation to the UN SDGs 2, 3, 4, 5, 6, 8, 9, 11, 13, and 17.

Table 2.1: Summary of FMN’s Sustainability pillars alignment with UN SDG’s

Summary of how FMN’s Sustainability Pillars align with Relevant UN SDGs

 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p>	<p>During the year, we invested approximately N35 million in our “Prize for Innovation” competition. This was geared towards promoting innovation especially as regards ways of reducing food waste in Nigeria. Winning finalists were chosen based on the following criteria:</p> <ul style="list-style-type: none"> ▪ ingenuity of the ideas, ▪ the social commercial purpose of the idea, ▪ the thoroughness of research, ▪ impact and sustainability, and ▪ the likelihood and possibility of success for the idea.
 <p>Ensure healthy lives and promote well-being for all at all ages.</p>	<p>Our vision of “Zero Harm” is embedded in our occupational health and safety policy and drives us to improve health safety and environmental good performance</p> <p>We have put in place measures to ensure safety and quality of all our products before they get to the market. We are NAFDAC and ISO certified, and our internal quality control assures consumers of superior quality of all products.</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<p>One of the five pillars of our CSR strategy is Education, and based on this, we have embarked on renovation of schools to provide conducive learning environment for students and pupils. We also continued giving our financial support to aid the maintenance of the vocational centre we established in 2017 for children with special needs.</p> <p>We empowered youths through a skill acquisition program and provided scholarships to indigent students in rural communities</p>



Achieve gender equality and empower women and girls.

At FMN, we have an equal pay policy for both men and women. We do not discriminate based on gender or any other factor.

Through the FMN Women Network, we continue to provide our women with resources, mentoring, training and other support they need to achieve their full potentials.

We joined the Nigeria2Equal gender Program in June 2021, a program implemented by the International Finance Corporation in partnership with the Nigerian Stock Exchange (NGX). Through this partnership, we have set diversity targets which we are working to achieve in line with our commitment to promote women's leadership and employment.



Ensure availability and sustainable management of water and sanitation for all.

We have a robust system to ensure efficient water and wastewater management. At our Apapa facility, we treat 100% of withdrawn water before being used in our production process. Our staff also monitor water usage as part of our internal control function to ensure water is used efficiently and to minimise all wastages.

We recycle about 75% of the water in our Apapa facility in line with our no wastage policy. To also make sure our activities are not detrimental to our host communities, we treat our wastewater before discharge to ensure they comply with the Factory act and NESREA standards.



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

At FMN, we recognise dignity in labour hence we have built a system where workers are treated with utmost dignity, respect, and value. We have a diversity and inclusion policy which ensures inclusivity and protects the interests of every staff.

Our work environment is safe, we arm our employees with all necessary tools, training and resources they need to work safely and productively. We offer a competitive remuneration package as well as other incentives and staff benefits including health insurance, medical insurance, paid parental leave and bonuses to boost the morale of our workers and make them see value in their work.

Across our value chain, we also protect the dignity and rights of our suppliers, farmers and other stakeholders we interact with.



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

We pride in innovation as a critical element of our success. Through the FMN prize for innovation communication, we have inspired creative ideas from entrepreneurs, youths and women to promote sustainable agriculture. We have increased our R&D capability by opening a state-of-the-art Innovation Centre which is a proactive expression of FMN's unification of vision in establishing an ideal innovation centre where transformational ideas will be developed and utilised for the organisation's holistic development. We will continue to invest in our consumer marketing innovation capability.



Make cities and human settlements inclusive, safe, resilient and sustainable.

At FMN, we strive to play our part towards building inclusive, safe, resilient and sustainable cities. We carry out energy audits in our buildings and ensure all our buildings are energy efficient.

We try to track waste programmes to make sure they maintain legal standards and ensure that our companies follow applicable regulatory requirements.



Take urgent action to combat climate change and its impacts.

We see climate change as a critical priority for us and we have developed actions plans to help in our firm's drive to mitigate and adapt to its effect. We plan to reduce our carbon footprint on an annual basis, in line with our FMN targets, Nigeria's nationally determined contributions and our energy saving initiatives. We are continually seeking out ways to improve our processes in line with these plans and targets. To this end, we are currently in the process of formulating a climate change policy to address and manage current and future impacts of our operations on climate change.



Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

FMN believes in partnership for sustainable development. We partnered with the International Finance Corporation and the Nigeria Exchange Group (NGX) in the Nigeria2Equal Gender Programme. This initiative has yielded massive gains for our women and young girls.

FMN is continually dedicated to upholding our responsibility to people and planet, in agreement with the fundamentals enshrined in the "Ten Principles of the UN Global Compact (UNGC)", which cuts across the following four (4) themes – Human Rights, Labour Practices, Environment and Anti-Corruption.

Our ongoing commitment and alignment to the principles are highlighted in **Chapter 3** of this report, 'Spotlight on our Sustainability Performance'.

African Continental Free Trade Area (AfCFTA) Action Plan

Establishing an African Continental Free Trade Area has been an objective of the African Union since the Abuja Treaty was signed in 1991. In 2019, the AfCFTA Agreement entered into force to establish a legal structure and action plan for this free trade area.

General objectives of this ratification include:

- Liberalising the market for goods and services and eliminating tariff and non-tariff barriers to trade across the continent
- Enhancing the competitiveness of the economies of member states (including Nigeria) within the continent and the global market
- Laying the foundation for the establishment of a Continental Customs Union at a later stage
- Promoting industrial development through agricultural development and food security, and diversification and regional value chain development
- Encouraging pan-African cooperation in relation to trade in order to deepen the economic integration of the African continent and in accordance with Agenda 2063
- Contributing to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs.



OUR ALIGNMENT WITH THE AFCFTA ACTION PLAN

We recognise our role as a key player in Africa's shared prosperity and we are keen on doing our part. We have consistently fed the most populous nation in Africa for over 60 years, and this is a testimony to our ongoing resolve to boost food security, welfare and the productive capacity of Nigeria. We believe in the AfCFTA vision for Africa and will do our best to enhance trade, create better jobs, eliminate poverty, and increase shared prosperity across the continent.

We demonstrated strong progress in our performance last year across our food, agro-allied and support segments to deliver a revenue growth of N1.16 trillion in 2022 from N772 billion in 2021, a resounding growth rate of 51%. Over the years, we have invested in sourcing our raw materials, such as cassava, maize, rice, sugar and palm oil, locally in order to boost local trade and productivity.

The Africa Continental Free Trade Area is a great boost for us, and we will continue to play our part in aligning our business strategy in delivering positive outcomes for Africa and enabling the achievement of Agenda 2063 of the African Union and the UN SDGs 2030.

Nigeria's National Development Plan (NDP) 2021-2025

At FMN, promoting food security in Nigeria is one of the social responsibilities to which we ascribe. We aim to feed the nation with a steady supply of healthy, safe, and nutritious food. Our objectives and performance, in this regard are very much aligned to the Goals of the Federal Government's National Development Plan 2021-2025 which defines various KPIs that can support government officials in ensuring that nutritious food is available to all Nigerians at an affordable price.

Table 2.2: Alignment of our sustainability pillars with NDP's 2021-2025 Goals

Summary of how FMN's Sustainability Pillars align to the Goals of NDP 2021-2025

<p>Goal 1: Increase the national output and productivity of six priority value chains of food crops (cassava, maize, rice, soya, tomato & yam), ensuring adaptation to climate change.</p>	<p>We have never relinquished our aim of feeding Nigeria every day. We will continue to make this a reality while increasing our national output and productivity.</p>
	<p>In the last year, our numbers were remarkable as we reported a 57% increase in our food segment which rose to N749 billion, from N478 billion reported in 2021. Also, our agro-allied business closed the 2022 financial year at N213 billion, an increase of 53% from N139 billion reported in 2021.</p> <p>These indices showcase our commitment to improving our productivity and boosting production of food across our five key value chains of grains, sweeteners, oils and fats, feeds and proteins and starches. We continue to seek out innovative ways to make our production process more climate-friendly and resilient. We do this by ensuring we reduce carbon emissions as well as building resilient systems to reduce the adverse impact of climate change on food security.</p>
<p>Goal 3: Reduce post-harvest losses via efficient storage, logistics, and market linkages.</p>	<p>With our demonstration farms, we have educated our farmers on best agricultural practises and ways to successfully store farm produce and reducing waste. We have also developed market links to ensure that produce from these farms are easily transported to our production sites without unnecessary bureaucracies and barriers.</p>
<p>Goal 4: Promote local sourcing, value addition, and food safety.</p>	<p>At FMN, our priority and interest in boosting local production is unparalleled as we continue to expand our business. We are committed to sourcing our materials locally and engaging with farmers in the communities where we operate.</p> <p>Our planned acquisition of Honeywell Flour Mills will greatly benefit Nigeria, develop the agricultural value chain, and the backward integration of the food industry would ultimately improve food security in Nigeria.</p>
<p>Goal 5: Ensure well developed and integrated rural communities for agricultural development.</p>	<p>As the leading food and agro-allied company in Nigeria, we are committed to developing the communities we operate in. Through our backward integration programme, we partner with local farmers to produce high quality wheat, maize and other grains that are used in the company's flour production. By working with these farmers, we improve agricultural productivity and promote economic development in those communities.</p> <p>We have also made significant investments in infrastructural development in rural areas and established several community development projects to improve the living conditions of rural communities.</p>
<p>Goal 6: Improve security across Nigeria's agricultural investments</p>	<p>Our activities are marked by a strong commitment to boosting Nigeria's food security by ensuring the market is strong and resilient against shocks and uncertainties. We were able to maintain a strong recovery and growth during and post COVID-19, showcasing our firm's capacity in agricultural investments.</p>

Goal 7: Ensure equity, capacity building and inclusion of women and youth participation in agriculture and food security.

We embrace an all-inclusive approach in our drive to boost Nigeria's food security and resilience. We have embarked on several initiatives to boost the capacity of women and youths, trained them on best agricultural practices and provided opportunities for them to achieve their potentials.

Through our Prize for Innovation Competition, we create avenues for youths and women to explore innovative ways to achieve sustainability in Nigeria's food value chain.

Goal 8: Ensure adequate funding and data to drive growth in the agriculture and food ecosystem.

We have made investments and provided seed funding to boost local agriculture and innovative approaches to sustainable food security in Nigeria. With our FMN Prize for Innovation competition, we inspire youths and SMEs to develop innovative techniques to further enhance food security and safety for the Nigerian populace.

Nigeria Sugar Master Plan

Unlike the National Development Plan, this plan is a roadmap for the attainment of self-sufficiency in sugar. Although this plan was first implemented in 2008, the need to meet the demand for sugar in Nigeria without heavy dependence on importation still persists. The following are some of its most specific objectives:

- To raise local production of sugar to attain self-sufficiency.
- To stem the tide of unbridled importation.
- To create job opportunities, and
- To contribute to the production of ethanol and generation of electricity.



OUR ALIGNMENT WITH THE SUGAR MASTER PLAN

As a market leader in the food and agro-allied products in Nigeria today, we are fully aligned with the Federal Government's Nigerian Sugar Gas Masterplan. Our Sunti Golden Sugar Estates (SGSE) Ltd, located on the banks of River Niger, in Mokwa, Niger state, features 17,000 hectares of irrigable farmland and a sugar mill that processes 4,500 metric tons of sugarcane per day.

Enclosed within a 35-kilometre dyke, the production facility area is 15,100 hectares, with a cane area that features a maximum output of 10,000 hectares. The dyke provides flood protection from the River Niger. Over N1 billion was invested in the state-of-the-art irrigation system that will ensure the efficient cultivation of sugar cane, with infrastructure that includes drain pumps, pump stations, and a power grid.

The Sunti Golden Sugar Estates in Sunti is the purest representation of the Nigerian Sugar Master Plan (NSMP) with an ambitious Backward integration program that intends to set Nigeria on the path to self-sufficient sugar production. The farm, at peak production, has the capacity to provide direct employment for about 10,000 people yearly, and impact up to 50,000 people indirectly, including 3,000 small-scale out growers who will be cultivating sugarcane to feed the mill.

The estate has brought infrastructure benefits to the surrounding community, with 28 communities in total taking advantage of a new 30-kilometre road, plus expansive road networks that provide a variety of access routes to the homes of the indigenes. Drains, culverts, and flood-protection walls have also been constructed. The project illustrates our desire to reduce sugar importation, save billions in foreign exchange, boost local capacity, and reduce unemployment by putting thousands of Nigerians to work.

2.5 Stakeholder Engagement

To consistently meet the expectations of our stakeholders, we view “stakeholder engagement” as one of the most important factors in achieving our strategic sustainability goals. Engaging our stakeholders effectively has helped us manage risks, gain new perspectives, enhance our accountability, and streamline our decision-making processes. For the reporting period, we reviewed our business lifecycle and industry landscape to re-examine our existing stakeholder pool and determine its inclusiveness. We deployed appropriate survey instruments to various stakeholders in order to get input and validate our selected stakeholders. Given the significant benefit these engagements provide, FMN has built an inclusive structure and process for engaging with and collecting input from our stakeholders.

Table 2.3: Our stakeholder groups, areas of interest and modes of communication

S/N	Stakeholder	Areas of Interest	Mode of Communication/ engagement	Frequency of Communication
1	Banks and other Financial Institutions 	<input type="checkbox"/> Partnership and investment	<input type="checkbox"/> Emails, letters	<input type="checkbox"/> On-a-need-basis (random)
2	Contractors 	<input type="checkbox"/> Inclusion of local medium and small-scale enterprises <input type="checkbox"/> Regular communication and updates on business plans <input type="checkbox"/> Onboarding requirements and procedures	<input type="checkbox"/> Publication in the dailies, emails, phone calls	<input type="checkbox"/> Weekly, Daily, On-a-need-basis (random)
3	CSR Projects beneficiaries (including sponsorship beneficiaries) 	<input type="checkbox"/> Timely disclosure of opportunities <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Emails, phone calls, WhatsApp informally	<input type="checkbox"/> On-a-need-basis (random)

4	<p>Consumers</p> 	<input type="checkbox"/> Adequate information on products <input type="checkbox"/> Quality, recipe, and taste <input type="checkbox"/> Brand perception	<input type="checkbox"/> Emails, phone calls, text messages, social media	<input type="checkbox"/> On-a-need-basis (random)
5	<p>Customers</p> 	<input type="checkbox"/> Product safety and quality <input type="checkbox"/> Adequate information on products <input type="checkbox"/> Product/service availability	<input type="checkbox"/> Emails, circulars, phone calls, text messages, messages, letters, informal meetings, publication of AGM notice in the dailies	<input type="checkbox"/> Annually, quarterly, monthly, weekly, occasionally, on-a need-basis (random)
6	<p>Dealers / Distributors / Business to Business (B2Bs)</p> 	<input type="checkbox"/> Onboarding requirements and procedures <input type="checkbox"/> Timely delivery of products <input type="checkbox"/> Transparent communication <input type="checkbox"/> Product/service availability <input type="checkbox"/> Fair and competitive pricing	<input type="checkbox"/> Emails, phone calls, circulars, letters, social media	<input type="checkbox"/> Annually, Quarterly, Monthly, Weekly, Daily, On-a-need-basis (random)
7	<p>Employees</p> 	<input type="checkbox"/> Health and safety <input type="checkbox"/> Caring and empowering work environment <input type="checkbox"/> Grievance resolution <input type="checkbox"/> Personal development and growth <input type="checkbox"/> Competitive remuneration	<input type="checkbox"/> Onboarding programmes/ trainings/ workshops <input type="checkbox"/> Individual performance appraisal <input type="checkbox"/> Employee engagement survey, internal notices, employee engagement survey	<input type="checkbox"/> Daily, Weekly, Monthly, Quarterly, Annually, On-a-need-basis (random)
8	<p>Federal Government</p> 	<input type="checkbox"/> Contribution towards national objectives <input type="checkbox"/> Localised supply chain System	<input type="checkbox"/> Emails, letters, physical meetings	<input type="checkbox"/> On-a-need-basis (random)
9	<p>Federal and State Internal Revenue Service (IRS)</p> 	<input type="checkbox"/> Tax revenues <input type="checkbox"/> Transparency in disclosures	<input type="checkbox"/> Emails, letters, phone calls, town-hall meetings	<input type="checkbox"/> On-a-need-basis (random)
10	<p>Host Communities</p> 	<input type="checkbox"/> Strengthening of livelihood opportunities <input type="checkbox"/> Provision of social infrastructure for hygienic and healthy living environment <input type="checkbox"/> Corporate social responsibility based on communities' needs	<input type="checkbox"/> Capacity development trainings, posters, phone calls, town-hall meetings, post-implementation assessment of direct and indirect impacts of social investments on communities	<input type="checkbox"/> Annually, On-a-need-basis (random)

11	<p>Industry and Trade Associations</p> 	<input type="checkbox"/> Regular communication <input type="checkbox"/> Industry benchmarking <input type="checkbox"/> Responsible corporate citizenship	<input type="checkbox"/> Publication in the dailies, annual general meetings, emails	<input type="checkbox"/> Quarterly, Annually, On-need-basis (random)
12	<p>Investors</p> 	<input type="checkbox"/> Improved profitability and growth of the organisation <input type="checkbox"/> Investor servicing <input type="checkbox"/> Transparent and effective communication <input type="checkbox"/> Sound corporate governance, mechanisms	<input type="checkbox"/> Releases on the exchange portal, emails, letters, phone calls, formal meetings	<input type="checkbox"/> Monthly, Annually, On-a-need basis (random)
13	<p>Legal services providers</p> 	<input type="checkbox"/> Regulatory compliance <input type="checkbox"/> Trademark registration <input type="checkbox"/> Transparency and accountability <input type="checkbox"/> Fraud management system	<input type="checkbox"/> Emails, letters	<input type="checkbox"/> On-a-need-basis (random)
14	<p>Media houses</p> 	<input type="checkbox"/> Transparent and accurate disclosure to stakeholders <input type="checkbox"/> Corporate reputation	<input type="checkbox"/> Press conferences/press releases, physical meetings, advertisements / promotions, Interviews with senior management	<input type="checkbox"/> On-a-need-basis (random)
15	<p>National Agency for Food and Drug Administration and Control</p> 	<input type="checkbox"/> Product safety and quality <input type="checkbox"/> Regulatory compliance <input type="checkbox"/> Health, safety, and environment	<input type="checkbox"/> Emails, letters, phone calls, town-hall meetings	<input type="checkbox"/> On-a-need-basis (random)
16	<p>National Drug Law Enforcement Agency</p> 	<input type="checkbox"/> Adequate information on products <input type="checkbox"/> Regulatory compliance	<input type="checkbox"/> Site Inspections, emails, letters	<input type="checkbox"/> Annually, On-a-need-basis (random)
17	<p>Non-Governmental Organisations (NGOs) / Civil Society Organisations (CSOs)</p> 	<input type="checkbox"/> Financial support for community development programmes <input type="checkbox"/> Environmental impacts <input type="checkbox"/> Safe products and services <input type="checkbox"/> Responsible corporate citizenship	<input type="checkbox"/> Emails, phone calls	<input type="checkbox"/> Quarterly, On-a-need-basis (random)

18	Public Health Authorities 	<input type="checkbox"/> Occupational health and safety <input type="checkbox"/> Disaster management system <input type="checkbox"/> Product quality and safety	<input type="checkbox"/> Site Inspections, emails, letters	<input type="checkbox"/> Annually, On-a-need-basis (random)
19	Public Analysts 	<input type="checkbox"/> responsible corporate citizenship <input type="checkbox"/> Corporate reputation	<input type="checkbox"/> Press conferences/press releases, physical meetings	<input type="checkbox"/> On-a-need-basis (random)
20	Risk and Quality Assurance Regulators 	<input type="checkbox"/> Product and process quality <input type="checkbox"/> Technology and innovation <input type="checkbox"/> Risk management system <input type="checkbox"/> Supply chain system	<input type="checkbox"/> Emails, letters, phone calls, town-hall meetings	<input type="checkbox"/> On-a-need-basis (random)
21	Standards Organisations of Nigeria 	<input type="checkbox"/> Packaging and preservation <input type="checkbox"/> Customer satisfaction <input type="checkbox"/> Regulatory compliance	<input type="checkbox"/> Emails, letters, phone calls, town-hall meetings	<input type="checkbox"/> On-a-need-basis (random)
22	Suppliers 	<input type="checkbox"/> Onboarding requirements and procedures <input type="checkbox"/> Ordering and payment routines <input type="checkbox"/> Regular communication and updates on business plans <input type="checkbox"/> Purchase prices <input type="checkbox"/> Competency development of local vendors <input type="checkbox"/> Stability/tenure of relationship	<input type="checkbox"/> Emails, phone calls, informally	<input type="checkbox"/> Annually, Weekly, Daily, On-a-need-basis (random)
23	Shareholders 	<input type="checkbox"/> Improved profitability and growth of the organisation <input type="checkbox"/> Sound corporate governance, mechanisms	<input type="checkbox"/> Releases on the NGX portal, publication of AGM notice in the dailies, financial reports	<input type="checkbox"/> Annually, On-a-need-basis (random)
24	State Governments 	<input type="checkbox"/> Contribution towards State objectives <input type="checkbox"/> Tax revenues <input type="checkbox"/> Job creation	<input type="checkbox"/> Physical Meetings, emails, letters	<input type="checkbox"/> On-a-need-basis (random)

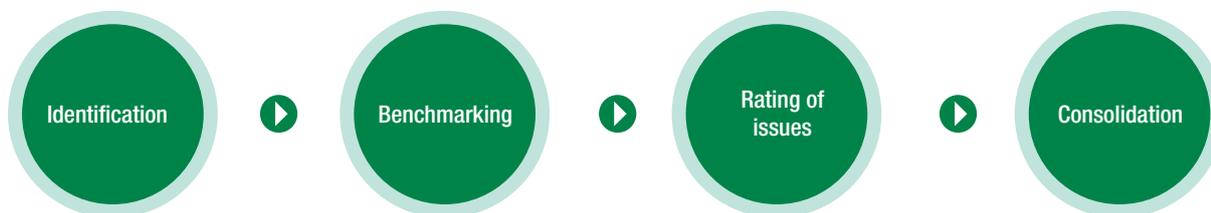
Membership Associations

As a trusted organisation with a widespread reach within the country, we are recognised members of the following organisations and associations:

1. Financial Reporting Council of Nigeria (FRCN)
2. Standards Organisation of Nigeria (SON)
3. Nigeria Exchange Group (NGX)
4. Securities & Exchange Commission (SEC)
5. Manufacturers Association of Nigeria (MAN)
6. Nigerian Textile Manufacturers Association (NTMA)
7. Society for Corporate Governance Nigeria (SCGN)
8. Association of Food & Beverages, Tobacco Employers (AFBTE)
9. Nigeria Employers' Consultative Association (NECA)
10. Nigeria Economic Summit Group (NESG)
11. The Coalition Against COVID-19 (CACOVID)
12. International Institute of Tropical Agriculture (IITA)
13. Halal Food Authority (HFA)
14. AgBiTech LLC
15. UN Global Compact (UNGC)
16. National Association of Chamber and Commerce, Industry, Mines, and Agriculture (NACCIMA)
17. Nigerian - British Chamber of Commerce (NBCC)
18. Lagos State Chamber of Commerce and Industry (LCCI)

2.6 Our Materiality Analysis

We reviewed our materiality matrix in consultation with different internal and external stakeholder groups to ensure that our sustainability priorities remain relevant to our business ecosystem and the continuously evolving priorities of our varied stakeholder groups. Our materiality assessment process underwent three broad stages which are identification and prioritisation; identification, benchmarking, rating and consolidation as follows:



Based on our reviews of the policies, procedures and performance, we identified and reviewed material issues across the business operations vis-à-vis impact on our stakeholders.

To corroborate the identified issues, we conducted an industry benchmark to map what peers and competitors are doing as well as what is specific to us.

Upon identification of relevant issues to report on, internal and external stakeholders rated the material issues identified based on their level of impact.

The prioritised issues by the stakeholders was validated by our leadership for materiality mapping.

The result of this process is shown below. The results of the materiality analysis are presented in a matrix which measures the topics using two axes - materiality ranking by internal stakeholders and materiality ranking by external stakeholders. See matrix below:

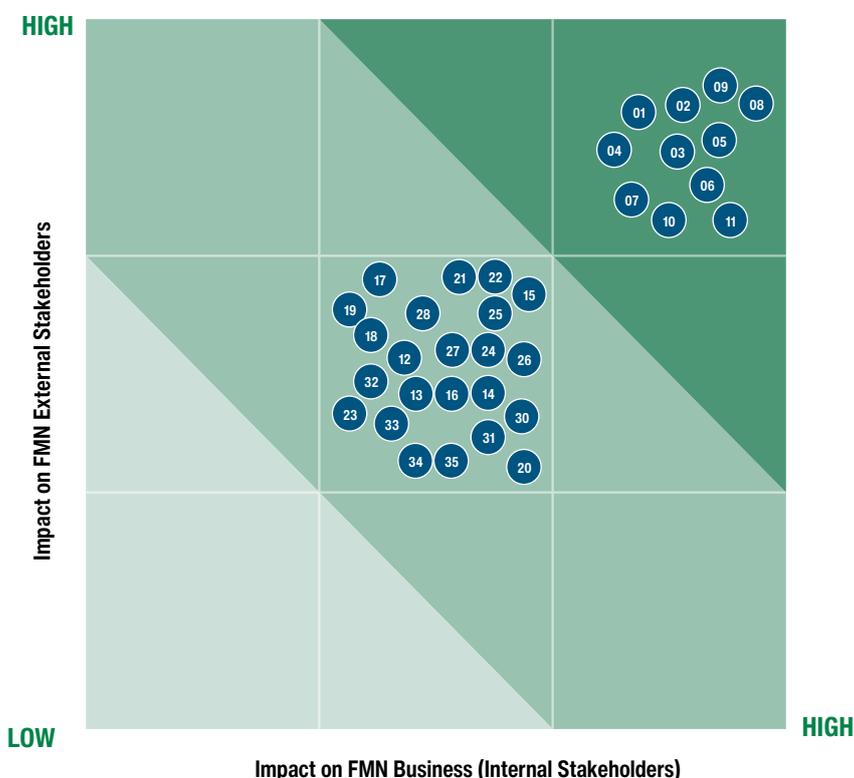


Figure 2.1: Our 2022 materiality matrix

Legend

1	Consumer health and safety	19	Investment in research and development
2	Regulatory compliance	20	Grievance and whistleblowing mechanism
3	Occupational health and safety	21	ESG risks and opportunities management
4	Ethics and integrity	22	Social impact assessment
5	Anti-bribery and corruption	23	Investments in MSMEs
6	Tax contributions	24	Energy management
7	Environmental compliance	25	Resource circularity
8	Information security	26	Local procurement
9	Financial performance	27	Diversity and inclusion
10	Sustainable waste management	28	Supplier E&S impact assessment
11	Food security and nutrition	29	Water consumption and effluent management
12	Direct and indirect economic value	30	Learning and development
13	Technology and innovation	31	Anti-competition
14	CSR & relationship with host communities	32	Remuneration
15	Performance evaluation	33	Biodiversity conservation
16	Responsible packaging and labelling	34	Employee engagement and welfare
17	Out-grower development	35	Climate change
18	Human rights		

03



Spotlight on our
Sustainability Performance

Spotlight on our Sustainability Performance

To further reinforce our commitment to becoming a responsible and sustainability-conscious organisation, we instituted a stand-alone sustainability unit to spearhead all our efforts. This unit is made up of skilled personnel, carefully selected based on qualifications, and led by an equally qualified manager, who oversees all our sustainability activities, strategies and goals. We believe that with the institution of this unit, we will continue to create real impact on a granular level for our people and all our stakeholders.



3.1 Corporate Governance at FMN

In keeping with policy commitments made by FMN, we have strived to achieve the highest financial performance whilst remaining in compliance with sustainability standards. Our alignment towards the achievement of the SDGs highlighted throughout the report indicate the strength of our sustainability strategy and its optimal results.

3.1.1 Anti-Bribery and Corruption, Anti-Competition

We are a responsible and ethical organisation strongly committed to upholding the highest standards of business ethics and integrity, and we are firmly opposed to all forms of bribery and corruption. We understand the peculiarities and nuances of our operating environment and the challenges we encounter every day. We are, nevertheless, undaunted in our resolve to conduct all our business activities ethically and transparently. We believe that a culture of honesty, transparency and accountability is essential to the success of our business and the trust and confidence that our stakeholder, customers and communities place in us.

Our resolve is strengthened by our code of conduct policy which outlines accepted and appropriate behaviour that govern various potential anti-trust or corruption issues such as the acceptance of gifts, fraud, manipulation of attendance, customers' orders, theft of assets and payment reversals. FMN takes instances of

violations seriously and endeavours to ensure these processes are handled in line with the company policy. As an additional mark of our commitment, all our clients, business partners, board of directors, executive management, and employees are required to affirm their compliance with our anti-bribery, whistleblowing and anti-corruption policies. To maintain the consciousness of our employees on our anti-bribery and anti-corruption stance, we regularly conduct in-house trainings and sensitisation workshops aimed at educating them on the risks and consequences of bribery and corruption and their obligation to report any suspicions or concerns. In 2022, we conducted an annual groupwide training for our employees in addition to induction for all new employees. For our business partners, suppliers and other third parties, we conduct due diligence procedures to assess the bribery and corruption risks associated with our business relationship and ensure they read and acknowledge our Responsible Business Partner Policy.

Internally, we have a robust management system and standard operating procedure for investigating, monitoring and managing all cases of bribery and corruption. Our forensics, legal and security teams are always available to conduct internal investigation in any allegation of fraud. The outcome of their investigation determines the possible involvement of law enforcement. In cases, where litigation is required, FMN is represented by external solicitors that have been engaged by the company. In all suspected fraud cases, we ensure full compliance with the principle of fair hearing, freedom of communication and due process as stated in Nigeria's extant laws and the UN's charter on fundamental human rights.

The entire Group and its operations are assessed for risks relating to corruption on a yearly basis. This assessment informs the frequency of audits scheduled by the internal audit team and awareness is also created in respect of the Code of Conduct to forestall corrupt practices. From our risk assessments, the significant risks we have identified relating to bribery and corruption include payment reversals, acceptance of gifts and kickbacks, tendencies to defraud the company, manipulation of attendance and customers' orders, theft of assets etc. Our scorecard for 2022 shows that there were 8 identified cases of fraud, 1 reported case of bribery and no reported case of anti-competition. The perpetrators in these cases were sanctioned in line with the company's disciplinary policy and sanction grid. We continue to improve and strengthen our processes to ensure all risks associated with bribery and corruption are effectively mitigated.

3.1.2 ESG Risks and opportunities Management

As a business operating in the agriculture value chain, we have recognised that environmental, social and governance issues are critical enablers for creating corporate value and are core components of our business operations. To this end, we have embedded ESG across our business and value chain and ensure that we account for all ESG risks and opportunities.

As a business operating in the agriculture value chain, we are proactive in identifying the ESG risks and opportunities in our business landscape and are thus always prepared to surmount and thrive through them. We recognise that incorporation of ESG risks into our business can create mutual benefits for our firm and the society we operate in.

We have an Enterprise Risk Management Framework (ERM) which lays out our management approach for the development and institutionalisation of processes that enable us to:

- gain a holistic view of the risks we are exposed to;
- define our risk appetite based on our strategic objectives;
- assess, measure and quantify the risks;
- develop risk mitigation initiatives and control techniques and;
- enhance our overall performance.

This framework is managed by the Business Assurance Unit with oversight of the GMD and Audit and Risk Committee of the Board. It outlines our risk management culture within FMN which are the norms that determines our ability to identify, understand and openly discuss and act on the company's current and future risks. Our business assurance process is focused on risk management and internal controls and compliance which contains audit controls as well as risk identification functions to manage risk within FMN's business operations.

Risk Management Principles

As part of our drive to ensure a successful implementation of our ERM framework, we are guided by our risk management principles which are:

1 Embedding – ERM shall be fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

2 Consistency – We shall adopt a consistent method for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to achieve its corporate objectives efficiently and effectively

3 Risk Awareness – We shall foster a result driven and risk awareness culture to move the company to a position where decisions are taken with full consideration of relevant risks and their implications

4

Ownership – Specific risk owners within the Company’s workforce shall have sound understanding of the risk impacting their operations or areas of responsibility and be able to respond with appropriate strategies and mechanisms to identify, assess, monitor, and control those risks.

5

Accountability – Risk owners within the Company’s workforce shall be accountable for the risk management actions in their respective areas of responsibility.

6

Authority – Risk owners must have the required level of authority and flexibility to determine and execute the proper course of action to manage the risk in their respective areas of responsibility.

7

Communication – The Company’s information system will be continually updated to accommodate data output necessary for proper assessment and monitoring of risks.

Our progress so far

We recognise that ESG risks and opportunities are essential to delivering FMN’s value proposition. Across the business, we have identified key areas for improvement to enable compliance with sustainability standards.

Our ERM framework captures material ESG risks to the business. The risks are human right risk, compliance risks, climate change, and water risk. The company secretariat is responsible for managing the identified ESG risks with input from relevant functional units such as human resources, operations, supply chain, business assurance, legal and external relations. There are plans to carry out specific risk assessments for climate, water, human right and compliance to understand the level of exposure of the business and proffer an action plan.

FMN allocated more resources towards compliance satisfaction by creating a stand-alone sustainability department and function within the company to enhance ESG adherence as verified by FMN’s internal audit team. This step will put our company in an advantageous position to secure and maintain our position within Nigeria’s industry without compromising our sustainability goals.

The restructuring of the units creates the groundwork for business continuity and builds FMN’s ability to positively impact its value chain. Considering further improvements to our technology, FMN has advanced its ability to securely deliver better results.

We use a top-down approach to risk management, ensuring that everyone, including the board, management, and all workers, has specific duties that contribute to our overall risk management strategy. The Board of FMN has overall responsibility for our approach to risk management. These includes:

- ▶ Ensuring the design and implementation of appropriate risk management that identify the risk facing the company and enable the Board to make robust assessment of risks;
- ▶ Determining the nature and extent of the principal risks faced and those risks which the organisation is willing to take in achieving its strategic objectives.
- ▶ Ensuring that appropriate culture and reward systems have been embedded throughout the organisation;
- ▶ Understanding & approving risk appetite statements and considering risk in strategy approval

“

Business process controls is paramount in our sustainability journey. FMN is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud and corruption. The Company has put in place an Ethics Programme which comprises a Code of Conduct Policy inclusive of regular training and declarations. The Code of Business Conduct applies to all internal and external stakeholders, including the Directors, Management, other employees and third parties. It ensures that all directors, officers and employees conduct business with integrity.

Mr. Waltonio Percival-Deigh ”
Director, Business Assurance

3.1.3 Regulatory Compliance

At FMN, we ensure compliance with regulatory standards developed by the government and other regulatory agencies in our line of business. We have a legal team saddled with the responsibility of ensuring we stay on top of all regulatory requirements and meeting up with commitments. We do not just comply with regulatory requirements to avoid penalties; we do it in line with our commitment as a responsible business carrying out legitimate business activities.

FMN is compliant with the following local, national and international regulations and frameworks.

Table 3.1: Applicable local and international regulations

Applicable Local and International Regulations

- Companies and Allied Matters Act (CAMA)
- Investments and Securities Act (ISA)
- Nigeria Data Protection Regulation (NDPR)
- Food Safety Quality Management Standards
- National Agency for Food and Drug Administration and Control (NAFDAC)
- Federal Ministry of Health
- Standards Organisation of Nigeria (SON)
- Federal Competition and Consumer Protection Act (FCCPA)
- State and Local Government Laws
- Applicable Tax Laws
- Pension Reform Act
- National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007, Federal Ministry of Environment (FME)
- Factory Act, 2004
- Environmental Impact Assessment (EIA) Act CAP E12, LFN 2004
- National Environmental (Noise Standards and Control) Regulations S. I. 35, 2009.\
- National Environmental (Food, Beverages and Tobacco Sector) Regulations, S. I. No. 33, 2009,
- National Environmental (Air Quality Control) Regulations, S. I. No 64, 2014.
- National Environmental (Sanitation and Wastes Control) Regulations S. I. 28, 2009.
- National Guidelines and Standards for Water Quality, 1999,
- National Policy on the Environment, 1989,
- National Policy on Plastic Waste Management, 2020,
- National Policy on Solid Waste Management, 2020,
- Harmful Waste (Special Criminal Provisions, Etc.) Act 1988
- Lagos State Environmental Protection Act
- Industrial Training Fund Act
- Employees Compensation Act and every other statute/regulation passed from time to time.

Last year, we performed excellently as no sanctions or penalties due to breach of regulations or standards were received. We recognise the importance of maintaining the highest standards of regulatory compliance to ensure the safety and satisfaction of our customers, employees and stakeholders. We also work closely with regulatory bodies, staying abreast of any key changes and amendments. To ensure strict compliance, we cascade our policies down to all employees and invest resources in training and development across the group, from senior management to our frontline employees. We understand that compliance is a shared responsibility, thus we encourage all employees to take an active role in promoting ethical behaviour and regulatory compliance.



Spotlight Story: Regulations and us: Our notable wins

As a corporate entity, we recognise that adherence to regulatory standards and requirements is crucial to maintaining the trust and confidence of our customers, stakeholders and the wider public. Our progress in the last year was remarkable. We recorded significant wins as we made massive strides in our business. Some of these wins are:

- ▶ Through our antibribery and anticorruption mechanism, we were able to identify 8 cases of fraud and 1 case of bribery. The perpetrators in these cases were sanctioned in line with the company's disciplinary policy and sanction grid.
- ▶ We successfully onboarded the Crowd Strike EDR software which has ensured full visibility and in-depth analysis to automatically detect suspicious activity, ensured stealthy attacks - and breaches - are stopped, provided real-time and historical visibility into FMN's assets and applications, identified rogue computers instantly and unprotected system on the Company's network, provided insight on where privileged accounts are being accessed, detected unwanted and vulnerable application on FMN's system, automated vulnerability assessment for FMN's endpoints, detected known and unknown malware and ransomware with the aid of machine learning and AI and prevented intentional and unintentional insider threats because of the implementation of USB storage device control.
- ▶ Our company was above board as there were no litigations or sanctions against us due to violation of any regulatory standards. This is a source of pride to us and has affirmed the confidence and trust our stakeholders place in us.

3.1.4 Ethics and Integrity

In line with our trademark as a professional and ethical business, we have committed to upholding highest standards of integrity in all our business operations. Our ability to do this speaks to the strength of our workforce and efficiency of our processes. By acting with integrity, we earn the trust of our valuable customers, shareholders and other stakeholders – those whose trust we need to be successful. In order to maintain our high standards, ethics and integrity must be applied to all elements of our value and supply chain activities. Our code of conduct policy outlines general themes of expected behaviour by our employees. These themes include, but are not limited to the following;

- ▶ Conflicts of interest
- ▶ Guidance for receiving gifts and entertainment
- ▶ Anti-competition and corruption

- ▶ Disciplinary action
- ▶ Whistleblowing
- ▶ Reporting acts of fraud and corruption, etc.

The policy also lays out standards and defines examples of activities not condoned by the company. We demand and enforce the highest ethical and professional standards from our employees, vendors, suppliers and all who transact business with us.

3.1.5 Grievance and Whistleblowing Mechanism

At FMN, we take great pride in our reputation as a transparent organisation operating with the highest standards of ethics and integrity. Our grievance mechanism and whistleblowing policy is another testament of our resolve to entrenching openness, transparency and accountability within the Group. We understand that our operations can impact various stakeholder groups, including local communities, employees, customers and suppliers, so we are committed to ensuring that their concerns and voices are heard loud and clear. We have established a robust grievance mechanism that is accessible to all our stakeholders and set up a dedicated team to receive and manage all complaints. Similarly, our whistleblowing policy provides a channel for the Group’s employees and other relevant stakeholders to raise concerns about workplace malpractices, illegal and unethical conducts in a confidential manner to enable investigation and further actions.

The whistleblowing policy outlines the mechanisms and procedures through which the “whistle-blower” can confidentially report to the appropriate quarters without fear of retaliation or negative consequences. It also guarantees protection of the identity of the reporting individual. Employees who identify any unethical conducts can seek advice and report by calling the ethics Helpline – 0817-232-5000, or by sending emails to codeofconduct@fmnplc.com. Our reporting channels are always open and accessible, allowing any suspected occurrences of fraud or unlawful behaviour to be quickly reported and investigated. We take every report seriously and investigate them thoroughly to ascertain their veracity. We also establish controls and safeguards to ensure the mechanism is not abused for baseless or malicious intent.

Employees are encouraged to air their concerns about management related issues known through our “speak-up” culture.

“We remain committed to the best practice and procedures in corporate governance, conducting our businesses in a fair, honest and transparent manner which conforms to high ethical standards. It is of utmost importance that FMN operate in compliance with all relevant regulations and guidelines while also identifying and mitigating sustainability risks and opportunities across our value chain.

As the legal unit, we recognise our role as a critical driver of FMN sustainability efforts, helping to ensure that FMN operate in compliance with all relevant regulations and guidelines while also identifying and mitigating sustainability risks and opportunities across our value chain. We recorded huge wins last year as we did not receive any sanctions or penalties resulting from violating sustainability guidelines. Being a dependable partner of Nigeria’s sustainability efforts, we have prepared our FMN corporate climate change policy in line with the National Climate Change Policy as we make our contributions to advancing Nigeria’s Climate Change ambitions.

Mr. Joseph Umolu ”
Company Secretary/Director, Legal Services

3.1.6 Supplier Environmental and Social Impact Assessment

In line with our corporate strategy as a socially and environmentally responsible company, we have put in measures to ensure that our entire business lifecycle is both environmentally and socially responsible. Hence, we do not only account for sustainability concerns in our offices and sites, but we also take all our suppliers along the entire value chain into consideration. We recognise that supply chain environmental and social impact assessment is important for:

- ▶ Ensuring that all our suppliers are meeting legal and ethical standards for labour practices, human rights, and environmental impact
- ▶ Managing reputational risks as companies are increasingly being held accountable for the social and environmental impact of their supply chain
- ▶ To help identify and mitigate risks related to labour violations, human rights abuses, and environmental damage
- ▶ Assist us in identifying suppliers that align with our sustainability goals and values
- ▶ Working with suppliers to create innovative and collaborative ways to be more sustainable and responsible across our value chain.

We have various policies guarding our procurement and supply chain. These policies include

1 FMN Procurement Policy:

This policy governs the procurement of goods and services for FMN group. It applies to all areas of spending: direct, indirect, capital expenditure (CAPEX) and maintenance, repair and operations (MRO) across FMN Group. The policy outlines the core principles guiding our FMN group procurement which includes:

- Our core values: PIILOT (Performance, Initiative, Integrity, Leadership, Ownership and Teamwork)
- Accountability
- Transparency
- Responsiveness
- Fairness
- Reliability
- Best value to FMN

2 Responsible Business Partner Policy:

This applies to all suppliers of products and services and expresses principles that we expect every individual or entity acting on our behalf to follow. It embodies our commitment to highest standards of responsible behaviour, integrity and ethics in operations and our expectations for all our business partners.

3 Group Vendor Management SOP:

The procedure describes the vendor management process across the Group.



We obtain our suppliers through three (3) key channels within the Group. They are:

- ▶ internal or external referral;
- ▶ vendor/supplier application;
- ▶ search for external vendor/supplier.

We undertake frequent checks and verifications on all of our suppliers, though we have not yet begun evaluating vendors based on environmental criteria. Some of the negative environmental consequences we have discovered in our value chain in the past year include the supply of incorrect chemicals, the improper disposal of harmful chemicals, and the usage of heavy emission-laden trucks

in transporting our produce. We are working hard to alleviate these environmental impacts, and we will set clear environmental guidelines to account for all of our suppliers' requirements.

We assess our vendors' and suppliers' social effect and screen them based on factors such as environmental protection, child labour, anti-corruption, health and safety practises, among others. In 2022, we were able to assess a total of 1,003 of our suppliers using our social criteria, representing 100% of our supplier base.

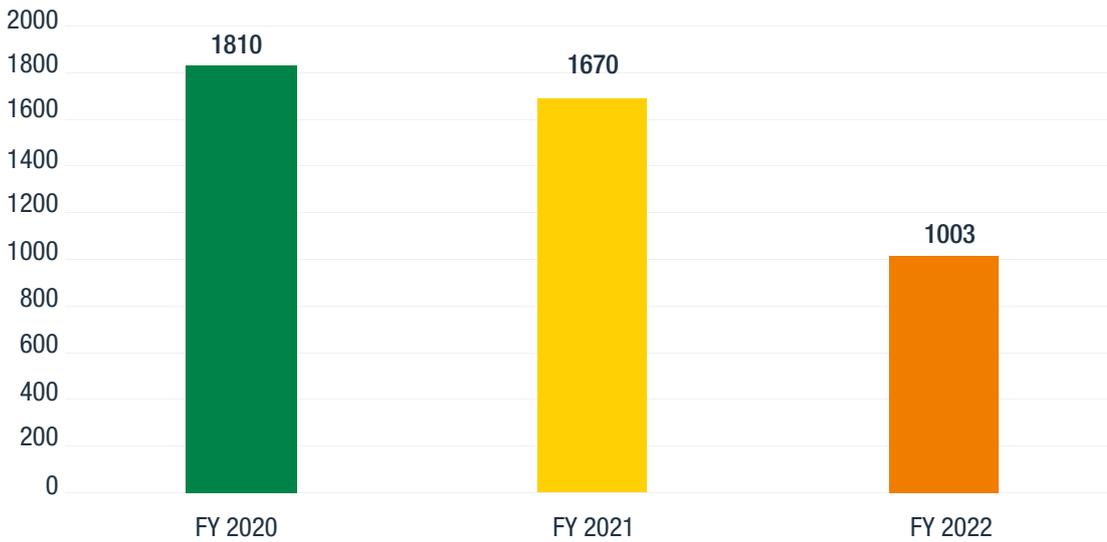


Figure 3.1: Number of suppliers screened using social criteria

3.1.7 Remuneration

FMN is an equal opportunity employer committed to maintaining a fair, transparent, and comprehensive remuneration structure. We have a reward policy which sets out the principles and guidelines for rewarding employees across the Group.

Our reward is determined based on the job description which involves the job purpose, key responsibilities, job dimension and key competencies required to perform well in the job. The job description is evaluated following the Hay Methodology to determine the appropriate Job Class (JC) and Reward Level (RL). The appropriate salary range for each RL is based on the external market rates benchmarked through a salary survey.

We determine remuneration using Mercer's Total Remuneration Survey (TRS) to confirm that our staff are adequately compensated in line with their specific roles. We always strive to be the best among equals, aiming to be above 25% of market/industry standard. Our compensation is performance-based and reviewed twice yearly on consultation with the performance team and agreement between the Union and FMN. We do not discriminate based on gender or any other factor as we offer equal pay to all deserving employees.

Table 3.2: Data on annual total compensation by management level compared with the highest paid individual

Employee Cadre	Ratio	% Increase
Management	2.2	123%
Senior	3.9	293%
Junior	1.9	93%

3.2 Economic Performance and Contributions

3.2.1 Financial Performance

In the fiscal year 2021/2022, our company demonstrated its resilience, which was fuelled by our capacity to be adaptable, proactive, and strategic in our response to the economic and operating environments, as seen by our consistent and focused business investments. We encountered persistent economic headwinds such as food scarcity and flooding, foreign exchange management, the ongoing impact of COVID-19, inflation, the Russian/Ukrainian conflict, and an increase in the prevalence of poverty during the reporting year.

Notwithstanding this backdrop, we maintained strong and resilient performance across key business segments, with revenue growing by 51%. We recorded a 5% decline in gross margins, an 11% increase in profit before tax (PBT) from N37 billion in FY 22 to N41 billion, and a 9% increase in profit after tax (PAT) from N26 billion to N28 billion. Our food segment also grew due to higher B2B volumes and growth in core B2C categories as we continued to expand our focus on local content.

In FY 2022, despite higher sales costs and supply chain challenges, the company increased focus in local content development, highest quality products and services and a well-defined backward integration plan to strengthen the value chain. The chart below further illustrates our financial performance in FY 2022.

FINANCIAL PERFORMANCE (N'BN)

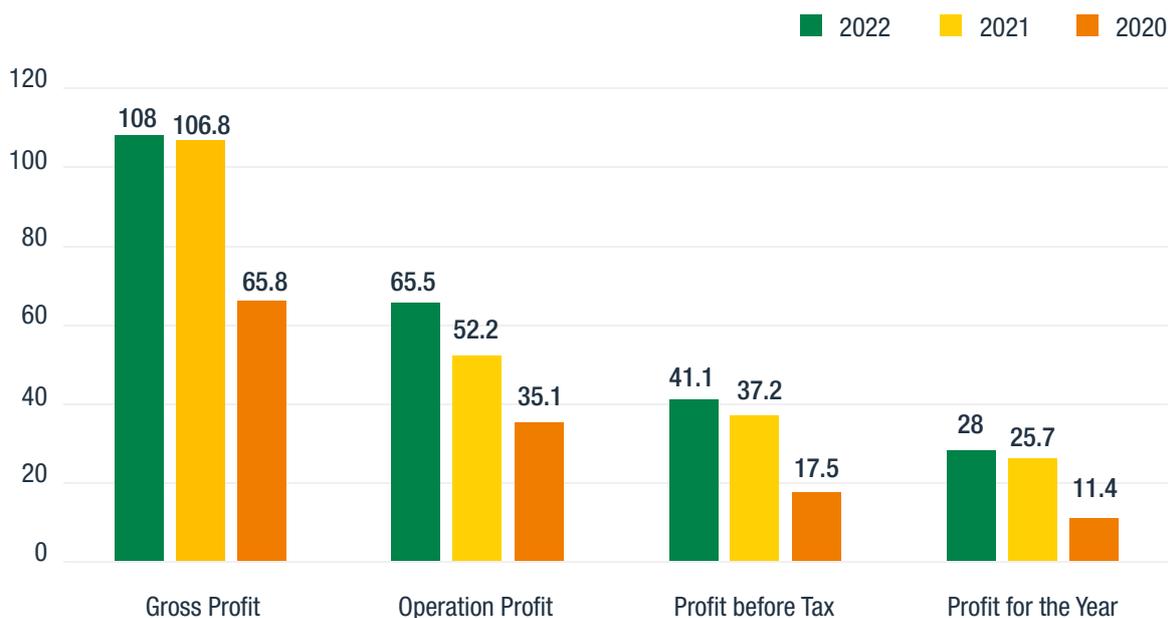


Figure 3.2: Our financial performance from FY 20 – FY 22

At the end of FY 2022, our cash reserves totalled N49.7 billion, a 50% increase from FY 2021's figure of N33.2 billion which was driven by strong sales and operational improvements across all business segments. Our inventory also grew in line with the increase in revenue, while foreign payables were increased with the intention to hedge against the exchange rate volatility. In FY22 the inventory write-down was N4.06 billion, compared to N2.49 billion in FY21.

Despite the difficult challenges we experienced in FY22, our revenue increased by 51% to 1.116 trillion from N771.6 billion in FY21. In addition to our operational improvements, our efficient marketing and distribution strategies have positively impacted sales. The best-performing segment of our operations was the food unit which generated N748.8 billion in revenue, with a contribution percentage of 64%.

The chart below details our revenue contributions by segment.

Percentage distribution of revenue by segment

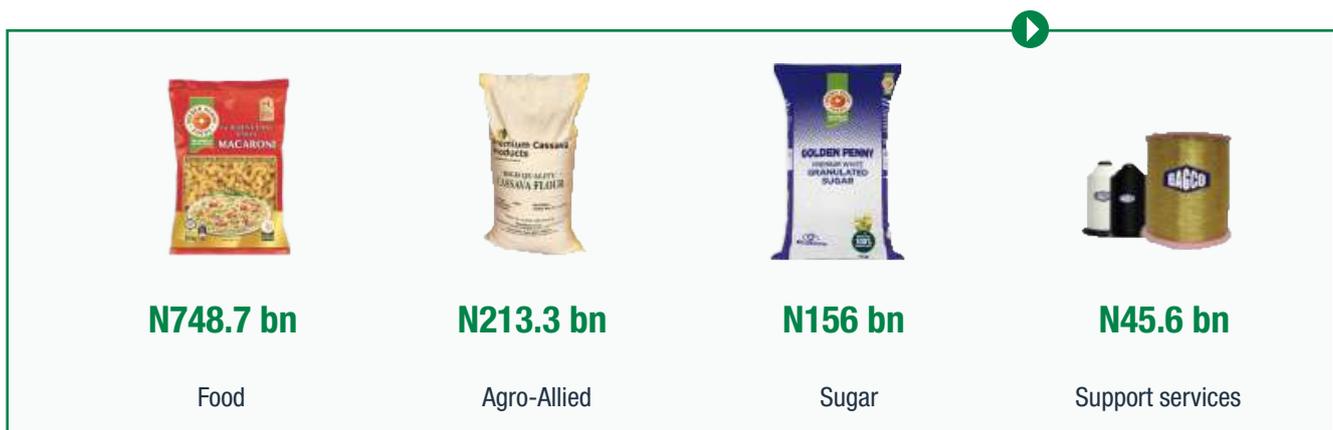
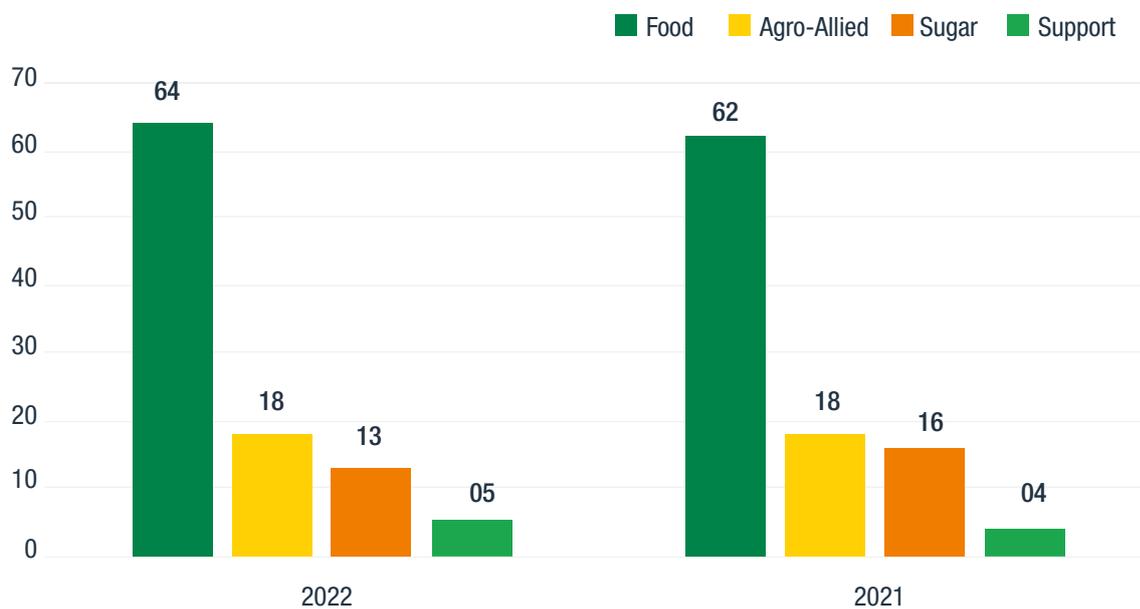


Figure 3.3 (a&b): Distribution of revenue by segment

Our dedication to sustained progress in product innovations and transformation, as well as our operational efficiencies, are the primary drivers of our robust financial growth.

3.2.1.1 Direct and Indirect Economic Value

Staying true to our commitment to creating financial value for our stakeholders, our economic value distributed increased from 706.7 billion in FY 21 to 1.108 trillion in FY 22. Our economic value retained reduced from N68.56 billion to N56.62 billion within the same period. Nonetheless, our operating costs increased from N664.85 billion in FY21 to 1.055 trillion in FY22 as a result of measures put in place to respond to rising inflation and supply chain strains. In line with our revenue rise, our taxes paid out to the government rose by 64%, from N2.9 billion in FY21 to N4.8 billion in FY22. Over the last 3 years, we have recorded increases in our economic value generated, distributed, and retained. The table below details these increases.

Table 3.3: Direct and indirect economic value generated between FY 20 – FY 22

Particulars	FY 19/20	FY 20/21	FY 21/22
Direct Economic Value Generated (NGN million)	576,166	775,260	1,164,889
Revenue from operation	573,774	771,608	1,163,803
Economic Value Distributed (NGN million)	544,496	706,702	1,108,197
Operating cost	507,987	664,850	1,055,712
Employee wages & benefits	29,278	33,455	39,558
Payment to provider of funds	4,669	5,454	8,094
Payment to Government	2,562	2,943	4,833
Economic value retained (NGN million)	31,670	68,558	56,692

Table 3.4: Defined benefit plan obligations and other retirement plans

Parameters	FY 19/20	FY 20/21	FY 21/22
Contribution to pensions & other funds (NGN million)	2,152	1,124	1,268
Gratuity expense (NGN million)	1,619	1,744	2,312
Staff welfare expenses (NGN million)	1,164	1,039	1,188

Despite the socioeconomic conditions in the Country, we continued to create larger societal value through the compensation and welfare packages for our employees, which increased from N33.45 billion to N39.55 billion between FY2020 and FY2021. We also saw an increase in our contribution to pensions, gratuity expenses and staff welfare expenses between FY2021 to FY 2022.

FMN EMPLOYEE BENEFITS PLANS SPEND (MILLIONS)

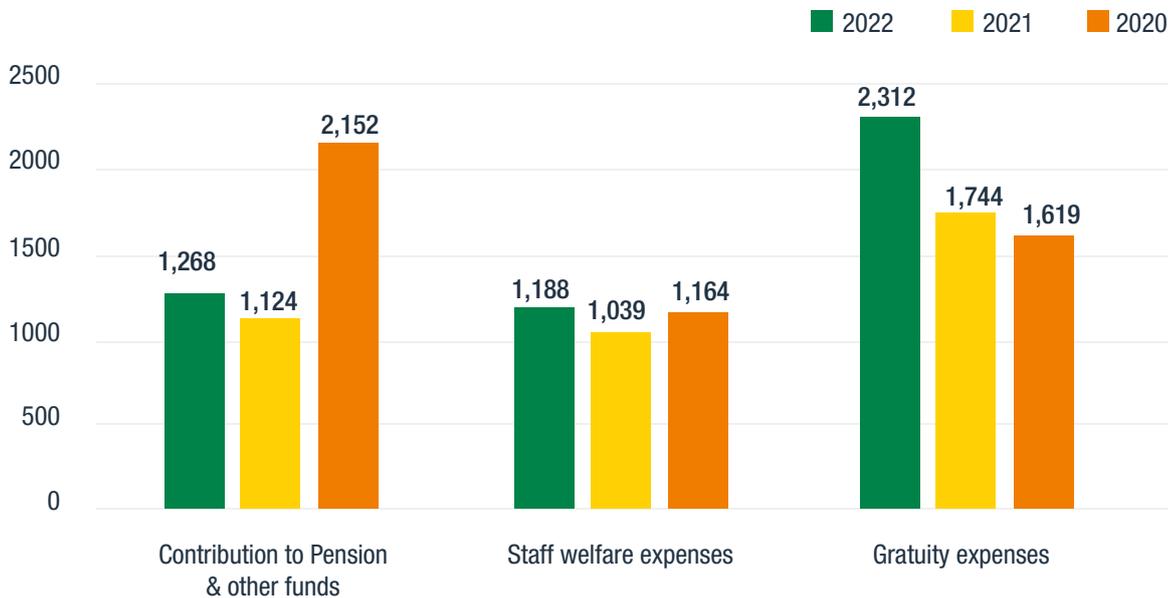


Figure 3.4: Our contribution to benefit payments for our employees between FY 20 and FY 22

We received financial assistance from the government during the FY. This was to aid the business in meeting our socio-economic targets we set during the year. More details on this can be found in table 3.5 below.

Table 3.5: Details of financial assistance received from the government in FY 2022

S/N	Company	Amount (Naira)	Project
1	GFCL	1,000,000,000.00	Purchase of urea
2	FMN	1,577,000,000.00	Upgrade of semolina plant
3	FMN	3,458,000,000.00	Morpack plant expansion
4	FMN	2,000,000,000.00	M-Mill expansion
5	PCPL	1,709,542,499.00	Land clearing for cassava farm
6	FMN	5,954,000,000.00	Agbara pasta line 7
7	FMN	2,399,200,000.00	Agbara noodles lines and 60 new trucks
8	PFM	774,317,642.67	Kaduna/Eagle feed mill
9	FMN	5,894,000,000.00	Commercial production and out growers schemes for maize production (Agbara pasta line 6)
10	Agripalm	411,164,046.69	Land development of a 1,300Ha oil palm plantation, including nursery and the immature upkeep costs
11	Sunti	779,429,206.29	Cultivation of 730Ha of land at the upland area and development of 420Ha of sugar cane producing land
12	Sunti	1,200,000,000.00	Construction of dykes at Niger State
13	GAIL	5,000,000,000.00	Commercial production and out growers schemes for maize production
14	Fertiliser	15,000,000,000.00	To drive backward integration investments across grains, proteins, starches, oil and fat value chains

3.2.2 Tax Contributions

Tax contributions are mandatory and cannot be evaded or ignored as they fund the operation and maintenance of government projects. We continually strive to align our tax objectives with our corporate values to maintain and protect our corporate reputation. We never engage in transactions that could put our company at risk. Our interactions with tax authorities and stakeholders are always conducted with integrity and openness.

In this reporting year, the net income tax expenses by the Group in FY 2022 totalled up to 11,200,392. This is 3% lower than the net income tax paid for continuing operations in FY 2021, which was 11,567,960.

Our tax policy consists of the following four key components:

- ▶ Tax control and risk management
- ▶ Tax compliance
- ▶ Tax planning and disclosure
- ▶ Engagement with tax authorities and stakeholders

Table 3.6: Revenue and Income Tax

Continuing Operations	2022 31 st march	2021 31 st march	Increase/ Decrease %
Revenue	1,163,802,851	777,607,880	51%
Profit before minimum tax	41,118,148	37,169,667	11%
Minimum tax	(1,902,530)	91,216	(2,186)%
Profit after minimum tax	39,215,618	37,284,883	5%
Net income tax	(11,200,392)	(11,567,960)	(3)%
Profit from continuing operation	28,015,226	25,716,923	9%
Other comprehensive income net tax	(33,050)	(1,240,646)	(97)%

3.2.3 Local Procurement

We are committed to strengthening the capabilities of our local partners, including our network of smallholder farmers, young entrepreneurs, distributors, and the communities in which we operate. Sourcing our materials from local suppliers has proven to be an effective means of addressing Nigeria's socioeconomic dynamics, as evidenced by the execution of our local procurement policies and procedures which are responsive to the key stakeholders' local procurement expectations.

Our dedication to maintaining efficient and inclusive procurement practices to support and accelerate the execution of the business's goals and strategy has remained strong over the years. Our procurement team strives to obtain the best value while also advancing social sustainability and ethical practices. Our deliberate investments to promote local content continued to produce the desired

results for us and local manufacturers. For example, prior to 2018-2019, we imported all our noodle seasonings; however, since partnering with Nigerian manufacturers, we have stopped importing seasonings for noodles, reducing the impact of currency fluctuations on our revenue while simultaneously creating economic value for local businesses.

During the reporting year, the total amount paid to our suppliers rose from N552.5 billion to N649.9 billion between 2021 and 2022, despite a reduction in the number of suppliers engaged (our total number of suppliers fell from 1670 in 2021 to 1003 in 2022). In addition, our procurement spend on our local suppliers decreased from N168.5 billion in FY2021 to N84.4 billion in FY2022 as result of rising inflation and strain in the supply chain in Nigeria caused by transportation challenges, geopolitical conflicts, and natural disasters. The chart below indicates the total amount paid to suppliers and number of suppliers over the last three years.

NUMBER OF SUPPLIERS AND TOTAL PAYMENT

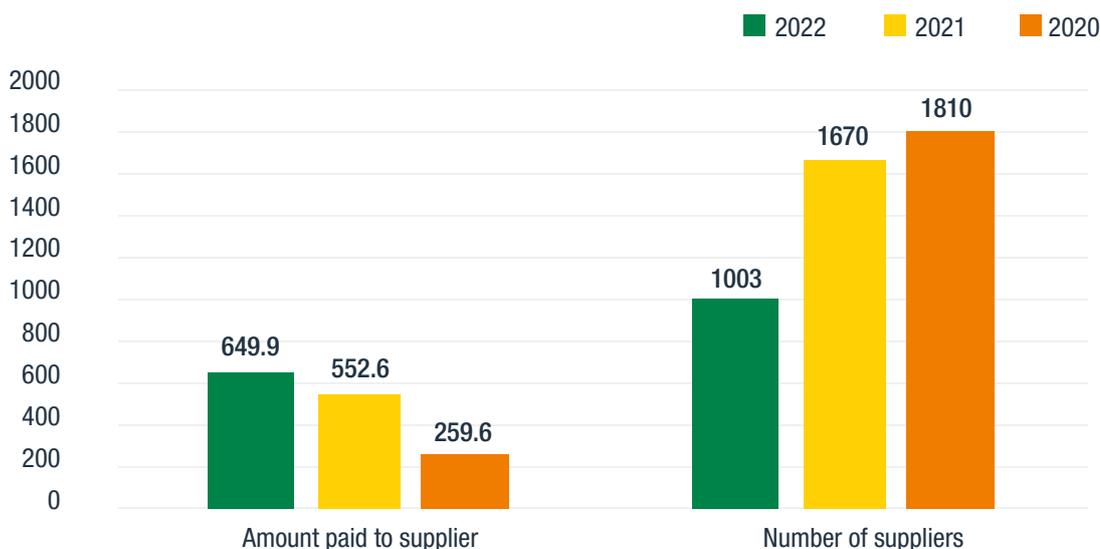


Figure 3.5: Total number of suppliers and procurement spend between FY 20 and FY 22

FMN has continued to explore strategic business opportunities such as capacity growth and core food business restructuring for improved performance. We have also backward integrated to enhance the local content of our inputs and products to reduce our dependency on imports and exposure to external volatility. In FY22, our food segment grew by N270 billion due to higher B2B volumes and growth in core B2C categories as we continued to expand our focus on local content

Our Group is expanding its access to locally sourced raw materials and creating long-term partnerships with Nigerian farmers and agricultural partners such as First Blend Limited, Vitachem Nigeria Limited, Montizen Limited, and Wahum, who are among our primary local suppliers. We have a total of 1,003 suppliers, of which 94% (947) are local and 6% (56) are international. The chart below indicates the local and foreign proportion split of our distributors.

DISTRIBUTION OF SUPPLIERS

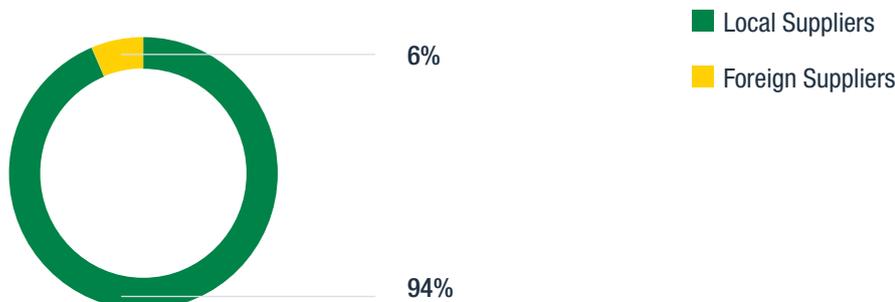


Figure 3.6: Distribution of our supplier base in FY 22

Our deliberate efforts toward local content development have yielded the desired results for our business and contributed to the economic growth of regions in which we operate.

3.2.4 Investment in MSMEs

Micro, Small, and Medium-Sized Enterprises (MSMEs) play vital roles in economic and social development, contributing to value-added activities and innovation, and accounting for nearly 96% of the Country's business activities. MSMEs serve as one of the key pillars of our business, as our customers, distributors, farmers, and suppliers fall into this category.

FMN is committed to a deliberate and structured approach to its stakeholders' developmental needs. In line with our strategy, a key focus of our investment activities is to strengthen MSMEs by investing in education, health, youth and women empowerment, infrastructure, and research programmes. Our growth strategies direct our investment activities to ensure consistent stakeholder impact. Additionally, we ensure that our product prices are competitive, allowing our distributors and retailers to earn sufficient profits from the sale of our products.

During the reporting year, FMN in partnership with World Connect funded the education and empowerment of students across different Nigerian states. Students received grants for a variety of entrepreneurship and vocational skills, including technology distribution to students, graphic design, screen and digital printing, agricultural skill acquisition, classroom infrastructure construction, and marketing and business development training.



Figure 3.7: One of our dealers receiving a truck



Spotlight: Empowerment Skills Acquisition Hub

Through specific programmes such as the “Empowerment Skills Acquisition Hub” in Kano state, we have assisted youth, women, and the disabled. We were able to empower 100 youths and women to start their businesses by providing them with the necessary skills through the programme which lasted for five months. Beneficiaries who have started businesses related to their skill sets and are semi-skilled in fashion, sewing bags and shoes, and baking were taught all the basic techniques and skills, and are expected to use their acquired knowledge to teach other students in the hub. According to a testimonial, the programme has provided them with the skills necessary to take care of their families by transforming their community into one filled with economic opportunities.



Figure 3.8: Women learning skills at the FMN-funded empowerment hub in Kano

3.2.5 Innovation

3.2.5.1 Technological advancements

With the development of innovative and energy-efficient goods and solutions, we strive to improve the quality of life for our customers, communities, and the environment. We are dedicated to deploying technology at all levels of our organisation, making it an intrinsic element of all aspects of our business operations. The pandemic made it such that businesses had to rapidly adapt to the 'new norm', and adopting technology was a major part of that adaptation for us. Through data protection, innovation, and technological enhancement, we offer our stakeholders the best possible experiences.

Being an established name in the local and global market for polypropylene sacks and flexible packaging materials, BAGCO, our bagging and packaging division, constantly invested in cutting-edge technologies to guarantee the quality of our products for consumers. We also partnered with World Connect to provide funding for early-stage, grassroots, locally created, and led programs that drive technological transformation and self-sustaining development across the country.

As an organisation committed to contributing to a global and local net zero economy, FMN employs more energy-efficient technologies throughout its factories and plants by stimulating innovation and implementing creative solutions that significantly reduce harmful gas emissions into the atmosphere. During the FY, we commissioned an LNG plant at the Golden Pasta Agbara factory in an effort to enhance environmental sustainability through technology and reduce the carbon impact in the surrounding environment. We have done this through:

- ▶ Reduction of the number of printers from 567 to 144 thus reducing our carbon footprints.
- ▶ Digitalisation of New Customer Creation, Price Change, Credit Limit Forms to reduce printing and manual paper-based approvals.
- ▶ Linking of systems with our ERP system for BAGCO Lagos production scales and NEFM/PFM Ibadan weighbridges to increase efficiency and productivity and ensure all trucks are loaded with the right quantity of goods vs ordered quantity.

3.2.5.2 Investments in Research and Development

As a reflection of our commitment to serve our customers well and continuously create value for them, research and development provide us with a valuable opportunity to improve the quality of our products to ensure their quality, nutrition, and availability. To guarantee that all of our products are competitive and that we maintain market leadership, we conduct research and development, analyse consumer preferences and trends, handle product and material prices, and implement a local content agenda.

Our Research and Development unit is responsible for driving the innovation pipeline, as well as the material cost saving and local content agenda of the Foods business.

In this reporting year, between N3 billion to N5 billion was spent on driving cost optimisation programmes and also, upgrading our state-of-the-art innovation centre to improve our product development capability. We have strategic plans in place to launch some new products in the coming year. We will continue to invest in innovation, particularly in adopting new technology and methods for manufacturing new products that meet our consumers' expectations.

We have made great strides in building our capacity as an innovative and future-inclined organisation. However, we are certainly not stopping here. We have 4 innovation strategies in place to aid the development of stellar products and breakthrough innovative solutions. These are:

- ▶ creating a margin accretive new product pipeline,
- ▶ improving margins without impacting product quality via cost optimisation,
- ▶ driving the local content agenda and
- ▶ building the capability of the innovation team/centre.



Figure 3.9: Launch of our Innovation Hub during the year

In 2022, we started the “Prize for Innovation” initiative to stimulate new ideas and innovative ways for local content development in Nigeria’s food and agro-allied sectors, as well as how these might impact and facilitate the long-term development of the Nigerian food system.



Figure 3.10 (a-d): Pictures from the 2022 Prize for Innovation



3.3 Environmental Protection and Stewardship

As part of our EESG Goals, we seek to protect our natural ecosystems in our surroundings and build a sustainable environment for the communities where we do business and the global community. In line with this vision, we are committed to increasing FMN's environmental sustainability in compliance with our social investment and environmental management policies, which guide us in attaining our specific goals, such as:

- ▶ Maximising energy and resource efficiency onsite
- ▶ Reducing energy consumption in collaboration with our supplier partners
- ▶ Sourcing materials and using water in a responsible manner
- ▶ Reducing the amount of waste generated onsite and at our offices
- ▶ Preserving the ecosystem, in accordance with local environmental laws
- ▶ Significantly reducing carbon emissions, in line with Nigeria's Nationally Determined Contributions (NDCs) priorities and the global net-zero agenda; and
- ▶ Collecting data to support us in tracking and improving environmental performance.
- ▶ At FMN, our Group Head, Health, Safety and Environment (HSE) oversees this process and ensures that Flour Mills Nigeria Plc, and its subsidiaries, apply best practices in environmental management and sustainable natural resource management to our operations, across all material topics. The Group Head, HSE is supported by our environmental aspect and impact records, which assists us in identifying sources of environmental impact and implementing preventative actions to mitigate the short- and long-term environmental implications of our activities.

As we continue on this journey, we recognise that the majority of the work being done on environmental sustainability is still in progress, and we hope that significant changes in our performance will be visible within the next two years, in line with our future road mapping activities and ESG priorities.

3.3.1 Energy Management

At FMN, our operations are powered by electricity from the grid and from our on-site generators. In order to meet our organisation's environmental goals, we are committed to transitioning away from high-carbon fossil fuel consumption and reducing our energy consumption year after year. To that end, in FY 2022, an LNG plant with a total capacity of 45 tonnes was installed at the Agbara facility to reduce diesel production and, as a result, reduce air pollution, improve ambient air quality, and lower our carbon footprint, with plans to do more in the future fiscal year. As part of our future plans, we are also assessing the feasibility of on-site solar power generation at BAGCO Kano.

We also make an effort to collect energy consumption data for Flour Mills, and any subsidiaries that benefit from our energy generation practices. Such subsidiaries include: FMN Apapa, Golden Sugar, Bagco Lagos, Bagco Kano, Pasta Agbara, NEFM Ibadan, PEOPLE Ibadan, Niger Mills Calabar and NNFM Kano. Throughout the Group, our energy management system collects data using metering

equipment and employs behavioural change management practices for maintenance and control in order to get a realistic view of the energy needs of our people. This allows us to evolve and adjust our approach to our changing energy needs.

Though only small changes have been made so far, we are confident in our ability to build on these successes in the future. Our collective progress regarding our Energy Plan is shown below.

Although we have not begun using non-renewable sources of energy for our operations yet, we aim to develop our solar initiatives in the short-term to enable us to significantly reduce our reliance on fossil fuels. We are also exploring several energy-reduction options and initiatives for our operations. Our Apapa Bulk Terminal Limited's Energy Conservation Programme supports the company in reducing their facility's electricity consumption on a regular basis. In line with this goal, actions taken include the following:

- ▶ installation of energy saving lighting bulbs.
- ▶ use of low energy consumption air conditioners.
- ▶ fixture of transparent roofing sheets that enhance illumination in the Warehouses during the day and
- ▶ energy utilisation campaigns which encourage employees to turn off switches and appliances when not in use through the distribution of posters

This reporting period, such initiatives significantly reduced our energy needs and the energy requirements of our products and services across the Group.

Table 3.7: Energy reduction initiatives and energy savings

S/N	Notable Energy Reduction Initiatives	Energy Savings (kWh)
1	Conversion of diesel burner at Premier Feeds Mill into gas burners	304,741
2	Installation of LED security lights	2,822,400
3	Generation of steam via heat recovery at Golden Sugar Company	63,082,778
4	Generation of hot water via heat recovery from at Pasta Iganmu	18,216,944
5	Generation of hot water via heat recovery at Pasta Agbara	26,244,244

From our energy data, we are aware of the high energy demands of our operations and are more motivated than ever to be on this journey, working towards feeding the nation while also protecting our environment. In meeting consumer expectations, our total energy consumption totalled up to 5,085,111 GJ during the reporting period, 98% which is equivalent to 4,965,735 GJ came directly from FMN's energy generation practices. Overall, this represents a 29% increase in energy consumption since last year, when we consumed a total of 3,594,697 GJ of electricity. This increase is attributed to an increase in our production volume as compared to last year. Additionally, the scope (operations/subsidiaries) of our disclosure on this material topic this year is broader than what was reported on last year.

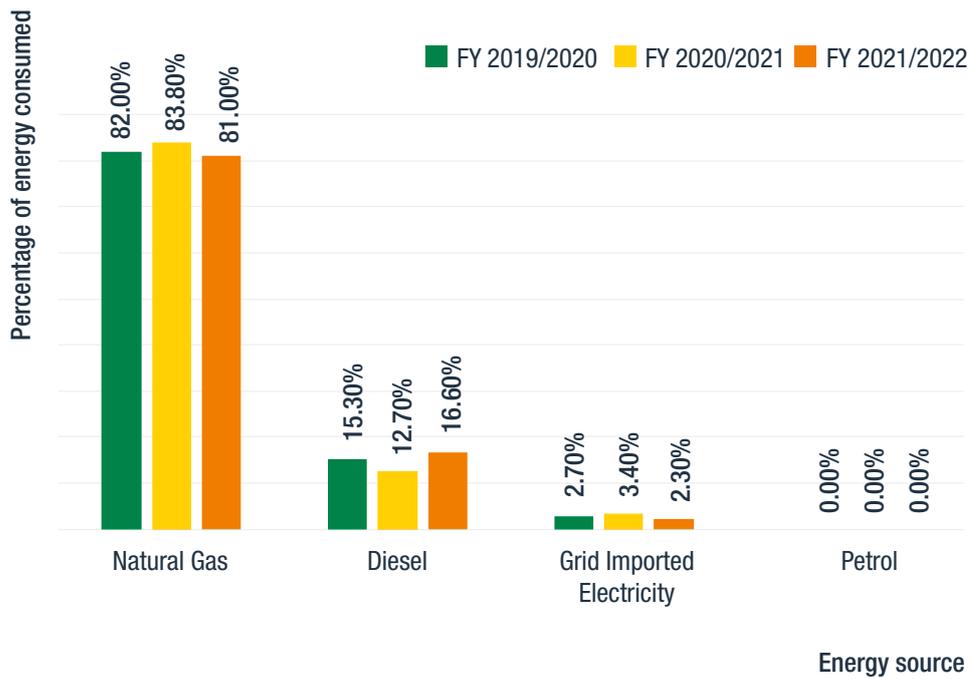


Figure 3.11: Percentage of energy consumed by energy source since FY 2020

In line with our preparation of our energy reduction plans, we have engaged third-party experts to undertake energy optimisation audits for FMN and three other subsidiaries, with the goal of implementing their recommendations for more energy savings.

3.3.2 Emissions

In the reporting year, we committed to improving our climate change adaptation measures and supporting the company in effectively adapting to our ever-changing business environment. We are currently in the process of drafting a climate change policy that will help us address and manage our current and future carbon footprint.

We also plan to reduce our carbon footprint on an annual basis, in line with our internal targets, Nigeria's Nationally Determined Contributions (NDCs), and our energy saving initiatives. This year, our net GHG emissions were higher than the baseline, even with our energy management practices. We recorded a total of 290,238,374 KgCO₂e of GHG emissions in FY 2022, a 41.3% increase from last year's records. This is as a result of an increase in our production volume as compared to last year. Below is a visual representation of our GHG emissions data for the past 3 years:

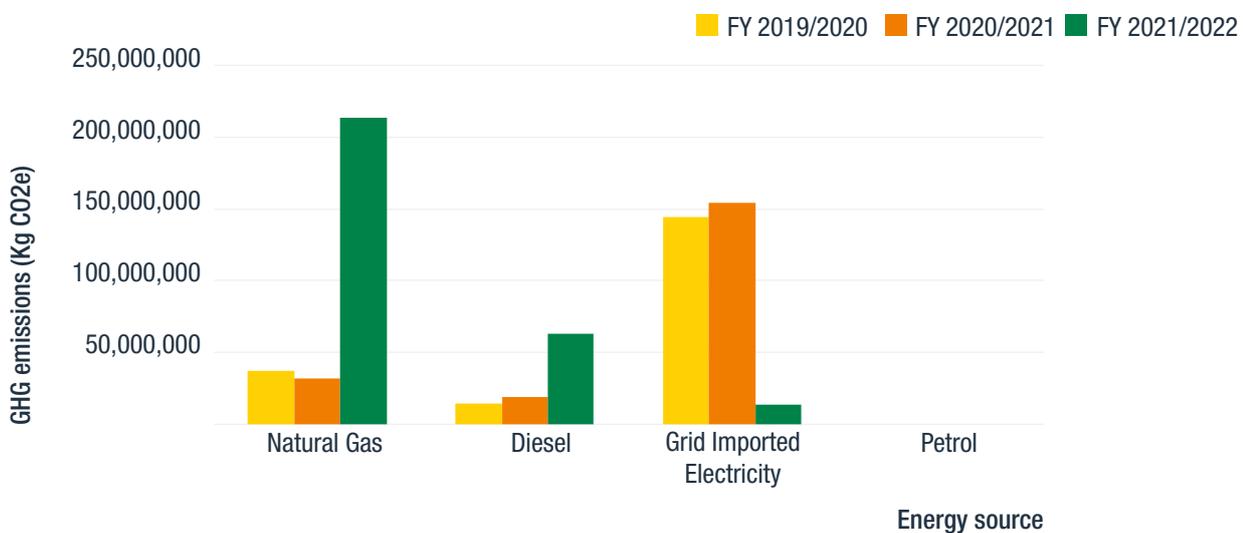


Figure 3.12: GHG emissions by source between FY 2020 and FY 2022

As part of our environmental commitments, we are working to improve the air quality of our operations. According to the results of our recent Environmental audit, we are currently in compliance with all relevant environmental regulations and NESREA laws. We remain committed to bringing these emissions down to reduce our impact on the environment and optimising available resources without compromising the future existence.

3.3.3 Sustainable Waste Management

Waste is an unavoidable by-product of our activities; therefore, we do everything we can to guarantee that it does not have a detrimental environmental impact on our operations.

Just as we have put in place measures for gaseous waste management, we have done the same for our solid, liquid and hazardous waste profiles. This reporting period, our waste collection processes were assessed by a third-party consultant who created an environmental audit report to reflect their findings. According to the assessment, we are in compliance with all relevant waste management legislation. Despite this, we are committed to significantly lowering our waste generation.

Our Waste Management Policy speaks to this commitment, stating that we shall “minimise waste generation at source and facilitate repair, re-use, and recycling of waste over the disposal of wastes, as low as practicably possible.” The table below outlines each of the waste categories that we take into consideration in achieving this specific goal.

Table 3.8: Categories of our waste generated and our management methods

S/N	Waste Materials	Source	On-site Segregation/ Storage	Disposal Partner
SOLID WASTE				
1	Raw materials and process waste (e.g., wheat dust, wheat offal and flour waste)	Milling operations	Purple bin	Evacuation by LAWMA vendors
2	Packaging materials (e.g., nylon, cardboard, paper, and bottles and plastic sacks).	Bagging and packaging activities	<ul style="list-style-type: none"> i. Green - paper waste ii. Red - nylon, plastics iii. Blue - general waste 	Sold off to third party users, including BAGCO
3	General waste (e.g., used stationary, PET bottles, cellophane, and food packs, floor sweepings)	Office and other operational sites	General Waste goes in the designated bin, which is segregated on-site into recyclable or non-recyclable material	LAWMA - for disposal in a landfill
4	Recyclable materials	Support services from production	Recyclable materials go in the designated bin with general waste.	Sold off as scraps to registered waste vendors
5	Food waste (i.e., discarded cooked food items)	Canteen	Food waste goes in the designated purple bin	

6	Damaged heavy equipment parts	Maintenance workshop		
7	Metal scraps/wood scraps	General maintenance		Resold for reuse by secondary users
8	Used tyres	Lifting equipment workshop		Recycled
9	Medical waste	Clinic within the plants		
10	Used batteries	Maintenance workshops	Used batteries go in the designated black bin.	Evacuated by the Lagos State EPA
LIQUID WASTE				
11	Wastewater	Canteen, laboratory and toilet services	(Please refer to the “Water and Effluent Management” section of this report for more information in regard to wastewater management)	
HAZARDOUS WASTE				
12	Used Oils	Heavy equipment workshops; generator	Oily waste goes in the designated container containment that is properly secured	Containerised and evacuated by secondary users
13	Septic from the plants	Porta cabins and staff toilets	Human waste is gathered on-site within septic tanks.	Evacuated by accredited sewage company

At FMN, we have an asset disposal programme where we sell scraps and waste, as a form of generating wealth from waste. At Sunti, bagasse, which is a by-product of sugar processing is used to power our turbines, in a bid to promote circular operations at the plant. However, we have not actively monitored the amount of bagasse used under this initiative as it is still a work in progress, hence, the data is limited.

In total, our data reports that an average of 524 metric tonnes of general waste and 322 metric tonnes of septic waste were released each month at our Apapa site, which is within statutory limits. This data was tracked and measured in tonnage on our data sheet. LAWMA operators took away 20 tonnes per trip and the number of trips done every month was, therefore, a determinant of the amount of waste released at the site. We are exploring more efficient ways of tracking this metric.

In addition, we use our waste vendor management Standard of Procedures (SOP), our vendor registration form, and our vendor evaluation practices (every two years) to ensure that third-party vendors also comply with relevant regulatory requirements.

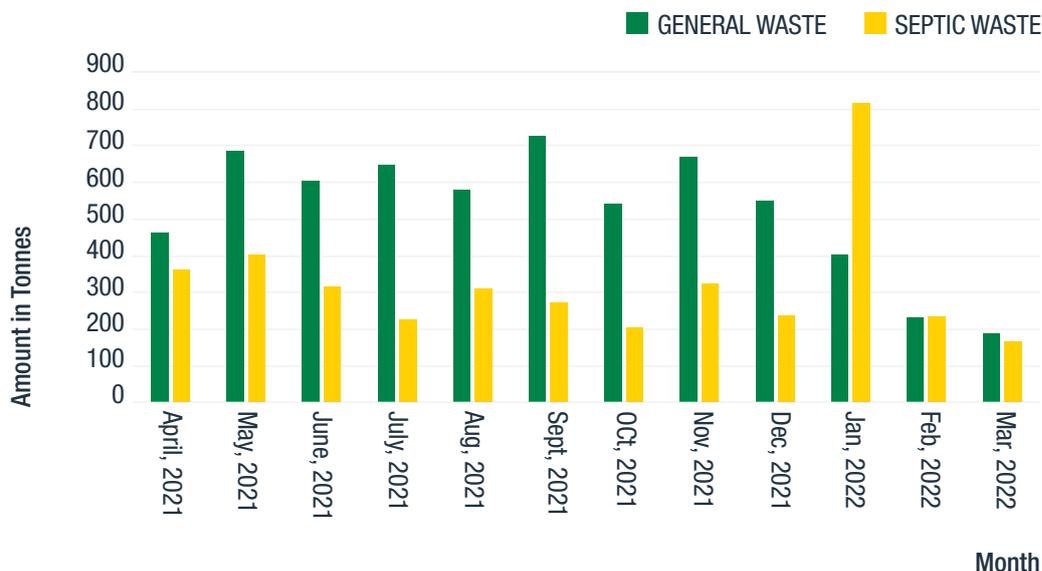


Figure 3.13: Amount of waste generated and disposed in FY 2022

We also have initiatives in place to improve sustainable waste management in our communities as well as on-site. In our communities, we worked with World Connect to fund various grassroots projects, one of which was aimed at creating a Waste to Resource Empowerment Programme (WREP) for internally displaced women in Waru. This programme aimed to retrofit a shipping container into a space for these women to transform recycled waste into products such as tote bags, mats and shoes, transform organic wastes into compost and transform paper wastes into new handmade sheets for canvas.

In addition to creating a new waste management policy next year, the following are some of the other specific initiatives we have planned for FY 2022/23, to ensure improved performance of our sustainable waste management ambitions going forward:

- ▶ Setting targets for our waste to landfill reduction strategy in order to ensure that waste is sorted at the source into degradable, nondegradable and recyclable, and converted to wealth.
- ▶ Continuing to implement our Waste Reduction Programme that aims to implement the 5Rs (Refuse, Reuse, Reduce, Repurpose and Recycle).

3.3.4 Responsible Packaging and Labelling

One of the ways that we reduce our waste is by reclaiming our packaging waste and recycling it back into our operations. Our BAGCO division is particularly well equipped to manage this task. This company is Africa’s largest and leading manufacturer of premium bags sustained through state-of-the-art machinery, professional staff, and best manufacturing practices.

During the year, we recycled 2,058 MT, 717 MT and 780 MT of non-avoidable factory scrap across our Lagos, Morpack, and Kano offices, respectively. In total, we recorded 3,555 MT of packaging materials recycled into the packaging production process with the rest sold to local and international plastics manufacturers. Of this total, we reused 547 MT, representing 15% of recycled materials. This process saved us N213.3 million during the FY. In the coming year, we plan to push for achieving a 20% reuse rate.

Although the amount saved through our recycle and reuse process was remarkable, it was 17.2% lower than our records in 2021. However, this was because the cost of raw materials in 2021 was a higher value (almost 2,000 USD per MT), while the cost of raw materials in 2022 was significantly lower.

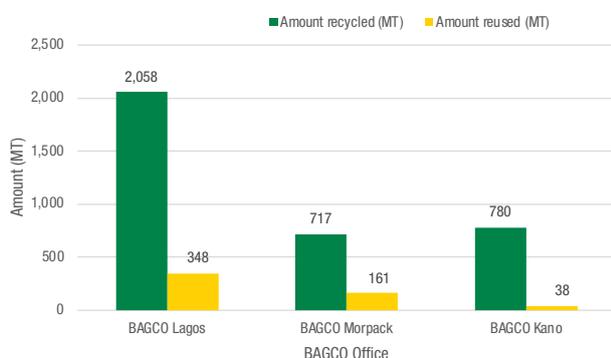


Figure 3.14: Non-avoidable factory scrap recycled and reused in FY 2022

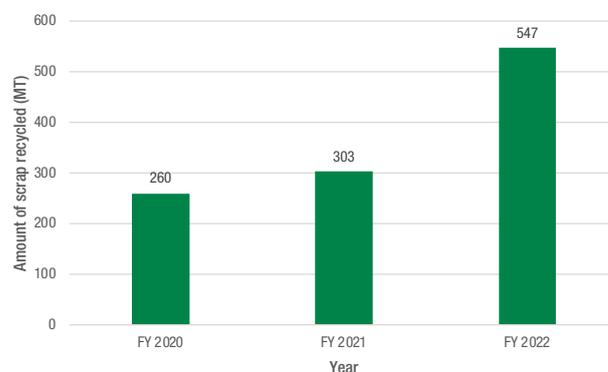


Figure 3.15: A trend of steady increase of recycled input in our packaging production

We also ensure that our product information and labelling align with NAFDAC's regulatory requirements for marketing communication and product labelling. The components of our labelling which fulfils all requirements of the NAFDAC food labelling regulations are:

- ▶ Declaration of information on food label
- ▶ Name or description of food
- ▶ List /statement of ingredients
- ▶ Quantitative ingredient declaration (quid)
- ▶ Net quantity
- ▶ Date of minimum durability
- ▶ Special storage instructions or conditions of use
- ▶ Batch number
- ▶ FMN contact information
- ▶ Instructions for use
- ▶ Allergen declaration
- ▶ Nutrition labelling
- ▶ Other compulsory labelling requirements

We received no complaints about our marketing and labelling practices from consumers or NAFDAC in 2021/22, as we did last year, and we intend to maintain this trend.

As an organisation that is focused on doing more to promote transparency and all-round sustainability within our operations, we tracked our total production inputs during the year. The total weights of all materials utilised in the processing and packaging of our products across our operation sites are detailed in Table 3.9 below.

Table 3.9: Materials used by FMN in producing and packaging our products during the year supplied by BAGCO

Material	Quantity	Classification (renewable/non-renewable)
Flour - Woven Polypropylene sacks	31.8 million pieces	Recyclable
Pasta - BOPP/C	2,400 MT	Recyclable
Noodles - BOPP/BOPP	900 MT	Recyclable
Flour - PET/PE	1,200 MT	Non-recyclable
Shrink - PE	1,100 MT	Recyclable
Sugar - BOPP/PE	50 MT	Recyclable

3.3.5 Environmental Compliance

In 2022, 6 sites renewed their Environmental Audit Reports (EAR), namely: BAGCO Lagos, BAGCO Morpack, Apapa Bulk Terminal Limited, Eastern Premier Feed Mill Calabar, Honeywell, and FMN's Apapa Mills. This auditing process assists us in analysing our environmental management process and improving year after year across all relevant environmental subjects.

Though these reports have done a lot to identify our good environmental practices, they also point to our areas of improvements. This year, the report revealed increased noise pollution and the need to soundproof our generators to guarantee that noise levels do not exceed statutory limits. The report also made a few other recommendations regarding the future of FMN's environmental management plan, one of which is our intention to update our plan by making Personal Protective Equipment (PPE) more accessible to staff who manage waste or approach areas with high noise levels, to ensure that we are protecting the well-being of our employees in every way, in accordance with our health, safety, security, and environmental policies.

In managing our environmental impacts, we aim to comply with the following environmental laws:

- ▶ National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007,
- ▶ Environmental Impact Assessment (EIA) Act CAP E12, LFN 2004
- ▶ National Environmental (Noise Standards and Control) Regulations S. I. 35, 2009.
- ▶ National Environmental (Food, Beverages and Tobacco Sector) Regulations, S. I. No. 33, 2009,
- ▶ National Environmental (Air Quality Control) Regulations, S. I. No 64, 2014.
- ▶ National Environmental (Sanitation and Wastes Control) Regulations S. I. 28, 2009.
- ▶ National Guidelines and Standards for Water Quality, 1999,
- ▶ National Policy on the Environment, 1989,
- ▶ National Policy on Plastic Waste Management, 2020,
- ▶ National Policy on Solid Waste Management, 2020,
- ▶ Harmful Waste (Special Criminal Provisions, Etc.) Act 1988

As a consequence of our compliance with these laws, we are committed to taking steps to remediate any negative impacts that may arise from our operations as soon as we become aware of them. In support of this goal, we plan to update our environmental policy and recruit an Environmental & Regulatory & Compliance Manager to drive Environmental Compliance and sustainability implementation across FMN business. We believe that these initiatives will help us maintain our compliance even as new statutory requirements are introduced to the industry, such as Nigeria's new Extended Producer Responsibility Policy. Additional voluntary codes that apply include: the ISO standards, the World Bank Group Environmental, Health and Safety Guidelines, the IFC performance standards, relevant SDGs, the Equator principles, and Nigeria's Nationally Determined Contributions (NDCs).

Currently, we are meeting this objective every time we engage regulators and we thereby try to build our relationship with them by engaging with them on a frequent basis:

Table 3.10: Our environmental regulators

Regulator	Reason for Engagement	Frequency
NPA Environment	All environmental related issues at the terminal	Monthly/quarterly/annually
NOSDRA	Oil spill control and management	Annually
LASEPA	Environmental compliance monitoring; hazardous waste management and disposal	Quarterly/bi-annually
NIMASA	To check vessel sea worthiness and Renewal of terminal licence	On board every ship/vessel that berths at the terminal/Annual

Nigerian Agricultural Quarantine Service	To prevent the entry, establishment and spread of exotic pests and diseases of plants, animals and aquatic resources and their production into Nigeria	On board every ship/vessel that berths at the terminal
Nigerian Ports Authority	Health, safety and environment (dust/fire)	Monthly meeting/quarterly inspection
Lagos State Ministry of Environment	Environmental compliance monitoring	Quarterly
Apapa LGA sanitation/health	Occupational and environmental compliance	Biannually
NESREA	Environmental compliance monitoring, Federal environmental regulations, permits, and audits	Quarterly/yearly
LAWMA	Waste management/disposal	Biannually/monthly
Calabar Municipal Government	Environmental health	Quarterly
Cross River Ministry of Environment	Environment	Quarterly
Calabar Urban Development Authority	Waste management	As per plant requirement
Cross River Waste Management Agency	Waste revenue collection	Annually
Cross River State Carbon Emission Board	Carbon emission	
Federal Ministry of Environment	Environment; Federal environmental regulations	Quarterly/yearly
Ogun State Environmental Protection Agency	State environmental regulations, permits, environmental audits	Quarterly/yearly
Ogun State Waste Management Authority	State waste management for evacuations and sale	Monthly
Ado-Odo/Ota Local Government	Local government environmental regulations	Yearly
Biotech Solutions Ltd	Sewage treatment plant	Weekly, monthly, yearly
Devogan Ltd.	Air compressors	Daily, weekly, monthly, yearly
Bosch Nig. Ltd.	Hot water boilers	Monthly, yearly
Adepoju Oladapo Nig. Ltd	Bore holes and sinking and annual maintenance	Monthly, yearly
Unicorn Nig. Ltd.	Boiler, pressure vessel, air receivers, lifting equipment, inspection and licencing	Bi-annually, yearly, and as need be.
Ogun State Waste Management Agency (OGWAMA)	Waste management/disposal compliance obligation	Weekly, monthly, yearly, need basis
Ogun State Environmental Protection Agency (OGEPA)	Environmental compliance obligation	Annually, need basis

In compliance with Nigeria's EIA act, we also conducted an environmental impact assessment to determine the potential environmental impacts of our most recent expansion project in Cross River State. This construction project aims to build a new plant for flour and feed mills in Calabar that could be valued at N23.9 billion. As these operations will take place in an area that is habitat to a few rare bird species, we intend to implement numerous additional mitigation measures to address biodiversity conservation at this site, which will help us maintain our compliance with regulatory standards.

3.3.6 Water Consumption and Effluent Management

We recognise the value of water, not only to our operations but also to our consumers and surrounding community members. Which is why as a food company, 100% of water withdrawn in our Apapa facility is treated before use in production process. Internal controls have also been utilised to track our water consumption and water quality over time. Utilising flow metres to monitor our water on a daily basis has helped us assess our water consumption demands and identify leaks that need to be repaired to ensure that we are as water efficient as possible.

This reporting period, water withdrawal in FMN Apapa, Lagos was 963,442 m³ in comparison to last year's data – 959,809 m³. We depend solely on groundwater for water used in our facility. The analysis by source is represented in the table below:

Table 3.11: Water withdrawal in our Apapa site

Water withdrawal by source in FY 2022	Surface water	Ground water	Surface water in areas with water stress	Ground water in areas with water stress
Water withdrawal in megaliters	N/A	963,442 m ³	N/A	N/A
Percentage by source	N/A	100%	N/A	N/A

In Lagos, we source our water from 6 working boreholes located within our Apapa factory, which have the capacity to withdraw 150m³ of ground water per hour. Most of the water (about 60%) used in our Apapa factory in the production process is recycled and reused within the production process. A fraction is used for other adjunct purposes, while the remaining fraction of less than 40% is used for hygiene and some discharged after treatment in the Effluent Treatment Plant or Wastewater Treatment Plant (ETP/WWTP).

In terms of effluent discharge, our water treatment plant is also designed to treat a good percentage of wastewater before we discharge the majority of it into the surrounding seawater. This year, we also improved our water treatment plant to ensure that our water quality standards at the point of discharge, and any freshwater used during consumption, comply with the Factory Act and NESREA legal requirements. In line with these laws, we have implemented various treatment stages and monitor various wastewater parameters prior to discharge, including temperature, appearance, odour, pH, TSS, conductivity(µS), TDS (ppm), Ammonia (mg/l), Ammonium (mg/l), Chloride (mg/l), Nitrate (mg/l), Nitrite (mg/l), Phosphate (mg/l), Phosphorus (mg/l), Sulphate (mg/l), BOD, and COD (mg/l). At the Golden Sugar Company, this improvement is visible in our increased CDP Rating of “C” in relation to water security, which was a “D” in 2021.

In an attempt to improve our score, we plan to implement a few water use reduction strategies with the aim of reducing our environmental footprint and monitor performance in accordance with necessary criteria.

3.3.7 Biodiversity Conservation

In line with our environmental policies and various environmental management plans, we assess the potential environmental impact when planning any new developments and frequently reassess ongoing operations across all our locations.

In accordance with our policy commitments and guided by the frequency of our environmental impact practises, we conducted the following to ensure that we were proactive in mitigating all of the potential negative environmental impacts of the Group's operations on the environment's biodiversity value:

- ▶ At BAGCO Kano, we are working towards achieving our goal of greening up to 5-8% of our facility using local flora, as part of our environmental management plan. Our office at BAGCO Lagos is fully concreted so there is no opportunity to implement this initiative.
- ▶ Also, at our BAGCO Kano office, there is an ongoing project to introduce solar power to our operations. The overall plan is 1 MW, at this time. The project involves only solar panels and supports power generation during daylight only. Installation is currently in progress.



Spotlight Story: Nature saving through eHR

It all began after the expectations from a carefully defined Human Resources Management Systems (HRMS) project that was supplied by a vendor (as off-the-shelf) was deployed but delivered far below expectation from the process ownership perspectives, application performance, cost of maintenance and end-user experience. A total of over N60 million was being spent annually which included support, hosting and maintenance costs (for a software not delivering on expectation). Having understood the dynamics of software design and implementation, the Group Human Resources & General Services Director (HRSD) obtained approval to hire talent to design, develop and deploy a bespoke HR solution that meets business requirements without compromising existing company policies, culture or Turn-Around-Time (TAT).

With just one year in deployment, the entire business began to see an obvious advantage with this initiative. This resulted in expressions of interest by other strategic business units to plug into the vision and develop their own business process management systems in-house. Today, the project supports different business units with end-to-end process management and reporting. A total of about \$134,393.28 (about N51,069,446.40 at N380 per dollar) was saved during the second year of deployment and this led to the decision by management to discontinue the already purchased software from the vendor.

To date, the current evaluated cost savings of the in-house developed solution was estimated at about \$1,960,504.35 in 4 years (N1,176,302,610 at N600 per dollar). What started as an initiative by the Group HRSD owing to the fact that he took ownership of delivering value to the business with the mindset of having a competitive advantage with the technology expectations of other large, small and medium scale businesses, is the reason we have come this far. There was very high collaboration between the HR and IT teams to make this happen and the Group HRSD particularly insisted that no part of the project should be implemented without the involvement of the IT team and its leadership.

Prior to the deployment of the in-house developed e-hr solution, over 6000 employees of FMN utilised paper for HR related requests such as leave requests, talent requisitions and performance appraisals to mention a few. This led to excessive paper use, increased energy consumption, increased generation of paper waste to landfill increased GHG emissions and increased cost to the business for purchase of paper each year.

“ We are committed to manufacturing operational excellence and compliance with relevant regulations. We continue to optimise water, energy and raw material use in our operations; and sustained periodic maintenance of all our pollution abatement equipment to mitigate the impact of our operations on the environment.

Mr. Narhari Prasad Tripat ”
Manufacturing Director



3.4 Social Welfare and Food Security Practices

Our Farm-to-Table Approach

Our mandate is clear: Feed the Nation, Every Day, and we have been consistent at this since the inception of our company in 1960. We have developed and continued to deliver on our promise to Nigerians throughout the years, and we recognise the enormity of the task ahead of us. According to the United Nations, nearly 25 million of Nigerians are at risk of food insecurity and the Nigeria's food scarcity exacerbated by ongoing violence, climate change, inflation, and rising food costs. Additionally, the increased frequency of flooding in several parts of the country has caused significant damage to farmlands, raising the risk of food insecurity for people across the country.

Given these challenges, we have continued in our quest to boost our production capacity and decentralise our supply chains to ensure seamless transport of our produce to consumers. We embarked on several initiatives across our production facilities which were targeted at more efficient production, relying on raw materials directly from farmers within the area and increasing our overall production rate.

3.4.1 Diversity & Inclusion

At FMN, we see our diversity as a significant hallmark of our brand. Operating in one of the most diverse nations on earth, we are committed to entrenching diversity across all facades and dimensions, ensuring that people from all tribes, age, colour, gender and race represent the rich diversity of our existence. We also bar all discrimination against employees based on race, sex, disability,

disability, religious beliefs or trade union activity. At FMN, we see no barriers, but bridges linking our differences to our one shared humanity. We have embedded this as stated in our Non-Discrimination & Equal Opportunity policy contained in our Employee Handbook.

As a brand that is fully aligned with the UN SDGs, we are enthused to contribute to the fulfilment of SDG 5, which challenges the world to “achieve gender equality and empower all women and girls”. For us, diversity is not just about gender, but the whole spectrum of identity and collective human interest. Thus, we continually affirm and foster our commitment to diversity in all its ramifications.

We have demonstrated this by purposefully creating a gender and age-diverse Board of Directors, management team, and general workforce. Currently, our Board is composed of 12 males and 3 females, with 1 member (a female) falling within the 30-50 age group, and the other members falling within 50 years and above. Our direct workforce of 5,235 employees comprises 7.2% females and 92.8% males. We also had 156 fixed term/temporary workers as part of our workforce during the year, and the breakdown is shown in figure 3.18 below.

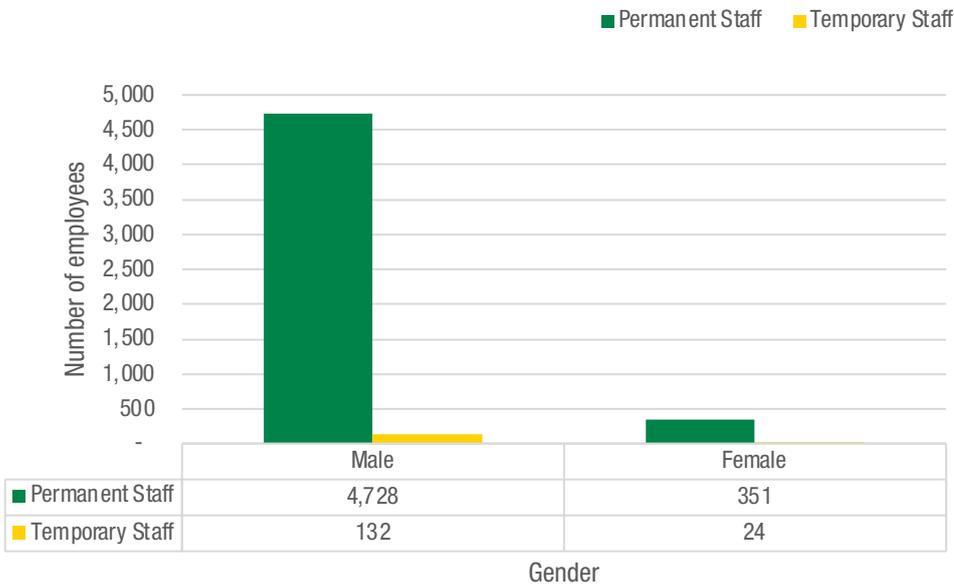


Figure 3.16: Distribution of employees by contract type

We have also taken deliberate efforts to ensure that members of our local communities are adequately represented in our senior management team. Out of 174 members of our senior management team, 126, represented by 72.4%, were from our local communities during the year.

We have employees of diverse nationalities, races and cultures, with 45 foreign nationals spread across our different offices as a part of our workforce. We have also ensured an active pool of young people working in our offices. Our current age distribution shows that a majority of our staff, 77%, are aged between 30 – 50 years, while staff above 50 years account for 17% of our active workforce. We also have an active pool of young people, less than 30 years representing 6%. As the years go by, we intend to improve on our age diversity, ensuring that we give ample opportunities to developing young talent who will assume leadership positions in our company in the near future.

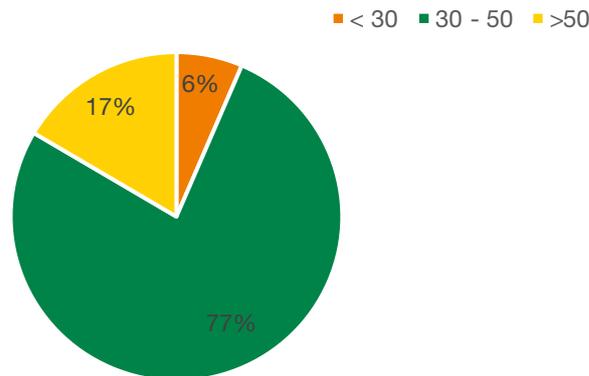


Figure 3.17: Age distribution of our employees in FY 22

Aside our immediate workforce, we recorded an external workforce of 8,089 indirect employees during the year. These employees classify as workers who are not direct employees and whose work is controlled by FMN. The nature of our contractual relationship is via an outsourcing agency, and the data was tracked through our monthly headcount data in FY 2022.

We are fully committed to empowering women and girls, recognising their immense potential and the significant value add they bring to our business. This has strengthened our dedication to continue investing in women's talent, inspiring them to succeed, breaking down barriers, and giving them equal access and opportunities to reach their full potential.

We recognise that empowering women fosters thriving economies, boosts productivity and growth, and offers us a diverse set of skills, both on and off the job, that add value to our organisation. As such, we will continue to incorporate gender equality into our workplace policies, recruitment practises, and employee experience as part of a broader strategy to empower women across the value chain, as well as increasing representation at all levels within the group. In the last year, we have earmarked some key programmes and initiatives aimed at developing women and girls and giving them an environment to thrive and make meaningful impact.

FMN Women Network

The FMN Women Network was established to help FMN women thrive and flourish professionally at all levels of their careers by removing structural barriers to career progression and work-life balance, and therefore enhancing organisational value. We believe that raising awareness and expanding the network will have a favourable impact on the company's performance.

An extensive collection of initiatives with clearly defined goals has been designed to help promote our gender balance agenda and strengthen our inclusive culture. This is evident in our firm commitment to giving equal opportunity to all employees.

The objectives of this initiative are to:

- ▶ improve gender diversity, especially at management levels,
- ▶ improve performance & engagement ratings by driving self and career leadership of the FMN Woman,
- ▶ proactively manage gender related workplace challenges and,
- ▶ contribute to the overall success and development of FMN.

Some of the programmes we supported in the last year include:

- ▶ **The International Women's Day:** The International Women's Day (IWD) provides a forum for FMN women to celebrate their accomplishments and join the rest of the world in raising awareness about gender equality, while also encouraging women to challenge themselves, remove stereotypes and bias, and collaborate to promote positive change for women. Each year, IWD is celebrated at FMN with a line-up of activities and featured panel of distinguished personalities from diverse sectors with years of business and leadership prowess sharing their experiences and insights around selected topics hinged on the theme of the year. This also provides a platform to celebrate our women, highlight their great contribution to the growth of the organisation and society at large, and recognise their resilience.

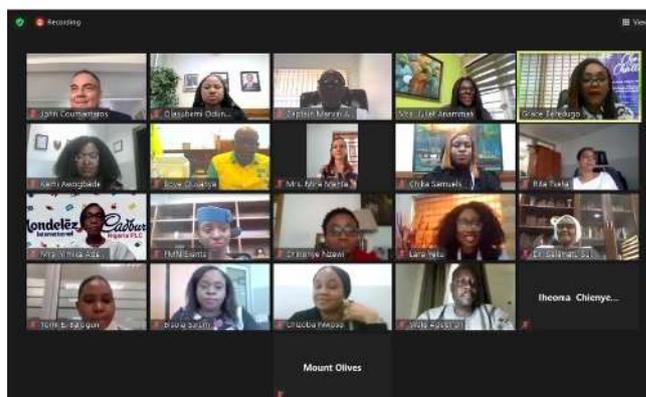


Figure 3.18: Screenshot from our IWD celebration forum

- ▶ **Mentorship Programme:** The FMN Women mentoring programme is a personalised professional mentoring scheme designed to guide our women towards excelling professionally across all career levels. In line with the Network's 5-year road map objective of segmenting in house mentoring, we introduced some male mentors to provide career guidance to our women in some technical areas of our operations. Following the testimonials of participants in previous cycles on the benefits of the programme, we have been able to achieve over 50% increase in number of mentee applications from last year for this new cycle.
- ▶ **Quarterly mentoring sessions:** This is a platform to learn from the network's leaders, sponsors and other external resources on selected subject matters of interest ranging from career-based topics to other crucial life concerns. These can include issues relating to self-esteem, finance, mental health, work-life balance, etc.

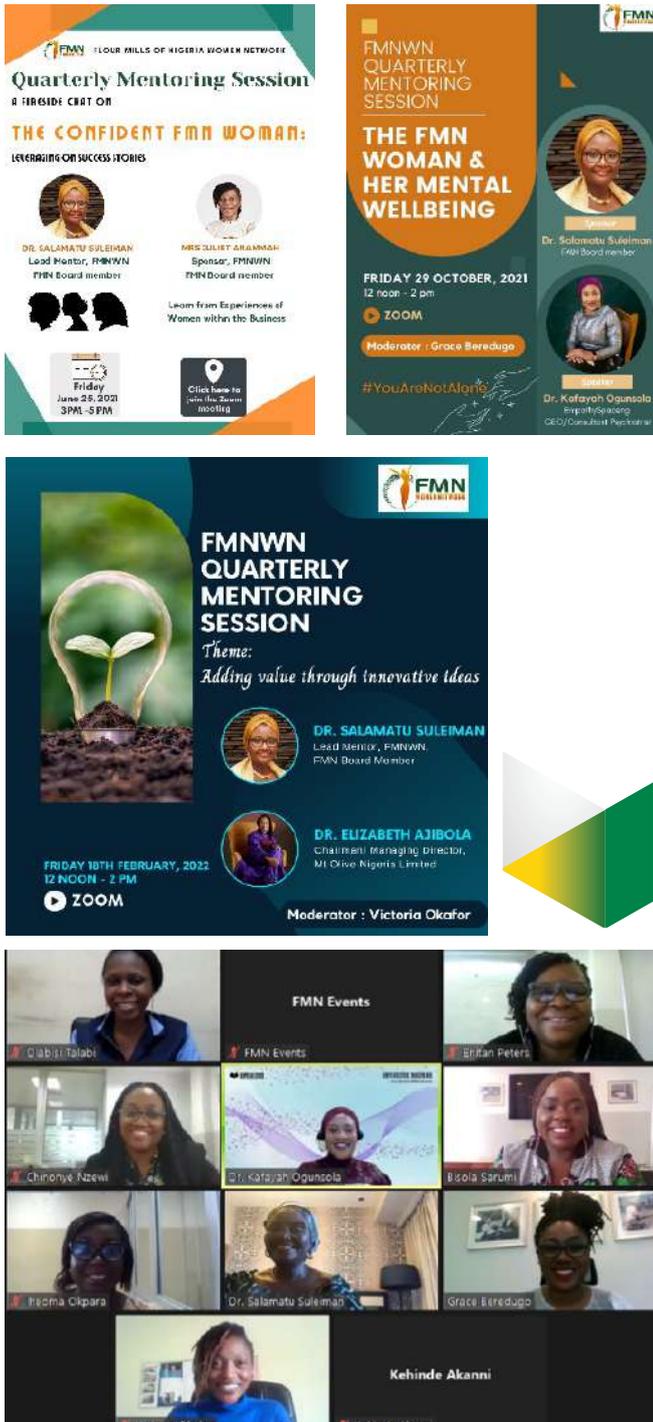


Figure 3.19 (a-d): Pictures from our quarterly mentoring sessions

▶ **Annual Women's Conference:** The FMN Women's Conference is a yearly event of the Network set to focus on pertinent occurrences within the corporate environment, examine, and have dialogues around a selected theme. It also offers a platform to share the plans and progress made by the executives, gives opportunity for feedback and networking amongst FMN Women from various regions.

3.4.2 Learning and Development

In line with our commitment to developing our people, we have ensured that employees develop the right skills, intellect and competencies required on and off the job. We are committed to providing our employees with the tools, resources and opportunities they need to learn and grow in their roles and beyond. Our training is not just linked to developing technical skills but about building the individual as an FMN person, one who is ready to tackle all emerging challenges and develop real solutions to problems. Thus, our training model cuts across a variety of functional, technical and performance areas which are linked to the development of the entire person. We believe that continuous learning is essential to keeping our employees engaged, motivated and equipped to tackle new challenges which come on and off the job.

Our learning and development policy restates our commitment to upskilling our employees and the process to achieve this. This policy outlines our strategic commitment to empower our employees with the requisite trainings they need to inspire them to succeed, boost our productivity and enhance the value we deliver to our esteemed customers. Each staff, on confirmation of employment, is entitled to trainings and certifications which are fully sponsored by the company. We have also mapped out several programmes which cut across all levels; junior, mid management and senior management as well as our directors, interns and contract staff. To further the development of our staff, we established the FMN Academy in 2019 which has been the epicentre and citadel of learning where we develop and build talents for our teams. In the last year, we rolled out several training courses for all our employees from the Academy and expanded the training curriculum and hours available to all staff. We have received numerous testimonials from staff who have gained very useful skills which they are able to translate to the job and boost our overall performance.

We have been inventive in encouraging non-classroom learning such as on-the-job learning, expatriate understudy, coaching, and mentoring across the organisation. These approaches worked for us in the last year, as many of our people were able to build extremely useful skills and network with their team members to learn more while obtaining practical field experience.

In accordance with our training policy, some of our staff have also undergone certifications and advanced level training. Our training budget permits employees to seek suitable advanced job training that will increase their technical skills in their main area of operations.

Several trainings and other forms of career development support were deployed to our management staff during the year, including;

- ▶ ITIL4 Foundation Certification
- ▶ Fundamentals of HR Functions: Value Chains, Policies, Processes
- ▶ Technical Milling Training for the Regional Mills
- ▶ 2022 ICAN Information Technology Conference
- ▶ SMETA 4 Pillar and SGP Awareness and Implementation Training
- ▶ Fundamentals of Facility Management
- ▶ Occupational Health & Safety Training
- ▶ The Maintenance Summit & Global Maintenance Forum 2022
- ▶ Power Academy Training
- ▶ Entrepreneurship, Safety Leadership Workshop and
- ▶ Training in effective presentation and report writing skills.

In total we recorded 106,384 training hours, an average of 29.4 hours per employee, for the employees who underwent the various technical, functional & occupational health and safety training in 2021/22. In total, 3,625 were trained in FY 2022.

Table 3.12: Total hours of training conducted per employee category

Employee Category	Training Hours
Senior management	3,760
Middle management	41,304
Junior management	48,720
Graduate trainees	1,000
Apprentices	1,440
Contract labour (in plant processes hired through registered contractor)	10,160
Total	106,384

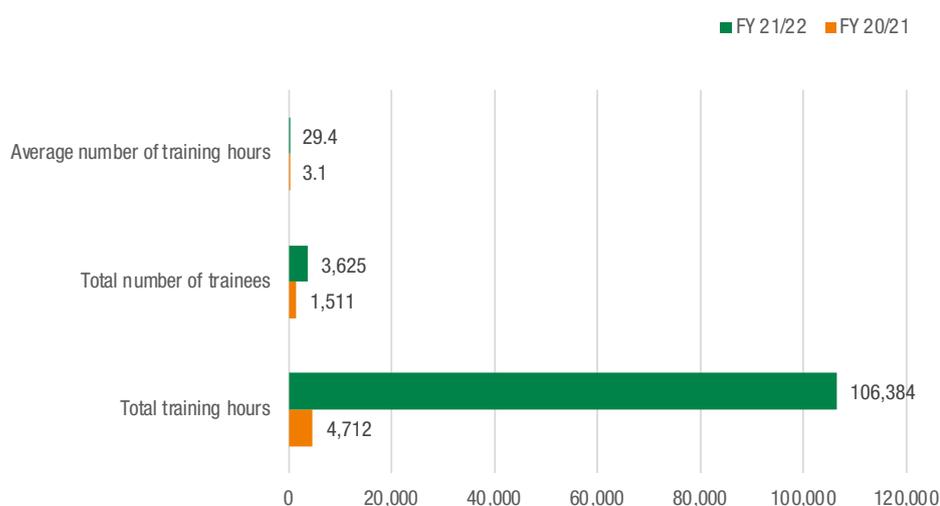


Figure 3.20: Learning trends from FY 2021 and FY 2022



Spotlight :

FMN's Power Academy: Upskilling our employees for greater results

The FMN Power Academy was instituted in 2021. The Academy has an end goal of upskilling operators to the point where downtime is drastically reduced and cost of inviting external help is cut down to the barest minimum.

One of the key indicators of the Talent Academy's success is the impressive total of 106,384 training hours that were completed during the year. The Academy has provided comprehensive training programs, specialised curriculum and content to drive practical application to embed learning

The Power Academy's focus on individualised learning experiences is not only tailored to employees' needs but also focused on ensuring employees gain valuable knowledge and skills that are directly applicable to their roles, resulting in increased job performance from the Target/ROI trend.

Redirecting the focus to emphasis on practical, hands-on learning in vocational training set-up has improved outcomes for the teams, managers and individuals.

3.4.3 Performance Evaluation

We recognise that our employees are the true motivation behind our success as an organisation. As a result, we are committed to promoting their personal development in professional and personal matters. Our code of conduct establishes that performance evaluation for our employees is a critical component of our obligation to them. We recognise that evaluating people is critical for improving communication, increasing employee morale, and giving a good foundation for incentives and rewards. It also allows us to provide customised trainings based on identified needs, which is critical for optimising service delivery.

Principles 14.1 & 15.1 of the NCCG 2018 stipulate that the Board should ensure that annual Board and corporate governance evaluations are carried out. The evaluation shall be facilitated by an independent external consultant at least once every three years. In line with this directive, the Board established a system to undertake a formal and effective annual evaluation of its performance and that of its Committees, the Chairman and the individual directors.

The Institute of Corporate Secretaries and Administrators of Nigeria (ICSAN) was engaged as external Consultants to carry out the Board evaluation and corporate governance audit of the Company for the year ended 31 March 2021. For the current year ended 31 March 2022, FMN carried out a rigorous self-evaluation of its Board and corporate governance. Based on the self-evaluation exercise, the Board of FMN demonstrated a good understanding of and complied with the responsibilities as provided in the SEC Code of Corporate Governance and the NCCG 2018 during the year ended 31 March 2022.

The full report can be found on pages 50-54 of the 2022 Annual Report.

Asides the performance evaluation of our Board members, our management team is evaluated through annual appraisals & 360

leadership assessment. Using our PILOT framework for employee evaluation, our human resource team is in charge of setting up the systematic process for performance evaluation of all employees. Our approach is a “top to bottom” approach; ensuring that the goals are clear, measurable and achievable.

Strategic goals are set by the GMD and Executive Management and cascaded down to Heads of Business Units/Functions to derive their objectives. The objective of the BU Head is in turn cascaded to the Unit Heads/Head of Functions for all employees to derive their objectives from it.

We have two appraisal cycles each year – median and year end; and corrective actions are set up during median year review. This is to enable the concerned employees improve and get better outcomes by year end. We evaluated the performance of 5,098 of staff during the year. We also give special recognition to employees who embodied the elements of the PILOT framework in each quarter, under the PILOT award.

3.4.4 Human Rights

FMN believes in the value of every human, and we are fully committed to respecting and protecting the fundamental human rights of all persons. We believe that everyone, including our employees, customers, suppliers and other stakeholders deserves to be treated with dignity and respect; as a result, we strictly adhere to human rights principles in all of our operations and in the areas in which we operate. We take a very proactive approach to identifying and addressing any potential human right issues and we continue to improve every day.

Beyond our employees, we recognise that we have a responsibility to respect the human rights of those who are affected by our operations, including local communities, indigenous peoples and other vulnerable groups. We engage in open and honest dialogue with these groups to understand their needs and concerns, and we try to address them in a way that is consistent with our values and human rights principles. We continually advocate for protection of human rights and sensitise our staff on these issues. During the year, we deployed a training on sexual harassment as one of the mandatory trainings to be completed by all staff members in accordance with our Talent Development Policy & Procedure. We further recorded no cases of discrimination during the year.

3.4.5 Employee Engagement and Welfare

As an organisation, our people are our greatest asset. We see them not just as employees, but a core foundation of our success. Hence, we are committed to creating a supportive, caring and inclusive work environment where each individual feels valued and respected. The wellbeing of our workers is of utmost importance to us. That is why we ensure our employees are entitled to a comprehensive benefit package that support their physical, financial and emotional health. We do this because we do not just see our staff as “workers” but as very valuable people with personal aspirations, dreams, hopes and aspirations, which we must support.

We value hearing from our employees and have established avenues for communication with them in order to feel their pulse and understand their sentiments, as well as how the business affects them. To do this, we deploy regular annual surveys followed by focus group discussions within business units, to assess the feelings of our employees and their level of job satisfaction. In these surveys, we encourage employees to be open, as their opinions and perceptions will be treated with utmost confidentiality. The results we get from these surveys help us in designing specific initiatives to meet employees’ needs. Also, to bridge the gap between senior and junior management, and in line with our open-door policy, we have set up an initiative tagged the GMD Brief which holds every quarter, allowing employees to discuss their specific needs, perceptions and ideas with management. At these meetings, the GMD gives a report on the business and the outlook for the year to intimate the employees on the direction of the business as well as get their feedback on what the company can do better. The meetings are held virtually and involve all our staff across all our locations.

As a people-centric organisation, we have a variety of policies that outline how we engage with our employees and make them feel heard and appreciated as a people-centric organisation. To this end, about 81% of our employees were covered by collective bargaining agreements during the year. Our employees are free to engage in trade union activities to amplify their voices and protect their interests. Some of the trade unions which our employees belong include:

- ▶ National Union of Food, Beverage, & Tobacco Employees (NUFBTE)
- ▶ Food, Beverage & Tobacco Senior Staff Association (FOBTOB)
- ▶ Association of Food Beverage and Tobacco Employers (AFBTE)

We interact with the employee associations on a monthly basis via our Joint Consultative Committee in case of any matters that require our attention and action. There is no notice period on major structural changes across our organisation. Restructuring is decided based on agreed time frame.

In line with our fair and transparent practices, we have a reward policy which sets out the principles and guidelines for rewarding employees across the group. Our reward system recognises magnitude and quality of individual contributions to our success. It reflects our values of performance, integrity, initiative, leadership, ownership and teamwork. It also seeks to share the reward of our corporate success with those who have contributed to it. In line with our policy, we operate the Total Reward Concept which includes everything the employee perceives to be of value resulting from the employment relationship. We expressly outline the reward components and values applicable to individual employees in their total reward statement, offer of employment or Agreement Form. Where possible, we introduce some element of choice so that employees can choose those benefits which are most valuable to them, according to their lifestyle, family and domestic circumstances.

Our range of welfare packages include but not limited to the following:

- ▶ **A comprehensive medical insurance policy for a spouse and up to four children:** We understand that unexpected health events can be disruptive causing significant stress to our employees. Hence, we provide access to quality medical care, including preventive services, routine check-ups and other treatments to our employees and their families
- ▶ **Robust pension benefits:** We help our employees plan for retirement and ensure they have the financial resources they need to live comfortably in their later years hence our robust contribution to pension funds to secure a good retirement plan for our employees.
- ▶ **Group life insurance:** We understand that life can be unpredictable hence our group life insurance package is to provide a safety net for our employees and their families in the event of unexpected loss.
- ▶ **Employee compensation insurance:** This is meant to provide financial protection in the event of an injury or illness that results in temporary or permanent disability
- ▶ **Paternity and maternity leave:** Our parental leave programme is in recognition of the importance of supporting our employees during the most significant moment in their personal lives. We believe that all parents, regardless of gender, should have the opportunity to bond with and care for their new children and return to work fully refreshed and ready to succeed. As such, our male and female employees are entitled to parental leave. We are committed to creating a culture that values and support families and we believe that our parental leave program is an essential part of that.

In the year, we recorded an impressive increase in the number of our staff, especially males, who proceeded on parental leave. A total of 34 staff members went on paternity leave in FY 2022 which is a 240% increase from last year's parental leave. It is noteworthy to see the increase we have recorded year on year, going from just 1 person in FY 2020 to 10 persons in FY 2021 and now 34 in FY 2022. We will continue to encourage our staff to take off this time to bond with their families and return to work ready to face and conquer.

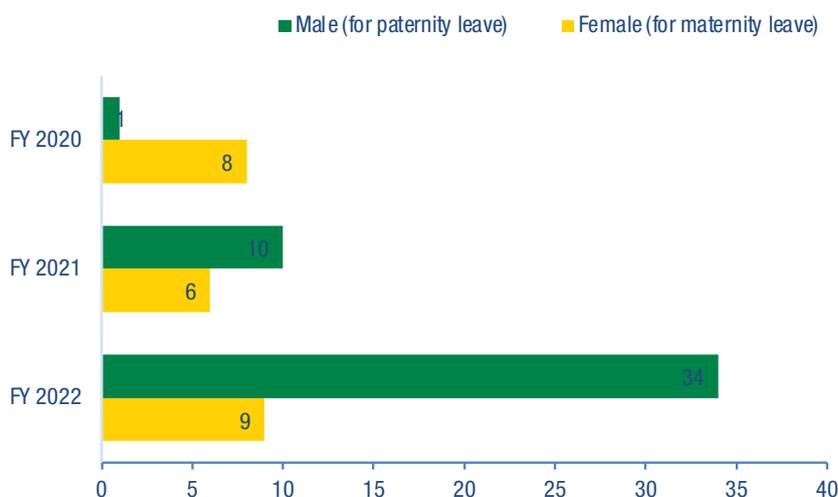


Figure 3.21: Number of workers (male and female) who went on parental leave during the period

Additionally, we saw a 100% return rate in the FY for our employees who proceeded on paternity and maternity leave. Our retention rate shows 77% for females and 100% for males.

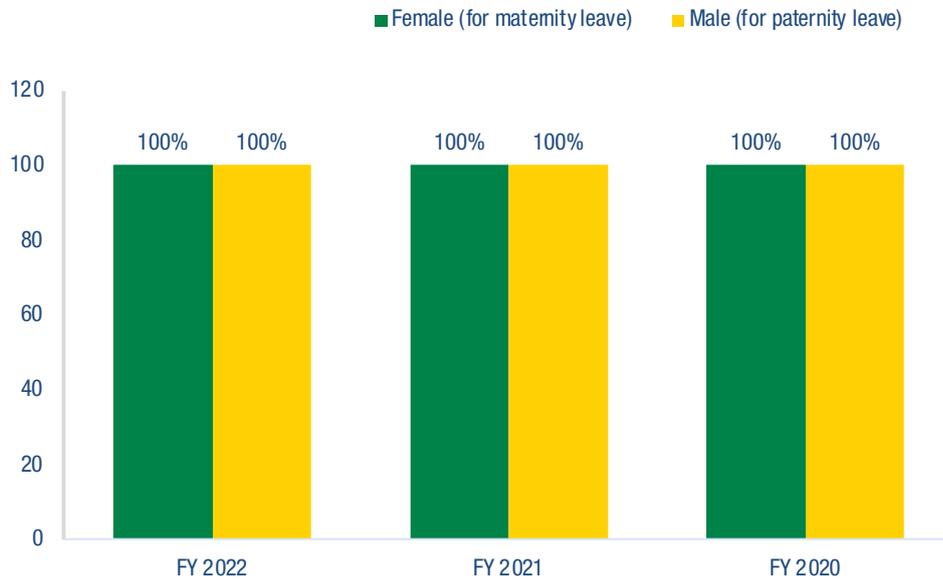


Figure 3.22: Return to work rate by gender for employees who took parental leave since FY 2020

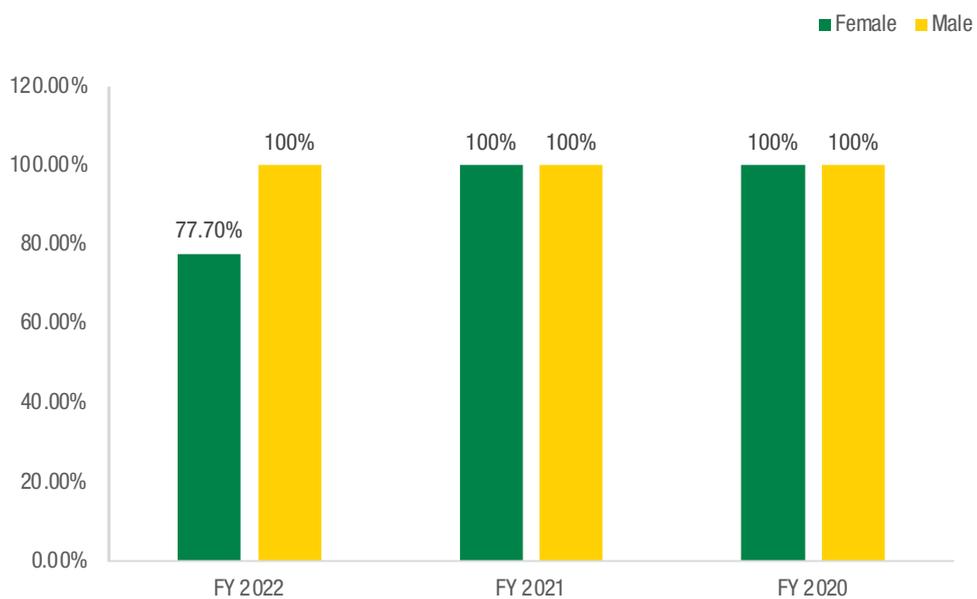


Figure 3.23: Percentage of employees that went on parental leave, returned to work after parental leave and are still employed after twelve months from date of return to work from parental leave by gender

Other benefits we offer to our employees include:

- ▶ robust incentives
- ▶ bonus payments
- ▶ leave allowance
- ▶ Flour Mills of Nigeria gratuity scheme

In the last year, we hired a total of 475 workers consisting of 88% male and 12% female. The employee turnover in the period was 6%.

Table 3.13: Details of new joining and exiting employees during the year

New Joining/Employees Leaving the Organisation at Each Level	Age Group of Employees			Gender		Total
	<30	30-50	>50	Male	Female	
Senior Management						
Resignation		5	3	5	3	8
New Joining		21	10	21	10	31
Retirement		1	4	4	1	5
Voluntary Retirement						0
Dismissal/Suspension			1	1		1
Death						0
Redundancy						0
Transfer to JVs/Subsidiaries						0
Middle Management						
Resignation	17	52	3	48	24	72
New Joining	46	92	4	108	34	142
Retirement		1	6	5	2	7
Voluntary Retirement						0
Dismissal/Suspension		7	3	7	3	10
Death		1		0	1	1
Redundancy		4	5	8	1	9
Transfer to JVs/Subsidiaries						0
Lower Management						
Resignation	13	43	5	53	8	61
New Joining	69	225	8	290	12	302
Retirement	1	13	18	31	1	32
Voluntary Retirement						0
Abandonment		29	1	30	0	30
Dismissal/Suspension	4	20	11	35	0	35
Death		8	5	12	1	13
Redundancy		14	14	27	1	28
Transfer to JVs/Subsidiaries						0
Staff						
Resignation	30	100	11	106	35	141
New Joining	115	338	22	419	56	475
Retirement	1	15	28	40	4	44
Voluntary Retirement	0	0	0	0	0	0
Dismissal/Suspension	0	36	5	38	3	41
Death	4	21	11	35	1	36
Redundancy	0	12	10	20	2	22
Transfer to JVs/Subsidiaries	0	14	14	27	1	28

At FMN, our people are our greatest asset, and we have leveraged technology and capacity building to enhance the capacity and wellbeing of our talent. Despite the volatility in the market and the challenge of retaining talents, we were innovative in devising employee engagement and culture transformation programs to boost productivity and make our people happy as they contribute to a happier world.

During the reporting year, we provided financial support to our staff to ease off Covid-19 restrictions which casted a lull on financial and economic activities. We spent a total of N207,018,750 as support to our staff and N21,020,000 as support to our 3rd party employees during this period. We also gave out our products (Semovita, Pasta, and garri) to both our staff and 3rd party employees as additional support during that period.

Mr. Wale Adediran ”

Group Human Resource Director

3.4.6 Occupational Health and Safety

Maintaining a safe and healthy working environment for all of our employees, contractors and visitors is of topmost priority to us. We believe that everyone has the right to return home safely at the end of each workday; hence we ensure all workers at our sites and offices are fully protected from all harm to the best of our ability. We are committed to our “Zero Harm vision” which means that while we work, we also work twice as hard to ensure none of our workers suffer any harm, no matter how minute. We have put in place proactive measures to ensure the risks of harm are mitigated right from the start and making sure that no worker is exposed to any situation that will result in physical harm.

Our Occupational Health and Safety Policy statement clearly outlines our responsibilities, vision and actions to prevent, reduce and respond to all work-related accidents. Our fundamental belief is that all workplace injuries, illnesses, and accidents are preventable, and that no activity is too vital or necessary that it cannot be done safely. We provide all our employees with the training, resources and support they need to perform their tasks safely and encourage them to participate in our safety programs and encourage all our sites to keep regular records on implementation of the policy. At all our sites, we also have HSE steering committees who are responsible for reviewing performance on a monthly basis, led by the GMD and CEO and communicates feedback. Reviews are also conducted by directors of the Board and the chairman on a monthly basis. In FY 2022, all our staff were covered by the rudiments and principles of our Occupational Health and Safety Management system.



Employees in adequate PPE in two of our mills

Boosting Our HSE Culture

At FMN, everyone is a safety officer as we believe that all workers have a duty of care to ensure they are safe as well as their co-workers. By driving this consciousness, we make sure that all workers are fully equipped with every required knowledge and skills needed to first identify the safety hazards and risks, reduce exposure and prevent themselves from being harmed. Some of the actions we take to improve our HSE culture at FMN include:

- ▶ We conduct regular in-house training and hire business partners to ensure our employees gain knowledge of managing hazards inherent in their day-to-day tasks. Our training programmes are planned at the beginning of the year in collaboration with business units and implemented throughout the year. To enable this, all our sites complete a training needs assessment to determine their occupational health and safety training requirements for their HSE Operatives. We then design these training modules, and they are delivered by approved and competent internal and external trainers.
- ▶ We organise face-to-face occupational health and safety training, especially for forklift truck operators and other

- manual handling operatives including Chemical handlers.
- ▶ We introduced the Behavioural Based Safety (BBS) Training across all the sites:
 - To educate and upskill leadership and FMN employees in the BBS fundamentals with a focus on visible felt leadership and the importance of the leadership role with safety.
 - The programme leveraged DSS (DuPont Sustainable Solutions, Switzerland) subject matter experts to provide an enriched training experience by not only delivering world class training content but by sharing their learnings from real life experiences.
 - We developed a “train the trainer” philosophy tailored to the customised Behavioural Based Safety training to build confidence in the attendees, so they act as potential BBS Trainers in their respective work areas / departments and cascade the knowledge to the rest of the organisation.
 - ▶ Also, safety moments are shared at the beginning of every meeting to acquaint workers with top safety nuggets as they begin their work for the day
 - ▶ Our site safety teams investigate near misses and develop actions to mitigate them. They also track all unsafe working conditions and investigate when there are any HSE incidents.
 - ▶ We distribute internal messaging about workplace dangers and risks to all employees on a regular basis through signage, newsletters, and notice boards, among other means.
 - ▶ We measure lag in performance using various metrics as well as conducting site audits annually. These audits are a critical aspect of our management systems.
 - ▶ We conduct trainings during the induction of all new hires to make them aware of our safety standards. All new hires are also mandated to attest their compliance with our HSE policy after their trainings.
 - ▶ In the case of any safety incidents, we share lessons learnt internally for all staff to avoid a repeat of such occurrences.
 - ▶ We hold town hall meetings and engage with our suppliers and customers to align on expectations regarding health and safety across our value chain. We also engage them on their expectations and how to provide better services for them with regard to Health and Safety.

Our OH&S Policy is reviewed on a regular basis to ensure that it is effective and relevant to all of our operations, and that it is in accordance with all local, national, and international safety regulations such as the Factories Act 2004, National Policy on Occupational Health and Safety (Revised) 2020, Employee’s Compensation Act, 2010, Lifting and Allied Work Equipment (Safety) Regulations, 2018, ILO OSH C155, ISO 45001:2018 requirements, Nigerian Industrial Standards (NIS) and Related Publications – SON, and other extant laws of the federation. Next year We plan to ensure that all our sites are accredited to the ISO 45001 Occupational Health and Safety Management System Standard and are regularly audited against this standard by an approved third party.

We have recognised potentially recurring incidents that can emerge in the course of running our operation, and we also have mitigation measures to stop them from reoccurring, further assuring our people of safety in the workplace. This is as shown below.

Table 3.14: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Incident (including injuries)	Mitigation Measure to prevent re-occurrence
Pallet trip incident	5S (Sort, Set-in-order, Shine, Standardise, Sustain) program to store pallets properly
Bulk truck collapse	Silo operator pre-discharge checks
Electrical fire	Preventive Maintenance Checks
Residual hot water burn	Provision of lagging and Safe work instructions
Machine cut finger amputation	Lock-Out Tag-Out Try-Out (LOTOTO), Limit switches, Training
Slips/trips/falls	Fixing of source of leakages and spillages, Provision of grip safety shoes
Truck movement	Pre-entry checks, etc.
Frequent false fire alarm impacting negatively on staff emergency response	Trained staff on emergency response/Service Level Agreement (SLA) on monthly maintenance of the fire alarm panel
Minor skin cut injury on packaging operatives due to poor work methods	Establish safe work procedure, ensure proper use of PPEs, Carryout refresher training
Fall from height during covering of truck with tarpaulin at loading bay	Installation of fall protection system and mandatory use of PPE
Head injury resulting from falling object (e.g. stacker stick) during production	Supervision, training of staff on use of hard hats

As captured in our OH&S policy, we take all necessary measures to ensure that our workers can report safety incidents without fear of reprisals. We feel that the more workers are confident in our reporting systems, the more likely they will be to report all hazards and incidents, allowing for effective mitigation or escalation. There are also severe penalties for anyone who engages in retaliation against workers who report events which involves disciplinary action, up to and including dismissal. We disseminate these policies and procedures to all employees on a regular basis and hold training sessions to educate them on the necessity of reporting occurrences and the safeguards in place to protect them from reprisal.

In the reporting year, we reached a handful of milestones on our way to zero accidents and zero solid waste to landfill, such as the reduction in trips of solid waste to landfill in the last quarter by 40% across our sites. Our top priority has always been the health, safety, and well-being of all our operations. We have remained committed to providing a safe working environment for all of our employees, visitors, stakeholders, and contractors by ensuring that they all have a clear understanding of the hazards that exist in their surroundings and intended operations, as well as the necessary support to ensure that all tasks are completed safely. This has yielded positive results in accident reduction. At Eastern Premier Feed Mills, Calabar, we achieved a huge milestone with over 560 days without lost time injury (LTI). At Northern Nigeria Flour Mills Plc Kano, we achieved 1,175 days without a lost time injury (LTI). This is still counting.

Other HSE milestones achieved within the year across our sites are as follows:

▶ **Fire Hydrant Reticulation**

To ensure adequate response to fire emergencies at NNFM Kano, the Fire Hydrant reticulation systems was upgraded to a wet riser with 3 in1 40hp Pump Station. This was followed with the inauguration of Safety Champions and Fire Wardens on the 4th of March 2022.

▶ **Fire Prevention System Installations**

To improve fire emergency response, a 3 in 1 fire pump comprising 40Hp Mechanical, 40Hp Electrical and 3Hp Jockey was installed at BAGCO North. Pressure ≥ 15 bar. Modern archives with automatic fire extinguishers were built for the HR and Finance departments.



Figure 3.24: Fire prevention system installations at BAGCO North

▶ **Fire Infrastructures Upgrade**

Fire alarm system, fire hydrant ring main, foam and sprinkler systems have been installed and upgraded at high fire risk locations at BAGCO Lagos.



Figure 3.25: Newly installed Morpack W&H auto CO2 suppression



Figure 3.26: Generator house - newly installed gas/diesel engine Auto DCP fire suppression system



Figure 3.27: Fire foam sprinkler system installed at the finished goods warehouses



Figure 3.28: Fire foam sprinkler system installed at the chemical warehouses



Figure 3.29: Newly installed FM 200 fire suppression system - switch room



Figure 3.30: Newly installed fire auto sprinkler system at Morpack ink mixing room foam

Our Staff Health and Wellbeing

As part of our Occupational Health and Safety commitments, we are also dedicated to promoting a healthy work-life balance for all our staff. We understand that a healthy work-life balance is essential to overall well-being, and we are committed to helping our employees achieve this, even while they are at work. To promote psychological safety and good mental health of employees we have an Employee Assistance Program (EAP) desk which commenced this year.



Figures 3.31: Ergonomics in action

Our health department collaborates with the HR and Business Unit leaders to raise awareness about health-related concerns affecting all employees, especially common issues our employees may face during their duties. We also conduct annual health checks for senior managers, management etc and as well conduct blood test and other investigations for all staff under their HMO coverage at any time depending on the health status of such employee. All of our on-site clinics are open 24 hours a day with emergency health facilities staffed by professional nurses.

We commemorate notable world health days where we educate personnel and carry out certain health-related initiatives that keep the dialogues relevant and always in mind. The following are some of the noteworthy health days that we observed:

- ▶ Cancer awareness month in January 2022
- ▶ Malaria awareness month in April
- ▶ No tobacco smoking in May
- ▶ World Health Day in July
- ▶ World Glaucoma Day in October
- ▶ World HIV/AIDS Day in December: During this activity, we sensitise staff on HIV/AIDS prevention and management. We also distribute HIV kits, carry out test and conduct counselling for all employees.

Table 3.15 below shows the details of programmes we carried out addressing various health diseases in 2022.

To ensure we keep track of workers' health status, we keep case files for all our staff with the staff clinic. These files are stored with utmost confidentiality with restricted access to only authorised persons who only give out information based on the consent of the individual for such information.

Table 3:15: Details of education, training, counselling, prevention and risk control programmes for staff on serious diseases

Program undertaken	Type of program carried out				No of programs undertaken
	Education/ Training	Counseling	Prevention	Treatment	
Asthma	✓	✓	✓	✓	1
AIDS/HIV	✓	✓	✓	✓	2
Diabetes	✓	✓	✓	✓	1
Hypertension	✓	✓	✓	✓	2
Typhoid	✓	✓	✓	✓	1
Tuberculosis	✓	✓	✓	✓	1
Heart Attack	✓	✓	✓	✓	1
Anaemia	✓	✓	✓	✓	1
Malaria	✓	✓	✓	✓	1
Anti-tobacco	✓	✓	✓	✓	1
Eye Care	✓	✓	✓	✓	1
Dental Care	✓	✓	✓	✓	1
Ear Care	✓	✓	✓	✓	1
Stress Management	✓	✓	✓	✓	3
Lifestyle Diseases	✓	✓	✓	✓	2
Ergonomics	✓	✓	✓	✓	1
Pain Management	✓	✓	✓	✓	1
Skin allergies	✓	✓	✓	✓	1

Overall, we recorded some major gains and wins in our HSE performance, (Table 3.18), which shows our resolve to continually improve on our performance. During the year, we had 87 “walk the talk” sessions and 68 CAPA closure sessions as compared to none in FY 2021. We experienced fewer fire accidents in FY 2022 with 40 incidents compared to 44 recorded in FY 2021. We also saw a 47.8% increase in the hazard identification, risk assessment and incident investigation forms completed in FY 2022 from FY 2021 and a 48.1% increase in the number of full-time employees trained on OHS from FY 2021 to FY 2022 (figure 3.33). During the year, 978 employees received OHS training. This is a testament to our overall commitment to improving our HSE practices. We recorded 3 fatalities due to work-related injuries as opposed to 2 from last year, and we recorded no fatality due to work-related ill health. We also recorded 223 injuries, an 8% increase from FY 2021.

Table 3.16: Injury details for permanent employees

De- scrip- tion	Near Misses		First Aid injuries		Non-reportable injuries		Reportable Injuries		Fatalities		Occupational disease		Total working days (monthly)	Man-day lost (month- ly)
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
FY 21/22														
Jan	110	1	7	2			7	0					21	3
Feb	117		3	0			5	0					21	3
Mar	166		4	0			8	0					21	12
Apr	150		12	0			8	0					21	12
May	160		8	0			7	0					21	8
June	270		2	0			4	0					21	18
Jul	200		2	0			4	0	1				21	3
Aug	173		5	0			9	0					21	3
Sep	190	2	14	0			9	0					21	18
Oct	190		6	0			5	0	1				21	9
Nov	104		4	0			4	0					21	9
Dec	92		10	0			6	0					21	6
Total	1922	3	77	2	0	0	76	0	0	0	0	0		
Total (M+F)	1925		79		0		76		0		0			

Table 3.17: Injury details for contract employees

Description	Near Misses		First Aid injuries		Non-reportable injuries		Reportable Injuries		Fatalities		Occupational disease		Total working days (monthly)	Total working Hours (monthly)
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
FY 21/22														
Jan	10	0	4											
Feb	3	0	4											
Mar	17	0	8											
Apr	0	0	3				4							
May	28	0	0											
June	19	0	8				6							
Jul	13	0	6											
Aug	7	0	3											
Sep	7	0	3											
Oct	16	0	6											
Nov	0	0	4											
Dec	23	0	4						1					
Total	143	0	53	0	0	0	10	0	0	0	0	0		
Total (M+F)	143		53		0		10		0		0			0

We continue to review and monitor our progress in line with our commitment to ensuring we provide the best and safest working environment for our staff.

Table 3.18: Group HSE Scorecard

KPI	FY 21/22	FY 20/21
Business Unit Assessment (BU Ass) %	-	-
Walk the Talk (WTT) %	87	-
CAPA closure (CAPA)%	68	-
Fire	40	44
Lost Time Injuries (LTI)	35	31
Medical Treatment Case (MTC)	51	28
First Aid Cases (FAC)	134	146
Fatality	3	2
Total Recordable Injuries	223	207

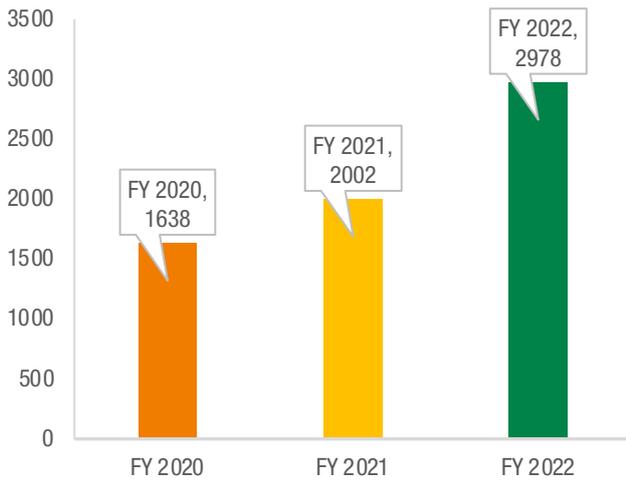


Figure 3.32: Hazard identification, risk assessment, and incident investigation forms completed from FY 20 to FY 22

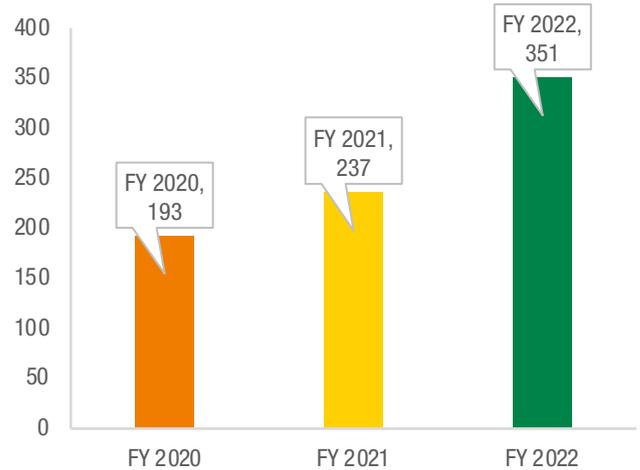


Figure 3.33: Number of full-time employees trained on OHS from FY 20 to FY 22

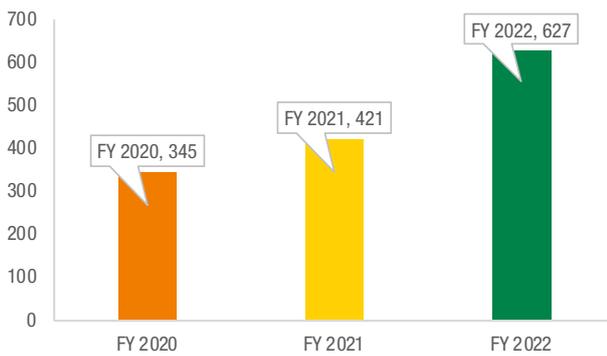
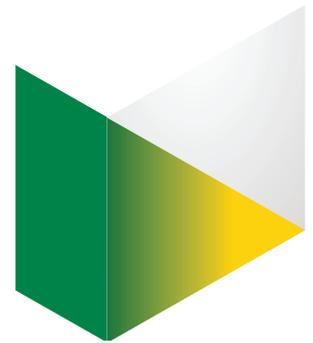


Figure 3.34: Number of temporary employees trained on OHS from FY 20 to FY 22



3.4.7 Food Security and Nutrition

Our mission at FMN is clear: “Feeding the Nation, Every Day”, and we have stayed committed to this for the past sixty years. We recognise the food security challenges in Nigeria and as one of the largest food and agro-allied companies in Nigeria, we make products of superior quality and value for the Nigerian market thereby enriching lives and creating value for suppliers, customers, communities, distributors, employees, shareholders and all our stakeholders.



Figure 3.35: Aerial image of cover crop in one of our farmlands



Spotlight story : Supporting our local communities through our wheat value chain

As a business with a core in wheat milling and processing, we are very intentional in building our wheat value chain to support the growing demands of our produce and boost local content development. In the past year, we conducted the following major programs to foster increased stakeholder engagement, production, research and communications across our wheat value chain:

Communications

- Regular events to showcase work to key stakeholders and media
- Social media and branding for FMAN

Data

- National Wheat Production Survey to establish credible local statistics
- Farmer data management software

Research

- Evaluate better seed varieties and agronomic practices on 10 ha research farm in Jigawa



Wheat Farmer Centres

- Increasing profitability of wheat farming and encouraging more farmers to go for wheat – including training, harvesting services and direct procurement at village level
- Increasing profitability of wheat farming and encouraging more farmers to go for wheat – including training, harvesting services and direct procurement at village level
- Risk identification, management and escalation procedures

Out growers

- Input loans, intensive training and monitoring, for 3,000+ farmers through two channels – FMAN Direct, and Christian-Aid

Seed Production

- Encourage seed companies to go back into wheat seed production through guaranteed offtake for 6 companies, while ensuring quality seed supply for FMAN out grower program next season

Although we encountered various challenges during the programs, such as unforeseen delays, insecurity and limited stakeholder reach in some localities, we successfully achieved the following:

Table 3.19: Our achievement within our wheat value chain in FY 2022

Program	Achievements
Wheat Farmer Centres	<ul style="list-style-type: none"> • Direct grain purchase with 3500 transactions • Harvesting services provided to 1200 farmers through strategic partnerships • Trained over 35,000 farmers • 38 mini warehouses opened for provision of threshing services and direct grain procurement from farmers • Security and storekeeping for each location
Outgrowers	<ul style="list-style-type: none"> • Repayment rates for FMAN Direct program remarkably high (99.4%) • Increased yields with 60% of farmers achieving over 3.2t/ha yield (via FMAN channel) and 50% of farmers achieving over 2.2t/ha yield (via CRS channel)
Seed production	<ul style="list-style-type: none"> • Increased confidence in FMAN Wheat Development strides • 409 tons of certified seeds delivered

Research	<ul style="list-style-type: none"> Established FMAN research farm –secured land, staff, regular monitoring, imported seeds to test Conducted soil tests in partnership with IAR to determine the soil history before planting Established multi-locational trial in partnership with IAR and LCRI in Kaduna and Plateau Established 128 promising bread wheat varieties with 5tons/ha + performance and 5 Durum Wheat to advance to multi-location trials next season
Data	<ul style="list-style-type: none"> Successfully showcased wheat production techniques in 15 states Tested the potential of 9 state for dry season wheat production Stimulated the interest of farmers for wheat production through training and field days Boosted the confidence of ABP wheat farmers through technical support Progressive National Wheat Survey conducted in collaboration with NBS, FMARD, CBN, Research Institutes, and Wheat Farmer Association.
Communication	<ul style="list-style-type: none"> Successfully established FMAN brand identity Creation of FMAN digital footprints across all social media channels Organizing periodic stakeholder events to continually have them adequately informed on FMAN activities

We also observed increased farmer engagement across seasons, particularly increased retained/new farmers as well as diverse gender distribution across engaged farmers. Furthermore, by showcasing to the profitability of wheat to farmers through right implementation of good agronomic practices, a yield of 7.2t/ha was delivered; the highest yield ever recorded by any wheat farmer in Nigeria.

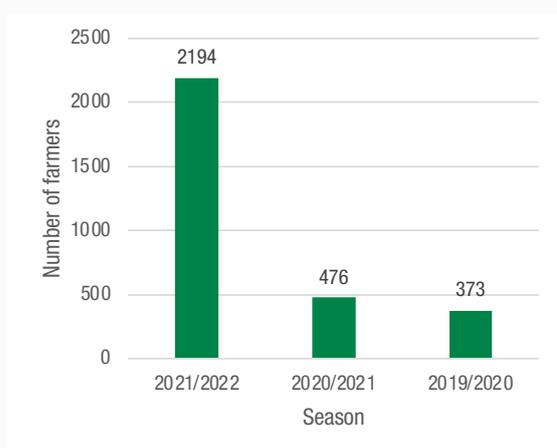


Figure 3.36: Total number of farmers engaged by seasons

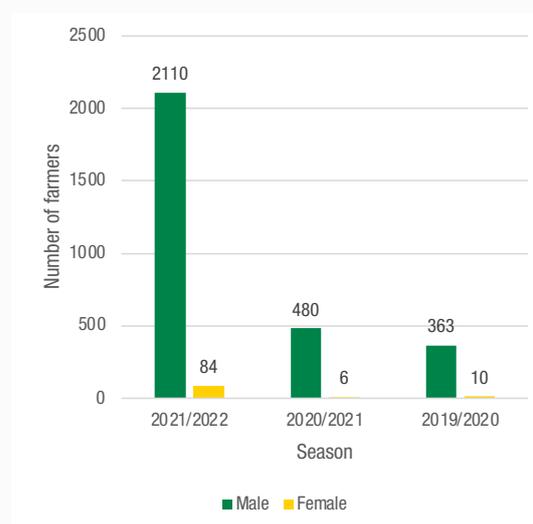


Figure 3.37: Gender Distribution of engaged farmers across different seasons

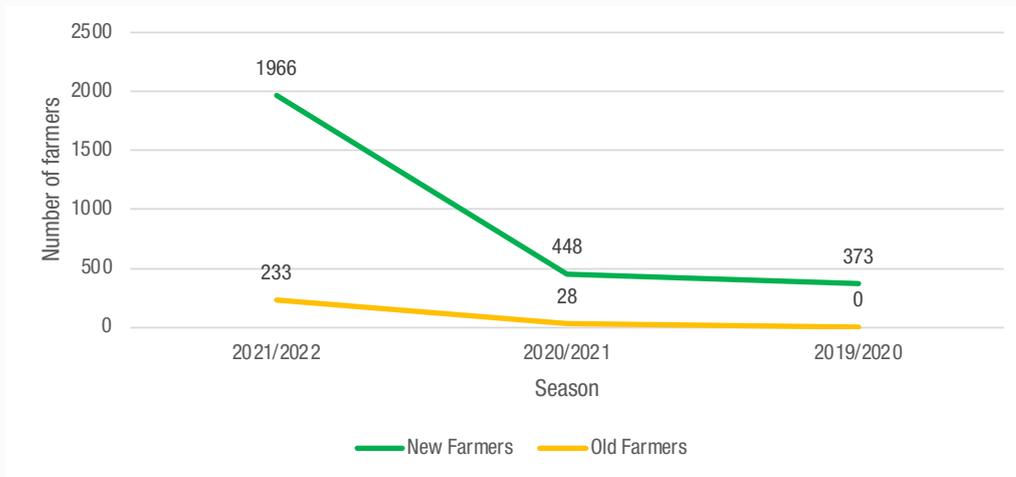


Figure 3.38: New farmers and old/retained farmers by seasons



Figure 3.39 (a-d): Pictures from our wheat value chain activities in FY 2022

Table 3.20: Progressive trends within our wheat value chain

Metrics	FY 21/22	FY 20/21
States present	15	6
Farmers	2,457	700
Average yield	3.2t/ha	2t/ha
Highest yield	7.2t/ha	4.75t/ha
Highest yield from female farmer	5.4t/ha	2t/ha
Loan repayment	99.8%	99%
Farmers trained	35,000	10,000
Hectares cultivated	1,825	250



Spotlight Story : Project YALWA

In Nigeria, maize and soybean yields remain low at approximately 2 - 2.5 tons per hectare, compared to 4.5 - 7 tons per hectare in other climes. This poor yield can be attributed to factors such as low yielding seeds, inadequate access to inputs, poor infrastructure, poor agronomy infrastructure, limited access to mechanisation, and insecurity. These challenges have affected the growth of the value chain and reduced the overall supply of maize and soybean.

In feeding a nation like Nigeria and with our backward integration programme efforts across various value chains, we understand the impact of optimising the local content of key staple crops like maize and soybean. Maize and soybean are versatile crops playing a significant role in the diet of millions of Nigerians from early years to adulthood. And with the pandemic's impact on food supply and a growing population, achieving self-sufficiency across the value chain has become essential for feeding the nation every day.

The YALWA project, named after the Hausa word for "abundance," aims to work with local farmers across the country to increase maize and soybean production while improving their livelihoods. The project aims to enhance maize and soybean output in Nigeria by improving yield and volume, quality, and competitive pricing. This programme was designed by Golden Agri Inputs Limited (GAIL), a subsidiary of FMN whose strategic business direction includes the development of maize & soybean as raw material input through well-defined backward integration programmes, agricultural extension, agronomy training farm-gate engagement, ready market for harvest and out-grower schemes. Project Yalwa spans across the states of Kaduna, Niger, Gombe, Adamawa, and Kwara, totalling around 25,000 hectares, with 30,000 farmers also impacted.

Objectives that Project YALWA is set to achieve include:

- Increased yield for maize from 2.5 Mt/Ha to 4.5Mt/Ha and soybean from 0.1 Mt/Ha to 2.0 Mt/Ha

- It is expected to improve quality & quantity of maize & soybean harvests
- It will optimise local content for the Feed, Protein & Edible Oils sectors of the industry
- Increase supply of maize to NNFM as part of the ingredients used in the production of Mas-savita
- Improve farmers' capacity and sustainable agriculture
- It is positioned to create more than 10,000 jobs and directly impact farmer households

So far, we have invested an estimated sum of N200 million with a total land mass of approximately 3,000 hectares currently being used for this project. Over the next three years, we aim to invest at least, N200 million and create 10,000 new jobs across Nigeria through this program. We also empowered 3,000 farmers under the Feed the Future Nigeria Rural Resilience Activity Programme in North-East Nigeria.



Figure 3.40 (a&b): Beneficiaries of the YALWA program and agronomy training session

In the last year, our agro-allied businesses continued to implement a long-term plan to sustain growth through meaningful partnership across our different value chains within the different value chains. We have deepened our back ward integration and local content development for the wheat, maize and soyabean value chains; and have recorded significant gains and efforts to boost crop yield and socio-economic status of farmers the states in which we operate.

Mr. Stoney Su
MD, Agro-Allied Division

Customer Satisfaction

Through our five core food value chains, we are making significant contributions to addressing Nigeria's food security challenges and contributing towards the attainment of the UN SDG 2 of Zero Hunger. In the last year, we decentralised our supply chain to make our products easily available to all our consumers, particularly in the wake of the COVID-19 pandemic, where we experienced a surge in the demand for our products across different regions across the country. We also initiated "Project Burning Spear", an end-to-end customer service distribution system which allows customers place orders, make payments and receive goods in their warehouse

without having a need to visit the office physically. These initiatives were all in a bid to enhance food distribution to the most remote areas and make our products available to those who need it, and when they need it.

We carried out a customer survey in the year to feel the pulse of our customers regarding their satisfaction with the taste and overall quality of our B2B flour products. A total of 709 customers across the nation participated in the survey which was rated on a scale of 1 – 5 (Poor as 1; Fair as 2; Good as 3; Very Good as 4; Excellent as 5). For the purpose of the survey, fair rating is considered dissatisfaction.

The results of the survey showed that 97% of our customers were satisfied with the quality of our products, with 80% either rating our products as excellent or very good. Further details of the results of the survey can be seen in the figure below:

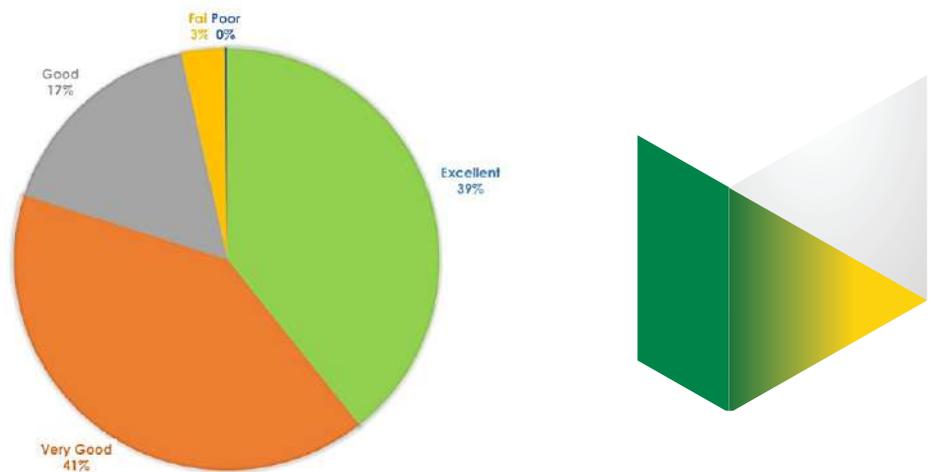


Figure 3.41: Results of our 2021 customer satisfaction survey of our B2B flour products

Product Quality

We ensure that our procedures and frameworks are in place to guarantee that our products meet the highest quality and safety standards which is consistent with our objective to provide long-term value to our clients. At FMN, we recognise that flour milling is a craft that incorporates the science and art of profit maximisation from grains while retaining product responsibility and excellence. Our bulk flour production decreased by 16% in FY 2022 compared to last year. The quantity of additives used in our bulk flour production process also decreased by 40% compared to our records from last year. This decrease is directly linked to our flour production rate which dropped during the financial year. This was due to a reduced demand resulting from a plethora of issues, including a decrease in purchasing power.

We recorded a flour extraction rate of 78.3% from our flour processing operations in FY 2022.

The table below details the flour production marks achieved in the last two financial years.

Table 3.21: Apapa flour operations – extraction rate

Resource	FY 2021	FY 2022
Bulk flour produced plus additives	1,321,391,686	1,113,090,190
Flour, excluding additives	1,307,243,116	1,104,640,330
Cleaned wheat consumed	1,672,000,312	1,409,902,250
Extraction rate	78.18%	78.3%

3.4.8 Information Security

Information security is at the heart of our operations as a business. As a result, we identify the cybersecurity threats and hazards to which our company is vulnerable, as well as the consequences of a breach and are constantly striving to develop and reinforce our cybersecurity architecture - people, procedures, and technology. We are proud to say that we are the first indigenous FMCG organisation in Nigeria to have obtained the ISO 27001 Information Security Management System (ISMS) certification. This is a great win for us and a testament to our resolve to protect and safeguard our information assets and control all IT risks.

For more context, the ISO 27001 (Information Security Management System) is the most recognised international standard for information security management for any organisation globally. It provides clear processes for effective implementation and continuous mitigation of data/security breaches for any organisation. This certification has placed FMN as an organisation that is in line with global best practices in terms of cybersecurity and information security. It is one we are proud to have, and we will continue to follow the best practices to ensure our recertification next year.



Figure 3.42: Priding in our ISO 27001 Certification

3.4.9 Consumer Health and Safety

We value the quality and superiority of our products, so we go above and beyond to ensure that they not only meet but exceed the expectations of our customers. We have several layers of internal quality control for all our products before they go onto the market. We are NAFDAC and ISO certified, therefore our internal processes and controls are stringent to allow only quality food to go off into the market. Our team is made up of highly dedicated and experienced staff who are responsible for monitoring and analysing food safety data, identifying potential risks and implementing corrective actions to prevent issues from occurring.

We also work closely with our suppliers to ensure they are aware of our safety standards. We do not operate in isolation, as we regularly take customer feedback via surveys to understand how they view our products and ways we could improve. Our digital platforms (Facebook, Instagram, TikTok, Twitter, etc.) are always active with staff on ground to attend to all customer complaints. This commitment is a result of our firm belief that every customer deserves safe and highly quality products, and we are on hand to always deliver.

3.4.10 CSR & Relationship with Host Communities

As a responsible organisation, we see the communities in which we operate as integral to our success. We understand the dynamics of our relationship and engagement with our host communities hence we do everything we can to build, maintain and sustain these relationships. We proactively seek to improve the communities within which we operate and contribute towards enhancing their lives and welfare by engaging in projects aimed at creating real impact. We identify critical needs and engage with key stakeholders in the communities to understand what is important to them. All our CSR projects are a true reflection of the needs of these communities

getting to the minds and hearts of real people and creating real impact.

We have a Community Relations Policy that provides general guidelines for FMN's operations and activities in the communities in which we operate and conduct business to add value and pursue a mutually beneficial and peaceful relationship.

Our corporate social responsibility is built on five pillars which are:

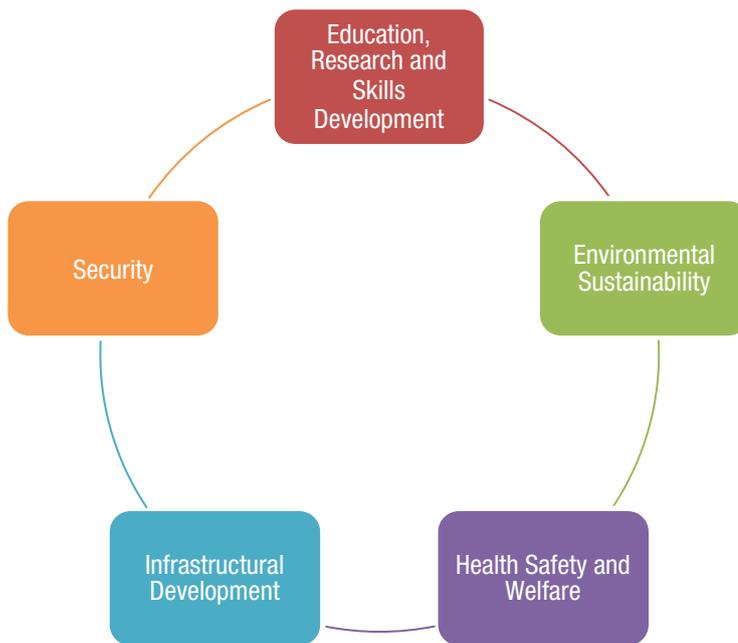


Figure 3.43: Our corporate social responsibility pillars

Based on the solid relationship we have built with our host communities, we recorded no incident of violations involving their rights during the year.

Every day, we set out with one noble intention to not just do less harm, but to do more good. This is the thinking behind our strategy as a business and we have shown this in the way we engage with our diverse stakeholders, bringing to the table their concerns, grievances and ideas. We also have an efficient mechanism for dealing with all stakeholder concerns as we continue to embrace the dynamic changes in our operating environment.

Mr. Sadiq Usman
Director, Group Strategy & Stakeholder Relations

Our impact across some of our CSR pillars

1. Education, Research and Skills Development: We aim to increase access to quality education, promote research and empower people through skills development. The following are some of the projects executed during the period to support this pillar.

▶ Renovation of Primary Schools

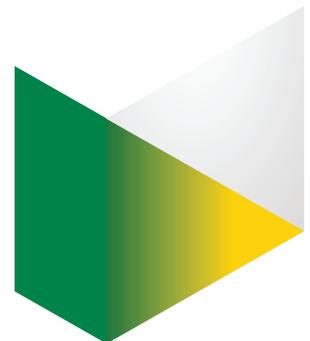
We renovated blocks of classrooms for pupils at St George's Boys Primary School, Falomo, to create a conducive learning environment for the pupils.



Figure 3.44 (a & b): St George's Boys Primary School, Falomo before and after renovation



Figure 3.45: Newly renovated block of classrooms



▶ Vocational centre for children with special needs

In 2017, we constructed a vocational centre at Methodist Primary School, Apapa, for children with special needs and learning disabilities. Since inception, FMN has remained committed to providing an annual grant for the running of the centre. The children are taught skills such as hairdressing and barbing, dressmaking, art works, etc.



Figure 3.46: Constructed vocational centre at Apapa

▶ **George S. Coumantaros School at Sunti.**

We established the George S. Coumantaros School at Sunti, a clear demonstration of our strategic commitment to building human resources in the nation.



Figure 3.47 (a & b): George S. Coumantaros School at Sunti

▶ **Skills Acquisition program at Ibadan**

Through our subsidiary, Premier Feeds Mill Limited (PFM), we provided youth empowerment opportunities through various skill acquisition and other empowerment programs for our host community, Oluyole in Oyo. These programmes were aimed at promoting a mutual beneficial environment and aiding poverty alleviation.

▶ **Youth Empowerment**

Several community development initiatives through our Niger Mills Division, Calabar were done in Essien Town, Ikot Eka Edem, Obutong, and Ikot Abasi Obori communities. These included the provision of university scholarships for 3 students per community, secondary school scholarships for 3 students per community, skill acquisition programs, provision of boreholes, repairs of a PHED 300 kVA transformer, etc.



Figure 3.48 (a & b): Empowerment schemes across some of our host communities in Cross River

▶ Animal Husbandry Technical Seminar

One of our Go-To-Market (GTM) activities was introduced by PFM as a means of enhancing the expertise of poultry and fish farmers in Nigeria. The initiative makes use of PFM's sales and technical staff, which includes qualified and accredited animal biologists and veterinarians. These experts have a mandate of developing a framework around prevailing difficulties of farmers in the day-to-day operation of their farms, as well as offering agricultural support backed up by quality dissemination of relevant information to help solve these challenges. So far, the training has reached over 5,000 farmers across the country.



Figure 3.49 (a & b): Go-To-Market seminar

2. Infrastructural development

The organisation is committed to improving the quality of life and access to basic amenities through the development of sustainable infrastructures. To support progress in this area, the following are some of the projects executed during the period.

▶ Renovation & beautification of the Command office of the Nigeria Immigration Service - Lagos State Command:

We recently offered our support to the Nigeria Immigration Service by renovating & beautifying critical areas of the office of the Lagos State Command Centre to create a more conducive environment for its stakeholders.



Figure 3.50 (a-c): Renovation of the Lagos State Command Centre

▶ **Renovation of Oyo Master Bakers office:**

Through one of our subsidiaries, Nigeria Eagle Flour Mills, we supported the Oyo Master Bakers Association in completing the abandoned secretariat of the union in September 2021. This project has aided in motivating and encouraging the bakers who have been very loyal to our brand.



Figure 3.51 (a & b): Renovation of Oyo Master Bakers office

3. Security

Being a corporation committed to creating safe neighbourhoods and promoting peace in society, the following are some of the initiatives completed during the reporting period to demonstrate our accountability to our stakeholders

▶ **Donation of a patrol vehicle to LASTMA**

We donated a patrol vehicle to the Apapa Special Traffic Management Committee to support them in managing and controlling the traffic situation in the Apapa and Tin Can Island environs.



Figure 3.52 (a & b): Donation of a patrol vehicle to LASTMA

4. Health, Safety, and Welfare

We remain committed to boosting the health, safety and welfare status of our communities. Our investments under this pillar cut across physical development activities to food safety and nutrition, among others.

▶ **Positive youth development through sport:**

The Raptors Basketball Academy sponsorship has helped FMN maintain its position as a committed supporter of youth development and empowerment in Nigeria. The squad will continue to wear FMN-branded jerseys in national games and the Africa Basketball League as part of our partnership. Aside from excellent brand exposure, our partnership with Raptors Academy will continue to provide them with a durable platform for their outreach programmes aimed at getting youths off the streets and actively involved in sports.

▶ **Promoting quality health**

We partnered with The END FUND during the year in support of their efforts toward the elimination of neglected tropical diseases (NTDs) in Nigeria. More details on this can be found in Chapter 4 of this report.



■ Figure 3.53 (a-c): Raptors Basketball Academy



Giving back to our communities: Renovation of the LUTH dental clinics

Despite global improvements in oral health, dental care continues to contribute to the global burden of disease and are a major public health concern. As part of our social investment efforts to promote quality and affordable services in the health sector, Flour Mills of Nigeria Plc (FMN) renovated the dental clinics at the Faculty of Dental Sciences, College of Medicine, University of Lagos. Presently, the clinic is one of the best centres for comprehensive dental care and management in the commercial city of Lagos, with close to 100 resident dentists, providing subsidised care to the public, especially those with low incomes.

Our primary motivation for renovating the dental clinic was to give back to the community. We are particularly concerned about the health and welfare of Nigerians and recognise that poor dental health can have a significant negative impact not only on the ability to eat but also on critical organs beyond the mouth, such

as the heart and other chronic inflammation concerns.

In 2018, FMN initiated the first phase of the renovation process with four dental units and N35 million in funding. 2019 marked the completion of the second phase, which involved the addition of a fourth dental unit bay. Plans are in the works to initiate the third phase and invest over about N35 million naira in Nigeria's Healthcare System. With the upgraded facilities, the clinic will be better equipped as a training facility for students, continue to provide subsidised dental care for its immediate surroundings, and serve as a referral centre for the management of all types of dental diseases in the state primarily and Nigeria in general.

Additionally, the new dental units and enhanced surgical departments will provide a more conducive environment for dentists to work and for patients to undergo special care.



Figure 3.54: FMN representatives and Faculty of Dental Sciences staff (LUTH)

In total, we invested a sum of **N586,228,000** into our communities during the FY. A breakdown of this investment by pillar is shown in the figure below:

Breakdown of amount invested in CSR initiatives

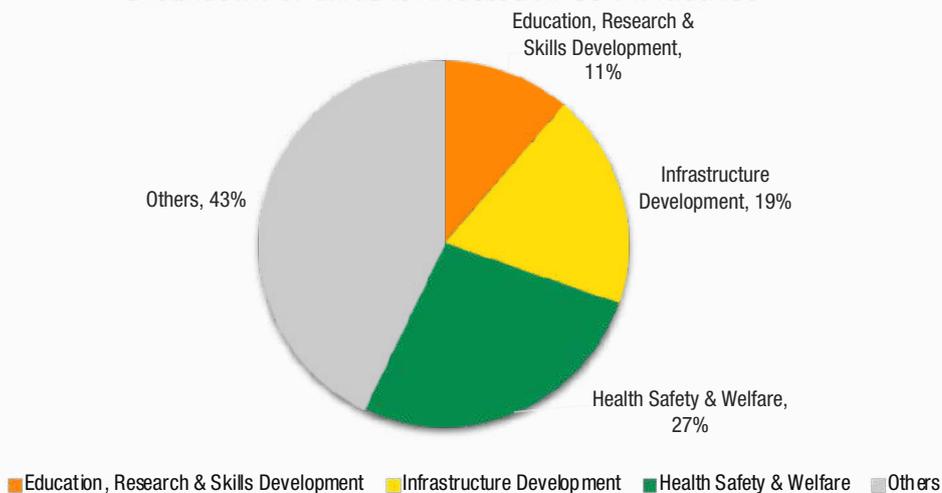


Figure 3.55: Percentage breakdown of amount spent on community development initiatives in FY 2022

04

Embracing a Futuristic
Approach for Sustainable
Development



Embracing a Futuristic Approach for Sustainable Development

4.1 Future-Forward Thinking for Total Impact

As a thriving business operating in Nigeria, we see sustainability as not just a “tick in the box” but a core and fundamental aspect of our business. Our business strategy revolves around sustainability as we are committed to embedding sustainability thinking into every bit of our business, getting it ingrained in our people, our operations and our mission and purpose as an organisation.

In the year ahead, we intend to embark on massive restructuring, reforms and initiatives that will help to boost our HSE compliance in line with the Group’s HSE mandate. We also intend to bolster our sustainability gains and advance our contributions to sustainable development nationally, within Africa and the entire globe.

Some of these initiatives we have highlighted are:

- To recruit an environmental regulatory & compliance manager to drive environmental compliance and sustainability implementation across FMN business.
- Review and update existing OHS and environmental policies
- To formulate new policy on waste management that demonstrates our commitment to environmental stewardship, and Climate Change to disclose FMN’s commitment to managing climate change risks and opportunities within its value chain.
- Keep up to date with relevant statutory environmental regulatory and legal obligations and develop standards for maintaining compliance
- Initiate waste to landfill reduction strategy and develop strategies for waste management and recycling and ensure appropriate end point disposal in line with regulatory requirements
- Track waste programmes to make sure they maintain legal standards, and ensure companies and organisations follow the laws in place to protect the environment.
- Initiate and drive energy conservation and water use reduction strategies and start tracking with the aim of reducing FMN footprint and monitor performance in accordance with necessary criteria
- Conceptualise FMN’s 4-Pillar Sustainability Framework (Governance, Economic, Environmental and Social Pillars) as overall strategy to drive, collate and disclose FMN’s sustainability efforts in a consistent manner. This is to align with the Nigerian Exchange Group (NGX) and World Economic Forum (WEF) Corporate Sustainability Frameworks.
- Start publishing monthly Sustainability Digest Bulletin to raise sustainability awareness across FMN.
- Publish Sustainability Thought Leadership Series for Group Executive Committee (Exco.)
- Establish data management software for measuring and monitoring local content development along FMN’s value chains in wheat, maize and soya.
- Establish governance and organogram for operationalisation of sustainability across FMN including designation of board level oversight of sustainability agenda.
- Collaborate with relevant stakeholders including peers and industry associations to drive climate action
- Align social investments/projects with strategic business objectives and streamline investments for more impact.

Implement our FMN Women Network Five (5) Year Masterplan

At FMN, we take great pride in our women, and we are proud of the great things they have achieved. Hence, we are ever committed to creating more opportunities for them to thrive and achieve their fullest potential. This is the drive behind our FMN Women Network. Our vision is clear; to ensure the FMN Woman reaches her full potential without any barrier. We have further made this clearer by articulating a 5-year plan, running from 2021 – 2025 with the following objectives:

- ▶ Improve gender diversity, especially at management levels
- ▶ Improve performance & engagement ratings by driving self and career leadership of the FMN Woman
- ▶ Proactively manage gender-related workplace challenges
- ▶ Contribute to the overall success and development of FMN

The roadmap has three major components which are to:

- ▶ improve gender diversity at all levels,
- ▶ improve performance & engagement ratings by driving self and career leadership of our women and,
- ▶ proactively manage gender-related workplace challenges.

In line with this plan, in the last year, we set out to grow leadership capability of JC6+ by 5% for 50% of employees in the job grade; include diversity factor in selection process for Company Graduate Trainee programme and invest in women in mission critical roles. We also planned to Segment In-house Mentoring programme, assign external mentors for the women in leadership and track impact by organising periodic content relevant development engagements. So far, we have made some gains which has even spurred us to achieve further.

In the coming years, we intend to attain leadership capability rating of 4 for 75% of our target population. This is a target that we have set for ourselves and we believe that with consistent effort, through our well-structured 5-year masterplan, we can achieve it. We want to set FMN as one of the reference points in Nigeria of a firm that is fully committed to women development, providing a space and a platform for them to thrive and really succeed.



4.2 Partnerships for Shared Value Creation

As a firm, we continue to explore ways to get better every day, increasing the diversity of our people while retaining key talents and emphasising on quality. Diversity is critical to us, and we are fully committed to sustaining this value in our operations.

On 9th June 2021, FMN joined the Nigeria2Equal gender programme. This is a two-and-a-half-year programme implemented by the International Finance Corporation (IFC), the private sector arm of the World Bank, in partnership with The Nigerian Stock Exchange (NGX) that aims to reduce gender gaps across employment and entrepreneurship in the private sector. We recognise that gender equality is good for economies, good for business and good for communities. This is a public recognition of our commitment to: champion and contribute towards advocacy work to advance gender equality; promote women's entrepreneurship and promote women's leadership and employment.

As part of this partnership, members made commitments which are non-binding pledges reflecting specific steps each company will take to advance gender equality during the initiative. Commitments must be new, measurable, time-bound, and achievable by the end of the peer learning platform. The commitments are spread across operational and advocacy levels. The operational level commitments are those meant to institute internal change and can range from setting diversity targets for middle and Senior Management, exploring Employer supported childcare, setting and reporting on targets, to building a pipeline of eligible women-owned business suppliers, supporting WSMEs in Corporate distribution Networks etc. The advocacy level commitments are those initiatives to promote gender inclusive employment and entrepreneurship and can range from sharing best practices through case studies, joining local or global initiatives to increase women's economic participation, to CEO championship of gender programs.

So far, we have made significant progress in line with this partnership and the commitment we've set. Some of these achievements are as follows:

- ▶ Last year, 48%; 9 out of a total of 19 Graduate Trainees employed in March 2022 were females. Also, we now have a 20% female representation in our Board, with the appointment of Yewande Sadiku in February 2022.
- ▶ We trained 74 FMN women in middle management on building leadership skills
- ▶ The FMN Executive Leadership Development Program (ELDP) had 25% female Senior Executives in attendance.
- ▶ We also committed to establishing an onsite child-care facility. We have made progress and the creche will be launched in January 2023.
- ▶ In January 2022, we organised a two-day training

for over 100 female distributors on “Achieving sustainable growth for business” and on “Adding value through innovative ideas”. This training was in partnership with Sales, Tax, external parties (Zenith Bank, Stanbic IBTC Bank, and Anderson Tax), and Alerzo (a technology and service platform for retailers).

Through our agro-allied division, we formed and maintained some other impactful partnerships during the year. These partnerships were formed with an end goal of creating shared value for farmers within our value chain and across our host communities. Details of some of the partnerships can be seen below.

- ▶ **Mercy Corps Nigeria:** We partnered with Mercy Corps in pushing the Rural Resilient Activity (RRA), a Feed the Future initiative funded by the United States Agency for International Development (USAID), in Adamawa and Gombe States in North-Eastern Nigeria. The partnership targeted 3,000 maize farmers in the two states with the aim to increase access to quality agricultural input, improve access to higher-value markets, and improve access to agricultural information, extension and advisory service.
- ▶ **Christian AID (CAID):** With support from FMN, CAID, in partnership with JDPH, empowered 200 farmers in Dadin Kowa, Sabongari communities in Yamaltu Deba LGA, Gombe State to re-establish agricultural production among youth and farming populations through the Out-Grower Scheme. The program partnered through provisions of quality agricultural inputs, extension services to all, and buy-back of harvested grains. This partnership resulted in improved income through wheat production for the indigenes of these communities, and enhanced livelihoods.
- ▶ **National Agricultural Seeds Council (NASC):** In collaboration with the Flour Milling Association of Nigeria (FMAN), we offered a grant of N200 million to NASC for the purpose of developing a sustainable wheat seed system. This was geared toward generating a robust range of seeds providing high yields to farmers, and high baking quality to the milling industry and general public.



Spotlight Story : Partnering with the END Fund

Toward the end of the year, we collaborated with the END Fund to tackle prevalent neglected tropical diseases (NTDs) in eight different locations across Nigeria.

This investment into improving the health status of Nigerian residents will specifically support the END Fund in delivering tens of thousands of treatments to those most affected by onchocerciasis, lymphatic filariasis, schistosomiasis, and soil-transmitted helminthiasis, relieving suffering, disability, and poor health caused by these diseases, allowing more children to stay in school, and significantly improving the quality of life of people receiving the treatments.

According to Joseph Umolu (Company Secretary and Director, Legal Services), this partnership will provide urgently required support to enable Nigeria to achieve the Sustainable Development Goal (SDG) 3.3 on ending neglected tropical diseases by 2030.





Figure 4.1 (a-d): END Fund outreach

“Your generous donation was allocated to our Flagship Fund, the END Fund’s founding investment vehicle, centred on inclusion, high impact, and flexibility. In 2021, the Flagship Fund supported 23 partners in 20 countries, with a goal of reaching over 114 million people, of which at least 18 million people are in Nigeria. Your investment for 2021 was wholly applied to Nigeria, as agreed with you.

Oyetola Oduyemi ”

Senior Director, Public Affairs - Africa
END Fund



Appendix

GRI Content Index

This report has been prepared in accordance with the Global Reporting Initiative Standards having satisfied the following criteria:

1. Including the statement 'in accordance with' in the report.
2. Aligning with report content and quality as defined by GRI. In defining the report content, internal and external stakeholders were involved in the identification of material areas where impacts occur and the potential threats to the operations of Flour Mills of Nigeria. We have also clearly specified the reporting period, boundaries and show completeness. For report quality, this report has been externally assured, and the accuracy and reliability of this report is not in doubt as all the data disclosed are subject to audit by our stakeholders. Also, positive, and negative (gaps) aspects of each disclosure were reported to ensure balance. Additionally, data in the report has been compared with previous years, and this should enable stakeholders to assess changes in performance to ensure comparability and timeliness. The report has attempted to present the activities of Flour Mills of Nigeria in the wider context of sustainability whilst covering material topics that specifically describe the impact on the economy, environment, and society to ensure clarity.
3. We have used Disclosure 3-3: Management of Material Topics to report the management approach and the topic Boundary for all material topics and provided omissions as well as reasons if any.
4. We have used the topic specific GRI Standards (series 200, 300, 400) to report on material topics providing responses to core disclosures and indicating reasons for omissions or non-applicability.

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GRI 306: Effluents and Waste		
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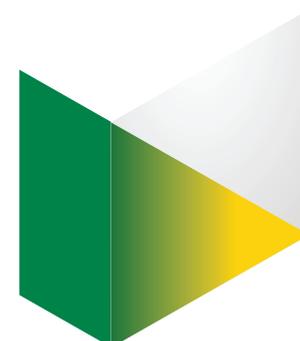
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- 3.27 Fire foam sprinkler system installed at the finished goods warehouses
- 3.28 Fire foam sprinkler system installed at the chemical warehouses
- 3.29 Newly installed FM 200 fire suppression system - switch room
- 3.30 Newly installed fire auto sprinkler system at Morpack ink mixing room foam
- 3.31 Ergonomics in action
- 3.32 Hazard identification, risk assessment, and incident investigation forms completed from FY 20 to FY 22
- 3.33 Number of full-time employees trained on OHS from FY 20 to FY 22
- 3.34 Number of temporary employees trained on OHS from FY 20 to FY 22
- 3.35 Aerial image of cover crop in one of our farmlands
- 3.36 Total number of farmers engaged by seasons
- 3.37 Gender Distribution of engaged farmers across different seasons
- 3.38 New farmers and old/retained farmers by seasons
- 3.39 Pictures from our wheat value chain activities in FY 2022

3.40	Beneficiaries of the YALWA program and Agronomy Training Session
3.41	Results of our 2021 customer satisfaction survey of our B2B flour products
3.42	Priding in our ISO 27001 Certification
3.43	Our corporate social responsibility pillars
3.44	St George's Boys Primary School, Falomo before and after renovation
3.45	Newly renovated blocks of classroom
3.46	Constructed vocational centre at Apapa
3.47	George S. Coumantaros School at Sunti
3.48	Empowerment schemes across some of our host communities in Cross River
3.49	Go-To-Market seminar
3.50	Renovation of the Lagos State Command Centre
3.51	Renovation of Oyo Master Bakers office
3.52	Donation of a patrol vehicle to LASTMA
3.53	Raptors Basketball Academy
3.54	FMN representatives and Faculty of Dental Sciences staff (LUTH)
3.55	Percentage breakdown of amount spent on community development initiatives in FY 2022
4.1	END Fund outreach

List of Abbreviations

ABTL	Apapa Bulk Terminal Ltd
AFBTE	Association of Food & Beverages, Tobacco Employers
AfCFTA	African Continental Free Trade Area
AGM	Annual General Meeting
BOD	Biochemical Oxygen Demand
CACOVID	The Coalition Against COVID-19
CAID	Christian Aid
CAMA	Company and Allied Matters Act
CAPEX	Capital Expenditure
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
COD	Chemical Oxygen Demand
CSO	Civil Society Organisations
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
ELDP	Executive Leadership Development Program
EPA	Environmental Protection Agency
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FCCPA	Federal Competition and Consumer Protection Act

FMAN	Flour Milling Association of Nigeria
FMARD	Federal Ministry of Agriculture and Rural Development
FMCG	Fast-Moving Consumer Goods
FMN	Flour Mills of Nigeria
FOBTOB	Food, Beverage & Tobacco Senior Staff Association
FRCN	Financial Reporting Council of Nigeria
FY	Financial Year
GAIL	Golden Agri Inputs Limited
GHG	Greenhouse Gases
GMD	Group Managing Director
GRI	Global Reporting Initiative
GTC	Golden Transport Company
GTM	Go-to-Market
HFA	Halal Food Authority
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HMO	Health Maintenance Organisation
HRMS	Human Resources Management Systems
HRSD	Human Resources & General Services Director
HSE	Health, Safety and Environment
ICAN	Institute of Chartered Accountants of Nigeria
ICSAN	Institute of Corporate Secretaries and Administrators of Nigeria
IFC	International Finance Corporation
IITA	International Institute of Tropical Agriculture
ISA	Investments and Securities Act
ISO	International Organisation for Standardisation
IWD	International Women's Day
JC	Job Class
JDPH	Community Health Justice and Peace Initiative for Development Justice Development
JV	Joint Venture
KPI	Key Performance Indicator
LASEPA	Lagos State Environmental Protection Agency
LASTMA	Lagos State Traffic Management Authority
LAWMA	Lagos State Waste Management Agency
LCCI	Lagos State Chamber of Commerce and Industry
LED	Light Emitting Diode
LGA	Local Government Area
LNG	Liquefied Natural Gas
LOTOTO	Lock-Out Tag-Out Try-Out
LTI	Lost Time Injury
LUTH	Lagos University Teaching Hospital
MAN	Manufacturers Association of Nigeria
MD	Managing Director
MRO	Maintenance, Repair and Operations
MSMEs	Micro, Small, and Medium Enterprises
MT	Metric tonnes
MTC	Medical Treatment Case
NACCIMA	National Association of Chamber and Commerce, Industry, Mines, and Agriculture
NAFDAC	National Agency for Food and Drug Administration and Control

NASC	National Agricultural Seeds Council
NBCC	Nigerian - British Chamber of Commerce
NCCG	Nigerian Code of Corporate Governance
NDC	Nationally Determined Contributions
NDP	National Development Plan
NDPR	Nigeria Data Protection Regulation
NECA	Nigeria Employers' Consultative Association
NESG	Nigeria Economic Summit Group
NESREA	National Environmental Standards and Regulations Enforcement Agency
NGO	Non-Governmental Organisation
NGX	Nigeria Exchange Group
NIMASA	The Nigerian Maritime and Safety Administration
NOSDRA	National Oil Spill Detection and Response Agency
NSDC	National Sugar Development Council
NTD	Neglected Tropical Diseases
NTMA	Nigerian Textile Manufacturers Association
NUFBTE	National Union of Food, Beverage, & Tobacco Employees
OGEPA	Ogun State Environmental Protection Agency
OGWAMA	Ogun State Waste Management Agency
OHS	Occupational Health and Safety
PAT	Profit After Tax
PBT	Profit Before Tax
PET	Polyethylene terephthalate
PFM	Premium Feeds Mill Ltd
PHED	Port Harcourt Electricity Distribution Company
PIILOT	Performance, Initiative, Integrity, Leadership, Ownership and Teamwork
PPE	Personnel Protective Equipment
RL	Reward Level
RRA	Rural Resilient Activity
SCGN	Society for Corporate Governance Nigeria
SDG	Sustainable Development Goal
SEC	Securities & Exchange Commission
SERAS	Sustainability, Enterprise, and Responsibility Awards
SKU	Stock Keeping Unit
SME	Small & Medium Enterprise
SMETA	Sedex Members Ethical Trade Audit
SON	Standards Organisation of Nigeria
SOP	Standard Operating Procedures
TAT	Turn-Around-Time
TDS	Total Dissolved Solids
TRS	Total Remuneration Survey
TSS	Total Suspended Solids
UN	United Nations
UNGC	United Nations Global Compact
WEF	World Economic Forum
WREP	Women's Right to Education Programme
WSME	Women-led Small and Medium Enterprises
WTT	Walk the Talk

Assurance Statement

*Flour Mills of Nigeria Plc
Sustainability Report Assurance
July 2023*

Limited Assurance Report to the Directors of Flour Mills of Nigeria Plc

The Board of Directors of Flour Mills of Nigeria Plc (“FMN” or “the Company”) engaged us to provide independent limited assurance report for selected Key Performance Indicators (KPIs) and application of the content index requirements of 2021 Global Reporting Initiative (GRI) Standards: in the 2021/2022 Sustainability Report of Flour Mills of Nigeria Plc for the year ended 31 March 2022.

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

- ❖ The selected sustainability information identified in the subject matter paragraph below, as presented in Flour Mills of Nigeria Plc (“FMN”) Sustainability Report for the 2021/2022 Reporting Year (April 2021 – March 2022) (“the Report”) are not prepared, in all material respects, in accordance with FMN’s internally developed measurement and reporting criteria applied to prepare that information; and
- ❖ The Report structure is not in line with the 2021 GRI standards and content index requirements.

This conclusion is to be read in the context of what we say in the remainder of our report.

Subject Matter

Our limited assurance engagement was performed for the selected KPIs listed below and related performance disclosures as presented in the Report, and verification that the Report structure is in line with the content index requirements of 2021 GRI Standards.

Selected KPIs

The selected KPIs and the reporting criteria against which it was assessed are summarised in the table below.

ESG Focus	Applicable GRI Standards	Key Performance Indicators (KPIs)	Page Number
Social	GRI Disclosure 2-29 Approach to stakeholder engagement	Food Security and Nutrition — Customer Satisfaction Survey	Page 90
Economic	GRI Disclosure 201-1 Direct economic value generated and distributed	Economic Performance and Contribution — Employee Wages	Page 11 Page 48
Social	GRI Disclosure 403-9, 403-10 Work Related Injuries	Occupational Health and Safety — Employee Fatalities	Page 81 -83

The scope of our work was limited to the matters stated above in relation to the Report, and did not include coverage of data sets or information relating to areas other than the selected KPIs, information reported outside of the Report, comparisons against historical data, or management’s forward-looking statements. Our assurance did not extend to information in respect of earlier periods or to any other information included in the Report.

Inherent limitations

Inherent limitations of assurance engagements include use of selective testing of the information being examined, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques, which can result in materially different measurements and can affect comparability between entities over time. The precision of different measurement techniques may also vary.

Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A multidisciplinary team of social, governance, economic, and assurance specialists with extensive experience in sustainability reporting and assurance conducted our engagement.

Professional standards applied and level of assurance

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with FMN, including performing the engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements other than the Audits or Reviews of Historical Financial Information ("the Standards").

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

The Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs as presented in the Report, are free from material misstatement.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- ❖ Discussed with management and senior executives responsible for matters on sustainability;
- ❖ Interviewed primary process owners (key management staff) across departments including Human Resources, Corporate Social Responsibility (CSR), Sales and Marketing, Health, Safety and Environment (HSE), Finance and Quality Assurance;



Flour Mills of Nigeria Plc
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- ❖ Assessed the control environment and information systems relevant to preparing the selected KPIs and for their inclusion in the Report (but not for purposes of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness);
- ❖ Reviewed FMN activities, processes, documented policies, reports and supporting information for the assertions and claims made in the Report;
- ❖ Inspected supporting documentation on a sample basis, to corroborate the statements of management and senior executives in our interviews;
- ❖ Performed analytical procedures to evaluate the relevant data generation and reporting processes against management's measurement and reporting criteria;
- ❖ Inspected the GRI content index prepared by management to assess presentation of the Report in accordance with the 2021 GRI Standards;
- ❖ Evaluated the reasonableness and appropriateness of significant estimates and judgements made by in the preparation and application of the selected sustainability information subject to assurance;
- ❖ Examined the Report in relation to the findings from this sustainability assurance exercise and proffered recommendations for improvements; and
- ❖ Prepared our assurance statement for inclusion in the Report, structured to meet the requirements of a limited assurance engagement report under ISAE 3000 (Revised)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

FMN's Responsibilities

The Directors of FMN are responsible for:

- ❖ presenting the Report in accordance with the 2021 GRI Standards, and for the selection, preparation and presentation of the selected KPIs and related management disclosures in the Report in accordance with management's internally developed measurement and reporting criteria;
- ❖ determining the appropriateness of those measurement and reporting criteria in view of intended users of the selected KPIs disclosed in the Report (i.e. FMN stakeholders) and for disclosing those criteria for the intended users;
- ❖ the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance;
- ❖ the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the selected KPIs and related disclosures, and for the assertion on application of the GRI Standards in the Report, free from material misstatement, whether due to fraud or error; and
- ❖ The content of the 2021/2022 Sustainability Report.

Our Responsibility

We are responsible for:

- ❖ planning and performing the engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement, whether due to fraud or error;

- ❖ forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- ❖ Reporting our conclusion to the Directors of FMN.

Other matters and subsequent events

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report.

The maintenance and integrity of FMN website is the responsibility of FMN's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the selected KPIs in the Report, the GRI content index or our independent assurance report that may have occurred since the initial date of presentation on FMN's website.

Restriction of use and liability

This report has been prepared on the basis that it is for the exclusive use of FMN, and for the purposes of expressing a limited assurance conclusion on the matters stated above, in accordance with the terms of our engagement, and for no other purpose. We permit this report to be disclosed in the 2021/2022 Sustainability Report for the year ended 31 March 2022, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the selected KPIs. Our report is intended solely for the directors of FMN and must not be used by any other parties.

To the full extent permitted by the law, we do not accept or assume liability to any party other than the Board of Directors of Flour Mills of Nigeria Plc, for our work, for this report, or for the conclusion we have reached.

We agree to the publication of this assurance report in FMN Sustainability Report for the year ending 31 March 2022, provided it is clearly understood by recipients of the Report that they enjoy such receipt of information only and that we accept no duty of care to them whatsoever in respect of this report.



For: **Andersen LP**
47 Glover Road, Ikoyi,
Lagos, Nigeria.
7 July 2023
Engagement Partner: Lateef Surakatu
FRC/2021/009/0000023321