



Enriching Lives,
Advancing
Sustainability



2023
SUSTAINABILITY
REPORT



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About this Report



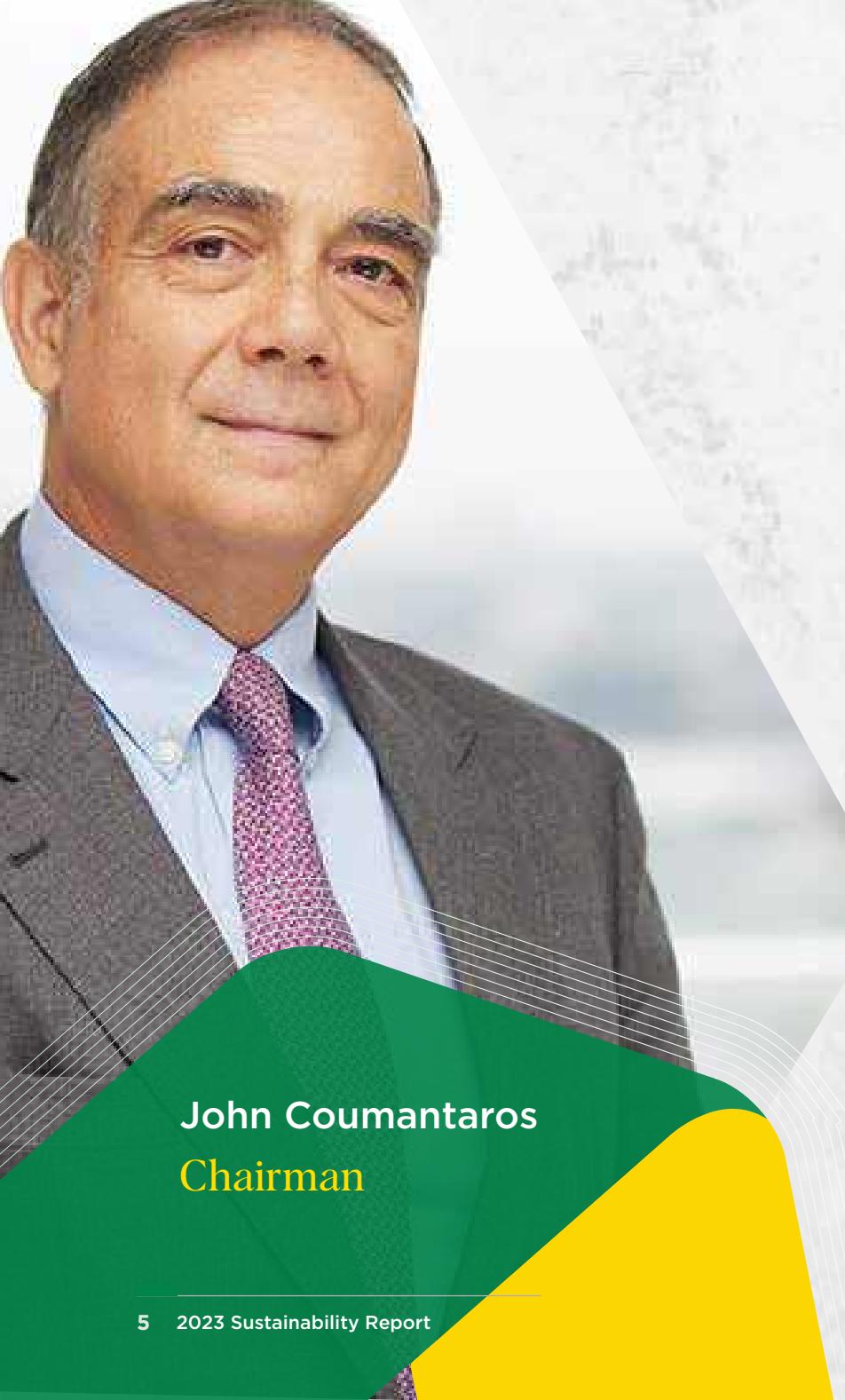
Flour Mills of Nigeria Plc is pleased to present its annual sustainability report for the 2022/2023 fiscal year. In this report, covering April 2022 to March 2023, we highlighted the progress made on the economic, social, and environmental initiatives undertaken in the reporting year. We have utilised the Global Reporting Initiative (GRI) Guidelines standards for the year 2021 and the United Nations Global Compact for this report, and we have consciously tracked our progress, focusing on critical issues that have involved minimising our environmental footprint and empowering our workforce and communities.

The successes outlined herein underscore our unwavering dedication to incorporating the United Nations Sustainable Development Goals into our business model. Our successes serve as proof that we continue to provide lasting value across the country. As we proceed in this journey of sustainability, we have carefully created sustainable pathways and continued to drive the success of our organisation for a sustainable and equitable future.

This report serves not only as a reflection of our accomplishments but also as a testament to our ongoing commitment to sustainable practices and the betterment of our environment. As we continue to navigate the challenges and opportunities on our sustainability path, we remain committed in our pursuit of a future characterised by environmental responsibility, social equity, and economic resilience.

This report covers Flour Mills of Nigeria Plc, its subsidiary companies, and divisions. Except otherwise stated, the disclosures reported on correspond with our performance throughout the 2022/2023 fiscal year. As part of our reporting practices, certain KPIs in this report have been assured as seen in the section 'Assurance Statement'.

A Message from our Chairman: Feeding the Nation Sustainably



John Coumantaros

Chairman

Dear Stakeholders,

It is my distinct honor to present to you the 2022/2023FY Sustainability Report of Flour Mills of Nigeria Plc. (FMN), titled "**Enriching Lives, Advancing Sustainability**". This report encapsulates our enduring commitment to sustainable practices and our relentless pursuit of positive societal impact.

Amidst the complexities of the past year, marked by global challenges ranging from the persistent effects of the pandemic to shifting geopolitical dynamics and climate change concerns, FMN has stood resilient. Our steadfast dedication to sustainability has not wavered; if anything, it has only grown stronger in the face of adversity.

Aligned with our core values and principles, we remain deeply committed to the United Nations Sustainable Development Goals (UN SDGs) and the fundamental pillars of Environmental, Social, and Governance (ESG) standards as outlined by the Nigeria Exchange Group's (NGX) Sustainability Disclosure Guidelines. Our unwavering commitment to environmental stewardship is evident in our concerted efforts to reduce our carbon footprint, conserve vital resources, and embrace renewable energy solutions. In line with our goal to reduce carbon footprint in our operations, we installed 1MW solar power at our BAGCO Kano Site and have a target to transition more sites in the coming year. On our journey towards achieving a zero net footprint across FMN value chains, we implemented a waste-to-landfill environmental program that seeks to achieve a zero-waste-to-landfill in five years. Since the commencement of the initiative, we have reduced waste-to-landfill by about 35% compared to last financial year.

In November 2022, we joined the African Business Leaders Coalition (ABLC), a coalition of 55 African CEOs/Chairpersons across a range of sectors, to show our commitment to sustainable development and climate

action unveiled at COP27 climate conference in Egypt.

At the heart of our sustainability endeavors lie our four guiding pillars, aptly named FMN's "Tropos", encompassing governance, economic, social, and environmental dimensions. Through these pillars, we integrate sustainability seamlessly into our business model, thereby ensuring that our pursuit of financial prosperity is intricately intertwined with our commitment to societal and environmental well-being. Central to our corporate ethos is the recognition of our responsibility towards the communities in which we operate. We have undertaken a myriad of Corporate Social Responsibility (CSR) initiatives, spanning education, healthcare, and infrastructure development, aimed at enriching the lives of those we serve. Noteworthy endeavors include the 2023 Skill Acquisition and Scholarship award program, sustained maintenance of a vocational center since 2017, for children living with special needs, and crucial donations of medical supplies to healthcare facilities. Diversity and Inclusion remains a top priority and fundamental principle at FMN. Through the activities of the FMN Women Network, we are especially committed to ensuring that the FMN Woman thrives and flourishes professionally across all career levels by removing structural impediments to career advancement, and promoting work-life balance. The network has championed several invaluable initiatives since inception, for example the wellness club, a platform to engage with one another and tackle work-life balance challenges. This year, some of the empowerment initiatives executed to advance gender balance and bolster inclusive culture, particularly at management levels include one-on-one mentoring, training programs and advocacy on managing gender related and advocacy on managing gender related workplace challenges. The annual conference of the network, held during the year, was themed

"Evolve-Innovate-Emerge: Building Capacity for Success", and it was a call for the emergence of transformed women that are courageous enough to take leadership within and outside the organization.

Innovation remains a cornerstone of our operations, driving us to continually reimagine and enhance our product offerings. This year, our Research and Development team has delivered groundbreaking products such as Choc oh and revitalized classics like Chin Chin, exemplifying our commitment to excellence and customer satisfaction. Concurrently, our emphasis on safety and compliance underscores our dedication to delivering products of the highest quality standards.

Our strategic partnership with World Connect underscores our commitment to fostering education and skills development, particularly among underserved communities. Through this collaboration, we have catalyzed transformative projects aimed at empowering individuals across various sectors.

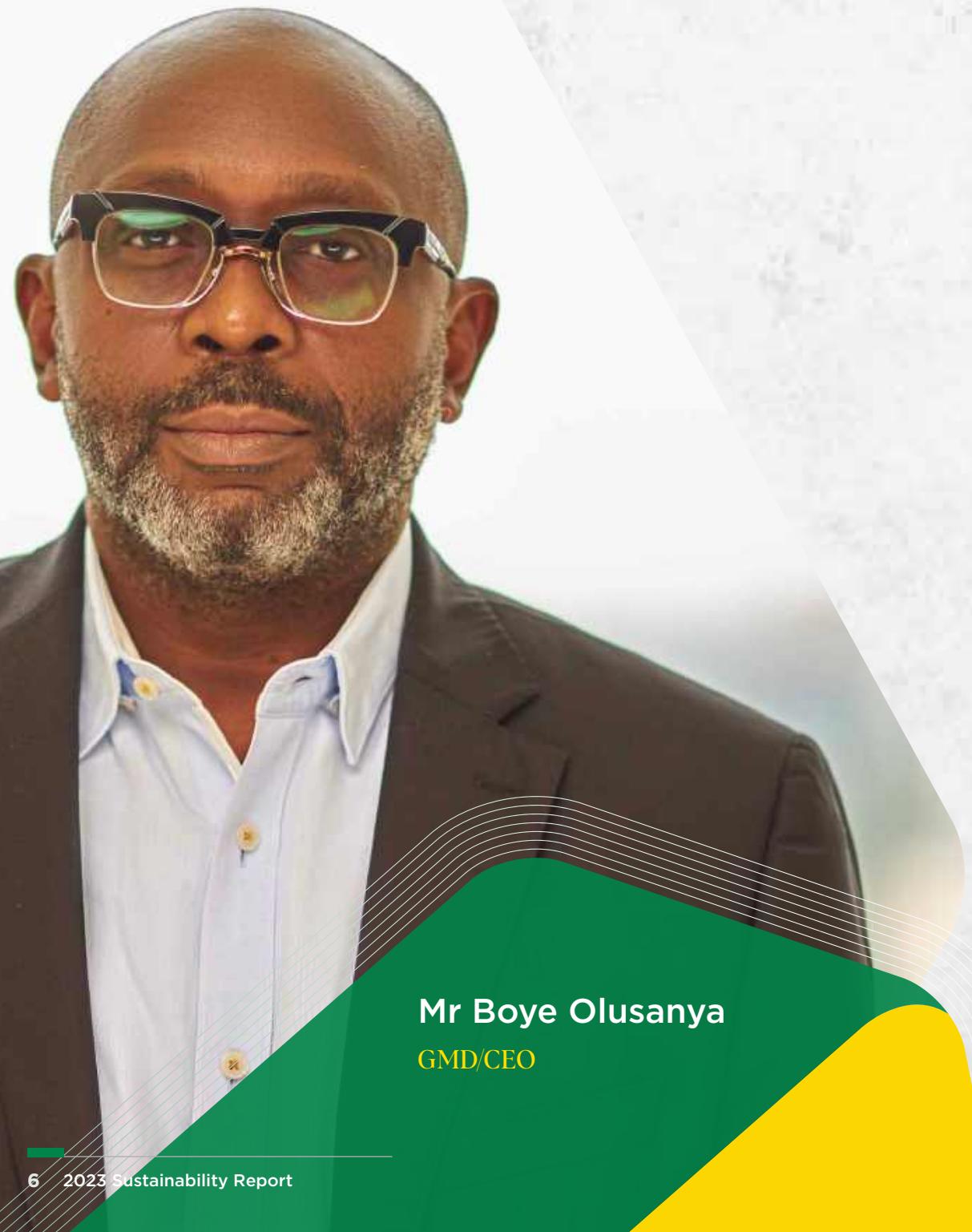
I am pleased to report a robust increase in revenue, reflective of our sustainable business practices and innovative endeavors. This growth not only underscores our financial success but also serves as a testament to the efficacy of our sustainability-focused approach.

Furthermore, I am humbled by the recognition bestowed upon us through various accolades and commendations, which reaffirm the impact of our collective efforts in driving positive change. For the past four years, we have consistently won awards at the prestigious Sustainability Enterprise and Responsibility Awards (SERAS). In the year under review, FMN won in two categories: best company in supply chain and stakeholder engagement respectively. In closing, I extend my heartfelt gratitude to our stakeholders, whose unwavering support and partnership have been instrumental in our journey towards sustainability. As we embark on the path ahead, let us remain steadfast in our commitment to nourishing the world and ensuring a sustainable future for generations to come.

With sincere appreciation,

John Coumantaros
Chairman, Flour Mills of Nigeria Plc.

The GMD/CEO's Statement



Mr Boye Olusanya
GMD/CEO

Ladies and Gentlemen,

It is with great pleasure that I welcome you to the unveiling of Flour Mills of Nigeria Plc's Sustainability Report for the period 2022/2023. As we gather here today, we celebrate a year of remarkable progress and impact under the theme "Enriching Lives, Advancing Sustainability."

At Flour Mills of Nigeria, our commitment to "Feeding the Nation, Every Day" goes hand in hand with our dedication to minimising our environmental footprint and catalysing positive change in the communities we serve. As we navigate the ever-evolving landscape of the agro-allied industry, we remain steadfast in our mission to ensure a sustainable food supply for Nigeria's growing population.

Throughout the past year, we witnessed significant strides in embedding sustainability across all facets of our operations, guided by our "Tropos" - 4 Pillar Framework. This framework, encompassing Economic, Environmental, Social, and Governance considerations, serves as our compass, ensuring that our endeavours create shared value for all stakeholders.

Allow me to highlight some key achievements that underscore our commitment to sustainability:

- Deepening Backward Integration: Our initiatives across seven Local Government Areas in Kaduna not only strengthened our supply chain but also empowered local communities through agriculture.
- Empowering Vulnerable Farmers: Through strategic partnerships and initiatives like Project Yalwa in Gombe State, we provided training and support to vulnerable women and youth, fostering resilience and sustainability in agriculture.
- Strategic Expansion: The acquisition of a majority stake in Honeywell Flour Mills aligns seamlessly with our vision to become a national champion in the Food and Agro-allied industry, further enhancing our capacity to serve the nation.
- Intensified Stakeholder Engagement: Our commitment to open communication and collaboration with diverse stakeholders, including the UN Global Compact and the Nigerian Sugar Master Plan, underscores our belief in the power of partnership in driving sustainability.

- Leading by Example: Through the establishment of a dedicated Sustainability Unit and initiatives such as the Sustainability Digest Bulletin, we strive to disseminate crucial sustainability information and inspire others to join us on this journey.
- Combating Climate Change: Our efforts to mitigate climate risks, such as the construction of flood protection infrastructure at Sunti Farms, exemplify our proactive approach to environmental stewardship.

As we reflect on our achievements, we also recognise the importance of continuous improvement and the need to stay ahead of the curve. Looking ahead, we are committed to expanding backward integration, embracing circular economy principles, enhancing social impact initiatives, and further enhancing our ESG reporting practices.

In closing, I am immensely proud of the progress we have made on our sustainability journey. Together, with our stakeholders and partners, we will continue to lead the charge towards a more sustainable future for Nigeria and beyond.

Thank you for your unwavering support.

Warm regards,

Mr Boye Olusanya

2023 Recognitions and Awards



- AFRISAFE Awards on the advancement of Health, Safety, Environment and Well-being in Africa.
- Pearl Award in recognition of the Sectorial Leadership in Consumer Good for Food Production in Beverage Category.
- Apapa Bulk Terminal received a Gold Merit Award in Health, Safety, and Environment (HSE) compliance by Nigerian Ports Authority Award.
- Micro-nutrient Fortification Index (MFI) : FMN won 1st and 2nd positions in the Micro-nutrient Fortification Index (MFI) top 5 for the Brands
- FMN was nominated at the 19th edition of the SABRE Awards EMEA 2023 for our exceptional Business-2-Business (B2B) Employee Communications and Superior Reputation Management campaign, skillfully executed by Plaqad.
- LEADERSHIP Awards honoured FMN as the Brand of the Year 2023.
- 2023 Women in Marketing and Communications Conference/Awards (WIMCA), FMN was acknowledged as the most outstanding food manufacturing company in gender inclusion. Golden Penny Semovita, a product of Flour Mills, was honored with the title of the Most Outstanding Semolina Brand of the Year.
- Sustainability Enterprise & Responsibility Awards (SERAS) for the Best Company in Supply Chain and Best Company in Stakeholders Engagement.



Celebrating our Wins: A snapshot of our achievements in FY 2022/2023

ECONOMIC VALUE CREATION AND DISTRIBUTION



N1,540,373 trn
FY 2023

N1,164,889 trn
FY 2022

Direct economic value generated increase



N1,362,552 trn

Economic value distributed by FMN
Increased by 29% from last year



37.26%

increase in employee wages and benefits
by an average of 37.26% across all levels

ENVIRONMENTAL PROTECTION AND STEWARDSHIP

Energy and Emissions Management



365,877,828 Kwh

Total energy consumption

SUSTAINABLE PACKAGING



2,237,338 kg

Weight of recycled non-avoidable scrap
across our BAGCO offices



388,725 kg

Weight of recycled non-avoidable scrap
material reintroduced into the
production process

NATURAL RESOURCES CONSERVATION



315,830 M³

Water abstraction for FY 2023

EMPLOYEE RIGHTS AND WELFARE



We expended a total of **30,248** total
training hours, an average of **15.6** hours per
employee, across all management levels

COMMUNITY INVESTMENTS AND RELATIONS



N382,704,101

invested across all our CSR projects

STRATEGY TO CREATING SHARED VALUE

Partnerships for Shared Value Creation



\$50,000

contribution to World Connect initiative



5,000

farmers collaborated on project Yalwa

RESPONSIBLE FARM-TO-TABLE PRACTICES

Food Security



9,310 metric tonnes

FMN daily grinding capacity



78.22%

Our flour extraction rate



Recorded highest recorded yield of **6.2 tons per hectare** from a first-time farmer in
our wheat project



Project Yalwa empowered **44 farmers**
to cultivate a combined **260 hectares** of
maize and soybeans

Our Journey to ISSB Adoption

Flour Mills of Nigeria Plc. (FMN) has a long-standing commitment to sustainability reporting. For years, we have utilised the Global Reporting Initiative (GRI) Standards as the foundation for our disclosures, providing transparency on our environmental, social, and governance (ESG) performance.

However, the world of sustainability reporting is evolving. The International Sustainability Standards Board (ISSB) is establishing a comprehensive set of baseline global sustainability disclosure standards. Recognising the importance of uniformity and enhanced comparability, FMN is committed to aligning its reporting practices with these emerging ISSB standards.

The ISSB is a framework dedicated to creating a comprehensive global baseline for sustainability disclosures. These standards aim to provide a common language for companies to report on sustainability risks and opportunities that could impact them. This fosters greater comparability between companies and allows stakeholders to make informed decisions.

The Financial Reporting Council of Nigeria (FRC) announced its early adoption of the ISSB standards in 2022, positioning Nigeria as a leader in Africa for embracing global sustainability reporting practices. This signifies a shift towards a “new normal” in corporate reporting, where ESG factors become a central focus for companies operating in Nigeria. FMN understands the importance of aligning with this new normal and is actively preparing for the adoption.

FMN is committed to adopting ISSB Standards to achieve this we are undertaking the following:

- **Gap Assessment:** We are planning a comprehensive gap assessment to evaluate the current state of our sustainability reporting practices against the ISSB standards. This assessment will identify areas where adjustments are needed to ensure our disclosures fully align with the new framework.
- **Developing an implementation plan:** Based on the findings of the gap assessment, we will develop a detailed implementation plan outlining the specific steps and timelines for aligning our reporting with the ISSB standards. This plan will be designed to ensure a smooth and efficient process while maintaining transparency throughout.

● **Stakeholder Engagement:** We recognise the importance of communication during this implementation. We plan to engage with stakeholders, including investors, customers, and regulators, to keep them informed about our progress towards ISSB adoption.

● **Other FRC requirements**

By committing to the ISSB standards, FMN aims to achieve several key benefits:

Enhanced Comparability and Transparency: Investors and other stakeholders will be able to easily compare FMN's sustainability performance with our peers across the globe, fostering greater transparency and accountability.

Meeting Investor Needs: As sustainability becomes increasingly important for investment decisions, aligning with ISSB standards ensures that our reporting is relevant and informative for this critical audience.

Future-Proofing Our Approach: The ISSB standards are designed to be comprehensive and adaptable, positioning FMN for future developments in sustainability reporting. FMN's adoption of ISSB reflects our ongoing commitment to sustainability and transparency. By embracing the new global standards, we aim to strengthen the credibility and comparability of our ESG disclosures. We are confident that this journey towards uniformity will further solidify FMN's position as a leader in sustainable business practices within Nigeria.



01

Our FMN:
We Are a Source of
Livelihood for Millions
of Nigerian Families

Our FMN: We Are a Source of Livelihood for Millions of Nigerian Families

1.1 A Corporate Overview of FMN

Flour Mills of Nigeria Plc (FMN) is a renowned name in the Foods and Agro-Allied industry in Nigeria, known for its exceptional quality and innovation. With a rich history spanning over six decades, we have become a trusted partner for farmers, suppliers, and consumers alike. Our state-of-the-art facilities and advanced technologies enable us to produce a wide range of consumer foods, agro-allied products, and other supporting services capable of enhancing the productivity and lifestyle of our consumers.

Our commitment to sustainability and responsible practices sets us apart, as we strive to meet the nation's food demands while minimising our environmental footprint and positively impacting local communities. Put simply, we are on a mission to keep "Feeding the Nation, Everyday" while creating shared value across three key metrics: economic growth, environmental wellness, and positive social impact.

FMN is a diverse company that has been at the forefront of Nigerian flour milling since 1962. We have steadily increased our activities since opening our first mill in Apapa, and we currently have a daily grinding capacity of 9,310 metric tonnes, a massive increase from our initial grinding capacity of 500 metric tonnes in 1962. This expansion has not only contributed to our company's success but has also played an important role in Nigeria's overall economic development.

We currently serve a wide range of industries, including the production of livestock, port operations, logistics, and real estate, and by doing so, we have been able to maintain and even improve the quality of our products and our standing in the market.



We have designed and integrated three-pronged strategic goals which are:

- To be a customer- centric company,
- To be focused on both product and process innovation, and
- To always seek to build value for all stakeholders.



Our commitment to sustainability is strongly hinged on our purpose of "Feeding the Nation, Everyday".

We are a publicly traded company, and our shares are held by:

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



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".

1.2 Where we Operate: Our Indelible Footprints Across the Nation

Since our establishment in 1960, FMN has undergone a transformative journey, evolving from a singular flour milling business to a market leader in the fast moving consumer goods (FMCG) industry. This evolution is marked by our strategic investments that span key sectors of the Nigerian economy. Our success is deeply rooted in the steadfast dedication to delivering high-quality products, cultivating strategic partnerships, and building an expansive operational network.

Our continuous expansion and localised investments have enabled us to establish market footholds in seven states across Nigeria, along with numerous local markets. This not only strengthens our market presence in these regions but also contributes to local prosperity and economic advancement. An important aspect of our growth is the recent refinement of our route-to-market model, enhancing our operational capabilities nationwide.

To ensure we deliver more values, our customer service centres are strategically distributed across several states, including Abia, Abuja FCT, Anambra, Benue, Cross River, Enugu, Gombe, Katsina, Kogi, Lagos, Ondo, Taraba, and Zamfara. This deliberate geographical presence allows us to forge robust relationships with local communities, gaining valuable insights into their specific needs and preferences.

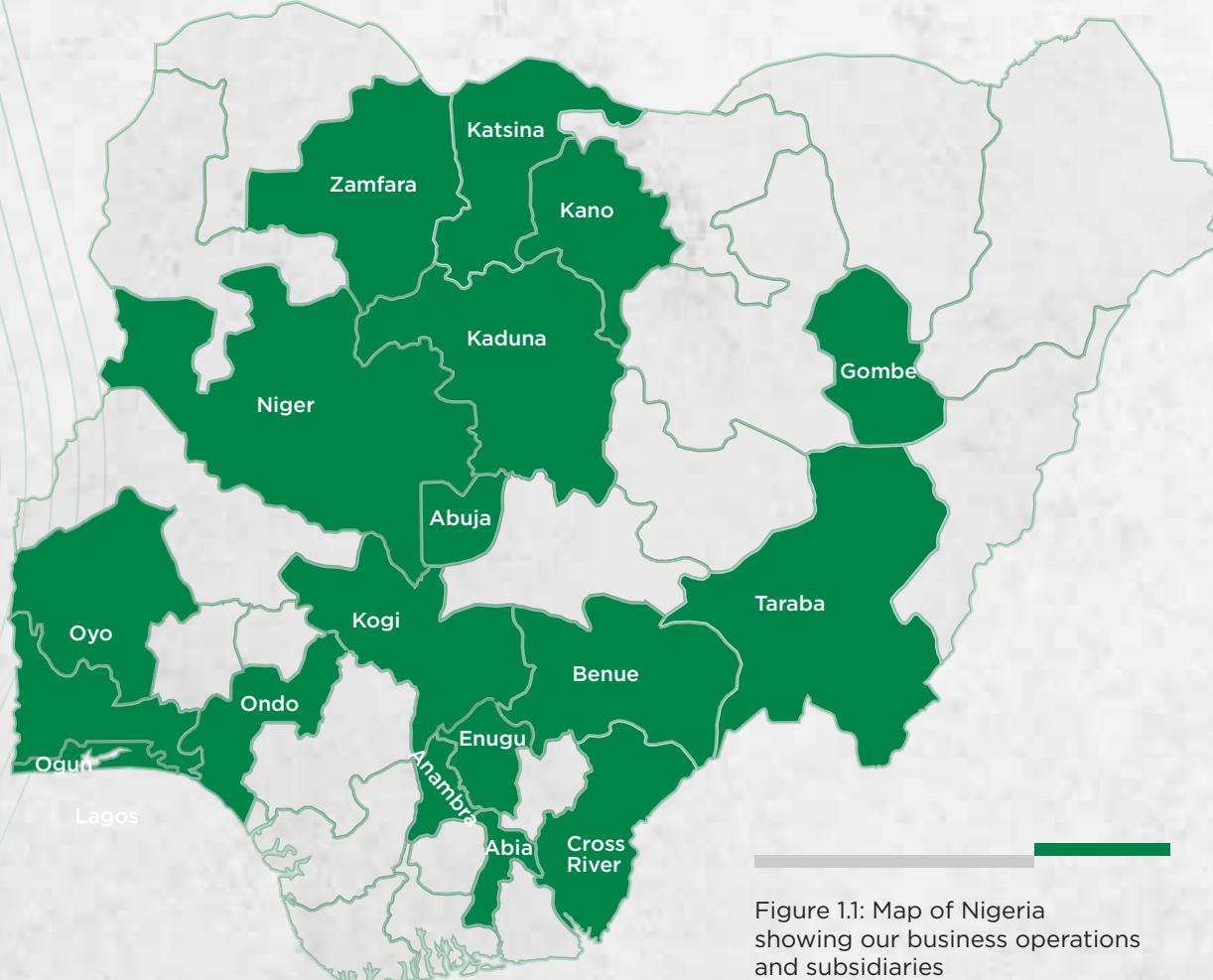


Figure 1.1: Map of Nigeria showing our business operations and subsidiaries

1.3 Our Subsidiaries

At FMN, we take pride in our commitment to excellence, innovation, and sustainable practices. Our sustainable practices are embedded through our subsidiaries and divisions, where excellence and quality delivery are top priorities.



Other subsidiaries include;

- | | |
|--|--|
| ● African Foremost Food Business Limited | Iganmu Power Holding Company |
| ● African Pioneer Food Plus Limited | Independent Grain Handling and Storage Limited |
| ● Apapa Free Zone Development Company Limited | Meta Golden Energy Resources Limited |
| ● Agbara Free Zone Development Company Limited | Meta Tech Investment Limited |
| ● Best Chickens Limited | Naija Tech Valley Investment Limited |
| ● Crestview Towers Limited | Premier Chicks Limited |
| ● Eastern Premier Feed Mills Limited | Premier Poultry Processors Limited |
| ● Ecwise Horizon Investment Limited | ROM Oil Mills Limited |
| ● FMN Energy Resources Limited | Servewell Agricultural Services Limited |
| ● FMN International Limited | Thai Farms International Limited, |
| ● Greywise Investment Solutions Limited | Upland Grain Production Company Limited |
| ● Iganmu Free Zone Development Company Limited | West African Golden Energy Resources Limited |

1.4 Our Value Chain, Products and Services

Our operations and value chains are dispersed over numerous geopolitical zones in Nigeria. Through them, we currently provide a wide variety of goods, such as pasta, flour, noodles, edible oils, margarine and spreads, refined sugar, livestock-feeds, fertiliser production and distribution, and other agro-allied downstream activities.

Our group's operations are categorised into four divisions:

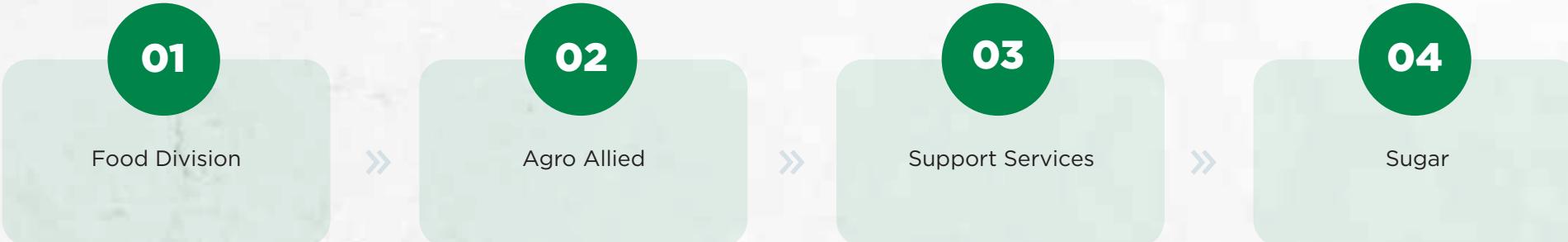


Figure 1.2: Categorisation of the Group's operations

Table 1.1: FMN consumer food products

Business Division	Operations Description		
Food Division	<p>Millions of Nigerian households have enjoyed delicious, nutritious meals from FMN for more than 60 years under the recognisable “Golden Penny” brand. As part of our Food Operations, we strive to continuously innovate and improve our products to ensure that they meet the changing needs and preferences of our consumers. We understand the importance of providing not just sustenance and affordability, but also delight and satisfaction with every bite.</p> <p>Our consumer foods, which are sold under the well-known brand Golden Penny, include pasta and noodles, Ball Foods, and our superior-quality Golden Penny Flour.</p>	Pasta/Noodles	
		Ball Foods	
		Flour	

Agro- Allied

We have continued to invest significantly in several farms and downstream activities to support our five key value chains through our agro-allied division and the local content value chains in which we operate.

Our agro-allied division, which serves as a cornerstone in FMN's comprehensive "farm-to-table" model, is exemplified by a significant investment of approximately N15 billion in companies that complement our agro-allied activities. In our pursuit of this mission, we aim to achieve substantial savings, targeting up to USD\$180 million in foreign exchange through focused localisation efforts.

We are committed to delivering Golden Penny products that are not only of high quality but also meet the diverse needs of our customers through our agro-Allied value chain, which include, grains, oils and fats, feeds and proteins, fertilisers, and starches. We are committed to our purpose of "Feeding the Nation, Everyday."

Feeds and Proteins



Layer Mash, Chick Mash,
Broiler Super Starter,
Extruded Catfish Juvenile,
Grower Mash, Broiler Finisher
Others on request includes, cattle, pig
ration Ostrich, etc.

Fertiliser



NPK 20-10-10
NPK 15-15-15
NPK 27-13-13
NPK 12-12- 17 + MgO
Urea 46-0-0
Special Blends

Edible Oil and Fats



Golden Penny Spread,
Pure Vegetable Oil,
Margarine,
Pure Soya Oil,
Choco spread
Golden Penny Mayonnaise

Starches



Garri, Cassava Flour, Industrial Starch

Sugar

With about 10,000 hectares of sugarcane plantation and one of the most advanced refineries in the world, we support the domestic production of sugar in Nigeria through our iconic Golden Penny Sugar brand. We manufacture white granulated sugar, granulated brown sugar, and white sugar cubes, which we sell to a variety of corporate and retail/open market customers. With a total landmass of over 21,000 hectares, including a world-class sugar refinery, we continue to expand operations at Sunti Golden Sugar Estate. This includes a \$300 million investment in Nasarawa state and a commitment to invest another N70 billion over the next two years to develop the Sunti Golden Sugar Estate's upland area.

Sugar Products

Premium White Granulated Sugar
Premium White Sugar (Beverage)
Premium White Sugar
Premium White Sugar Cubes

Support Services

We also have a stake in a logistics and support operation that connects businesses and industries. This operation provides transportation, warehousing, and distribution services to ensure efficient supply chain management for various sectors. Our support services are offered through the following subsidiaries and divisions:

BAGCO Division - Africa's largest and leading manufacturer of premium bags sustained through cutting-edge equipment, skilled employees, and best manufacturing methods.

Apapa Bulk Terminal Limited - offers a comprehensive range of services to meet the needs of its clients. With its management of terminals A & B at the Apapa port, ABTL ensures efficient and seamless operations for the handling and storage of goods. The company's commitment to excellence is reflected in its state-of-the-art facilities, highly skilled employees, and utilization of the best logistics methods available in the industry.

Golden Transport Division (GTD) - provides reliable and cost-effective transportation solutions for clients looking to move their goods from the Apapa ports to various destinations. GTD's fleet of well-maintained vehicles and experienced drivers ensure timely and secure delivery of goods, while their advanced tracking systems provide real-time updates on the location and status of shipments. With a strong focus on customer satisfaction, GTD strives to exceed expectations and establish long-term partnerships with its clients.

Bagco

Jumbo bags, Bagco thread, Ropes, Laminates, Webbings, Shopping Bags, Blown Film, Carrier Bags, Open Market Bags, Zerofly Bag, Flour Bag, Sugar Bags, Feed Bags, Fertiliser Bag, Harvest Bags, Trabags

Logistics and Support

Golden Transport Division
Apapa Bulk Terminal Limited: Liquid Bulk, Dry Bulk, Warehousing and Storage Facility

02

Sustainability:
Our Strategic
Business Driver

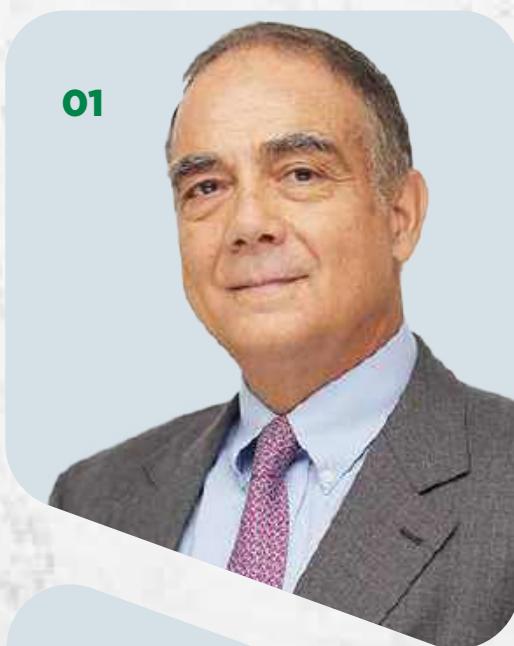
Sustainability: Our Strategic Business Driver

2.1 Our Corporate Governance Structure

Our Board of Directors recognise that sustainability is not just a trend, but a true commitment to nature and human values. Hence, the Board is fully committed to setting the correct tone at the top which cascades to every aspect of our company and value chain. The Board lives up to, and extols the highest standards of corporate governance, ensuring that we deliver on our mission and vision without jeopardising our responsibility as stewards of the ecosystem.

Our robust and strong corporate governance framework ensures that the Board provides strategic oversight over our Group functions, thus conforming to best practices and procedures in corporate governance. This ensures that we conduct our business in a fair, honest, and transparent manner, leading to positive outcomes for our diverse stakeholders.

In line with our Articles of Association, we currently have fifteen (15) Board members consisting of a Non-Executive Chairman, a Non-Executive Vice Chairman, an Executive Director and twelve (12) Non-Executive Directors, five (5) of whom are Independent Non-Executive Directors.



01

01 **Mr. John George Coumantaros**
Chairman

02

02 **Mr. Paul Miyonmide Gbededo**
Vice Chairman

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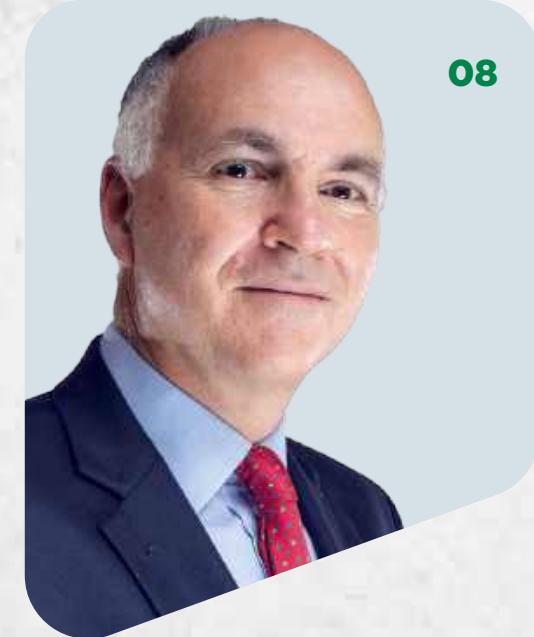
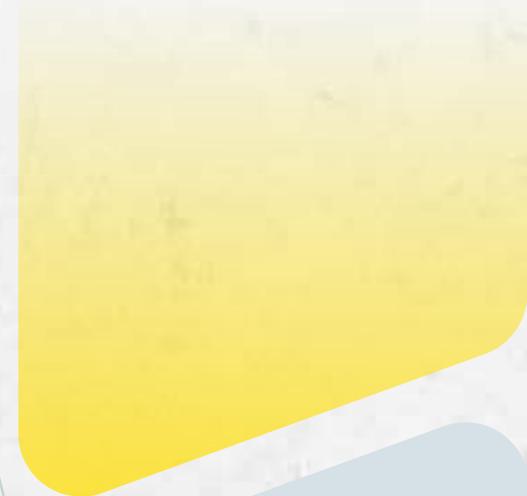
03 **Mr. Omoboyede Oyebolanle
Olusanya**
Group Managing Director/CEO

04

04 **Dr (Mrs.) Salamatu Hussaini
Suleiman**
Independent Non - Executive
Director

05

05 **Professor Jerry Gana, CON**
Non-Executive Director



06 Mr. Alfonso Garate
Non - Executive Director

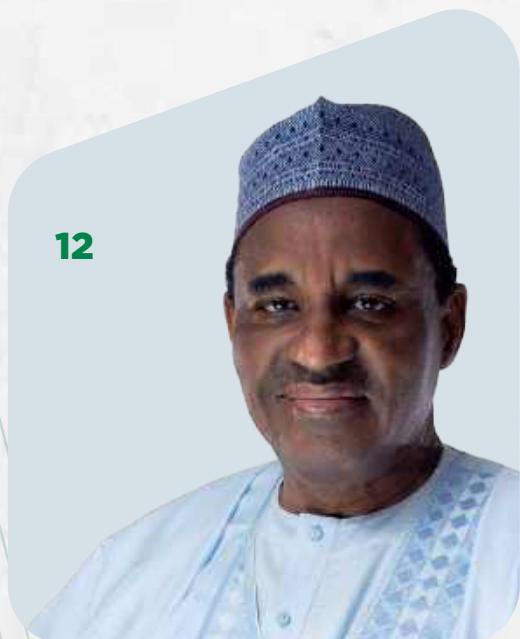
07 Mr. Ioannis Katsaounis
Non - Executive Director

08 Mr. Thanassis Mazarakis
Non-Executive Director

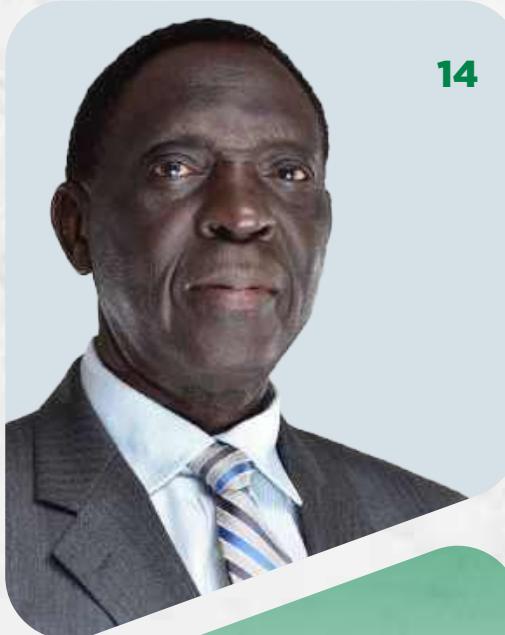
09 Mr. Foluso Olajide Phillips
Independent Non-Executive
Director

10 Mrs. Juliet Anammah
Independent Non-Executive
Director

11 Mr. Folarin Rotimi
Abiola Williams
Non-Executive Director



12



13



15



16

12 **Alhaji Rabiu M. Gwarzo,
OON**
Non - Executive Director

13 **Ms. Yewande Sadiku**
Independent Non-Executive
Director

14 **Alhaji Yunus Olalekan A. Saliu**
Non-Executive Director

15 **Mr. Muhammad K. Ahmad,
OON**
Independent Non-Executive
Director

16 **Mr. Joseph Umolu**
Company Secretary/Group
Director, Legal Services

We are intentional and deliberate in the composition of our board of directors as it reflects the true values we share and hold. Our Board members are selected through a thorough process that gives premium to educational and professional background, integrity, competence, capability, knowledge, expertise, skills, experience and diversity. We do not take our eyes off the ball, rather, we throw in all that is required to get the best hands that can provide the strategic direction that we need to deliver on our mandate.

The Board is responsible for the overall direction, supervision, and control of the company. The Company's Articles of Association, CAMA 2020, the Securities and Exchange Commission's (SEC) Corporate Governance Guidelines and the Nigerian Code of Corporate Governance 2018 describe the responsibilities and authorities of the Board and set out rules and procedures for the composition, appointment and operations of the Board. We pride in our ability to imbibe the highest standards of corporate governance, not only as an avenue to meet regulatory and legal obligations but as a strategic core value of our corporate existence.

To ensure effective oversight on pertinent issues relating to diverse aspects of our Company, the Board is composed into four (4) committees, namely:

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

At the Board level, sustainability sits within the Remuneration & Governance Committee, which is saddled with the responsibility of deep diving into FMN's sustainability agenda and approach, driving innovative ways to keep our competitive advantage. The members of the Board's Remuneration and Governance Committee are as follows:

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

With regards to the development, approval and periodic review of our strategies, policies and goals related to sustainable development, all policies are developed by management and presented to the Board for guidance and approval. All our senior executives in our various business are involved in the identification and management of Environmental, Social, and Governance (ESG) impacts, the review process, as well as in conducting due diligence. Furthermore, regular trainings are held for Board members and our senior executives to further their knowledge, skills on sustainable development. The performance evaluation of our senior executives and management staff as it pertains to the management of our ESG impacts is handled by the Human Resources (HR) team annually.

As regards sustainability reporting, the Board has delegated authority to the senior executives for the review and approval of reported information and material topics. This is coordinated by the Company Secretariat/Sustainability Unit.

In line with the SEC Code of Corporate Governance (SCCG) and the Nigerian Code of Corporate Governance and the (NCCG) 2018, we carry out Board and corporate governance evaluation to identify areas of strength, weaknesses and opportunities for improvement.

In our 2023 Annual Report, we published a comprehensive governance report that provides further information on the broad tasks and responsibilities of our highest governing body. We engaged the Institute of Corporate Secretaries and Administrators of Nigeria (ICSAN) as external consultants to carry out the Board Evaluation and Corporate Governance audit of the Company in March 2021.

For this current year ended 31 March 2023, we conducted a thorough self-assessment of the performance of our Board and corporate governance practices. The outcome of this self-evaluation affirms that the Board exhibited a commendable grasp of, and adherence to, the obligations stipulated in both the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance 2018 throughout the fiscal year. The Board evaluation process was overseen internally by the Company Secretariat, a procedure diligently carried out annually, with external evaluations conducted triennially. Feedback obtained from the performance evaluation of both the Board and senior management are carefully considered and implemented after each evaluation.

In March 2023, we renewed our certification with the Corporate Governance Rating System (CGRS).

A testament to our consistent and renewed desire to entrench strong corporate governance in our business practices.

FMN's Executive Leadership Team

We have a diverse, strong and committed executive committee that is fully vested with the authority to incorporate sustainability across every facet of our business operations. We follow a top-down and bottom-up approach, leaving no stone unturned in making every FMN employee aware of their roles and responsibilities in line with our sustainability commitment and ethos.



Mr. Omoboyede Olusanya
Group Managing Director & CEO



Mr. Devlin Hainsworth
Managing Director,
Foods Division



Mr. Raffoul Nassib
Managing Director,
Honeywell Flour Mills
Plc



Mr. Stoney Su
Managing Director,
Agro-Allied Division



Mr. Anders Kristiansson
Group Chief Finance
Officer



Mr. Wale Adediran
Group Human
Resource & Services
Director



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



Mr. Cephas Afebuameh
Group Director
Supply chain



Mr. Sadiq Usman
Group Director,
Strategy &
Stakeholder Relations



Mr. Bola Adeeko
Group Director,
Special Projects

2.2 Our Sustainability Approach: Crafting Our Path to a Better Tomorrow

Our sustainability approach is based on respect for our people, cultures, and the natural environment. We continually strive to improve the governance, economic, environmental, and social aspects of our operations. Our vision becomes reality as we put into action, programs and practices that optimise the use of natural resources. We do this by developing energy efficient products and technologies, and by fostering innovations and creative solutions adding value for our clients, communities, and the environment.

Our approach to embedding sustainability across the business is driven through FMN's "Tropos" - 4 Pillar Framework comprising Economic, Environmental, Social and Governance (EESG) Pillars. These four pillars set out the areas where our knowledge and resources are enabling us to make a positive change and give structure for consolidation of all our sustainability efforts.



ECONOMIC PILLAR COMMITMENTS

FMN is a major contributor to the Nigerian economy and her people. We recognise this and are committed to playing this crucial role on a daily basis, serving as a conduit of economic prosperity for our diverse stakeholders and Nigeria in general. Our commitment fuels the passion and drive with which we run our business sustainably, providing the best outcomes even in the face of economic uncertainties in Nigeria's macroeconomy. Our approach has led to sustained economic value which transcends local challenges and difficulties in the Nigerian market. Aspects of our economic pillar commitments 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



ENVIRONMENTAL PILLAR COMMITMENTS

As stewards of the environment, we carry out our business in trust with nature, and we continue to devise innovative and tested ways to minimise or eliminate negative impacts on the environment. Our continuous drive in this area is seen in our environmental initiatives which underscores our passion for safeguarding our cherished natural environment. Aspects of our environmental commitments include:

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



SOCIAL PILLAR COMMITMENTS

At the core of what we do at FMN is our true commitment to people. We recognise that we exist because of people and for people. Therefore, we put people at the centre of our business strategy and conduct our business to deliver sustained value without harm. This commitment reflects in the value we place on our employees, customers, suppliers, host communities and all stakeholders we interact with. We continually deliver on our mission and vision as a corporate entity and create lasting impact that transcends barriers. Aspects of our social pillar commitments 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")

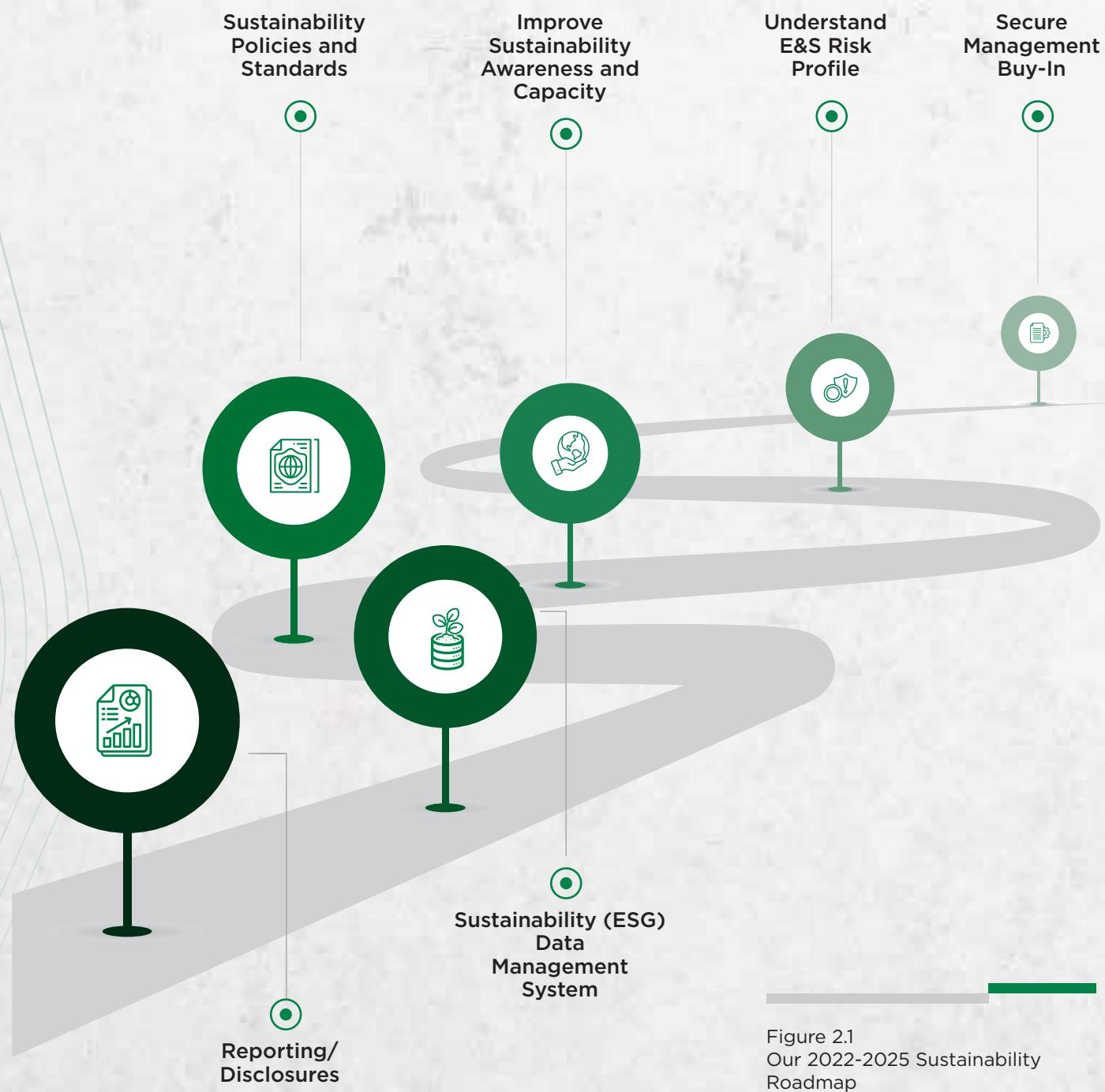


GOVERNANCE PILLAR COMMITMENTS

At FMN, we imbibe the highest standards of corporate governance, carrying out our business in a transparent and ethical manner to create real value for all our stakeholders. Effective governance provides strategic leadership and direction towards enhancing our business performance, conforming to our sustainability aspirations and aligning to the national, regional and international goals on sustainable development. Aspects of our governance pillar commitments include the following:

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

During the year, we formulated a 4-year strategic roadmap to integrate sustainability throughout FMN, aiming to address stakeholder requirements and expectations consistently. Aligned with the United Nations (UN) Sustainable Development Goals (SDGs) and international sustainability standards and frameworks, this roadmap encompasses the operations, products, and services of FMN, including all subsidiary companies and divisions. The execution of this roadmap across the business will be spearheaded by the Sustainability Unit, under the oversight of the Group Director of Legal Services/Company Secretary and the Group Managing Director.



2.3 Aligning with Global and National Goals

As a corporate entity operating within the complex interplay of national, regional, and global dynamics, we are steadfastly dedicated to championing the cause of fostering an inclusive, fair, and sustainable environment and socio-economic landscape that ensures equal opportunities for all. Committed to this overarching objective, FMN unequivocally aligns itself with key international and national initiatives, including the United Nations Sustainable Development Goals (UN SDGs), the United Nations Global Compact (UNGCG), the Africa Continental Free Trade Area (AfCFTA), Nigeria's National Development Plan (NDP), and the Nigerian Sugar Master Plan.

This steadfast alignment is not merely a strategic choice, but a fundamental commitment ingrained in our corporate ethos. By actively participating in and adhering to these globally recognised frameworks, FMN strives to contribute meaningfully to the advancement of shared goals for a sustainable and inclusive future. As we navigate the path ahead, this unwavering commitment to alignment with global and national aspirations remains at the core of our corporate philosophy. Together, with stakeholders, we look forward to collectively shaping a future that is not only economically robust but also socially and environmentally responsible.



We do this not just to boost our sustainability scorecard, but in recognition of the responsibility that we owe to contribute our quota towards sustainable development. We do not exist in isolation but rather, to make the society and the world a better place through our business.

Throughout the report, you will find summaries detailing how FMN aligns with both local and global plans and goals across various material topics.

2.4 One for All, All for One: Our Approach to Stakeholder Engagement

Our success as a company is predicated on the value we add to our diverse stakeholders across our value chain. We continue to explore all avenues to scale our impact and regularly engage with our stakeholders. This is because we recognise the pivotal role that these stakeholders play in the complex and dynamic ecosystem within which we operate, and we are fully vested in meeting their unique needs and expectations.

Our stakeholder engagement philosophy is built on inclusiveness, transparency and accountability. We firmly believe that every stakeholder holds a piece of the puzzle in our quest for sustainability. We actively listen to their concerns, offer support, share knowledge and take practical and genuine steps to make our stakeholders feel a part of the solution. This inclusive approach creates a sense of ownership and responsibility as we empower our stakeholders to play an active role in the sustainable future we are building.

At the core of our approach is transparency and accountability. We feel the pulse of every stakeholder and see things through their lenses to particularly understand their concerns. Trust is the bedrock of our partnership and we are open and provide access to information about our operations, from sourcing and production down to environmental impact. Our accountability to our shareholders builds a culture of mutual respect which makes engagement easier.

We see our suppliers as key allies so we work collaboratively with them to ensure the ethical sourcing of materials and resources. Together, we establish sustainability standards and support responsible sourcing practices. This not only strengthens our supply chain but also builds lasting relationships with our suppliers.

As regulations keep evolving in recent times, we actively engage with regulatory bodies and the government to stay ahead and stay compliant to emerging sustainability regulations and policies. We also work with regulatory bodies in the development and adaptation of policies to fit in within our geographical and operational environment. By collaborating with these entities, we support the creation of a wholesome and supportive business climate not just for ourselves but also for other players in the industry.

At the end of the long chain are our consumers. We realise that today, more consumers are conscious of the products they choose to buy and the companies they purchase from. We want to be every consumer's choice so we share stories of how committed we are to sustainability and on issues they care about. We provide education and awareness campaigns on sustainability, encourage responsible consumption and seek regular feedback to continuously improve our offerings.

Our commitment to stakeholder engagement extends beyond business boundaries. We are actively involved in community outreach programmes and support the education and training of indigents in communities we operate. We support education and training in agriculture, contribute to local development initiatives and fully participate as corporate citizens.

Central to our approach is the commitment to measuring and reporting our progress. We employ key performance indicators (KPIs) to assess our sustainability efforts. These KPIs help us to understand our impact, make data driven decisions and continually improve our practices.

Table 2.1 A cross section of our stakeholders and mode of engagement.

S/N	Stakeholder	Areas of Interest	Mode of Communication/Engagement	Frequency of Communication
1	Banks and other financial institutions	Partnership and investment	Emails, letters	On-a-need-basis (random)
2	Contractors	Inclusion of local medium and small-scale enterprises Regular communication and updates on business plans Onboarding requirements and procedures	Publication in the dailies, emails, phone calls	Weekly, daily, on-a-need-basis (random)

3	CSR projects beneficiaries (including sponsorship beneficiaries)	Timely disclosure of opportunities Infrastructure	Emails, phone calls, WhatsApp informally	On-a-need-basis (random)
4	Consumers	Adequate information on products Quality, recipe, and taste Brand perception	Emails, phone calls, text messages, social media	On-a-need-basis (random)
5	Customers	Product safety and quality Adequate information on products Product/service availability	Emails, circulars, phone calls, text messages, messages, letters, informal meetings,	Annually, quarterly, monthly, weekly, occasionally, on-a-need-basis (random)
6	Dealers / Distributors / Business to Business (B2Bs)	Onboarding requirements and procedures Timely delivery of products Transparent communication Product/service availability Fair and competitive pricing	Emails, phone calls, circulars, letters, social media	Annually, quarterly, monthly, weekly, daily, on-a-need-basis (random)
7	Employees	Health and safety Caring and empowering work environment Grievance resolution Personal development and growth Competitive remuneration	Onboarding programmes/ trainings/ workshops Individual performance appraisal Employee engagement survey, internal notices, employee engagement survey	Daily, weekly, monthly, quarterly, annually, on-a-need-basis (random)
8	Federal Government	Contribution towards national objectives Localised supply chain system	Emails, letters, physical meetings	On-a-need-basis (random)

9	Federal and State Internal Revenue Service (FIRS)	Tax revenues Transparency in disclosures	Emails, letters, phone calls, town-hall meetings	On-a-need-basis (random)	15	National Agency for Food and Drug Administration and Control (NAFDAC)	Product safety and quality Regulatory compliance Health, safety, and environment	Emails, letters, phone calls, town-hall meetings	On-a-need-basis (random)
10	Host communities	Strengthening of livelihood opportunities Provision of social infrastructure for hygienic and healthy living environment Corporate social responsibility based on communities' needs	Capacity development trainings, posters, phone calls, town-hall meetings, post-implementation assessment of direct and indirect impacts of social investments on communities	Annually, on-a-need-basis (random)	16	National Drug Law Enforcement Agency (NDLEA)	Adequate information on products Regulatory compliance	Site inspections, emails, letters	Annually, on-a-need-basis (random)
11	Industry and trade associations	Regular communication Industry benchmarking Responsible corporate citizenship	Publication in the dailies, annual general meetings, emails	Quarterly, annually, on-need-basis (random)	17	Non-Governmental Organisations (NGOs / Civil Society Organisations (CSOs))	Financial support for community development programmes Environmental impacts Safe products and services Responsible corporate citizenship	Emails, phone calls	Quarterly, on-a-need-basis (random)
12	Investors	Improved profitability and growth of the organisation Investor servicing Transparent and effective communication Sound corporate governance, mechanisms	Releases on the exchange portal, emails, letters, phone calls, formal meetings	Monthly, annually, on-a-need basis (random)	18	Public health authorities	Occupational health and safety Disaster management system Product quality and safety	Site inspections, emails, letters	Annually, on-a-need-basis (random)
13	Legal services providers	Regulatory compliance Trademark registration Transparency and accountability Fraud management system	Emails, letters	On-a-need-basis (random)	19	Public analysts	Responsible corporate citizenship Corporate reputation	Press conferences/press releases, physical meetings	On-a-need-basis (random)
14	Media houses	Transparent and accurate disclosure to stakeholders Corporate reputation	Press conferences/press releases, physical meetings, advertisements /promotions, Interviews with senior management	On-a-need-basis (random)	20	Risk and quality assurance regulators	Product and process quality Technology and innovation Risk management system Supply chain system	Emails, letters, phone calls, town-hall meetings	On-a-need-basis (random)

21	Standards Organisations of Nigeria (SON)	Packaging and preservation Customer satisfaction Regulatory compliance	Emails, letters, phone calls, town-hall meetings	On-a-need-basis (random)
22	Suppliers	Onboarding requirements and procedures Ordering and payment routines Regular communication and updates on business plans Purchase prices Competency development of local vendors Stability/tenure of relationship	Emails, phone calls, informally	Annually, weekly, daily, on-a-need-basis (random)
23	Shareholders	Improved profitability and growth of the organisation Sound corporate governance, mechanisms	Releases on the NGX portal, publication of AGM notice in the dailies, financial reports	Annually, on-a-need-basis (random)
24	State Governments	Contribution towards state objectives Tax revenues Job creation	Physical meetings, emails, letters	On-a-need-basis (random)

2.5. Bringing it Home - Our Material Topics

Materiality in the context of sustainability goes beyond financials and regulatory compliance. It centres on identifying and prioritising the non-financial (economic, environmental, and social) issues that matter most to our stakeholders and our business. Materiality assessment is the guiding compass that we harness to make informed decisions and allocate resources effectively.

Last year, we carried out an extensive materiality review in consultation with both our internal and external stakeholders. We did this to understand and identify their concerns, expectations and priorities related to sustainability so we can know the most critical issues to them. We adopted a four-phased approach which included identification and prioritisation, benchmarking, rating/prioritisation, and consolidation of material topics.

For this reporting year, we are adopting the materiality assessment from our last report recognising that most of the material issues have remained the same over time. We are cognisant of minor changes, and this have been reflected in different sections of the report.

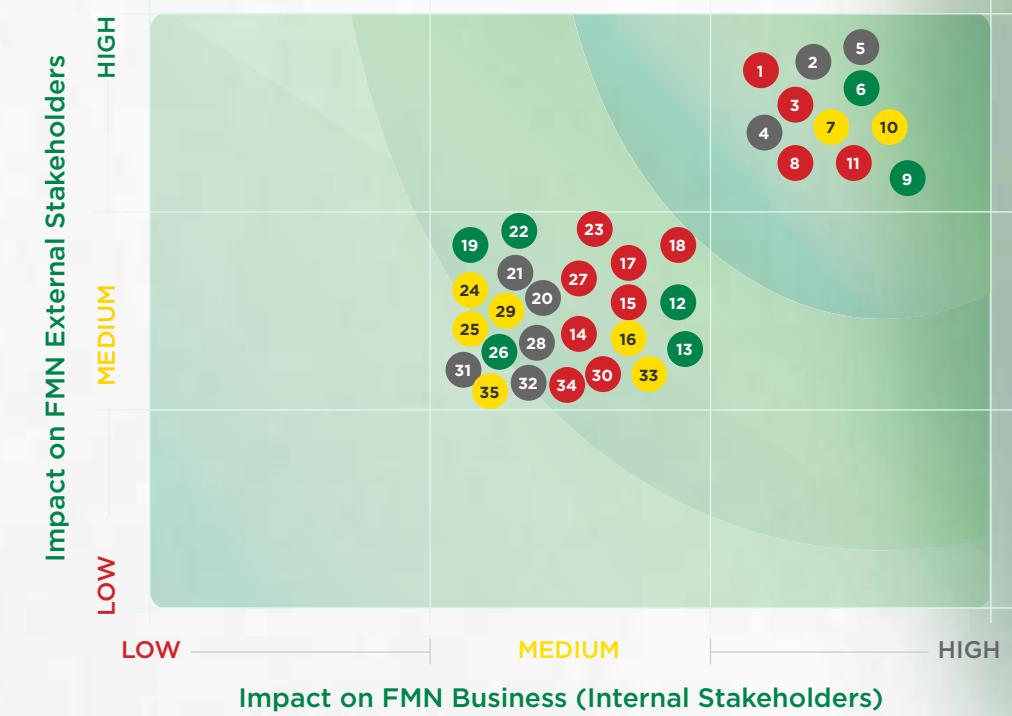


Figure 2.2: Our materiality matrix

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

**Living the FMN
Mandate:
Our Shared Stories of
Real Lasting Impact**

Living the FMN Mandate: Our Shared Stories of Real Lasting Impact

3.1 CREATING THE FMN WORKPLACE

From ethical decision-making and robust anti-corruption measures to transparent compensation practices and empowered employees, strong governance acts as the beating heart of our sustainability journey. This section unveils how this intricate tapestry, woven with commitment to responsible conduct and open communication, fosters trust and lays the foundation for a future where integrity fuels progress. Delving deeper, we will explore the mechanisms designed to empower employees to raise concerns, ensure fair remuneration, and uphold ethical standards throughout our operations. Ultimately, this exploration aims to showcase how good governance serves as not just a compliance exercise, but a vital force propelling our shared pursuit of a sustainable future.

3.1.1 UPHOLDING ETHICAL VALUES AND INTEGRITY

Our dedication to maintaining the highest standards of ethics and integrity permeates all facets of our corporate operations, fostering trust among both internal and external stakeholders. The FMN Code of Conduct, a cornerstone of our ethical framework, mandates that employees and partners comply with all relevant laws and regulations while promoting an appropriate and effective business environment. This is also reflected in one of the elements of our core ethical values, encapsulated in PIILOT (Performance, Integrity, Initiative, Leadership, Ownership, Teamwork).

Our Code of Conduct articulates fundamental principles guiding employee behaviour in areas such as conflicts of interest, improper payments, business

Key Alignments



NDP Goal 4

entertainment and gifts, protection of company assets, expense reporting, record-keeping, confidentiality and insider trading. Our compliance and ethics policy also, an integral part of the FMN Code of Conduct, underscores the significance of ethical behaviour among all employees, partners, and contractors. Its guiding principles mandates employees to act in good faith, with integrity, and in accordance with established standards.

3.1.2 EMPOWERING VOICES THROUGH GRIEVANCE AND WHISTLEBLOWING

At FMN, our commitment to ethical, truthful, and legal conduct in all interactions with clients and partners is unwavering. We actively encourage our stakeholders to express their concerns regarding misbehaviour, malpractice, or any potential legal violations, providing them with a confidential and anonymous platform to voice such concerns. To facilitate this, our grievance and whistleblowing mechanisms serve as a discreet avenue for reporting malpractices to the appropriate channels.

Whistleblowing reports are treated confidentially to protect individuals from harassment, intimidation, victimisation, or retaliation for voicing concerns. Additionally, our whistleblowing policy offers a confidential channel for employees and relevant stakeholders to report workplace malpractices, illegal activities, and ethical concerns, facilitating investigation and appropriate action. Employees and relevant stakeholders seeking guidance or reporting unethical behaviour utilise the ethics Helpline at 0817-232-5000 or email codeofconduct@fmnplc.com.

Key Alignments



NDP Goal 4
UNGC Principle 6

We have implemented a comprehensive grievance mechanism accessible to all stakeholders, complemented by a dedicated team responsible for receiving and addressing complaints. Recognising the potential impact of our operations on various stakeholder groups, including local communities, employees, consumers, and suppliers, we are dedicated to ensuring that concerns and perspectives are heard.

3.1.3 REWARDING EXCELLENCE: FOSTERING EQUITABLE COMPENSATION

FMN is committed to delivering an extensive and competitive rewards package, structured around performance metrics and market standards. Upholding our ethical stance that prioritises the well-being of our workforce, the rewards package encompasses salary, bonuses, incentive programs, and an array of additional perks designed to cater to the diverse needs of our employees and their families.

Our reward policy governs the remuneration of employees across the Group. The core principles that underpin our compensation framework include external competitiveness, fairness, alignment with job roles, performance, and the essential skills requisite for each position. The policy addresses:

- The basic salary and remuneration for each employee category
- Standard benefits applicable to full-time employees, excluding part-time or contract employees (e.g., life insurance, healthcare, parental leave, etc.)
- Provisions for claw backs
- Retirement benefit

Key Alignments



NDP Goal 4

- Clarification on termination payments, with distinctions made if notice periods for the highest governance body members and senior executives differ from those of other.
- Components of fixed and variable pay
- Report of the results of votes of stakeholders (including shareholders) on remuneration policies and proposals
- Oversight of the remuneration determination process by either independent board members or an independent remuneration committee
- Reporting of stakeholder (including shareholders) votes on remuneration policies and proposals.
- Ensuring an eight-week advance notice before implementing significant operational changes affecting employees, as stipulated in collective agreements.
- Evaluation of the correlation between board members' remuneration and their performance in managing impacts on the economy, environment, and people.

At FMN we use independent remuneration consultants to play a pivotal role in shaping our remuneration decisions. These consultants maintain impartiality, holding no affiliations with the organisation, our highest governance body, or senior executives. Additionally, we proactively seek and carefully consider the perspectives of our stakeholders, including shareholders, in the formulation of our remuneration processes.

In response to the ongoing inflation trend, we implemented salary increments based on merit, demonstrating our commitment to fair compensation. Furthermore, recognising the challenges posed by inflation, we introduced palliative measures to assist employees with transportation, demonstrating our dedication to addressing their evolving needs.

Table 3.1: Data on annual total compensation by management level compared with the highest paid individual.

Employee Cadre	Ratio	%Increase
Management	3:1	216%
Senior	4:1	337%
Junior	3:1	183%

3.1.4 CHAMPIONING FAIR PLAY

We are dedicated to acting in a transparent, equitable, and legal manner in all of our business interactions and relationships, as well as in combating corruption among our suppliers and workers at our operational locations. We adhere to all local and international laws prohibiting corruption and bribery and have strong rules in place to ensure that we always behave with integrity.

We have zero-tolerance for bribery and corruption and have adopted an anti-bribery and corruption statement, which is entrenched in our Code of Business Conduct and disseminated to our employees, customers, suppliers and other stakeholders. To make clear our firm stand on these vices, our clients, business partners, board of directors, executive management, and employees are required to confirm their compliance to the Company's Code of Conduct. We also execute due diligence procedures for our business partners, suppliers, and other third parties to examine the bribery and corruption risks connected with our business relationship and to ensure they read and accept our Responsible Business Partner Policy.

We have a Forensic & Investigation Department that regularly assesses the risk of fraud across the entire company. From our risk assessments, the significant risks we have identified relating to bribery and corruption include payment reversals, acceptance of gifts and bribes, tendencies to cheat the organisation, manipulation of attendance and customers' orders, theft of assets, etc.

In 2023, we identified 17 cases of fraud requiring attention. The individuals responsible faced sanctions consistent with the company's disciplinary policy and sanction grid. These measures underscore our unwavering commitment to upholding ethical standards and maintaining a workplace environment built on integrity and accountability.

In the reporting year, a total of 148.5 training hours were dedicated to targeted training program on anti-corruption and fraud prevention, equating to an impressive 100 management staff members receiving comprehensive education on anti-corruption measures. We remain



steadfast in our efforts to combat corruption and fraud at all levels of management, ensuring a resilient and responsible organisational framework.

3.1.5 BUILDING A CULTURE OF CARE AND CONNECTION

Our commitment to employee engagement and welfare is a strategic imperative, representing both a moral responsibility and a key business priority. It serves as the foundation for our ongoing efforts to implement inclusive, innovative, and engaged workforce programs and policies, essential for a contemporary workplace. Regular annual surveys and focused group conversations across business departments enable us to gauge employee sentiments and job satisfaction, with their valued feedback shaping our understanding of the impact of business operations on their experiences.

We embrace the Total Reward Concept, offering a comprehensive benefits package including medical insurance, pension contributions, and incentives. This approach reflects our commitment to exceeding employee expectations and fostering a culture of care and sustained success. Our Employee Assistance Programme (EAP) aims to enhance overall well-being through activities and training focused on reducing stress and improving mental health. Initiatives include themes such as capacity building, heart health, and substance abuse awareness. Please refer to the section on Rewarding Excellence for more information on the content of our Reward Policy in section 3.1.3 Rewarding Excellence and Fostering Equitable Compensation.

Additionally, our commitment to supporting the educational pursuits of our employees' children is evident through our scholarship program. This initiative extends to the children of permanent employees in job classes 6 - 9. Annually, a maximum of 15 university and 25 secondary school scholarships are granted.

At FMN, our commitment to sustainability goes beyond compliance, emphasising active engagement and awareness-building. A key initiative that started in this financial year is the Sustainability Digest Bulletin, a dynamic platform disseminating crucial sustainability information, showcasing our endeavours, achievements, and future goals. We celebrated international event days, such as World Water Day, International Women's Day, World Soil Day, and Girl Child Day, aligning with global themes to reinforce our dedication to specific sustainability causes. The Bulletin plays a pivotal role in articulating our sustainability journey, offering success stories, and addressing challenges. Through compelling content, it builds a culture of consciousness and responsibility towards sustainable practices across all levels of our organisation, ensuring employees gain a deeper understanding of the positive impact we aim to create.

Key Alignments



**NDP Goal 4
UNGC Principle 3**



Figure 3.1: FMN's Sustainability Digest Bulletins and International event day campaigns

As a company dedicated to fostering an inclusive workplace, we have implemented a range of policies to ensure our employees feel respected and valued. Our staff are covered by collective bargaining agreements affording them the opportunity to actively participate in trade union activities to safeguard their rights and interests. Our employees are members of various trade unions, including the National Union of Food, Beverage, & Tobacco Employees (NUFBTE), the Food, Beverage & Tobacco Senior Staff Association (FOBTB), and the Association of Food Beverage and Tobacco Employers (AFBTE). We maintain regular communication with these unions through our Joint Consultative Committee to promptly address any concerns that may arise. Furthermore, we adhere to agreed-upon time frames when making significant organizational changes, ensuring transparency and fairness in the decision-making process.

In 2023, a total of 16 staff members went on parental leave, with 75% of them being female employees. The graph below shows the trends over the years.

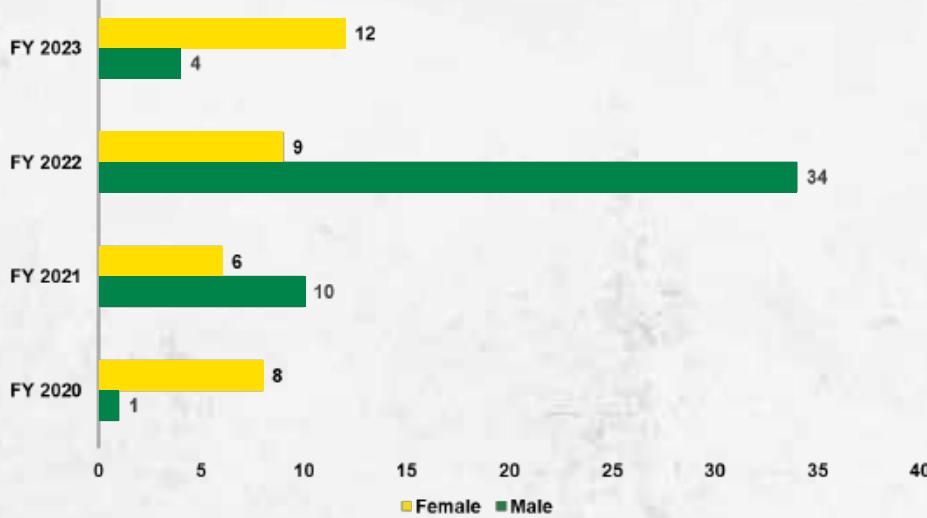


Figure 3.2: Number of workers (male and female) who went on parental leave in 2023



Figure 3.3: Return to work rate by gender for employees who took parental leave since 2020

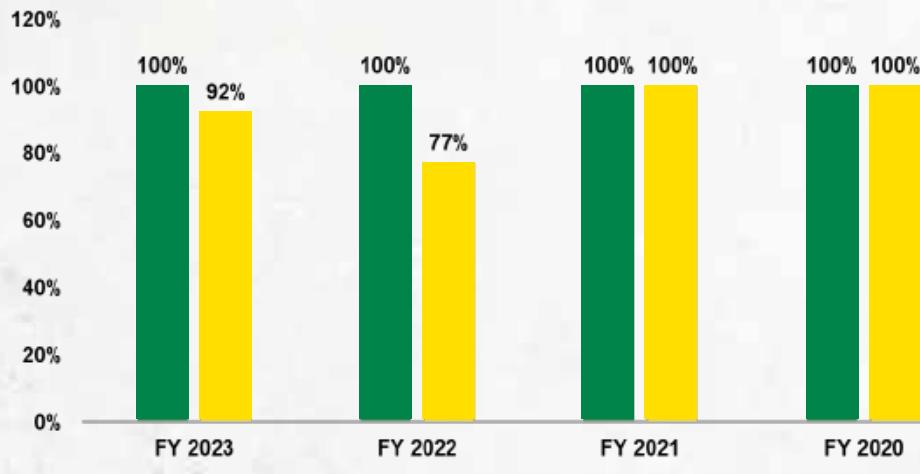


Figure 3.4: Percentage of employees that went on parental leave, returned to work after parental leave and are still employed after twelve months from date of return to work from parental leave by gender

In the past year, we welcomed 94 new employees, with 78% being male and 21% female. The employee turnover recorded in 2023 was 2.3%.

Table 3.2 Details of new joining employees and employees leaving the firm during the year

New Joiners/ Employees Leaving The Organisation At Each Level	Age Group Of Employees			Gender		Total
	<30	30-50	>50	Male	Female	
Senior Management						
Resignation	2	12	1	11	4	15
New Joining		7	4	6	4	10
Retirement			2	2		2
Voluntary Retirement				1		1
Dismissal/ Suspension		1		1		1
Death	3	7	10			10
Redundancy						
Transfer To Jvs/ Subsidiaries				2		2

Middle Management						
Resignation	3	17	6	20	6	26
New Joining	3	33	1	31	6	37
Retirement			11	11		11
Voluntary Retirement						
Dismissal/Suspension			1	1		1
Death		1	1	1		1
Redundancy						
Transfer To Jvs/ Subsidiaries				4		4
Lower Management						
Resignation	3	50	5	58	3	61
New Joining	12	34	1			
Retirement			7	7		7
Voluntary Retirement						
Dismissal/Suspension						
Death	1		1	1		1
Redundancy						
Transfer To Jvs/ Subsidiaries						
Staff						
Resignation	8	79	12	89	13	102
New Joining	15	74	6	37	10	47
Retirement			20	20		20
Voluntary Retirement					1	1
Dismissal/Suspension		1	1	2		2
Death	4	8	12			12
Redundancy						
Transfer To Jvs/ Subsidiaries				6		6

The deaths recorded in the table above did not occur during our business operations but were due to general causes.

3.2 PROTECTING OUR CHERISHED ENVIRONMENT – IN TOUCH WITH OUR PLANET

At FMN, we have an unwavering commitment to minimising the effects of our operations on our immediate environment. In line with this commitment, we were one of the first FMCG companies in Nigeria to join the African Business Leaders Coalition, and we signed the African Business Leaders Climate Statement at COP27.

In 2023, we established our Climate Policy to guide our actions and initiatives pertaining to the protection of the environment. The policy states our commitment to addressing the risks and opportunities associated with climate change and align our business conduct with the UN SDGs. In line with our Climate Policy, we are committed to;

- Complying with relevant climate regulations and best practices.
- Identifying, assessing, and managing climate-related risks and opportunities throughout our value chain.
- Gradually transitioning to clean energy through improved efficiency, alternative fuels, and renewable sources.
- Monitoring and transparently disclosing direct and indirect GHG emissions.
- Developing and monitoring formalised plans for energy efficiency and GHG reduction.
- Funding research and development projects related to climate mitigation and adaptation, including nature-based solutions.
- Collaborating with stakeholders and communicating our climate action efforts.
- Implementing climate change awareness programs for all stakeholders.
- Continuously aligning with relevant national and international frameworks like the Task Force on Climate-related financial disclosures (TFCD), Science Based Targets (SB-TIs), Global Reporting Initiative (GRI), and Carbon Disclosure Project (CDP).

This section of the report highlights different initiatives in place to ensure full enactment of this policy.

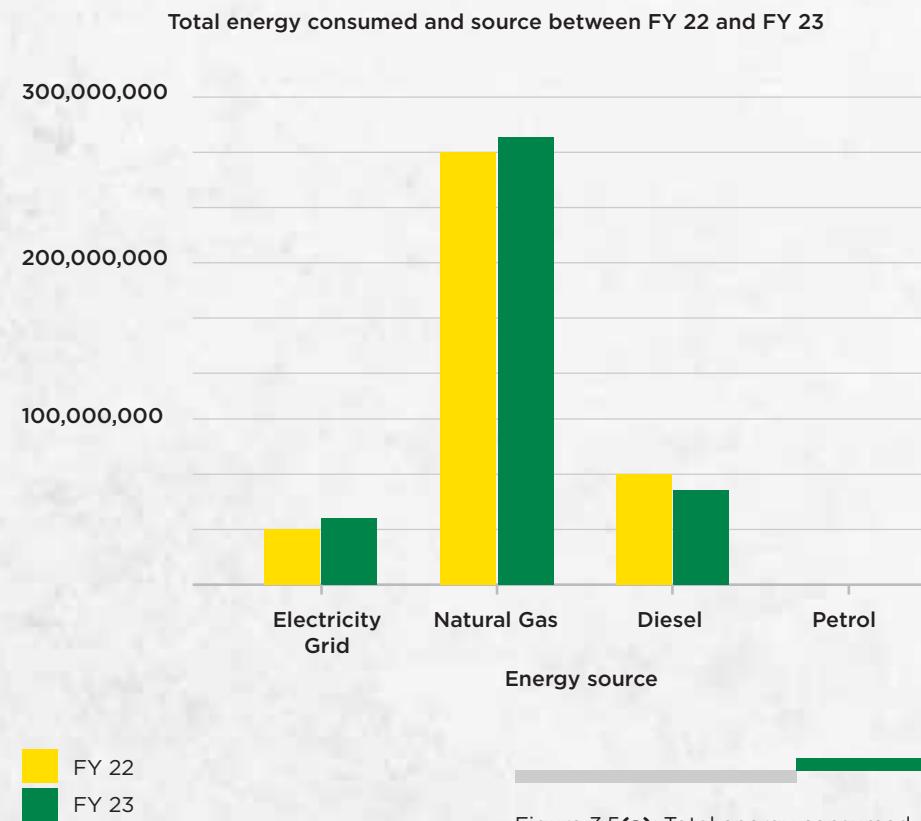
Key Alignments



UNGC Principles 7, 8, 9

3.2.1 POWERING PROGRESS SUSTAINABLY: OUR ENERGY JOURNEY

We are committed to responsibly managing our energy use and reducing our environmental impact. During the year, we made significant progress in implementing energy-efficient practices and sourcing renewable energy. We consumed 365,877,828kWh of energy during the reporting period. This includes consumption of natural gas, diesel and grid imported electricity. The table below shows details of our energy consumption since FY 2021 from all our subsidiaries except PCPL.



We recorded 0.23% increase in energy consumption compared to the previous year. We included energy from our newly acquired subsidiaries, Honeywell Flour Mill Tincan and Honeywell Flour Mill Sagamu. This is because of the increase in the number of subsidiaries estimated. We are also making great efforts towards tracking energy consumption across all our sites. Energy consumed across our sites is measured in real time by meters installed across the Energy Usage Points. Details of some of our energy-saving initiatives are listed in the table below.

Table 3.3: Energy-saving initiatives at FMN

SN	Initiative	Type of initiative	Year of implementation	Unit	Total energy saved since implementation (kWh)
1	Energy saving lighting	Retrofit	2020	kWh	1,500,000
2	Exhaust waste heat recovery	Process redesign	2023	kWh	2,312,538
3	Power factor improvement	Process redesign	2019	kWh	7,745,833

We are actively working to reduce our energy consumption through various initiatives, such as installing solar panels across some of our operational sites, upgrading to energy-efficient equipment, implementing energy management systems, promoting energy conservation awareness among employees, etc.

As of March 2023, we had our BAGCO North site running on 1MW of solar power, and we have a target to transition more sites to get to 8MW before the end of FY 26. At our BAGCO factory, we doubled solar energy generation to 20% of total energy needs, significantly reducing environmental impact. We are also in the process of diversifying our energy mix away from diesel by making sure our factory hubs have access to mixture of CNG, piped gas, biomass and solar power.



Figure 3.5(a): Total energy consumed and source of GHG at FMN between FY 21 and FY 23



Figure 3.5(b): Factory roofs with solar panels

We are also exploring opportunities to reduce our indirect energy consumption, such as through promoting energy efficiency in our supply chain, encouraging customers to adopt energy-efficient products and services, etc.

3.2.2 TACKLING EMISSIONS RESPONSIBLY

Greenhouse gas (GHG) emissions pose a significant threat to our planet and the varying life forms it is home to. As a responsible organisation, we are committed to managing our emissions responsibly and continually improving our climate change mitigation strategies, aligning them with our overall goals and the UN SDGs.

Across our business operations, our total GHG emissions in the FY 2023 was 211,375,035 KgCO₂e, which is a 10.8% decrease from last year. This was mostly due to our increase in commitment to renewable energy across our operations, as well as our intentional efforts to track our emission across our sites during the year. Our major sources of emissions include the consumption of electricity from the grid, natural gas and diesel. Initiatives in place to reduce our Scope 1 emissions across our sites include the use of solar energy and recovery of exhaust heat from generators. In addition, we are partnering with Daystar Power Energy Solutions to increase solar installations across our sites, thereby reducing our carbon footprint.

Table 3.4: Percentage total of GHG emission generated between FY 22 and FY 23

Source of GHG emissions	% of total emissions (FY22)	% of total emissions (FY 23)
Electricity imported from the grid	5.8%	7.1%
Natural Gas	20.7%	24.0%
Diesel	73.5%	68.9%
Petrol	0.0%	0.0%

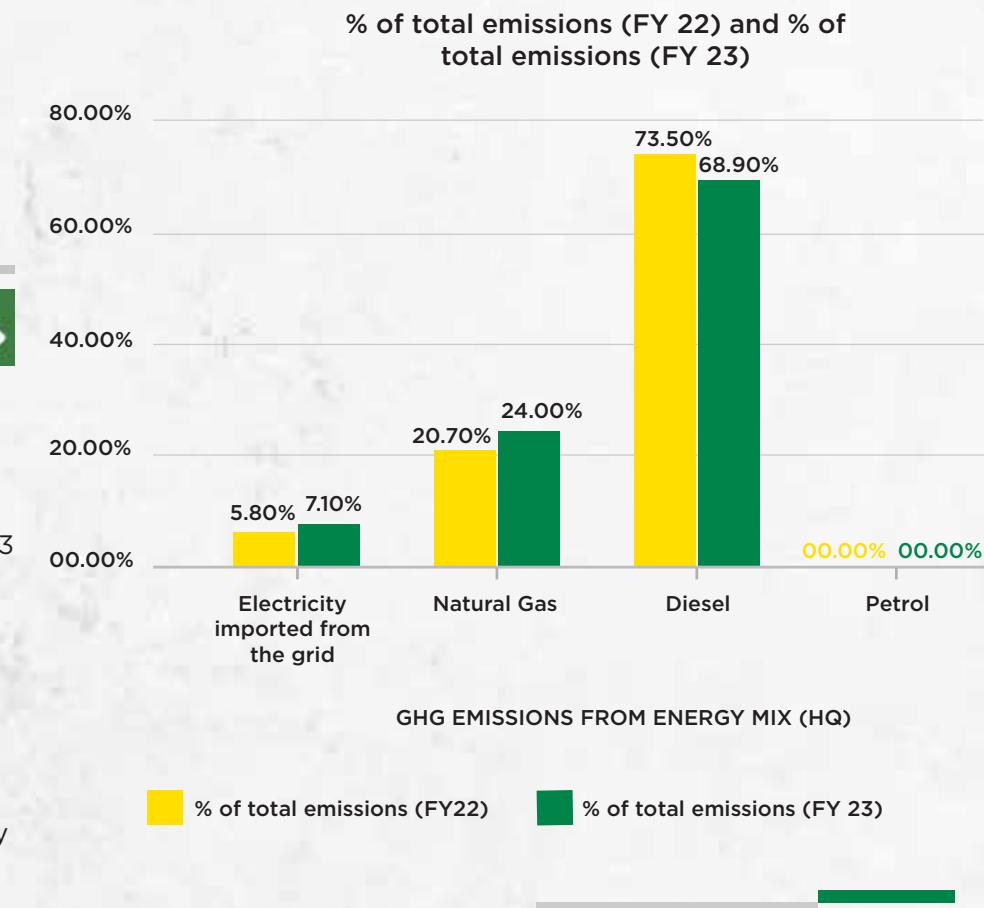


Figure 3.6: Percentage total of GHG emission generated between FY 22 and FY 23

We do not use any ozone-depleting substances (ODS) in our operations, and we are currently putting measures in place to monitor our emissions of other air pollutants, such as NOx and SOx, and ensure they comply with all relevant regulations and standards.

3.2.3 ECO-CONSCIOUS WASTE HANDLING

Waste management is a critical part of our sustainable efforts at FMN, as we have continued to take a comprehensive approach to sustainable waste management, including waste prevention, waste reduction, and waste disposal. At FMN, we put measures in place for the different categories of waste generated, including gaseous, solid, liquid, and other hazardous waste.

We have adopted a waste hierarchical model to responsibly manage our waste. Our waste management policy outlines our commitment to adopting the best practicable environmental option and to contribute to circular economy space through our value chain. This is our delivery approach to our waste management obligations.

Our waste management goals are clearly communicated with partners to ensure everyone understands and embraces our commitment to responsible waste management. This commitment is solidified by our adherence to key regulations, including the National Environmental Protection (Pollution Abatement in Industries and Facilities Generating Wastes) Regulations and the 1991 Harmful Waste (Special Criminal Pro-

Our journey towards waste management is evident in the reduction of trips of solid waste to landfills by 35.4% across pilot sites in 2023. Our commitment to waste prevention and reuse has also been reflected in our value chains. Among several examples is our wheat offal, which is waste from the milling process and is used in the animal feed process by our subsidiary, Premier Feeds Mills.

A major milestone we recorded during the year was the launch of our newly implemented waste reduction strategy and a comprehensive 5-year roadmap to aid proper waste management across the Group. This strategic framework empowers us to continually learn and enhance the execution of our plans. As of year-end 2023, we achieved a notable 33% reduction in landfill waste, demonstrating our commitment to sustainable waste management in the 2023 FY. This achievement is proof of our thorough approach, including the diligent evaluation of every waste stream generated across our sites.

We generated a total of 3,614 MT of solid waste across 18 different business units in 2023 as shown in the figure below.

Key Alignments



UNGC Principles 7, 8, 9

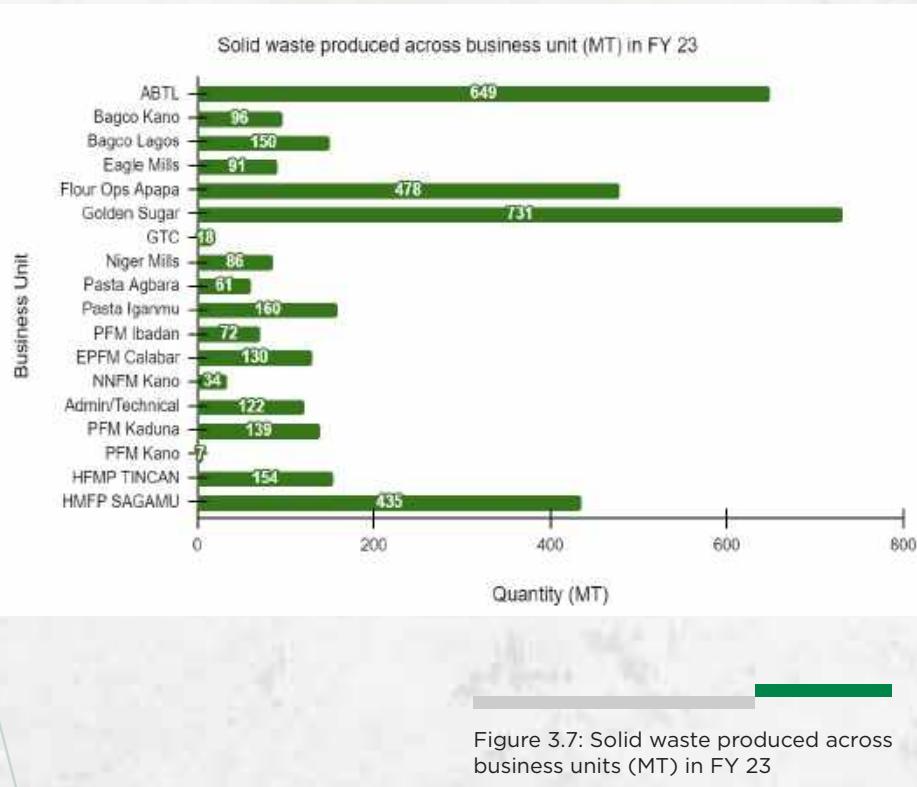


Table 3.5: Septic waste generated in FY 23 across our business units

Business Units	Septic Evacuation Per Tonnage
ABTL	176.77
Admin Apapa	-
Bagco Kano	320
Bagco Iganmu	1440
EPFM	333.04
FOPs	1,549.90
Fertilizer Apapa	17
Fertilizer Kaduna	0
Pasta Agbara	101
Pasta Iganmu	No evacuation
GSC Apapa	42.66
GSC Sunti	WWTP
GTD	50
NMC	9.7
NEFM	39.48
NNFM	0

PCPL Ososa	No evacuation
PEOPL Ibadan	Wastewater Treatment Plant
PFM Ibadan	20.2
PFM Kaduna	No evacuation
PFM Kano	No evacuation
HFMP Tincan	273
HFMP Sagamu	No evacuation

Our effective waste segregation and sorting strategy at waste source resulted in a 33% reduction in solid waste to landfills, leading to significant savings of ₦66.5 million at our Apapa site.

3.2.4 EMBRACING ECO-CONFORMITY

At FMN, environmental compliance is a priority. In 2023, we conducted environmental audits at 7 of our sites. The audited sites are as follows:

- Nigerian Eagle Flour Mill, Ibadan,
- Northern Nigeria Flour Mill, Kano,
- Premier Feed Mills, Ibadan,
- Premier Feed Mills, Kano,
- Golden Transport Division, Lagos,
- Honeywell Flour Mills, Sagamu, and
- Honeywell Flour Mills, Tincan.

These reports confirmed our commitment to regulatory compliance and provided valuable insights for improving our environmental management practices and policies.

Our environmental management policy statement emphasises our commitment to environmental integrity. This policy guides us in complying with regulations, industry best practices, and other requirements. It will also help us develop and maintain environmental management programs to minimise adverse impacts.

We manage our environmental impacts through strict adherence to relevant laws including;

- National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007,
- Environmental Impact Assessment (EIA) Act CAP E12, LFN 2004

Key Alignments



**NDP Goal 1
UNG
Principles 7, 8, 9**

- 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

Table 3.6: Our environmental regulators

Regulator	Reason for Engagement	Frequency
Nigerian Ports Authority (NPA) Environment	All environmental related issues at the terminal	Monthly/quarterly/annually
National Oil Spill Detection and Response Agency (NOS-DRA)	Oil spill control and management	Annually
Lagos State Environmental Protection Agency (LASEPA)	Environmental compliance monitoring; hazardous waste management and disposal	Quarterly/bi-annually
Nigerian Maritime Administration and Safety Agency (NIMASA)	To check vessel sea worthiness and renewal of terminal licence	On board every ship/vessel that berths at the terminal/annually
Nigerian Agricultural Quarantine Service (NAQS)	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
Lagos State Ministry of Environment	Environmental compliance monitoring	Quarterly
Apapa LGA sanitisation/health	Occupational and environmental compliance	Biannually

National Environmental Standards and Regulations Enforcement Agency (NESREA)	Environmental compliance monitoring, Federal environmental regulations, permits, and audits	Quarterly/yearly	Atlas Copco, Ingersoll Rand, Comp Air.	Regulators	
Lagos State Waste Management Authority (LAWMA)	Waste management/disposal	Biannually/monthly	Bosch Nig. Ltd., Alfa Laval, Bertsch, Thermossol, Panini, InConsulting	Hot water boilers	Monthly, yearly
Calabar Municipal Government	Environmental health	Quarterly	Adepoju Ol-adapo Nig. Ltd., Lorik, Hydrogeotechnique	Bore holes and sinking and annual maintenance	Monthly, yearly
Cross River Ministry of Environment	Environment	Quarterly	Unicorn Nig. Ltd.	Boiler, pressure vessel, air receivers, lifting equipment, inspection, and licencing	Bi-annually, yearly, and as need be.
Calabar Urban Development Authority	Waste management	As per plant requirement	Ogun State Waste Management Agency (OGWAMA)	Waste management/disposal compliance obligation	Weekly, monthly, yearly, need basis
Cross River Waste Management Agency	Waste revenue collection	Annually	Ogun State Environmental Protection Agency (OGEPA)	Environmental compliance obligation	Annually, need basis
Cross River State Carbon Emission Board	Carbon emission				
Federal Ministry of Environment (FMEnv)	Environment; Federal environmental regulations	Quarterly/yearly			In addition to environmental studies and audit, other initiatives carried out in the reporting year include the validation of Environmental Impact Assessments (EIA), upgrading of EIA reports, and environmental compliance monitoring exercise reporting.
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			We understand that efficient water usage and management are critical for manufacturing and vital for the production processes. However, its overuse or improper disposal can have varying degrees of implications that can be detrimental.
Ado-Odo/Ota Local Government	Local government environmental regulations	Yearly			As a responsible business committed to advancing our operations sustainably, we prioritise efficient water consumption and have implemented measures for managing our water usage across our production process and other operational activities. Our records on water abstraction and consumption across our subsidiaries for the past two years are presented in the chart below.
Biotech Solutions Ltd	Sewage treatment plant	Weekly, monthly, yearly			
Devogan Ltd.	Air compressors	Daily, weekly, monthly, yearly			

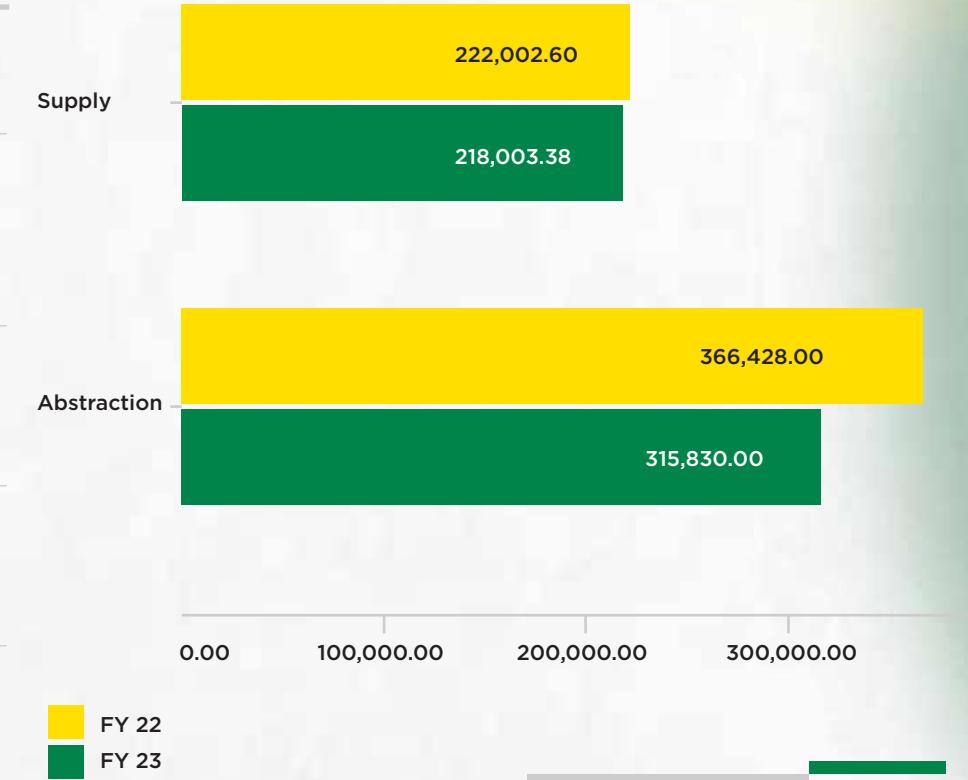


Figure 3.8: FMN's Flour operations water supply and abstraction in FY 22 and 23

In the reporting year, we developed some water management and efficiency initiatives at the FMN Flour Operations. The initiatives are listed below:

- Focused metering and data-logging for water abstraction and consumption
- Installation of mass flow meters across key water distribution tributaries and identified non-metered domestic consumers for proactive monitoring and engagement.
- Completed phase 1 of the water treatment plant tank automation project.
- Properly re-channelled and optimized condensate from the in-line steam supply to pelletization activities, reducing make-up water and overall pumping energy consumption.
- Proactively overhauled and re-kitted the filter media backwash automation system, significantly reducing water wastage within the water treatment plant.
- Construction of an alternative filtration supply line has created flexibility in water treatment plant operations and enhanced unit treatment operation.
- Regular refresher training programs are conducted in-house on water management and water treatment plant operations.



**UNGC Principles
7, 8, 9, 10**

Through the diverse initiatives adopted, we continue to demonstrate our unwavering commitment to responsible water management, thereby contributing to a more sustainable future for our company and the environment.

3.2.5 NAVIGATING WATER USAGE AND EFFLUENT CONTROL

We understand that efficient water usage and management are critical for manufacturing and vital for the production processes. However, its overuse or improper disposal can have varying degrees of implications that can be detrimental.

As a responsible business committed to advancing our operations sustainably, we prioritise efficient water consumption and have implemented measures for managing our water usage across our production process and other operational activities. Our records on water abstraction and consumption across our subsidiaries for the past two years are presented in the chart below.

3.2.6 Nourishing Soil, Nurturing Biodiversity



Key Alignments



NDP Goal 1
UNGC Principles 7, 8, 9, 10



Figure 3.9: Soil structure and farm landscapes

At FMN, we understand that healthy soil is the foundation of a thriving ecosystem, and biodiversity is the lifeblood of a sustainable food system. This is why we are deeply committed to nurturing the land we depend on, fostering a vibrant balance between productivity and environmental responsibility. In FY 2023, we implemented several initiatives across our value chains and beyond as part of our contribution to improving soil health and our commitment to sustainable growth. These initiatives carried out by our subsidiaries are outlined as follows:

◎ GOLDEN FERTILIZER COMPANY.

Improvement of Soil Fertility and Prevention of Soil Pollution

Fertilisers Supply Nutrients - The great importance of commercial fertilizers to plant growth and crop production lies in

the fact that they furnish usable amounts of three primary elements for plant nutrition—Nitrogen (N), Phosphorus (P) and Potassium (K). The chemicals are processed into forms suitable for plant use. The plant nutrients in the fertilizers are the same as those obtained from the soil and from organic matter by soil organism activities.

Where needed, commercial fertilisers increase production of good quality crops. These, in turn, leave increased plant residues in the soil to improve the structure and provide food for soil organisms. This is the way commercial fertilizers not only supply nutrients for the crop, but also increase the supply of soil organic matter to improve the soil. This makes it possible to produce large quantities of quality crops in many areas where it would otherwise be impossible.

◎ AGRI PALM

Another sustainable measure been implemented to preserve soil health at Agri Palm is the establishment of Pueraria cover crop in the newly planted area.

Benefits of cover crop to soil health and prevention of pollution:

- Increasing of field water content due to the soil surface been covered by organic matter and active plant material resulting in less evaporation.
- Good moisture conditions result into organic matter getting decomposed by the soil biota resulting into the release of organic acids playing a role in aggregating formation.
- Less soil compaction due to root systems keeping the soil more porous allowing nutrients and rainwater to enter the soil better.
- Preventing soil erosion due to less direct contact of rain with the soil but rather with the cover crop
- Due to overall better soil health resulting into higher yields, less chemicals and fertilizers will be consumed or lost into streams leading to better sustainability.

◎ SUNTI GOLDEN SUGAR ESTATE

One of the measures used to improve soil health at our Sunti Golden Sugar estate is green manuring, which is the approach of cultivating crops to be incorporated into the soil to build organic matter and soil structure, thereby adding nutrient value to the soil. It increases the organic composition of the soil and water holding capacity, enhances the population of soil living bio-organism.

Demonstration farms: We trained over 500 farmers on our demonstration farms in integrated pest management and natural predator conservation techniques, reducing pesticide use by 25% and promoting biodiversity.

By improving soil health and promoting biodiversity, we contributed to increased crop yields on over 10,000 hectares of land, enhancing food security for local communities. These initiatives are just a glimpse into our broader efforts to nourish the soil and nurture biodiversity. We are committed to continuous improvement, collaborating with stakeholders, and sharing our best practices to cultivate a more resilient and sustainable future for generations to come.

3.2.7 CLOSING THE LOOP: MAXIMISING RESOURCE SUSTAINABILITY

Key Alignments



NDP Goal 4, 5
UNGC Principles 7, 8, 9, 10

As a forward-thinking business, we understand the challenge of resource scarcity and waste generation which are significant in the agro-allied industry. Our circularity strategy addresses these challenges through our focus on resource efficiency, recycled content, waste reduction, water management, and innovative solutions that drive our production process.

Our unique production process prioritises the efficiency of our resources by categorising by-products for potential reuse or recycling before final disposal. These by-products are crucial in creating other products, reflecting our commitment to sustainable and efficient resource utilisation. We have adopted an approach focused on extracting waste from our production streams and reintegrating it into a circular economy model.

Our BAGCO division is the largest and foremost manufacturer of premium bags in Africa, with state-of-the-art machinery, a skilled workforce, and adheres to the highest standards of manufacturing practices. Through this division, we have been able to reduce our waste and promote resource circularity by reusing and recycling waste materials.

In 2023, we recycled 100% of factory waste in our bag operations and 90% in the BAGCO Morpack flexible laminate business.

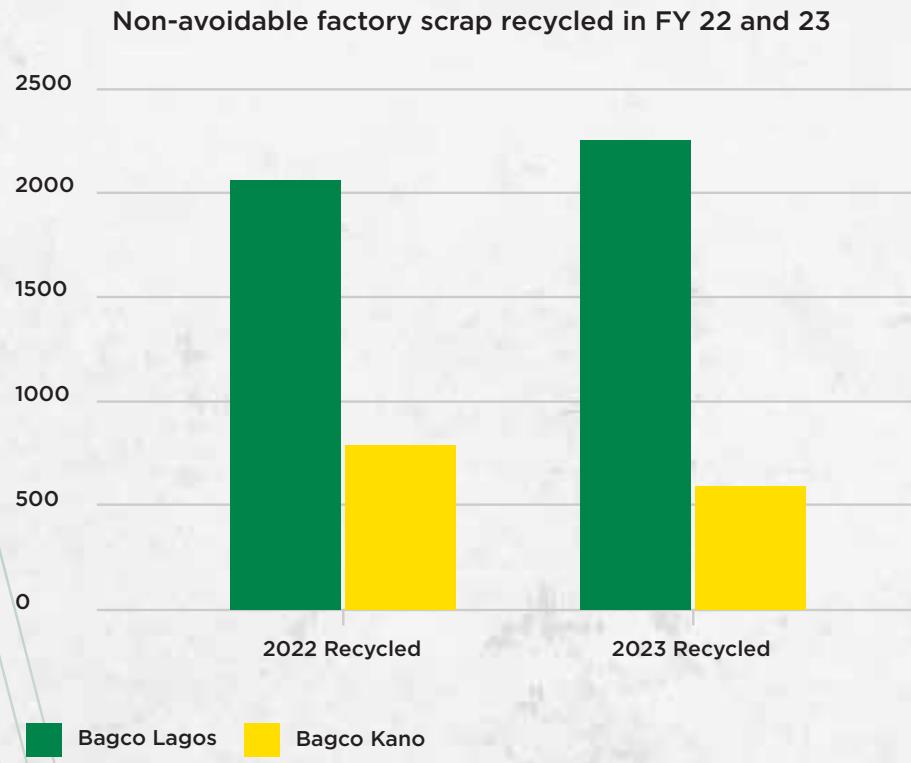


Figure 3.10: Non-avoidable factory scrap recycled in FY 22 and 23

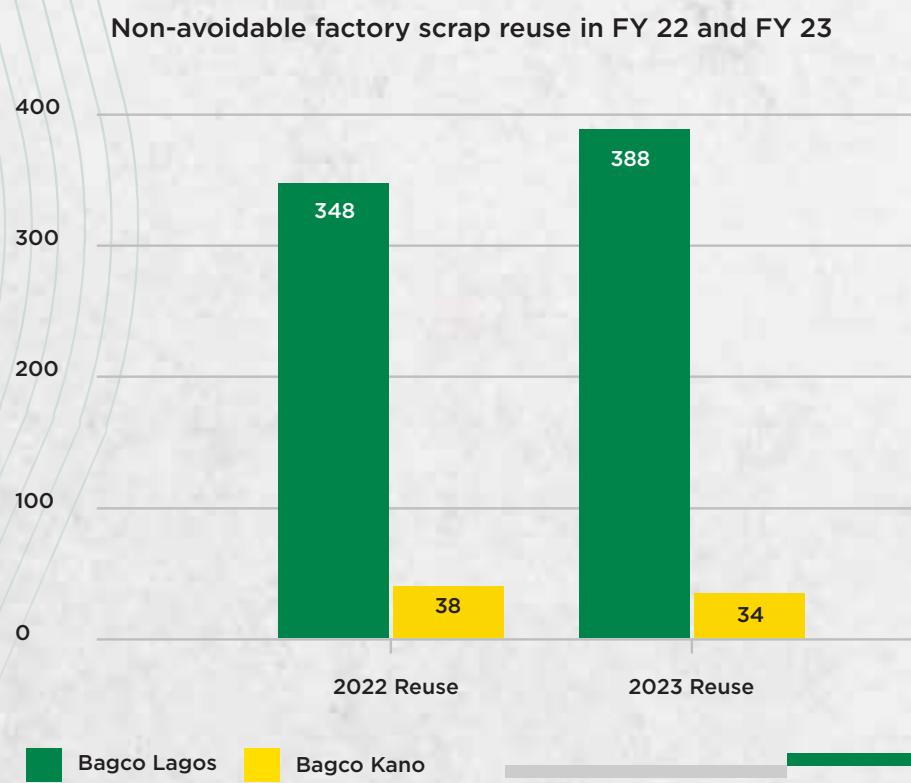


Figure 3.11: Non-avoidable factory scrap reused in FY 22 and 23

Table 3.7: Data on scrap waste from BAGCO Lagos in FY 23

Category	Value
Non-avoidable factory scrap reused	388,725 kg
Non-avoidable factory scrap recycled	2,237,338 kg
Total plant scrap	1,723,011.1 kg
Percentage usage against scrap	22.6%

The recycled balance not reused in BAGCO Lagos was exported to Ghana, Morocco and the USA while the balance from BAGCO Kano was sold to local injection moulding companies.

3.2.8 BUILDING CLIMATE RESILIENCE FOR FOOD SECURITY

At FMN, we recognise the vital role of climate resilience in ensuring long-term food security for Nigeria. To this end, we actively implement strategies to strengthen our operations and the wider agricultural ecosystem against the challenges posed by climate change.

We prioritise proactive adaptation measures to safeguard our agricultural operations against physical climate risks like flooding and drought. One notable example is the construction of a 43kilometer dyke around Sunti Farms, our flagship sugar plantation in Niger State. This initiative, completed in the reporting year, significantly mitigates the risk of flooding, protecting 3,500 hectares of irrigated sugarcane and ensuring uninterrupted production. We crushed 161,808 tons of sugar cane producing 16,479 tons of sugar production, contributing to national food security.

Through our agro-allied division, we empower farmers across Nigeria with the knowledge and tools to thrive in a changing climate. As detailed in section 3.3.8 we implemented comprehensive programmes that equip farmers with the knowledge and resources necessary for adapting to a changing climate. Our proactive adaptation strategy as well as capacity building for farmers will ensure long term food security and the mitigation of the potential disruption caused by climate change.

Looking ahead, FMN remains committed to playing a leading role in building climate resilience for food security in Nigeria. In the coming year, we plan to:

- Expand the construction of flood protection infrastructure at strategic agricultural locations.
- Develop and disseminate tailored climate-smart agriculture packages for diverse agro-ecological zones.
- Partner with research institutions and government agencies to accelerate the adoption of climate-resilient technologies.
- Collaborate with local communities to build their capacity to manage climate risks.

By working together, we can build a thriving and sustainable food system that can withstand the challenges of climate change and nourish future generations.



Highlight:

Flood Resilient Farming at the Golden Sugar Company Limited – Sunti Division

In 2023, the resilience of our dyke system was put to the test as it withstood the largest Niger River white flood in recent memory, enabling our facility to achieve its highest sugar production to-date. This success was further bolstered by our expansion efforts, with 3,500 hectares of irrigated sugar cane already in place and an additional 4,300 hectares slated for development in upcoming seasons through our upland drip irrigation project, mitigating flood risks. Investment in infrastructure and expansion projects remained a priority throughout the year, with ongoing land preparation and road construction initiatives enhancing connectivity between our operations and the factory. Concurrently, efforts to fortify our dyke system in low-lying areas were intensified, ensuring sustained crop yields for the foreseeable future.



Figure 3.12: A dyke system to protect one of the host communities that is inundated with floods on a yearly basis in Sunti community

3.3 INVESTING IN SOCIAL GOOD – DEVELOPING OUR PEOPLE AND UPLIFTING OUR COMMUNITIES

At FMN, we recognise that sustainability extends far beyond environmental and economic measures. It's woven into the very fabric of our social responsibility, encompassing the well-being of our people, communities, and the world around us.

This section details how we invest in our employees through comprehensive learning and development programs, ensure their safety and well-being through robust occupational health practices, and foster an inclusive and diverse environment where all voices are heard. We delve into our commitment to human rights, information security, and community engagement, showcasing how we strive to be a responsible corporate citizen and contribute to food security and overall societal progress. Join us on a journey to discover the human face of sustainability at FMN.

3.3.1 FOSTERING DIVERSITY AND INCLUSION

At FMN, we prioritise diversity and inclusion, building a culture where every employee feels safe and supported, irrespective of differences. Diversity is essential to our success as it drives innovation by leveraging distinct perspectives. Upheld through policies like our Non-Discrimination & Equal Opportunity policy, we recognise that each person's knowledge and skills, regardless of their gender, contribute to our competitive advantage. Under our recruitment process, we practice non-discriminatory hiring and staffing, with all hiring decisions based on each individual's merit and suitability for the role in accordance with business needs, job requirements and qualifications.

Diversity on the Board

We have a diverse Board of directors, to enable exchange of opinions from the diverse perspectives of all directors along with free and open deliberation no distinction between race, ethnic group, nationality, gender or age, to their personality and acumen, wealth of professional experience, and depth of insight into the business and management environment.

Key Alignments



NDP Goals 4, 5 UNGC Principle 6

Diversity in numbers

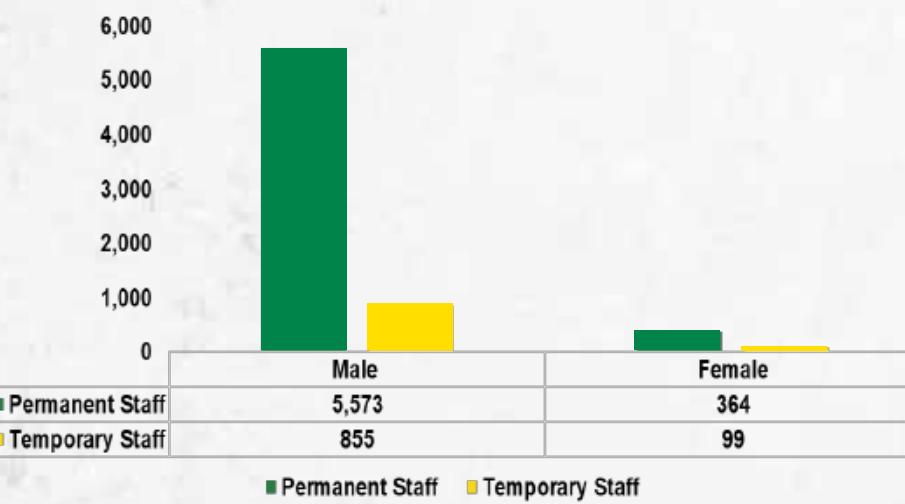


Figure 3.13: Distribution of employees by contract type

Currently, our age distribution is as follows: 78% of our staff falls within the age range of 30 to 50 years, while those above 50 years comprise 15% of our active workforce. We also maintain an active pool of young professionals under 30 years of age, constituting 7% of our workforce. Our long-term vision includes an ongoing commitment to enhancing age diversity within our organisation. We are dedicated to providing substantial opportunities for young talent to develop and eventually assume leadership roles in our company in the near future.

At FMN we consciously strive to guarantee the proper representation of individuals from our local communities within our senior management team. Out of our senior management team comprising 200 members, 148 individuals, constituting 74%, hailed from our local communities in the past year. Within our workforce, we have foreign nationals who are distributed across our different offices, contributing to the international makeup of our team. We place a strong emphasis on fostering a dynamic and youthful workforce.

Delivering on Key Diversity & Inclusion Initiatives around Gender

We are dedicated to empowering women and girls, recognising their immense potential and the significant value they bring to our business. Gender equality is not just a goal but a fundamental principle in our

workplace, fostering a stronger and more inclusive organisation. We believe that diversity, including the empowerment of women, is not only a moral imperative but also a strategic advantage driving innovation, creativity, and overall success. Our commitment extends to integrating gender equality into policies, recruitment, and the overall employee experience, impacting our entire value chain. Specific programs implemented over the past two years aim to nurture the development and success of our women, providing an environment where they can thrive and make a meaningful impact.

FMN Women Network

The FMN Women Network was established with the aim of fostering the professional growth and success of women at FMN across all career levels. Our primary focus is on dismantling structural barriers that hinder career advancement and impede work-life balance, ultimately enhancing organisational value. We firmly believe that increasing awareness and expanding the network will positively impact the company's overall performance. To achieve these goals, we have implemented a comprehensive set of initiatives with well-defined objectives to promote gender balance and reinforce our inclusive culture. Our unwavering commitment to providing equal opportunities to all employees is reflected in these initiatives.

The key objectives of this initiative are:

- Enhance gender diversity, particularly at management levels.
- Improve performance and engagement ratings by empowering FMN women to take charge of their self and career leadership.
- Proactively address gender-related workplace challenges.
- Contribute significantly to the overall success and development of FMN as an organisation.

During the past year, we engaged in several programs, including:

- Quarterly Mentoring Sessions:** This platform serves as an opportunity for learning from the network's leaders, sponsors, and external resources. The sessions cover various subject matters, including career-focused topics and essential life concerns such as self-esteem, finance, mental health, and work-life balance. We had a virtual fireside chat with FMN College of mentors and executive women in engaging discussions on effective mentorship and board visibility.
- Notably, this year featured a session on Navigating Mental Exhaustion, facilitated by a psychologist and therapist. We also had a new cohort onboarding mentorship program where we organised sessions to welcome and orientate new cohorts to our mentorship program.



MENTEES TESTIMONIALS



Figure 3.14: FMN Women mentoring sessions testimonials



Figure 3.15: Sessions on puberty and hygiene with girls at Apapa Senior High School

- **Girls in Action Initiative** - International Day of the Girl Child: We conducted an educational session for over 200 girls at Apapa Senior High School, addressing topics related to puberty and hygiene. Additionally, we distributed free sanitary pads and Golden Penny products.
- **International Women's Day** - Girls in Action Initiative: We impacted over 350 girls at Apapa Christian High School, focusing on career guidance and digital awareness. Additionally, we donated a projector and Golden Penny products.



Figure 3.16: Sessions on career guidance and digital awareness for girls at Apapa Christian High School.

- **Pose Campaign:** Women of FMN participated in the embrace equity campaign by striking a pose and sharing quotes, amplifying the message across internal communication channels.



#EmbraceEquity

Figure 3.17: FMN Women on the IWD pose campaign

FMN Women Network Awards and Recognition

Awards from the IFC

- Flour Mills of Nigeria Plc Gender Diversity in Supply Chains Award
- Special recognitions from the IFC
- Flour Mills of Nigeria Plc Recognition for Championing Childcare
- Flour Mills of Nigeria Plc Recognition for Women's Empowerment and Leadership



Figure 3.18: FMN Women Network Awards

3.3.2 CULTIVATING TALENT: NURTURING TOTAL LEADERS

Our company's success is reliant on our employees' ability to support the achievement of all our organisational goals, as they are our most significant resource. We prioritise equipping our staff as well as adapt to new work practices and keep up with changing global trends. This is accomplished through providing our employees with the skills, resources, and opportunities they require to learn and grow in their roles as well as their careers.

We understand the importance of continuous learning and development, and this is shown in our 70-20-10 development strategy, which recognises that development extends beyond technical training. To this effect, we focus on promoting learning and development through specialised courses, on-the-job learning, expatriate understudy, coaching and mentoring across the business.

The learning and development policy highlights our strategic commitment to provide our employees with the necessary training that enables them to succeed, increase productivity, and improve the value we provide to our valued clients. Following job confirmation, each employee is entitled to company-sponsored training and certifications. We have also implemented many programs for all levels of management, including junior, mid, and senior management, as well as our directors, and contract staff.

We have made conscious efforts to improve our employees' work performance by establishing the FMN Academy in Apapa in 2019, which has served as the hub and centre of learning where we nurture and build abilities for our teams. The Academy was created to address gaps in skills and to ensure that employee growth is a continual activity throughout their career at FMN.

Table 3.8 Total hours of training conduct per employee category

Employee Category	Training Hours
Senior management	3,240
Middle management	8,556
Junior management	13,076
Staff (permanent)	5,136
Apprentices	240
Total	30,248

Key Alignments



NDP Goal 4

We recorded an average of 15.6 training hours per employee in 2023.

3.3.3 PERFORMANCE METRICS FOR EMPOWERING EXCELLENCE

Our human resource policy places significant emphasis on the crucial role of performance evaluation as part of our commitment to our employees. Recognising that assessing individuals is integral to enhancing communication, boosting employee morale, and establishing a solid foundation for incentives and rewards, we leverage these evaluations to identify customised training needs critical for optimising service delivery.

Our PILOT framework is used for employee evaluation, our human resource team orchestrates a systematic process for evaluating all employees. Our approach adopts a "top-to-bottom" perspective, ensuring clear, measurable, and achievable goals.

A total of 5,635 staff members, underwent performance evaluations during the year. Furthermore, we recognise and celebrate employees who embody the elements of the PILOT framework through the quarterly PILOT award, showcasing our commitment to fostering a culture of excellence and continuous improvement.

Table 3.9 Total employees by gender and by employee category who received a regular performance and career development review during the reporting period.

Employees appraised during the year			
Designation	No. of Employees		
	MALE	FEMALE	Total
Senior Management	8	10	18
Middle Management	43	12	55
Junior Management (Executive)	12	24	152
Staff (Permanent)	5,283	352	5,635

3.3.4 CHAMPIONING DIGNITY AND UPHOLDING HUMAN RIGHTS

At FMN, we hold a firm belief in the inherent value of every individual, and our unwavering commitment is dedicated to upholding and respecting the fundamental human rights of all. This commitment extends to every person associated with our operations, including employees, customers, suppliers, and various stakeholders. In every facet of our operations and within our host communities, we strictly adhere to human rights principles, considering it a paramount responsibility.

Beyond our workforce, we recognise our responsibility to respect the human rights of those affected by our operations, including local communities, indigenous peoples, and other vulnerable groups. Engaging in transparent and open dialogue with these communities, we seek to understand their needs and concerns. Our objective is to address these issues in a manner consistent with our core values and human rights principles.

We are proud to report that there were no recorded cases of discrimination throughout the year. Our commitment to championing dignity and upholding human rights remains resolute. We stand dedicated to fostering an environment that respects, protects, and advocates for the rights of every individual associated with our operations.

3.3.5 SAFETY BEYOND NUMBERS: OUR LIFE LINE TO SUSTAINABLE OPERATIONS

⦿ Our Occupational Health and Safety Management System

At FMN, we prioritise employee well-being through a comprehensive Occupational Health & Safety management system. Regular audits, health checks, emergency drills, and an in-house clinic with 24/7 care ensure proactive hazard identification and risk minimisation. Monthly health talks, medical reports, and disease trend analyses inform follow-up measures. Committed to zero harm, we continuously enhance our safety systems, recognising it as vital for sustainable operations.

⦿ Ensuring a Safe Work Environment: A Priority in Action

Our commitment to a safe and healthy working environment is unwavering. It encompasses everyone associated with FMN, including



NDP Goal 4 UNGC Principles 1, 2, 6

employees, contractors, and visitors. We uphold the belief that every individual has the right to return home safely at the end of each work-day. Implementing a "Zero Harm vision," we work tirelessly to eliminate harm, adopting proactive measures to mitigate risks and protect all workers.

Table 3.10: Group HSE Score Card

KPI	FY 21/22	FY 22/23
Business Unit Assessment (BU Ass) %	-	-
Walk the Talk (WTT) %	87	86
CAPA closure (CAPA)%	68	71
Fire	40	32
Lost Time Injuries (LTI)	35	16
Medical Treatment Case (MTC)	51	43
First Aid Cases (FAC)	134	213
Fatality	3	6
Total Recordable Injuries	223	281



NDP Goal 5, 6

⦿ Occupational Health and Safety Policy: A Blueprint for Safety and Action

Our comprehensive Occupational Health and Safety Policy guides us in preventing, reducing, and responding to work-related accidents. Emphasising the preventability of workplace incidents, we empower our workforce through training, resources, and support. Monthly HSE review meetings, conducted by site leadership teams and board directors, ensure continuous improvement and adherence to safety protocols. In the year, our OHS and Environmental Policies were reviewed to align with our commitment to sustainability.

Having recorded 6 fatalities compared to 3 last year, the company is committed to ending on-site fatalities through a renewed focus on safe and healthy workplace practices, a review of existing risk assessments, and the implementation of a company-wide behavioural-based safety program.. FMN underwent a thorough policy evaluation in the current fiscal year, ensuring alignment with evolving requirements. The Occupational Health and Safety Policy received strategic revisions to adhere to industry standards. Our goal is to maintain a workplace that not only meets but exceeds the highest health and safety standards.

⦿ Engaging Stakeholders for a Robust HSE Culture

We actively engage internal and external stakeholders to build and maintain a robust health and safety culture. For internal stakeholders, we conduct programs fostering awareness, and for external stakeholders, we maintain updated compliance registers, conduct routine inspections, and participate in regulatory dialogues.

⦿ Winning in Occupational Health and Safety Efforts

We are achieving milestones such as the launch of the Contractors Management Program, audit evaluations, and site-specific achievements like 1,545 days without lost time injury at Northern Nigeria Flour Mills Plc Kano.

⦿ Proactive Compliance Measures in Focus

Our proactive compliance measures include maintaining a compliance register, routine inspections, and active participation in regulatory dialogues. These initiatives ensure that we meet and exceed required standards and expectations set by external regulatory bodies.

⦿ Promoting HSE Compliance at FMN: Proactive Measures for Regulatory Adherence

FMN achieved zero validated regulatory contraventions in FY 23, demonstrating our unwavering commitment to HSE. Recognising areas for improvement in the previous year, we strategically filled key roles by creating Environmental & Regulatory Compliance Manager and Head of Sustainability positions.

To further strengthen compliance, we implemented robust tracking systems for permit renewals, environmental studies, and certifications. Additionally, we subscribed to the Extended Producer Responsibility (EPR) program and collaborated with FBRA (Food and Beverage Recycling Alliance) and the NESERA Pump Portal. These proactive measures showcase our dedication to environmental responsibility and transparent reporting.

By taking these steps, we underscore our commitment to continuous improvement and achieving excellence in HSE practices.

⦿ Employee Assistance Program

To enhance the psychological well-being and mental health of our employees, we offer a dedicated desk for our Employee Assistance Program (EAP).



Figure 3.19: Pictures from our Employee Assistance Program

Activities carried out during our Employee Assistance Program

- Virtual sessions on office desktop ergonomics,
- Physical - Health walk, mental awareness sessions and alcohol & substance abuse campaign sessions.
- Education & Awareness sessions – Childrens Day Program ‘A Better Future for Every Child Safeguarding Our Children from Abuse’.

- International Women’s Day webinar-‘Healthy Body, Healthy Woman’- (EAP education and awareness from the Mental Health perspective).
- New year webinar - Thriving in 2023 across the Wellness Pillars”, facilitated by Sages & Scribes Consultant; Ven Ade-
lowo.
- Valentines’ Day Program-Webinar – ‘Live, Laugh & Love’ (collaboration with wellness and engagement teams)

② List of programs engaged in to help maintain a safe work environment across the group.

- Behavioural Based Safety Program
- Walk the Talk
- Life Saving Rules Program
- Supervisor-led Toolbox Talks

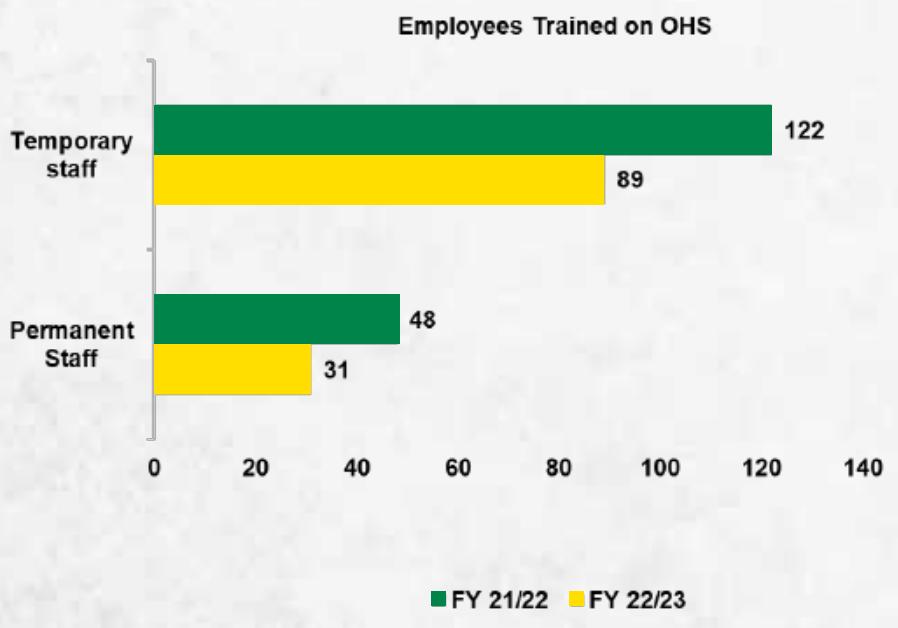


Figure 3.20: Employees trained in OHS

Employees Covered by Occupational Health and Safety management system

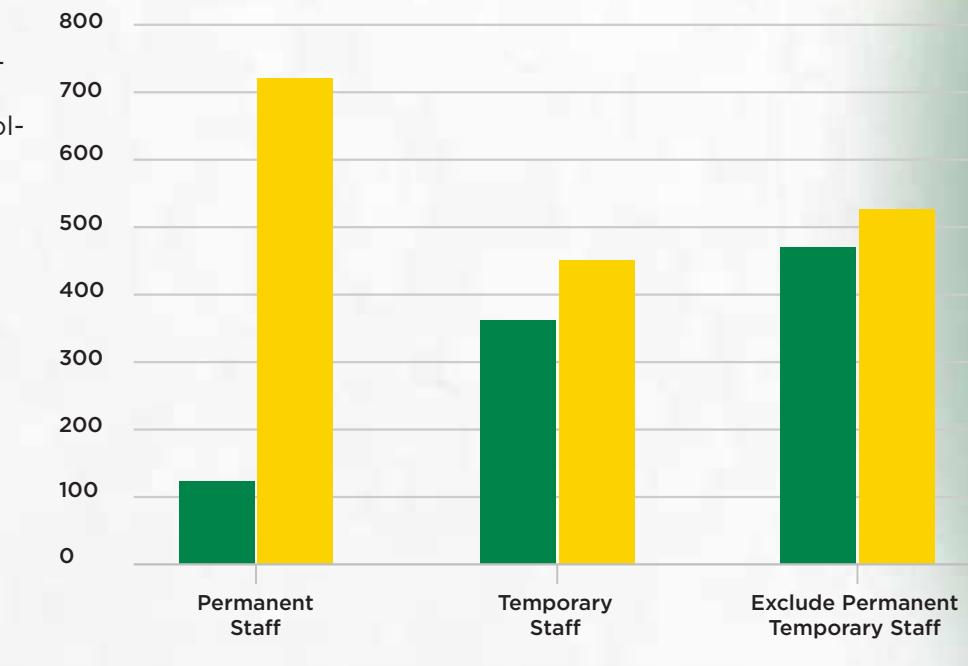


Figure 3.21: Employees covered by OHS

3.3.6 SAFEGUARDING DIGITAL FRONTIERS

Ensuring the security of information lies at the core of our business operations. We meticulously identify potential cybersecurity threats and vulnerabilities, comprehensively assess the consequences of breaches, and consistently strive to fortify our cybersecurity framework encompassing people, procedures, and technology. A noteworthy achievement in this pursuit is our distinction as the first indigenous FMCG organisation in Nigeria to attain the ISO 27001 Information Security Management System (ISMS) certification. The ISO 27001 certification stands as a testament to our commitment to safeguarding and protecting our information assets while effectively managing IT risks.

Widely acknowledged as the most recognised international standard for information security management across the globe, ISO 27001 provides clear processes for effective implementation and continuous mitigation of data/security breaches for any organisation. This certification underscores our alignment with global best practices in cybersecurity and information security. We take pride in being at the forefront of organisations that prioritise the highest standards of digital security.

We are committed to maintaining and enhancing our information security practices. This certification not only affirms our current standing but also propels us forward in the pursuit of continuous improvement.

Key Alignments



NDP Goal 2

Solidifying our commitment to excellence in information security and adhering to best practices we received our recertification in this current year.

To ensure the adept management of business cyber-risk and safeguarding customer data, the following measures have been implemented with an ongoing commitment to improvement:

- Adoption of an approved and well-defined cybersecurity risk policy and framework, providing enhanced protection for business operational activities and customer data.
- Deployment of cutting-edge technology to prevent unauthorised data exfiltration, bolstering the overall security infrastructure.
- Implementation of ongoing user awareness and education initiatives, fostering improved user behaviours and resilience against emerging threats in the cyber landscape.
- Implementation of continuous risk control and monitoring measures to promptly identify, remediate, and mitigate identified risks within the business environment.

Throughout the year, there were no instances of identified leaks, thefts, or losses of customer data within our organisation. Additionally, we did not receive any complaints regarding breaches of customer privacy or any complaints from external parties.

These efforts contribute to the overall robustness of our cybersecurity measures.

3.3.7 RESPONSIBLE PACKAGING AND LABELLING

We prioritise transparency and consumer trust, especially as it relates to the packaging of our food products. We achieve this by following the National Agency for Food and Drug Administration and Control (NAFDAC) regulations for marketing communication and product labelling. To this end, we have incorporated the following accurate information about our products into our packaging:

- 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

Key Alignments



NDP Goal 2
UNGC Principles 7, 8, 9

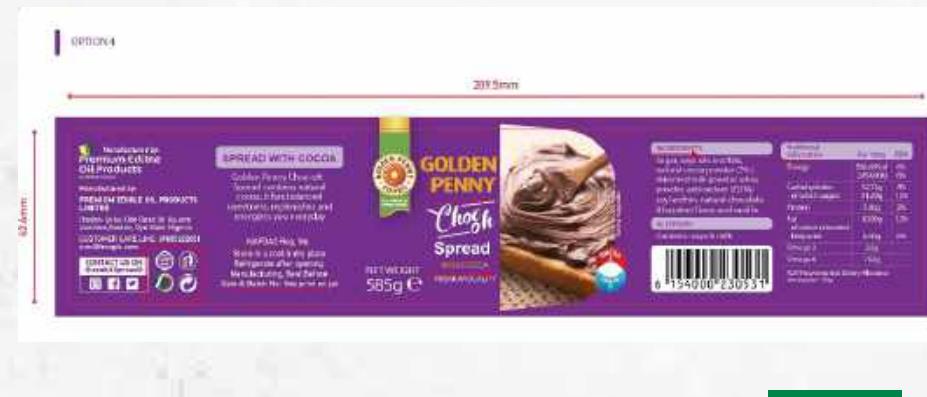


Figure 3.22: Information panel/product labelling

There were no regulatory issues recorded regarding our labelling and marketing activities from both our consumers and NAFDAC.

3.3.8 NOURISHING COMMUNITIES: FOOD SECURITY AND NUTRITION FOR ALL

FMN remains dedicated to ensuring the superior quality of our food products, adhering to the highest standards. At FMN we adhere to the regulations set forth by the following regulatory bodies:



Key Alignments



NDP Goals 1, 5, 6, 7

Foundation) Micronutrients Fortification Index (MFI) awards, top 5 for our Golden Penny Prime Flour and Classic All-Purpose brands. Food Fortification on a large scale is critical to improving nutrition and health & wellbeing of citizens. This Award is a testament to FMN's dedication, passion, and excellence in the field of food fortification with essential vitamins and minerals, a clear demonstration of our commitment to providing nutritious food options for Nigerians.



Figure 3.23: FMN's Golden penny prime flour and Classic all-purpose brands clinching 1st and 2nd positions in MFI's top 5 award

Customer Satisfaction

In the past year, we conducted a comprehensive customer survey to gauge satisfaction levels with our B2B flour products. A total of 633 customers nationwide participated in the survey, rating our products on a scale from 1 to 5, with 1 indicating poor satisfaction and 5 indicating excellent satisfaction. Notably, 98% of respondents expressed satisfaction with the quality of our products, with 82% rating them as excellent or very good. This overwhelmingly positive feedback underscores our commitment to delivering high-quality flour products to our valued customers. As a result, there were no incidents of non-compliance with regulations concerning the health and safety impacts of our products. Details of the result of the survey can be seen below:

Customer Satisfaction Survey Results

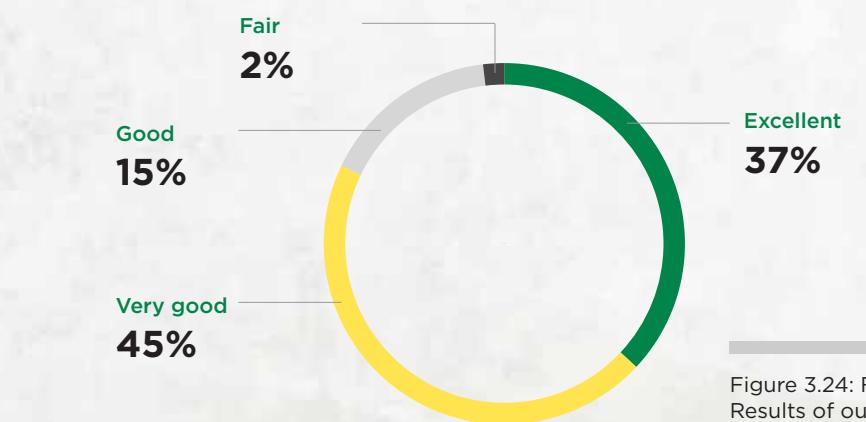


Figure 3.24: FMN's Results of our 2022 customer Satisfaction Survey

① Product Quality

We ensure that our products consistently meet the highest quality and safety standards. This commitment aligns with our overarching goal of delivering value to our clients. At FMN, we acknowledge that flour milling is both a science and an art, blending the pursuit of profit optimisation with unwavering dedication to product integrity and excellence.

The table below details the flour production marks achieved in the last 2 years

Table 3.11: Flour production marks achieved between FY 22 and FY 23

Resource	FY 2022	FY 2023
Bulk flour produced plus additives	1,113,090,190	987,237,133
Flour, excluding additives	1,104,640,330	985,213,024
Cleaned wheat consumed	1,409,902,250	1,262,163,603
Extraction rate	78.3%	78.22%

② Supporting Our Communities Through Project Yalwa

The YALWA initiative is geared towards collaborating with local farmers nationwide to boost maize and soybean production while enhancing their livelihoods. The project's objective is to augment maize and soybean yields in Nigeria by enhancing both quantity and quality. Spearheaded by Golden Agri Inputs Limited (GAIL), this program aligns with the company's strategic focus on maize and soybean development as key raw material inputs, facilitated through comprehensive backward integration initiatives, agricultural extension services, agronomy training, direct engagement with farmers, and guaranteed market access. Spanning across Kaduna, Niger, Gombe, Adamawa, and Kwara states, the YALWA project currently covers approximately 5,000 Ha & 5,000 farmers.

③ Highlights of our achievements in the year through project Yalwa

- We established demo plots across **7 Local Government Areas (LGAs) in Kaduna**.
- A total of **44 farmers** were engaged in the cultivation of **260 hectares** of maize and soybeans in Kaduna.
- In collaboration with Feed the Future Nigeria Rural Resilience Activity, Project Yalwa received partial funding from

United States Agency for International Development (USAID) through Mercy Corps, amounting to **NGN 51,293,251.04** in Gombe State. The intervention strategically targeted the most vulnerable women and youth, constituting a focal group of 70% of the community.

- In Gombe State, 24 field agents underwent training in good agronomic practices (GAP). Additionally, the agents received training on the utilisation of the Kaizala mobile application for farmers' registration and data collection.

For more information on our efforts towards climate smart agriculture, please refer to section 3.2.9 on Building Climate Resilience for Food Security for other climate smart activities done within the year.



④ Loan Initiative Program

We implemented a loans initiative program targeting farmers in Kaduna, Niger, Kebbi, and Benue states, specifically focused on the cultivation of maize and soybeans.

- A total of 260 hectares were dedicated to the cultivation of crops in Kaduna.
- Golden Agri Inputs Limited (GAIL) actively contributed to the program by providing technical support and establishing market linkages for 800 farmers directly, and an additional 2,200 farmers indirectly, thereby reaching a cumulative total of 3,000 farmers in Gombe State.

⑤ Through Project Yalwa we addressed three fundamental pillars of Climate-Smart Agriculture (CSA):

1

Increased productivity:

Farmers were equipped with hybrid seeds and fertilisers aimed at enhancing overall productivity in agriculture.

2

Enhanced resilience:

Extension Agents (EAs) underwent training in the principles of CSA to empower and guide farmers in mitigating the impacts of climate change, including challenges such as drought, floods, pests, diseases, and other climate-related risks.

3

Reduced emissions:

The project focused on adopting efficient crop production practices and optimising the supply chain to actively contribute to the reduction of greenhouse gas emissions.

This strategic approach aligned with our commitment to sustainable and environmentally responsible agricultural practices.



Figure 3.25: Feeding the nation through project Yalwa

Wheat Value Chain

Across our wheat value chain, our initiatives have yielded remarkable results, driving positive impact across various fronts. Over the past year, our efforts have led to significant milestones:

- Empowered over 4,700 farmers with inputs loans, marking a commendable 100% increase from the previous season.
- Training programs reached over 36,000 farmers, enhancing their skills and knowledge base.
- Female empowerment: We made significant strides in empowering female farmers, with over 200 women benefiting compared to 87 in the previous season, contributing to gender inclusivity and equality in agriculture.
- Yield enhancement: We achieved a notable milestone by recording the highest yield of 6.2 t/ha from a first-time farmer, underscoring the effectiveness of our support programs in driving agricultural productivity.
- Technological innovation: Our launch of a digital data management software has revolutionised data reporting, ensuring accuracy and efficiency in monitoring and evaluation processes.
- Varietal development: We introduced four new wheat varieties tailored for the Nigerian climate, with the capacity to produce up to 6 t/ha, fostering resilience and sustainability in wheat cultivation.
- Financial inclusion: Through our financial literacy programs, we championed financial inclusion for over 3,000 farmers, empowering them with essential financial management skills.

Our outgrower program in collaboration with partners across six states (Kano, Jigawa, Kaduna, Bauchi, Sokoto and Kebbi) has positively impacted over 4,000 farmers over the years, offering agricultural inputs as loans and addressing the challenge of access to finance. Additionally, our partnerships with Christian Aid and other entities have extended our reach, establishing extension programs and cultivating hectares of land, furthering our commitment to sustainable agriculture and rural development.

Table 3.12: Percentage changes in the metrics across the wheat value chain

Metrics	2021/2022	2022/2023	% Change
States present	15	13	13%
Farmers empowered	2,437	4,763	95%
Average yield	3.2 t/ha	2.5 t/ha	21%
Highest yield	7.20 t/ha	6.5 t/ha	9%
Loan repayment	99.80%	90%	9.8%

Farmers trained	35,000	36,943	6%
Hectares cultivated	1,625	3,900	140%
Mechanisation partners	3	7	133%
Combine harvesters	7	20	186%
Threshers	26	42	62%
Hectares covered for mechanisation	350	1,200	243%
Farmers benefitted from mechanisation	655	3,048	365%
Collection points	29	43	48%

This highlights the progress in the wheat value chain from FY 2022 to FY 2023. Despite a slight decrease in states present, there's been a significant rise in empowered and trained farmers, reflecting our commitment to capacity building. Efforts to address the slight reduction in average yield are underway, while the high loan repayment rate underscores the effectiveness of our financial support. Although the highest yield decreased slightly, it remains commendable, indicating potential for further growth. These metrics underscore our dedication to sustainable agriculture and advancing the wheat value chain.

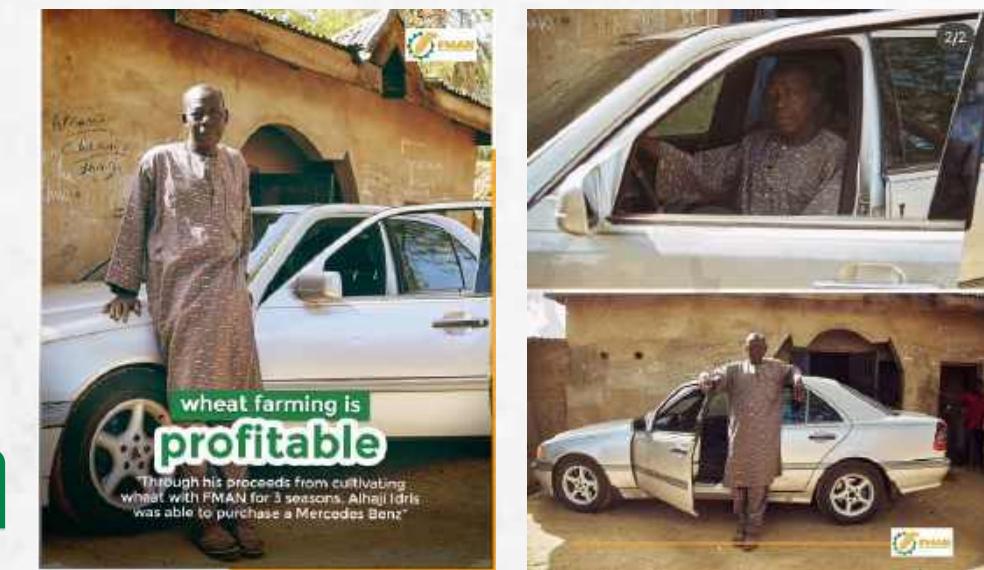


Figure 3.26: A farmer who got a car from the outgrower program



Figure 3.27: First timer who became highest yielding farmer of the year

Prize for Innovation

FMN Prize for Innovation (PFI) was launched by FMN to inspire and revitalize food production in Nigeria and ultimately contribute to sustainable development goals. Every year since inception, the FMN prize for innovation highlights an important part of the food value chain that is critical to the transformation and sustainable development of Nigeria food value chain systems.

This year's edition themed - "Innovative techniques for local content development in the food and agro-allied sector" aimed at facilitating the use of local content within the Nigerian food value chain, via new ideas in food production, innovation, and engineering. The PFI was adjudged by a panel of notable experts in the food industry under two categories.

Category 1	Category 2
Micro, small and medium scale enterprises (MSMEs) registered in Nigeria and operating in the agro-processing and food production space and,	Nigerian students (under-graduate or post graduate level).

Participants were required to make a pitch showing new and inventive ways of thinking, new approaches to solving existing problems, or focusing on simple yet ingenious ways of improving Nigeria's food production value chain.

The FMN PFI has achieved the following benefits:

- Provided a platform to raise awareness on food loss and wastage – one of the biggest challenges in the Nigerian food value chain and create access to learning and mentorship / coaching opportunities for participants to engage with industry experts on the panel of judges.
- Provided a platform to inspire, nurture and appraise the feasibility of innovative ideas in terms of scalability and other parameters, while offering financial reward as an incentive to further research and development with respect to food value chain risks and opportunities.
- The winner of the PFI season 2 was a cutting-edge innovation involved in the design and local fabrication of highly efficient solar dryers in Nigeria.



Figure 3.28: Winners of FMN PFI season 2

3.3.9 COMMUNITY-MINDED: NURTURING RELATIONSHIPS THROUGH CSR INITIATIVES

During the year, a Social/Community Investment Policy was approved and put into action. The policy provides guidance on the design and implementation of social investment programmes. The objective is to guarantee that these programs yield advantages for host communities, the wider society, FMN, and its subsidiaries. Our commitment is to implement social investment initiatives in a sustainable manner, employing a consistent approach that allows for measurable outcomes and alignment with FMN's business priorities. The well-being and development needs of our communities holds paramount significance in achieving the enduring success of our organisation. Consequently, we actively explore avenues to enhance community welfare and contribute value to the regions where we conduct our operations. In 2023, we had no identified incidents of violations involving the rights of indigenous people in the communities where we operate.

Embracing a corporate social investment approach, we meticulously structure our investment planning and execution to achieve outcomes that are mutually advantageous. To amplify our influence, we have refined our Corporate Social Responsibility (CSR) focus from five pillars to three, aligning them with the United Nations Sustainable Development Goals for a more targeted and impactful contribution.



Key Alignments



AfCFTA Action Plan

NDP Goals 1, 2, 3, 5, 6, 7

The provisions outlined in these pillars were tested through the community needs assessment conducted for Sunti. The results of this evaluation have significantly impacted the community investment approach for Sunti. Furthermore, FMN plans to replicate this successful model across its various businesses. In 2023, we actively championed our Corporate Social Responsibility (CSR) pillars across various key areas, focusing on the following:

1

Advancing Education, Skills Development, and Research & Development (R&D): We prioritise investments in initiatives that broaden access to top-tier education, drive forward research endeavours, and empower individuals through skill enhancement. Here are a few of the projects and initiatives implemented throughout the specified period.

- **Skill Acquisition Programs**

Through our Niger Mills Division, we commissioned our annual Host Communities' 2023 Skill Acquisition and Scholarship awards program to selected youths of the community.



Figure 3.29: Beneficiaries of the Niger Mills skills acquisition program

- **Funding for skills acquisition**

We provided funding in collaboration with World Connect for a livelihood skills centre to be established at the Government Girls Secondary School in Barnawa, Kaduna. The project aims to provide training in catering, tailoring, and basic entrepreneurship to girls in their final year of high school, with plans for integrating the centre into the school's Home Management curriculum.



Figure 3.30: Skills Acquisition Program Centre for GGSS Barnawa Kaduna

- **Construction of Arewa Book Hub, Kano.**

The Fagge Community Literacy Programme aims to enhance the literacy skills of secondary school girls in the Fagge community of Kano State, Nigeria. The project done in collaboration with World Connect focused on fostering love for reading by creating a conducive reading hub, establishing reading clubs, and conducting awareness campaigns.



Figure 3.31: Fagge Community literacy programme for Arewa book hub, Kano

- **Digital Literacy Hub**

The Kaduna Digital Literacy Acceleration Project (KADILAP) is an initiative aimed at promoting digital literacy inclusion. The project targets 50 teachers and 200 students from various schools in Chikun and Kaduna North LGAs of Kaduna State. A Computer Hub has been established at Government Secondary School Ungwan Boro Kaduna to facilitate the training activities. The project done in collaboration with World Connect follows a two-phase approach, where teachers receive intensive training and subsequently train their students.



Figure 3.32: Computer Hub at Government Secondary School Ungwan Boro, Kaduna

- **Vocational Centre**

In the year, we maintained our upkeep of the Vocational Centre for Children with Special Needs at Methodist Primary School, Apapa which has been up and running since 2017.



Figure 3.33: Students being trained at the vocational centre



Figure 3.34: Youth Empowerment Program at Oluyole, Ibadan

- **Youth Empowerment**

We carried out community development initiatives in the Oluyole LGA, Oyo community, where we donated various items including donation of generator sets for people in that local community.

2

Enhancing Health, Safety, and Well-being in Communities (including Food & Nutrition): Our commitment to the health, safety, and welfare of our employees and neighbouring communities will remain top tier on our list. This is evident through various projects that we undertook in the year.

- **Promotion of quality health**

We donated medical Personal Protective Equipment to Apapa General Hospital & Federal Medical Centre, Ebute Metta.



Figure 3.35: Medical PPE donation to Apapa General hospital

- Renovation of the Dental Sciences faculty**
The renovation of the Dental Sciences faculty at the College of Medicine, University of Lagos, stands as a testament to our commitment to sustainable community development. Through meticulous planning and execution, Phase 3 of the renovation project has revitalised the infrastructure, creating a modern and conducive learning environment for students and faculty alike.



Figure 3.36: Renovation of Faculty of Dental Sciences, College of Medicine, University of Lagos.

• Healthcare Initiatives

In 2023, we supported health initiatives, including the establishment of a community-focused maternity health facility in Kabri-Chana. This collaborative effort with World Connect, aims to provide basic maternal and child health services, contributing to the reduction of maternal and child mortality in Nigeria.



Figure 3.37: Newly built Maternity health facility in Kabri-Chana

3

FMN's Commitment to Enhancing Lives and Infrastructure:

In our unwavering commitment to sustainable development, FMN has consistently prioritised initiatives aimed at enhancing lives and infrastructure within the communities we serve. Through strategic investments and collaborative efforts, we have embarked on various projects to address critical needs and improve overall well-being. Here are some of the initiatives we carried out during the year:



Figure 3.38: Completed Solar Powered Water Project at Gbaji-Yeke Community, Badagry to improve water and sanitation for over 3,000 community residents.

Figure 3.39: Borehole commissioning for our Host Communities through Niger Mills Division at Ikot Abasi Obori and Ikot Eka Edem Communities, Calabar.



Figure 3.40: Before and after photos of drainage system constructed in Sagamu.



Figure 3.41: Construction of boreholes for Ogundele and Jogun Village, Ibadan.

Other Charitable Donations: In line with our ongoing commitment to community welfare and sustainable development, we embarked on several charitable initiatives throughout the year. These efforts aimed to uplift and support vulnerable populations, contributing to the well-being of communities in need. Among our notable endeavours were donations made to orphanages and underserved communities, where we provided essential resources such as food items, cash assistance, and relief materials. These contributions were not merely acts of generosity but strategic investments in fostering resilience and empowerment within our communities.



Figure 3.42: Food donations to Modupe Cole Memorial Child Care and Treatment Home, Bariga, Lagos.



Figure 3.43: Golden Penny Foods sponsored a special Family Feud charity event, with a winning sum of 2.5 million naira awarded to the Modupe Cole Memorial School, Lagos.



Figure 3.44: Donations to special Correctional Center for Girls, Idi Araba, Lagos.



Figure 3.45: Cash Donation to the orphanage home Orphans and vulnerable Children (OVC) Shelters in Oyo State.



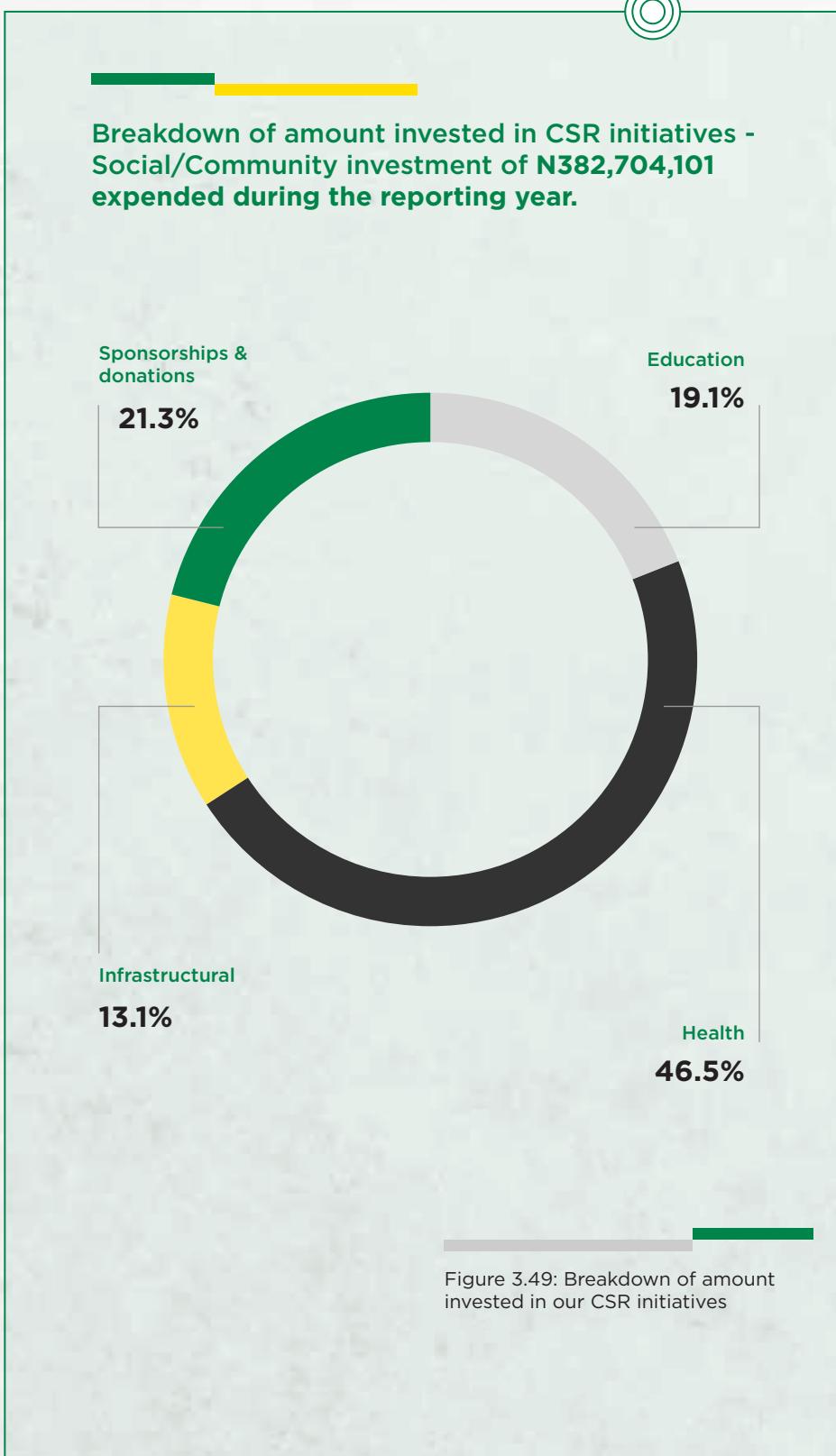
Figure 3.46: Visit and donations to Winkies Castle Orphanage Home.



Figure 3.47: Relief Materials to the School of Handicap



Figure 3.48: Donation of 3.5KVA Generator to the Palace of Alayunre of Idi-Ayunre community, Ibadan



3.4 SCALING OUR ESG IMPACT

For FMN, sustainability isn't a destination, it's a continuous journey of progress. This section explores how we're strategically scaling our ESG impact, pushing beyond compliance and embracing new opportunities. We delve into our proactive approach to ESG risks and opportunities management, ensuring long-term value creation. By conducting thorough supplier impact assessments, we build a more sustainable and responsible supply chain.

3.4.1 NAVIGATING ESG HORIZONS: SEIZING OPPORTUNITIES, MANAGING RISKS

Key Alignments



NDP Goals 1, 5

At the core of our sustainability journey is a deep rooted and profound commitment to managing all ESG risks and recognising the opportunities that they present. We understand the divergence of ESG issues and their interplay in our business operations hence we take active steps to incorporate them in our overall risks management framework. As a company operating in the agricultural value chain, we find ourselves at the crossroads of necessity and responsibility. Navigating these has proven daunting but we have built a strong system which not only helps to manage but also stay ahead.

At FMN, we have a robust and solid Enterprise Risk Management (ERM) framework which outlines our overall philosophy and approach towards risks management. The framework enables us to recognise potential ESG risks and integrate them seamlessly into our decision-making process. It ensures that we are well prepared to tackle unexpected challenges and seize opportunities while maintaining financial and operational stability.

A key strength of our approach is the integration of ESG factors into the core of our ERM framework. In FMN, we acknowledge that 'risk is risky' but also accept that 'disregarding risk is even riskier'. We recognise that ESG risks have a direct impact in our business, from climate-related risks affecting crop yields to social risks impacting our reputation. We have incorporated ESG risk assessment into our risk matrix, aligning it with our strategic goals and values. This integrated approach ensures that we are well equipped to mitigate and adapt to ESG challenges.

Our ERM framework rests on a very robust risks governance structure which outlines three lines of defence as follows:

- The first line of defence consists of the business and process owners who play at the level of the actual business operations where the transactions are entered, executed, valued and recorded. We implement most preventive controls at this level and put in place detective controls to help manage control breaks.
- At the second line of defence is the Risk Management and Control Functions responsible for providing independent risk

oversight of the execution of frontline controls and monitoring the effectiveness of the Company's risk management processes.

- The third line of defence is our Assurance function whose primary responsibility includes the assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of FMN's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the control's design and effectiveness.

In this reporting year, we performed optimally in navigating the ESG risks that confronted our business. The synergy between the lines of defences were critical in helping us meet the challenges with diligence and innovation.

3.4.2 BEYOND RULES: OUR COMMITMENT TO REGULATORY EXCELLENCE

At FMN, our dedication to regulatory compliance is unwavering, driven by a strong commitment to ethical business practices and adherence to government and regulatory standards applicable to our operations. This effort spans from our legal team who spearheads regulatory standards as regards corporate governance to our HSE/Technical team that handles environmental regulations, and the quality assurance team that ensure food quality is up to regulators standards.

Our compliance is not merely a response to avoid penalties but a manifestation of our responsibility as a legitimate and ethical business entity engaged in lawful activities. By choosing to operate within legal and ethical boundaries, we proactively work towards minimising our exposure to legal penalties.

Our pledge extends to acting in alignment with industry laws, regulations, internal policies, and recognised best practices. Periodic reporting to regulatory agencies, including NESREA and NERC, serves as a testament to our commitment to transparency and adherence to regulatory standards. Moreover, we align with the stipulations of the Factories Act and Code of Corporate Governance. FMN diligently ensures that it possesses the requisite certifications and permits to operate seamlessly within the regulatory framework.

In 2023, we achieved exceptional performance in regulatory compliance, with no sanctions or penalties imposed for breaches of regulations or standards. This success underscores our commitment to maintaining the highest standards, ensuring the safety and satisfaction of our customers, employees, and stakeholders.

Key Alignments



NDP Goal 3, 6

3.4.3 SOURCING RESPONSIBLY: FORGING A SUSTAINABLE SUPPLY CHAIN

Aligned with our corporate strategy emphasising social and environmental responsibility, we've instituted comprehensive measures to ensure the entire lifecycle of our business adheres to environmentally and socially responsible practices. This commitment extends beyond our offices and sites to encompass our entire value chain, involving collaboration with all our suppliers.

Recognising the significance of supply chain environmental and social impact assessment, our objectives include ensuring suppliers adhere to legal and ethical standards for labour practices, human rights, and environmental impact.

This proactive approach is crucial for managing reputational risks, addressing risks related to labour violations, human rights abuses, and environmental damage, and aligning with suppliers that share our sustainability goals. Our procurement and supply chain policies, such as the FMN Procurement Policy, Responsible Business Partner Policy, and Group Vendor Management SOP, guide our operations, emphasising core values, accountability, transparency, fairness, and best value to FMN.

We employ three key channels to obtain suppliers within the Group:

- 1** Emphasising internal or external referrals
- 2** Vendor/supplier applications
- 3** External vendor/ supplier searches

While we conduct frequent checks on suppliers, we are currently working towards evaluating vendors based on environmental criteria. Past environmental concerns in our value chain, such as the supply of incorrect chemicals, improper disposal of harmful chemicals, and the use of emission-laden trucks, are actively being addressed through the establishment of clear environmental guidelines.

Our evaluation process also extends to assessing social impacts, screening suppliers based on factors like, the use of child and forced labour, which are against our policies, anti-corruption, and health and safety practices. In 2023, we successfully assessed 100% of our supplier base, totalling 1772 local & 68 foreign suppliers, against our social criteria.

Key Alignments



NDP Goal 1, 2, 5

UNGC Principle 4, 5

To ensure regulatory compliance and safety, we organised a webinar titled 'Enhancing Excellence: An Introduction to Quality in FMCG Supply Chain.' During this event, we thoroughly examined FMCG regulatory requirements and industry standards, exploring their relevance to our business operations."



Figure 3.50: Webinar on Regulatory Compliance and Safety in supply chain

3.5 HARVESTING OUR ECONOMIC GAINS – SEEDLINGS FOR THE FUTURE

At FMN, we recognise that economic strength underpins a sustainable future. We navigate this section, revealing how our financial stability translates into meaningful contributions for the broader economy. Our commitment to responsible and transparent financial practices, evident in our tax contributions and robust performance, lays the foundation. We delve further into our focus on local procurement, empowering host communities and strengthening supply chains. Fostering innovation and technological advancements, we aim not only to fuel our own growth but also unlock opportunities for MSMEs and create a more sustainable economic landscape for all. This section expanded more on the economic drivers of our sustainability journey and their impactful outcomes.

3.5.1 BALANCING PROFIT AND PURPOSE

During the year, we consistently demonstrated continued dedication to driving sustainable socio-economic growth in Nigeria. Through our robust business model that prioritises long-term impact, we have made significant contributions to Nigeria's economic performance. By strategically investing in different sustainable initiatives that generate employment opportunities and cultivating partnerships within local communities, we take pride in serving as a driving force for positive

Key Alignments



NDP Goal 3, 6

transformation in business and sustainable initiatives in Nigeria.

We recorded a 32% increase in revenue during the reporting year, even in the face of the ongoing global inflation and food supply crisis. This growth can be attributed to our continuous focus on innovation and the diversification of our product portfolio.

We recently acquired a 76.75% stake in Honeywell Flour Mills. As part of our strategic expansion initiative to be a national champion for Nigeria in the Food and Agro-allied industry.

This acquisition has enlarged our customer base, enabled solid market share and better channel penetration, stronger market combination of market-leading and diverse product offerings to the Nigeria populace and strategically positioned us for the opportunities stemming from the AfCFTA.

Our strong customer relationships and efficient supply chain management have over time, allowed us to adapt to changing market conditions and seize new opportunities for growth. Figure 3.5 below gives more detail on the financial successes we have enjoyed as a business for the past 3 years.

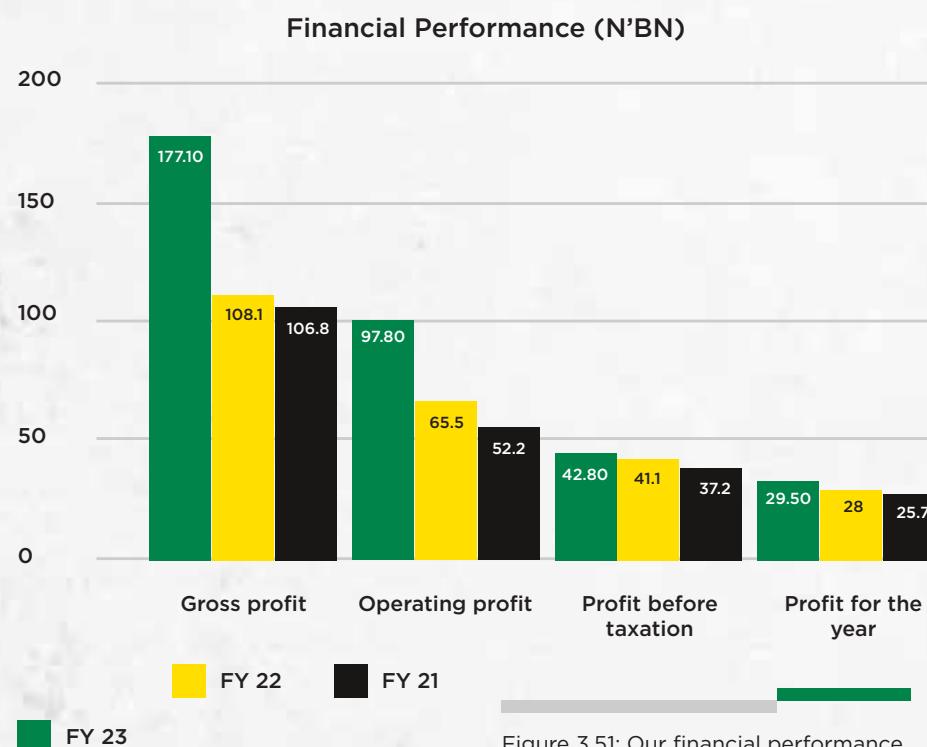


Figure 3.51: Our financial performance between FY 21 and FY 23

Distribution of revenue by segment between 2021 and 2023 (N'BN)

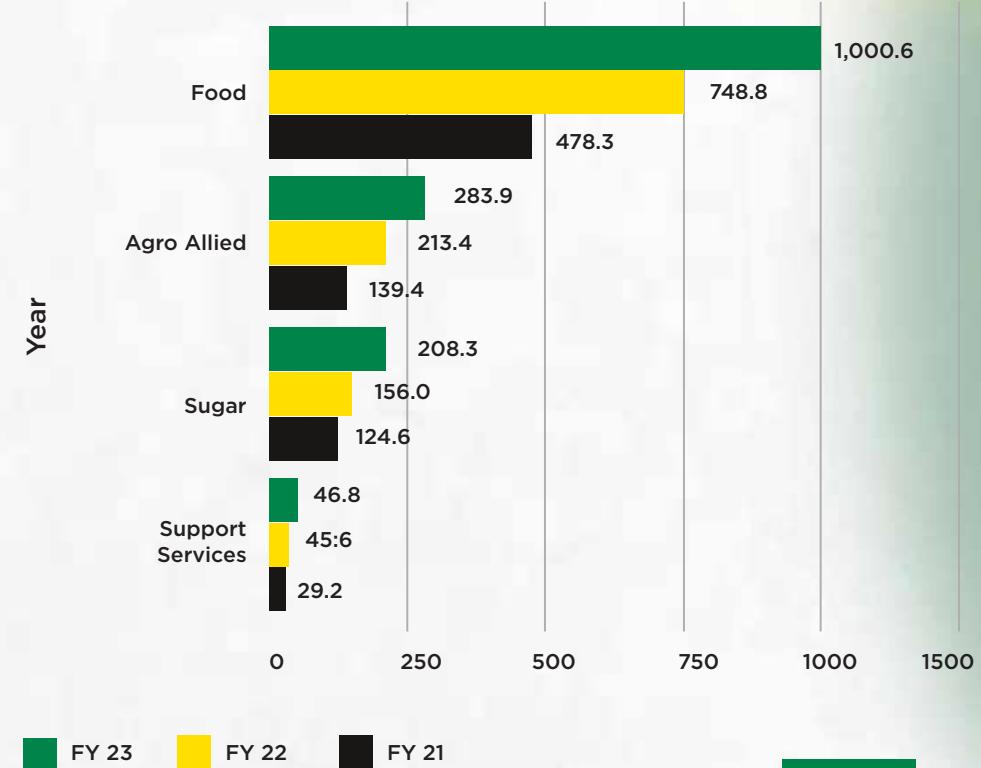


Figure 3.53: Our distribution of revenue by segment since FY 21

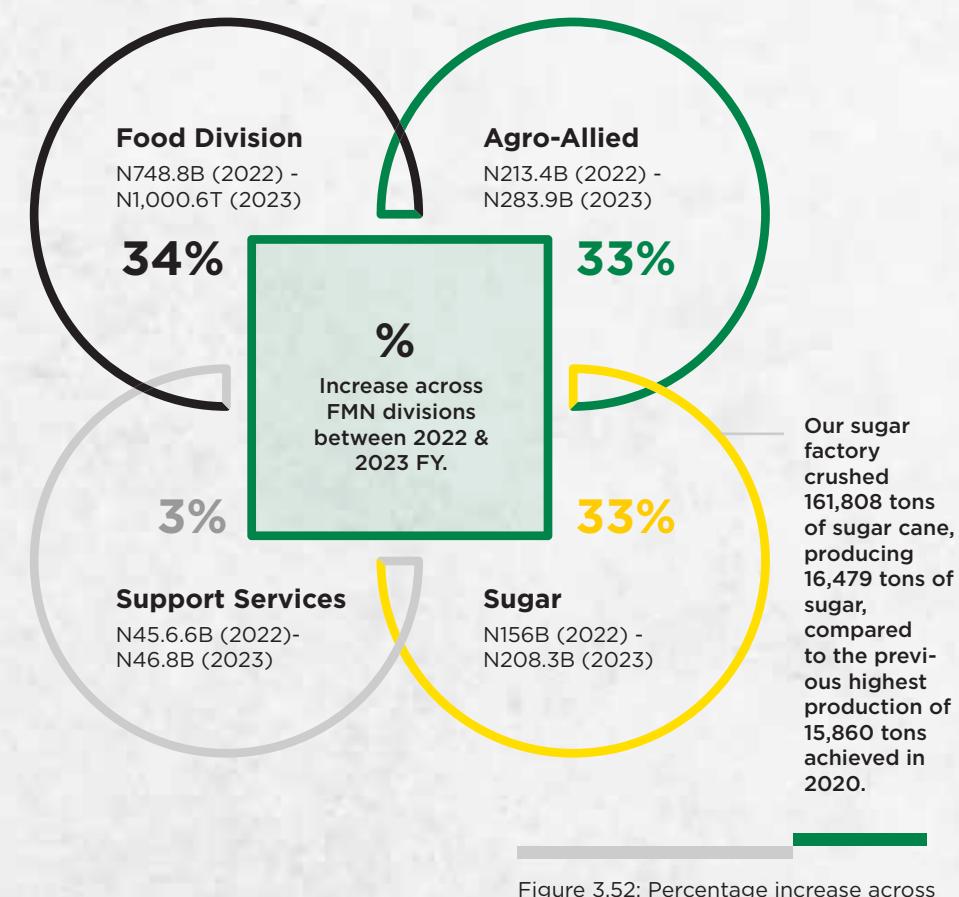


Figure 3.52: Percentage increase across FMN divisions between FY 22 and FY 23

◎ Direct and Indirect Economic Value

We have a strong commitment of creating financial value for our stakeholders. The tables below show details of our performance in this regard from the past 3 years.

Table 3.13: Direct and indirect economic value generated between FY 21 and FY 23

Particulars	FY 21	FY 22	FY 23
Direct Economic Value Generated (NGN million)	775,260	1,164,889	1,540,373
Revenue from operation	771,608	1,163,803	1,539,655
Economic Value Distributed (NGN million)	706,702	1,139,731	1,507,607
Operating cost	664,850	1,055,712	1,362,552
Employee wages & benefits	33,455	39,558	54,295
Payment to provider of funds	5,454	32,173	64,535
Payment to Government	9,369	12,287	26,225
Economic value retained (NGN million)	68,558	25,158	32,766

Table 3.14: Defined benefit plan obligations and other retirement plans

Parameters	FY 21	FY 22	FY 23
Contribution to pensions & other funds (NGN million)	1,124	1,268	1,671
Gratuity expense (NGN million)	1,744	2,312	2,360
Staff welfare expenses (NGN million)	1,039	1,260	1,188

Despite the economic challenges, we have been consistent in prioritising our staff welfare, and this underscores our dedication to supporting our employees beyond statutory requirements.

Table 3.15: Support received from the government in FY 23

S/N	Description of support	Support provided
1	Tax credit / relief extended by Govt	Pioneer status (EPFM) & Honeywell
2	Loans provided at a lower than prevailing interest rates / unsecured loans	N130 billion
3	Tax holidays	Pioneer status (EPFM) & Honeywell for 2021-2023

3.5.2 TRANSPARENCY IN TAX: SUPPORTING SUSTAINABLE SOCIETIES

As a proudly responsible corporate citizen, we consistently fulfil our tax obligations and make substantial contributions to the country's economy. Through our diligent compliance with tax regulations, we have played a crucial role in generating revenue for the government, which in turn supports various public services and infrastructure development. By paying our fair share of taxes, we demonstrate our commitment to the nation's progress and contribution to the overall socio-economic growth of Nigeria. Through our tax contributions, we have built a positive relationship with the government and local communities.

We have a tax policy that guides our activities in this regard. The 4 key components of this policy are as follows:

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

The table below gives insight into our tax payments for the past two years.

Table 3.16: Revenue and Income Tax

Continuing Operations	31-Mar-2023	31-Mar-2022	Increase/Decrease
Revenue	1,539,654,788	1,163,802,851	32%
Profit before minimum tax	42,752,114	41,118,148	4%
Minimum tax	(2,969,506)	(1,902,530)	56%
Profit after minimum tax	39,782,608	39,215,618	1%
Net income tax	(10,278,323)	(11,200,392)	(8)%
Profit from continuing operation	29,504,285	28,015,226	5%
Other comprehensive income net tax	1,937,296	(33,050)	(5,962)

3.5.3 LOCAL SOURCING, SHARED VALUE

At FMN, we actively source a large share of our raw materials locally. This includes maize, cassava and other grains, which not only supports local farmers and agricultural communities, but also reduces our carbon footprint by minimising transportation distances. This localised sourcing strategy creates a win-win situation by promoting economic growth and job creation within our host communities while ensuring a reliable supply chain for our operations.

Over the years, we have remained steadfast in our commitment to upholding effective and inclusive procurement procedures to support and expedite the business's goals and strategy. By partnering with local suppliers, we are able to contribute to the development of small and medium-sized enterprises in Nigeria, ultimately benefiting the overall economy. Our commitment to localised sourcing allows us to build strong relationships with our suppliers, fostering collaboration and innovation within our supply chain. During the reporting year, the total amount paid to our local suppliers increased from N4.6 billion in FY 2022 FY to N10 billion in FY 2023. This demonstrates our continued commitment to creating shared economic value through local sourcing.

Key Alignments



NDP Goal 3, 4

UNGC Principles 2, 10, 12

N1.47 Trillion

FMN operations directed contributed to Nigeria's GDP.

4,000 Vendors

We engaged 4,000 vendors and the multiplier effect is in 100,000 jobs across the country.

658 SMEs

FMN engaged different SMEs in the procurement and supply chains.

N10 Billion

1% of FMN's supply in Nigeria is to the SMEs.

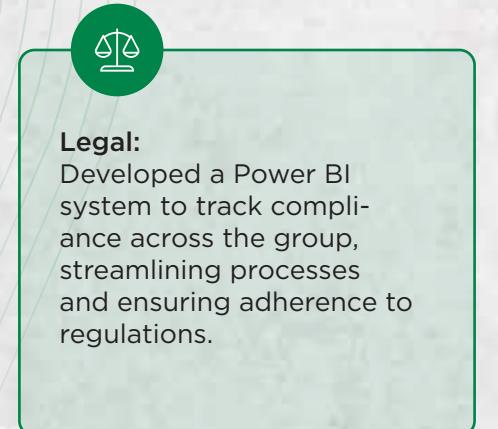
3.5.4 EMPOWERING SMALL DREAMS: INVESTING IN SUSTAINABLE GROWTH

We recognise the pivotal role Micro, Small, and Medium-Sized Enterprises (MSMEs) play in driving economic growth, creating jobs, and fostering social inclusion. As part of our standard practices and unwavering commitment to sustainability, we reignited our investment in initiatives aimed at empowering MSMEs across Nigeria. We carefully consider our distributors and retailers and we also ensure that our products are competitively priced, hence helping them to earn sufficient profits from the sale of our products. We are empowering different Micro, Small, and Medium Enterprises (MSMEs) through our CSR and agro-allied projects. Through these initiatives we contribute to creating a more sustainable and inclusive economic environment. Please refer to the section 3.3.9 on Community-Minded: Nurturing Relationships through CSR Initiatives.

3.5.5 INNOVATING FOR SUSTAINABILITY: SHAPING TOMORROW'S SOLUTIONS

— Technological advancements

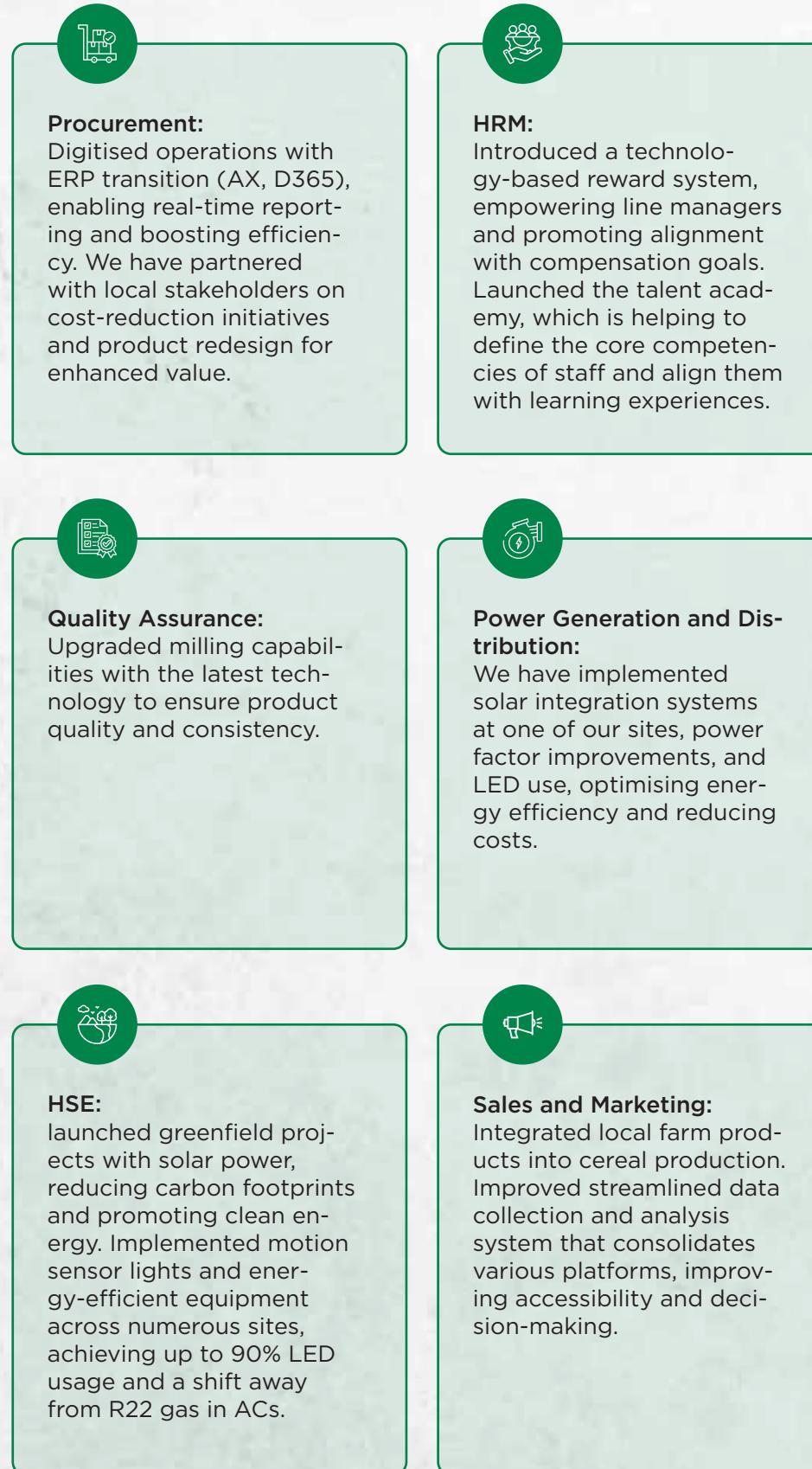
We are committed to harnessing the power of innovation and technological advancement to drive sustainable growth across our value chain. Our investments in technology enabled us to provide more value, drive sustainable growth, thereby achieving long-term success in our business. We invested in data protection, innovation, and technological advancement and these have enabled us drive sustainable solutions and valuable experience to our customers.



Key Alignments



NDP Goal 1, 3, 5
UNGC Principles 1, 2, 3, 5



— Investments in R&D

We recognise the critical role of R&D in continuously improving our products, processes, and services. Despite the current economic challenges and foreign exchange, in 2022/2023, we made significant strides in research and development, this was fuelled by dedicated investments and a committed team of seasoned professionals. We implemented a number of cost optimisation programs, saving millions on packaging, we have a target of over N3 billion cost saving annualised potential savings to the business.

Our four innovation strategies fostering the creation of exceptional products and pioneering solutions include;

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

We upgraded the chicken flavour seasoning for our noodles, demonstrating our dedication to continuous improvement and customer satisfaction.

We proudly allocated 150 million naira to R&D projects, demonstrating our commitment to innovation and long-term growth in FY 2022-2023.

We bolstered our R&D team's regulatory arm, implementing rigorous product and packaging due diligence processes to ensure compliance and safety.

With a target of N3 billion on cost savings, we prioritise cost-optimization initiatives that do not compromise product quality or consumer experience.

04

**Chapter 4 Our FMN:
Better Sourcing,
Better Nutrition,
Better Operations**

Our FMN: Better Sourcing, Better Nutrition, Better Operations

4.1 FUTURE-FORWARD THINKING FOR TOTAL IMPACT

At FMN, we prioritise positive impacts on food security, local content development, gender diversity, inclusion, equity, energy efficiency, and health and safety. These priorities drive innovation, enhancing the lives of our employees and communities across Nigeria. Integral to our organisational purpose and long-term strategy, we have specific goals, such as improving operating efficiency, reducing environmental impact, and creating shared benefits for stakeholders. Our business strategy is deeply rooted in sustainability principles, and we are dedicated to embedding sustainable thinking across all facets of our operations.

Looking forward, we are set to initiate additional efforts aimed at advancing our sustainability objectives, ensuring the ongoing expansion of our dedication to responsible, ethical, and sustainable business practices:

Economic



- We plan to advance innovation and sustainability through a series of projects aimed at bolstering local content inclusion, achieving cost savings, and enhancing efficiency across our product lines. These initiatives span various areas: Chocolate Spread, Mayonnaise, New Chicken Seasoning for Noodles, Flavoured Spread, Chin Chin Relaunch, New Noodle Flavors (Hot Hot Jollof), Multipurpose Flour.

Environmental



- For power generation, we are gradually transitioning from diesel consumption to gas.
- We are making plans to reduce our dependency from non-renewable energy to renewable energy by investing in Solar powered projects. From 1MW of solar power installed



NDP Goals 1, 2, 7

at BAGCO Kano site, we have a target to transition more sites to get to 8MW by FY 26.

- We plan to install a Wartsila generator with economisers such that the exhaust heat can be annexed for steam generation at the Apapa site.
- In line with our environmental sustainability goals, we've developed a 5-year strategy (2022-2027) for waste management and reduction. This includes initiatives such as waste steam segregation, Environmental Management System (EMS) implementation, and targeted environmental programs to enhance efficiency and reduce waste. Our strategy aims to improve environmental performance, achieve cost savings, and enhance our reputation. Objectives include minimising environmental impact, saving costs, and streamlining waste management. Through these plans, we aim to lead in sustainability and preserve the environment for future generations.

Social



- We are planning to run a comprehensive value chain development program encompassing Kebbi, Kaduna, Niger, and Benue states.
- We aspire to broaden our product portfolio to encompass offerings specifically tailored for breakfast, cooking occasions, and essential condiments, all of which hold significant importance for our organisation.
- We have a 5-year plan to transform our HR management, to build talent and accelerate expansion, growth and profitability.

Governance



- We plan to collaborate with divisional and departmental leaders at functional and site levels to address potential gaps and challenges in the adoption and compliance of the M-Files platform for e-Archiving and records management. This proactive engagement aims to ensure widespread adoption and maximise the benefits of the M-Files solution across the organisation.

- Our ongoing efforts include exploring the utilisation of Power BI to effectively monitor and manage our compliance obligations across the entire group.
- We plan to outline strategic initiatives to optimise our accounting operations and enhance document management processes through the implementation of M-Files Cloud eDMS. We aim to address existing challenges related to document capture, flow, and centralised processing within Honeywell's Accounts Payable operations. By leveraging M-Files Cloud eDMS, we seek to streamline document management, improve efficiency, and ensure compliance.
- Expansion of M-Files e-Archiving Service: We plan to expand the usage of M-Files e-Archiving service across all Group Corporate functions, enabling seamless access to operational and administrative records for staff working both in-office and remotely. This expansion will encompass Group Secretariat & Legal, Finance & Accounts, Supply Chain, Human Resources, and Business Assurance departments.

4.2 PARTNERSHIPS FOR SUSTAINABLE GROWTH

At FMN, we understand that the successful and sustainable growth of business will depend on the quality of partnerships. Our business is driven by quality partnerships with people and other organisations that offer similar values. Our partnerships are testaments to our commitment to positive values, impacts, and dedication to accelerated progress in achieving the UN SDGs.

We have developed levels and different categories of partnerships that help drive our business growth while also creating impacts on the nation. Public-private partnerships, industry collaborations, community engagements, and supplier partnerships.

We continued a partnership with the Nigeria2Equal gender programme aimed at reducing gender gaps across employment and entrepreneurship in the private sector, which we joined on June 9, 2021. This was part of the 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 (NSE).

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

1

World Connect Partnership: Flour Mills of Nigeria renewed the partnership with World Connect and made a \$50,000 contribution to the total investment of \$93,048 by World Connect in initiatives aimed at enhancing health, safety, welfare, education, research, and skills development in six states across Nigeria. Through the Flour Mills of Nigeria partnership, World Connect has committed to funding the training and access to quality healthcare across three states in Nigeria: Ogun, Kaduna, and Taraba. The results of the World Connect report include the following;

- **Waste to Resource Empowerment Programme (WREP):** This project, which was designed for the internally displaced women in Waru and funded with support from Flour Mills of Nigeria in 2021, is still thriving. The project is to support women and help them transform waste into wealth and into products like tote bags, mats, and shoes. The group also added a training component for women to learn urban farming techniques.



- **Tech for Every Gen Alpha (TEGA), Badarawa and Gyallesu, Kaduna State:** The programme in Badarawa made significant progress in enhancing computer skills among the beneficiaries and aims to improve computer literacy skills, particularly among indigent children in Badarawa and Gyallesu, by empowering children with technology for educational and personal development in order to bridge the digital divide and provide equal opportunities for children in underserved communities.
- **Community Lifesaving Clinic, Kabri-Chana Community:** The overall goal of this project is to build a self-sustaining health facility that provides community-focused basic maternal and child health services in the Kabri-Chana community.
- **BTY Better School Project, Sabo-ilaro Community:** The classroom renovation project aimed to improve the learning environment at the local school by upgrading two classrooms.
- **GGSS Barnawa Livelihood Skills Centre, Barnawa, Kaduna:** The project aims to provide training in catering, tailoring, and basic entrepreneurship to girls in their final year of high school, with plans for integrating the centre into the school's Home Management curriculum.
- **Kaduna Digital Literacy Acceleration Project, Kaduna State:** The project targets 50 teachers and 200 students from various schools in Chikun and Kaduna North LGAs of Kaduna State. A computer hub was established at Government Secondary School, Ungwan Boro Kaduna, to facilitate the training activities.

We have made significant progress with respect to the different levels of partnerships forged and maintained in 2023, especially through our agro-allied division. The primary objective behind these collaborations was to generate mutual value for farmers within our value chain and throughout the communities where we operate. The following are the specifics on some of these impactful partnerships we made in the reporting year:

2

USAID: Golden Agri Inputs Limited (GAIL) partnered with USAID-funded-WATIH (West African Trade and Investment Hub). This venture, supported by a \$3.6 million investment from GAIL and a grant from USAID, seeks to achieve a remarkable 13% increase in revenue by 2024. The initiative will actively engage 5,000 farmers to cultivate 5,000ha of maize and soybeans, fostering a direct impact on the expansion of commercial production and improving rural livelihoods of the farmers.

3

Community Compact Programme: We developed a community compact programme that is an FMN agreement with the host communities in Sunti. The Community Compact is a voluntary, mutually beneficial agreement entered between Sunti Golden Sugar Estate (SGSE), a division of Golden Sugar Company Ltd., itself a subsidiary of Flour Mills of Nigeria Plc. The compact also involves forty-eight (48) host communities covering the 21,500 hectares of land controlled by the Estate, primarily dedicated to sugar cane cultivation and sugar production. The community compact partnerships led to the selection of different layers of partnerships, including the formation of a community liaison officer, a strong host community committee (headed by the Esu Nupe), and representatives of local government and state government.

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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
CAMA	Company and Allied Matters Act
CEO	Chief Executive Officer
CSO	Civil Society Organisations
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FMN	Flour Mills of Nigeria Plc
FMAN	Flour Milling Association of Nigeria
FMCG	Fast-Moving Consumer Goods
FMN	Flour Mills of Nigeria
FOBTOB	Food, Beverage & Tobacco Senior Staff Association
FY	Financial Year
GAIL	Golden Agri Inputs Limited
GHG	Greenhouse Gases
GMD	Group Managing Director
GRI	Global Reporting Initiative
HSE	Health, Safety and Environment
ICSAN	Institute of Corporate Secretaries and Administrators of Nigeria
IFC	International Finance Corporations
IITA	International Institute of Tropical Agriculture
ISA	Investments and Securities Act
ISO	International Organisation for Standardisation
JV	Joint Venture
KPI	Key Performance Indicator

LASEPA	Lagos State Environmental Protection Agency
LAWMA	Lagos State Waste Management Agency
LED	Light Emitting Diode
LGA	Local Government Area
LTI	Lost Time Injury
MD	Managing Director
MSMEs	Micro, Small, and Medium Enterprises
MT	Metric tonnes
MTC	Medical Treatment Case
NAFDAC	National Agency for Food and Drug Administration and Control
NCCG	Nigerian Code of Corporate Governance
NDP	National Development Plan
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
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
PFM	Premium Feeds Mill Ltd
PIILOT	Performance, Initiative, Integrity, Leadership, Ownership and Teamwork
PPE	Personnel Protective Equipment
RRA	Rural Resilient Activity
SDG	Sustainable Development Goal
SEC	Securities & Exchange Commission
SERAS	Sustainability, Enterprise, and Responsibility Awards
UN	United Nations
UNGC	United Nations Global Compact
SME	Small & Medium Enterprise
UN	United Nations
UNGC	United Nations Global Compact

WREP	Women's Right to Education Programme
WTT	Walk the Talk

Assurance Statement

Flour Mills of Nigeria Plc
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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 Andersen 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 2022/2023 Sustainability Report of Flour Mills of Nigeria Plc for the year ended 31 March 2023.

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 2022/2023 Reporting Year (April 2022 – March 2023) ("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 401-3 Parental Leave	Parental Leave	Page 29
Social	GRI Disclosure 403-9, 403-10 Work Related Injuries	Employee Fatalities	Page 39
Governance	GRI Disclosure 2-29 Approach to stakeholder engagement	Customer Satisfaction	Page 41
Economic	GRI Disclosure 201-1 Direct economic value generated and distributed	Employee Wages	Page 51

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.

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August 2024

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;

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- ❖ Interviewed primary process owners (key management staff) across departments including Human Resources, Corporate Social Responsibility (CSR), Health, Safety and Environment (HSE), Finance and Quality Assurance;
- ❖ 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 2022/2023 Sustainability Report.

Our Responsibility

Andersen is responsible for:

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- ❖ 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 2022/2023 Sustainability Report for the year ended 31 March 2023, 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 2023, 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.
9 August 2024
Engagement Partner: Lateef Surakatu
FRC/2021/009/00000023321



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