



**Nourishing Sustainably
Today, for Tomorrow!**

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A Peek at the Present and Future of Sustainability at FMN: Insights from our Group Chairman



MR. JOHN GEORGE COUMANTAROS

Chairman

As we look back on the year 2020, one cannot help but reflect on the unparalleled impact of the COVID-19 pandemic. Nonetheless, FMN proved its resilience as a business despite the pandemic, its accompanying economic challenges, and social upheavals. We thank our stakeholders for standing by us, and we are indeed grateful for the continuous support. Our resolve and successes during the year give me a renewed confidence that our best years remain ahead. In our 2020/2021 Sustainability Report, we offer a glance into the present and future of sustainability at FMN, providing an analysis of the lessons the pandemic year has taught us and highlighting how we thrived through the tides. We also demonstrate how FMN is working to become more resilient, better manage our environmental, economic, social, and governance (EESG) risks, and most importantly, act decisively, with speed, to shape a sustainable future.

The Board is committed to enhancing a sustainable future and creating impact through our people and partnerships, and this report reaffirms this commitment to our stakeholders. We understand that sustainability requires a sound and innovative work culture to permeate an

organisation.

Therefore, FMN has created a work environment that encourages innovative work practices suited to integrate sustainability. Our sustainable innovation approach focuses on sustainability as the way we do our business. This means sustainability thinking drives our processes, policies and products development. We also understand the importance of private sector contribution to achieving the Sustainable Development Goals (SDGs). This understanding is demonstrated by the alignment of our EESG aspirations with SDGs, as we continue to work with our communities to advance sustainable socio-economic development.

Reflecting on our extended impacts on the Micro, Small and Medium Enterprises (MSMEs) sector in Nigeria, we are proud of how far we have come. We strategically supported distributors to grow and scale their businesses through capacity development and negotiating favourable terms of financing with funding partners. We also rolled out distribution vans to key dealers to drive new outlets and points of sales reach. Our objective is to strengthen the MSMEs sector, which we regard as the lifeblood of the economy. Our continuous drive to ensure that the agricultural sector in Nigeria fulfils its potential of enhancing food sufficiency has seen us commit to aligning our operations with relevant local development priorities, such as the Nigerian Sugar Master Plan (NSMP) and the Nigeria Economic Sustainability Plan (NESP). This is represented in our increased focus on local content development through investments in backward integration programmes. An example of this is our strategic partnership with the Flour Milling Association of Nigeria, which focuses on enhancing the local production of wheat. Following this, we aggregated over 800 tonnes of wheat grain in 15 collection points across three Nigerian states; deployed five combine harvesters and seven threshers with tractors for harvest operations, and also; provided 493 farmers with mechanized harvesting and threshing services.

FMN's commitment to addressing social issues was greatly demonstrated in how we worked with our local communities and government to manage the impact of the pandemic in Nigeria. In 2020, we supported our communities by investing about N3.5 billion in CSR projects, donations, and COVID-19 interventions. Our support for innovative research to advance sustainable agriculture in Nigeria has led to the responsible production of high-yield, high-resistance cassava seeds and fertilizers in our partner farms across the country by our agro-allied unit. We have also made significant investments in training millers locally and internationally, with the success of the training evidenced in our average extraction figures, which stand at 78.18%, above the global average, which is between 72%-76%. In addition, through our Flour Mills Food Research Centre and the George Coumantaros professorship grant at the University of Ibadan, we have prioritized educational support to Nigeria's youthful population.

Transitioning towards a low carbon economy, utilizing new energies, and phasing out old energy-intensive assets are some of the efforts required to respond to the ongoing climate emergency. For example, we have adopted LED bulbs across 50% of our offices

FMN's commitment to addressing social issues was greatly demonstrated in how we worked with our local communities and government to manage the impact of the pandemic in Nigeria. In 2020, we supported our communities by investing about N3.5 billion in CSR projects, donations, and COVID-19 interventions

and sites. These bulbs are more durable, energy-efficient, and produce less heat, reducing energy costs and CO2 emissions. In addition, we installed a power bank at our cassava processing plant to reduce diesel dependency.

Beyond these energy-saving measures, we have also designed fit for purpose initiatives to reduce, reuse or recycle waste generated from our operations. Such initiatives enabled us to recycle 303,250kg of packaging during the reporting year, with cost savings of N257.76 million.

Value creation for all our stakeholders is paramount to our operations and activities. We are committed to producing quality and safe products for all our consumers and customers. In supporting our people who are the heart of our organisation, we ensure best practices regarding employee remuneration and benefits. In addition, we ensure that talent development is a key part of any employee's journey through capacity development programmes and other performance improvement initiatives. Our commitment towards fostering workplace diversity is amplified through the FMN Women Network (FMNWN), which was set up in 2018 to advance gender diversity across the Company. Following this, two out of our last three board appointments have been women since the network came into existence.

On behalf of the Board, we sincerely thank our employees. We are grateful for your dedication, commitment, and continuous support. Without you, we would not have successfully navigated through a challenging year. Your sacrifices are noteworthy, and we will not forget them. As we continuously transition through the pandemic, understanding how to live and work better, we see an opportunity for sustainable innovation in our workplace, products development, care for the environment, as well as improved relationships with our suppliers, our communities, and other stakeholders across our value chain. We remain driven to build a sustainable and secure future, meet the needs of today, and protect the interests of future generations.

Message from the CEO: Thriving through the Tides to Feed the Nation



MR OMOFOYE OLUSANYA

GMD / CEO

A year ago, we published our first Sustainability Report. We did this to demonstrate our commitment to embedding sustainability as a core business agenda. As one of the largest food and agro-allied businesses in Nigeria, we recognise the critical role we play in driving sustainable socio-economic development in Nigeria. I am therefore delighted to present to you the second edition of our Sustainability Report. The theme for this year's report, "Nourishing Sustainably Today, for Tomorrow!" reflects the remarkable strides we have recorded in our commitment towards responsible production and consumption as encapsulated in our purpose of "Feeding the Nation Everyday". During the last financial year, undeterred by the disruptive nature of the global pandemic on humanity, economies, and businesses, we continuously lived our mission through our five (5) core business focus of Grains, Oils and Fats, Proteins, Sweeteners, and Starch. Our integrated value chain activities and investments have enhanced our capability to create sustainable socio-economic value for our varied stakeholder groups.

Our sustainability journey is evident in our continuous growth, particularly our growth in Agro-allied, our investments in route-to-market and accelerated expansion in our B2C segments. It is also important to note that our Investment Grade Credit Rating moved up from BBB+ in 2019 to A- in 2020 as a reflection of our commitment to sustainable and responsible business practices driven by resilience despite the unexpected challenges.


In FY 2021, we experienced strong performance through notable expansions in our business. These include:

- **Sugar Division** - At Nasarawa State, we acquired a 20,450-hectare land which is in the Umaisha Development Area of Toto Local Government. The plan is to develop up to 15,000 hectares “under cane” and to conduct a state-of-the-art sugar mill in line with our subsisting Backward Integration Programme (BIP) commitments. At Sunti, we acquired an additional 4,131 hectares, bringing our total acquired land in Sunti to 22,000 hectares.
- **Feeds and Proteins** - We constructed a new feed mill with a production capacity of 10,000 tons per month in Kaduna State.
- **Starches** - The Cassava Products Limited PCPL has purchased an AMCON facility in Ososa and is leasing 1,220 hectares of land from Olabisi Onabanjo University (OOU), in Ogun State, to help facilitate its Garri and Starch expansion projects.
- **Apapa Bulk Terminal** - Apapa Bulk Terminal (ABTL) recently registered with the OCIMF (Oil Companies International Marine Forum) to start vetting tankers.

We are confident that these expansions will enhance our contribution to food production as we continue to mitigate the environmental, social and governance risks associated with our operations and activities.

Our commitment to achieving “zero harm” in our workplaces and scale-up operational safety is manifested through our health and safety practices, as we reduced Lost Time Incident Frequency Rate from 0.65 in 2019 to 0.56 in 2020. Similarly, we aligned with reputable quality assurance systems (ISO 9001 and Hazard Analysis and Critical Control Point (HACCP)) to ensure that our products, processes, and systems meet required international safety and quality standards.

We have made significant progress on our sustainable and responsible waste management and packaging journey. We implemented an integrated waste management strategy to promote recycling of resources where possible. The Company installed a water treatment plant with a daily capacity of 250 cubic meters at the Golden Penny Pasta division. We also adopted efficient and effective waste disposal by licensed vendors and reduced the negative environmental impact of our packaging by using general petrochemical-based polypropylene packaging materials. In 2020, we recycled an average of 1.12% of fine flour input for offal production, and we ensure yearly performance improvement in this regard.



Our sustainability journey during the COVID-19 period has been a remarkable albeit challenging one. While our resilience and dedication to comprehensive value creation were put to the test, we remained steadfast in our promise to deliver value to our stakeholders.

Our commitment drives our continuous focus on local content development in order to strengthen the capacity of our suppliers. This is rooted in our responsible business approach, backward integration investments, and strategic partnership with the Flour Milling Association of Nigeria (FMAN). We have scaled our local procurement process as 30.55% of our procurement budget was spent on local vendors in 2020. These vendors make up 95% of our total suppliers. We are using a significant percentage of locally sourced ingredients to create a new breakfast cereal, and we have added indigenous flavours to our menus, such as Jollof noodles and goat meat pepper soup noodles.

As we continue to respond to our consumer demands for refreshing, nourishing and healthy products, we have made strides in innovation and broadened our product portfolio. This includes the introduction of new product offerings such as the Amazing Day breakfast cereal to tap into the opportunities in the breakfast cereal market, Auntie B Spaghetti Slim and Spaghetti, as well as the introduction of new SKUs in key categories. We have invested in the soft cereal sub-segment, which is expected to experience continuous growth as we put the nutritional health of our consumers at the centre of product development. This affords our consumers the opportunity to choose from a wide variety of nutritional products that suit their preferences. We are committed to the sustainable socio-economic development of Nigeria by expanding our investments, continuous product innovation and being competitive.

We continue to support our youth in their resilience and creativity. In a year that was also a challenging one for our young Nigerians, we launched Photowaka and Dare2Dream to foster youth creativity. We also developed the 20over20 programme to acknowledge and reward young Nigerians for their resilience and impactful contribution to their local communities despite the difficulties of 2020.

Our sustainability journey during the COVID-19 period has been a remarkable albeit challenging one. While our resilience and dedication to comprehensive value creation were put to the test, we remained steadfast in our promise to deliver value to our stakeholders. Our ongoing commitment to being the trusted and reliable nutritional partner to all Nigerian families is unwavering. We will continue to collaborate with our stakeholders, host communities, and the broader society to create long-term sustainable value. We are immensely proud of our people, who worked to ensure that we remained focused on delivering sustainable socio-economic value for Nigerians despite the unexpected challenges of the year. We are convinced that by partnering with you, our path towards a sustainable, healthy future for all is strengthened on a continuous basis.

Driving Sustainability from the Top: One-on-One with FMN's Management Team

At FMN, our Management team are integral to achieving our set sustainability aspirations. They set the strategic direction of our responsible business practices. The management work closely with their different teams to develop initiatives and policies that enhances our development in the sustainability journey.



We are committed to best practices and procedures in corporate governance and ensuring we conform to high ethical standards for the benefit of all stakeholders. During the last Board Evaluation and Corporate Governance audit by the Institute of Corporate Secretaries and Administrators of Nigeria (ICSAN), on basis of the evaluation exercise, the company had a very good rating. The Board of FMN demonstrated good understanding of and compliance with the responsibilities as provided in the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance 2018.

In enhancing our corporate responsibility performance, we continually review and strive to upgrade our processes. We have aligned our initiatives and activities with our corporate goals and also with global initiatives/standards. One of such initiatives was our recent sign up to the United Nations Global Compact-global corporate citizenship initiative as expressed in our letter of commitment (Participant tier).

As another way of measuring our impact and keeping ourselves accountable, we have over the past few years participated in the prestigious Sustainability, Enterprise & Responsibility awards (SERAS) submitting our projects and initiatives for verification and benchmarking, we are proud to have won some awards in this space.

Joseph Umolu

Company Secretary / Director, Legal Services



We have implemented a number of processes and controls to ensure our products maintain high-quality standard. Some of these include implementation of a robust Quality Management System (ISO 9001:2015) which helps to establish processes that focuses on customer satisfaction while equally assuring customers that established quality requirements have been fulfilled. Such processes and practices include conducting laboratory analysis of finished products like the controlled bread baking test used in evaluating quality and performance of wheat flours and various ingredients that make up the formulation of our bread flour. This and other processes have yielded results over time, as our products have remained of high quality.

Devlin Hainsworth

Managing Director, Foods Division



Sustainability is core to our business strategy and the innovations we have introduced across the organisations. We have built waste heat recovery systems in our power generators to collect waste heat and provide free steam for process plants, saving energy and lowering carbon footprint. We have agronomists who work with farmers to ensure that maize and soya growers get higher yields, and we buy raw materials from farmers when it comes to fertilisers. Water consumption, heat recovery, animal feed, sustainable packaging, and garbage management are all aspects of our operations with strategic sustainability undertones.

Nassib Raffoul

Chief Operating Officer, Agro-Allied Division



At ABTL, we are dedicated to achieving the best results in the safest manner possible, which includes putting our workers', customers', and vendors' health and wellbeing first. We consider safety to be a need rather than a luxury. We conduct hazard identification and risk assessments on a regular basis and ensure that the main principles of prevention outlined in our safety statement are followed. To ensure that people are safe within our facilities, we also undertake regular safety inspections/audits, capacity building, and supply safety toolkits (PPEs), among other things.

Festus Omotoyinbo

General Manager, Apapa Bulk Terminal Limited (ABTL)



As a leading food manufacturing company, FMN is dedicated to maintaining and strengthening the ecosystem and communities. Over the years, we have devised strategies to improve our manufacturing processes by transitioning from a linear economy model (cradle to grave) to a circular economy model (cradle to cradle). The waste products from our wheat milling process, known as wheat offal, are put back into our value chain as raw materials at our animal feed plant - Premier Feeds Mills. This is one of the many ways FMN promotes the circular economy in its flour manufacturing process.

Jack Cwach

Flour Operations Director



Our sustainable supply chain plans have led to major initiatives and investments such as: Renewal and expansion of our Golden Transport Company fleet, increase in the warehouse space for materials and products; contract >1/3 of trucks for product deliveries, preparation and compliance with ETO requirements, materials planning for long term and keep realistic safety stocks. These has helped to make our supply chain more resilient, even in the face of recent supply chain disruptions around the world.

Yiannis Katsichtis

Supply Chain Director



As part of our Sustainability strategy, we are committed to best practices in our operations and activities. We are committed to ensuring sustainable sourcing and procurement plus the allocation of funds towards the long-term sustainable investment plans.

Anders Kristiansson

Group Chief Finance Officer



Following the need to keep our people safe during the pandemic, we adopted preventive, containment and curative responses to incidents and relief for those who may need time off to recuperate. For prevention, we implemented 4 Golden Rules and provided free face masks, contactless fever monitoring and vaccination access for all our workers. We established strong protocols in place to manage physical presence on our sites, respond to incidents and treat infection and wellness threats generally. We also implemented sub-cells to minimize spread in case of infection, amended where, when, and how work gets done as much as possible to mitigate the impact of commuting and ensure safe distancing from potential infection. Working from home and reduced work weeks were adopted. Also, we built a multi-bed isolation centre with private rooms and modern medical support equipment like ventilators and oxygenators, to support our workers in case of need.

Wale Adediran

Human Resource Director



For us at FMN, Energy management system is about setting up a systematic approach to energy efficiency. Over the last 3 years, we have reduced our energy consumption by almost 10% and are committed to improving on this in the coming years. Furthermore, all Power generated across the group is moving to cleaner fuel like gas. Currently, we have moved from 78% to 85% and planning on achieving 90% across the group over the next 2-3 years. Our Golden Sugar Company has been certified for ISO 50001 with plans for 2 other sites to achieve the same by Jun 2022. This certification will contribute to our energy saving goals.

Narhari Prasad Tripathi

Director of Manufacturing and Technical Services



We are proactively facilitating effective communication across key stakeholder groups such as customers, employees and shareholders. For example, we established an Enterprise Project Management Office (EPMO), which acts as a route for reporting project progress and escalating project issues to the leadership, thereby instilling in our employees a culture of responsibility and openness. We also launched an interactive self-service portal that allows our clients to access not just their account statement and other relevant information, but also to place and track orders online. In addition, we've assembled a specialized customer service team as well as a cutting-edge center to gather, resolve, and analyze complaints.

Vlassis Liakouris

Management Information Analyst (Group Business Transformation)



Local sourcing is a top priority for us since we understand how important it is for performance, pricing, shipping, storage, energy use, and GHG emissions. As a result, we have a policy of procuring as much of our packaging raw materials that meet the highest standards locally as possible. Accordingly, we have defined goals to enhance the quota for local sourcing of packaging materials on a continual basis. As per Bagco for the woven bags sector, we procure as much Polypropylene as we can from a petrochemical company in Nigeria. Currently, this accounts for roughly 23% of our entire consumption and we are positioning to increase this in the next few years.

Russell Prior

GM, Bagco



Quality is the foundation of all we do, including product lifecycle management and overall business operating efficiency and controls. We collaborate extensively with internal and external stakeholders to ensure that these procedures and controls remain effective and deliver the results we want. For example, we perform frequent internal audits to guarantee compliance with regulatory organisations such as SON, NAFDAC, NIMASA, the Ministry of the Environment, and others. We have developed a dynamic and adaptable organisation to ensure that quality stays an intrinsic element of our brand.

Waltonio Percival-Deigh

Business Assurance Director



Our vision of being the leading food and agro-allied group in Africa and mantra of “Feeding the Nation, Everyday” has propelled us to consistently put initiatives in place to build sustainable linkages between local agricultural production and processing. Based on this, we have invested heavily across Nigeria in Backward Integration Programmes (BIP) that ensure a significant growth in local sourcing of raw materials consumed by the group companies. Our key driver is the creation of shared value across the entire food value chains in which we operate – from farm to fork. We are particular about what we produce, how and where factories are set up, how we interact with host communities, paying attention to their socio-economic development and impact to the environment by optimizing energy and effectively managing waste.

Sadiq Usman

Deputy COO, Agro-allied



We presently offer a number of high-quality sugar products, including Premium White Granulated Sugar, Premium White Sugar (Beverage), Premium White Sugar, and Premium White Sugar Cubes. We also operate about ten thousand hectares of sugarcane plantations and one of the world's most modern refineries, putting us in a strong position to enhance local production of Nigeria's sweetest staple food. We are really proud of what we have accomplished in the industry.

Maniatis John

Deputy General Manager / Director, Golden Sugar Company



About this Report

Our 2020/2021 Sustainability Report showcases the economic, social, and environmental practices and initiatives that have been undertaken by the Company during the reporting period. This report has been prepared in accordance with the 2016 GRI standards : Core option. The report is a representation of our commitment to accountability, transparency, and responsibility to our stakeholders, i.e., our customers, employees, suppliers, shareholders, host communities and the relevant government and regulatory organisations; allowing us to effectively engage the aforementioned stakeholder groups and realign with the organisation's strategic sustainability ambitions.

The Report also demonstrates our commitment to embedding sustainability into our business processes, relations with the communities we operate in and across our supply chain operations. This is evidenced by our successes and accomplishments which we have presented in this Report.

Our annual Sustainability Report exemplifies our view on the importance of partnerships and the role it plays in how we have successfully implemented our sustainability strategy and aligning our business operations with the United Nations Sustainable Development Goals (UN SDGs), as we remain committed to creating sustainable value through our business operations and activities.

At FMN, embedding sustainable practices across our organisations is a staple of our corporate strategy and culture. Our employees are committed to discovering ways in which the organisation can prosper and create value for its stakeholders, through the prioritisation of our environmental, social and governance objectives.

We have also critically analysed the lessons the COVID 19 pandemic year taught us as an organisation and highlighted the ways in which we thrived in this Report.

Except otherwise stated, the disclosures contained within this period are for our 2020 / 2021 Reporting Year (April 2020 – March 2021).

Sustainability Performance Fast Facts in Numbers

OUR PRODUCTS AND SERVICES

22,000 hectares in Sunti
20,000 hectares near Benin City
20,450 hectares in Nasarawa for our Backward Integration



We continue to expand our operational sites and capacity. This is in line with our drive to contribute to the development of Nigeria's Agricultural sector and foster shared value creation.

98% of our customers are satisfied with the high quality of our products

The results of our 2020 customer satisfaction survey indicates that 98% of our customers were satisfied with the current quality of our products. This further demonstrates our commitment to "Feeding the Nation Everyday" with the highest quality of foods.

RESPONSIBLE FARM-TO-TABLE PRACTICES

78% Flour Extraction Rate



Our flour extraction performance of 78%, which exceeds the global average of 76% clearly reflects our investment and corresponding progress on improved product quality and process innovation.

ECONOMIC VALUE CREATION AND DISTRIBUTION

6.17% increase in direct economic value generated between 2018 and 2020



Between 2018 and 2020, FMN recorded a rise in economic value generated from N542. 48 billion in 2018 to N574.16 billion in 2020.

9.17% increase in economic value distributed between 2018 and 2020

The economic value distributed from the amount generated from 2018 to 2020 increased by 9.17% from N498.752 billion in 2018 to N544.496 billion in 2020.

N771.6 billion Total revenue of N771.6 billion - representing 34% revenue increase

In the wake of COVID-19 disruption on global logistics and supply chain, our resilient strategy positioned us for top line growth.

ENVIRONMENTAL PROTECTION AND STEWARDSHIP

303,250kg packaging materials recycled with cost saving of N257.76m



We recycle our industrial waste and by-products to prevent entry into the waste stream and reduce our footprints on the environment.

488,160 GJ Heat recovery systems saved 488,160 GJ of energy

Driven by the commitment to control our carbon footprint and embed energy efficiency, we installed heat recovery systems on some of our sites, saving 488,160GJ worth of energy during the reporting period.

EMPLOYEE RIGHTS AND WELFARE

Employee wages increased from N25.36 billion to N29.27 billion between 2019 and 2020



As a commitment to enriching the lives of our employees, and continually growing our contribution towards their livelihood and development, our employee wages and benefits increased between 2019 and 2020.

133 training sessions
4,712 training hours
1,511 training attendance records

We prioritise trainings and opportunities for employee capacity development. It is one of our hallmarks of excellence.

100% reduction in employee fatalities and 44% reduction in the number of work-related ill health for full-time employees.
50% reduction in fatalities and 20% reduction in the number of cases of recorded work-related ill health for temporary employees.

In line with our commitment to embedding health and safety in our work culture and ensuring zero harm in the workplace, we recorded improved health and safety performance during the reporting period.

COMMUNITY INVESTMENTS AND RELATIONS

N3.5 billion on CSR projects, donations, and COVID-19 intervention.



Between 2020 and 2021, Flour Mills of Nigeria invested about 3.5 billion Naira on CSR projects, donations, and COVID-19 interventions. This represents 13.6% of our Profit after Tax and significantly exceeds our initial budget by about 861% which was driven by our imperative response to COVID-19.

Investing 200 million naira and creating 10,000 new jobs

Through the YALWA Programme, we are on track to investing over 200 million naira and creating 10,000 new jobs in Kaduna State.

Flour Mills of Nigeria - Feeding the Nation

01



Flour Mills of Nigeria – Feeding the Nation

FLOUR MILLS OF NIGERIA AT A GLANCE

Flour Mills of Nigeria is one of the largest Flour Milling businesses and the leading agro-allied group in Nigeria - reckoned as the choice partner for feeding Nigeria for the past 61 years. The company was Incorporated in September 1960 and it is presently headquartered in Apapa, Lagos – Nigeria. We are Nigeria’s premier agro-allied business committed to creating sustainable and responsible value for all stakeholders. Put simply, we are on a mission to keep “Feeding the Nation, Everyday”, while creating shared value across the triple bottom-line of economic success, positive environmental and social impact.

Presently, our customer base spans widely across flour milling and livestock production, port operation, logistics and real estate businesses. We have continued to enhance our quality and brand. Notwithstanding the diversity of our business, wheat milling constitutes the largest share of our diversified operation. We pioneered flour milling in Nigeria when our first mill was commissioned in Apapa in 1962 with a grinding capacity of 500 metric tonnes of wheat per day.

As a business:

- Our Vision is “To be the leading food and Agro-Allied Group in Africa”
- We are on a Mission “To produce and supply products of superior quality and value to the market thereby enriching the lives of consumers, customers, communities, employees and all stakeholders”
- We have designed and integrated three-pronged strategic Goals which are: 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”.
- Through the years and in line with our purpose, we have developed a renowned brand; Golden Penny, which is a household and trusted name in Nigeria for staple and nutritious food

BUSINESS OPERATIONS AND BRANDS

FMN is a publicly traded company. It is a vertically integrated supply chain of food, agro-allied, logistics and support businesses. The shares of the company are held by:

1. Excelsior Shipping Company Limited
2. West Africa Investment Limited
3. Stanbic Nominees Nigeria Limited
4. Other individuals and Institutional Shareholders

Our Key Value Chains

Through our four (4) key value chains as shown below in figure 1, and operations spread across different geo-political zones in Nigeria, we currently offer a rich portfolio of products which include pasta, flour, noodles, margarine, refined sugar, livestock-feeds, fertilizer production and distribution, and other agro-allied downstream activities, etc.

Flour Mills of Nigeria Key Value Chains



Figure 1.1: Our Key value chains

Food Division

For more than six decades, Flour Mills of Nigeria has been providing great tasting and nourishing food to millions of Nigerian families under the iconic brand “Golden Penny”. At the core of our Food Operations, is the need to identify and meet our customer and consumer needs as we “Feed the Nation Every day”.

With millions of metric tonnes of our food demanded and consumed by millions of Nigerians daily, we meet demand for quality food and affordable nutrition.

Agro-Allied

Since the commencement of our operation in Kaboji, Niger state, we have continued to make substantial investments in several farms, and downstream activities to support our 5 key value chains of Grains; Oils & Fats; Sugar; Feeds & Proteins, and Cassava Starches. In our Agro-Allied Division and the local content value chains we operate in, we are committed to delivering Golden Penny Products to our Customers and Consumers from farm to table, in furtherance of our purpose of Feeding the Nation Every Day.

Sugar

With about ten thousand hectares of sugarcane plantation and one of the most advanced refineries in the world, FMN has boosted the local production of the sweetest of the nation's staple food. Golden Penny Sugar processed from sugarcane grown on the Sunti Golden Sugar Estates, come in cube and granulated form for domestic, industrial, and commercial use.

Support Services

FMN also owns a segment in the logistics and support operation that connects businesses and industries. Our investment and contribution to the smooth running of the various chains and webs of businesses in the economy has continued to yield remarkable results. Our support services are traded under the following Subsidiaries and Divisions:

- **BAGCO Division** - Africa's largest and leading manufacturer of premium bags sustained through state-of-the-art machinery, professional staff, and best manufacturing practices.
- **Apapa Bulk Terminal Limited** - Provides a spectrum of facilities in terms of consolidations, warehousing, open storage areas, packing, repair facilities and even office complexes.
- **Golden Transport Company (GTC) Limited** - Established to provide effective nationwide haulage services and distribution networks that enable sister companies' products reach their customers on time and in excellent condition.

PRODUCTS, SERVICES, AND INNOVATION


















As a Food and Agro-Allied business, we are constantly evolving to give our consumers more of their preferred food choices, as consumer tastes and preferences continue to evolve and shape our product design and innovations. Compelled by the need to satisfy our consumers with high quality products that are exciting and relevant to their lifestyles, we are innovating and putting the needs of our consumers first with our products.

Our product portfolio includes:

A. Consumer Foods

Sold under the household name - Golden Penny, our consumer foods include Pasta and Noodles, the culturally diverse Ball Foods, and our superior quality Golden Penny Flour.




Table 1.1 Our Counsumer Food Brands

Pasta / Noodles	       	<ul style="list-style-type: none"> ○ Golden Penny Noodles, ○ Golden Penny Twists, ○ Golden Penny Macaroni, ○ Golden Penny Spaghetti, ○ Golden Penny Spaghettini, ○ Golden Penny Couscous, ○ Mai Kwabo Macaroni, ○ Mai Kwabo Spaghetti
Ball Foods	   	<ul style="list-style-type: none"> ○ Golden Penny Semovita ○ Golden Penny Goldenvita ○ Golden Penny Massavita ○ Golden Penny Garri
Flour	    	<ul style="list-style-type: none"> ○ Golden Penny MasafLOUR, ○ Premium Cassava Products Limited (PCPL), ○ Golden Penny Easy Bake Flour, ○ Golden Penny Noodle Flour, ○ Golden Penny Whole Wheat Flour, ○ Mai Kwabo Flour, ○ Golden Penny Classic Flour, ○ Golden Penny Eagle Wheat Flour ○ Golden Penny Multipurpose Flour ○ Golden Penny Confectionery Flour ○ Golden Penny Soft Biscuit Flour

B. Agro-Allied

With the support of our out-grower schemes, FMN model farms supply our animal feeds, edible oil, and food value chains with the finest quality of agricultural raw materials.


Table 1.2 Our Agro-Allied Brands

Feed and Protein		<ul style="list-style-type: none"> ○ Layer Mash, ○ Chick Mash, ○ Broiler Super Starter, ○ Extruded Catfish Juvenile, ○ Grower Mash, ○ Broiler Finisher
Fertiliser		<ul style="list-style-type: none"> ○ Urea 46-0-0, ○ NPK 20-10-10, ○ NPK 15-15-15, ○ NPK 27-13-13
Edible Oil and Fats		<ul style="list-style-type: none"> ○ Golden Penny Spread, ○ Pure Vegetable Oil, ○ Margarine, ○ Pure Soya Oil

C. Sweeteners

FMN has increased domestic production of the sweetest of the nation's main foods. This has been achieved by leveraging about ten thousand hectares of sugarcane plantation and one of the world's most advanced refineries. Our quality production standard earned the Premium White Granulated Sugar the spot of winner of the 2019 Global Food Safety Initiative (GFSI) awards for Nigeria and Africa.

Table 1.3 Our Sweetener Brand

Sugar		<ul style="list-style-type: none"> ○ Premium White Granulated Sugar ○ Premium White Sugar (Beverage) ○ Premium White Sugar ○ Premium White Sugar Cubes
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D. Support Services

Our Support Services include Total packaging solution & manufacturing, Bulk Terminal Services and Haulage and Distribution services.

Table 1.4. Our Support Services

Bagco		<ul style="list-style-type: none"> ○ Jumbo bags, ○ Bagco thread, ○ Ropes, ○ Laminates, ○ Webbings, ○ Shopping Bags, ○ Blown Film, ○ Carrier Bags, ○ Open Market Bags
Logistics and Support		<ul style="list-style-type: none"> ○ Golden Transport Division ○ Apapa Bulk Terminal Limited

As part of our larger commitment to sustainability in the operational and procedural practices of FMN, we continue to provide the best, most sustainable products for our customers.

OUR FOOTPRINT IN NIGERIA

Through local investments in key areas of our national operations and our transactional processes across several States in Nigeria, we are accelerating economic transformation and driving local prosperity. Our newly restructured route - to - market model has enabled FMN products to be rolled out across seven geographic locations in Nigeria - strengthening and increasing our capacity across these territories. With production sites and power plants in several locations across the Nation, we promote economic development as a local employer, purchaser, and investor.

As part of our footprint and in addition to our subsidiaries across the Nation, our Customer Service Centres are strategically spread across the following States to improve the value we create; Abia, Abuja FCT, Anambra, Benue, Cross River, Enugu, Gombe, Katsina, Kogi, Lagos, Ondo, Taraba and Zamfara.

The Map below shows the locations of FMN's subsidiaries and operation sites across the country.

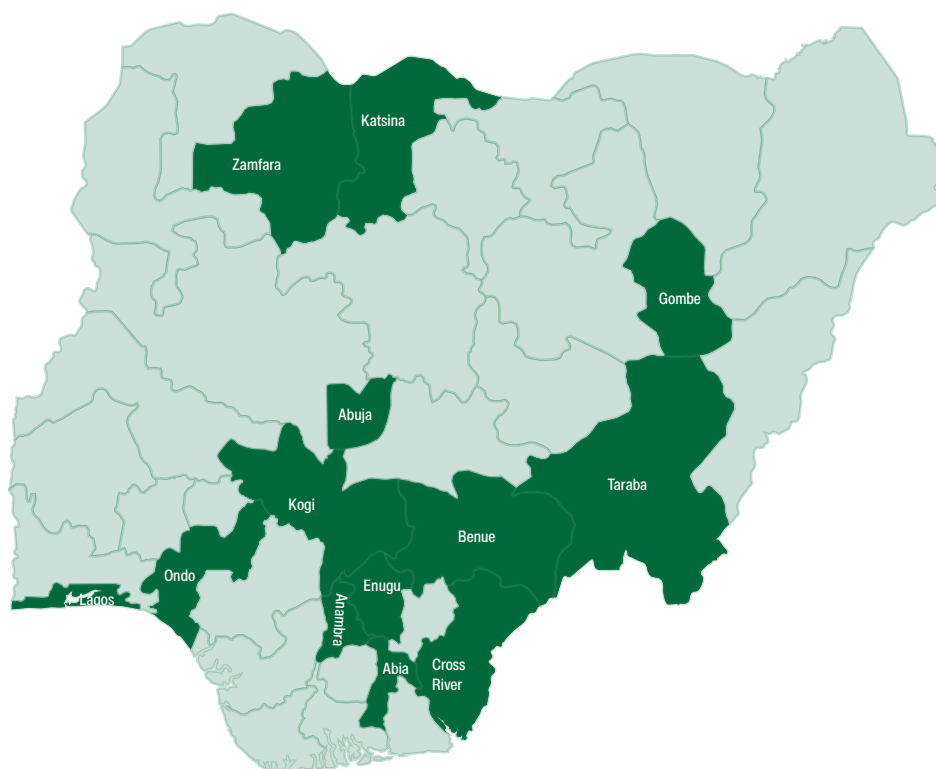


Figure 1.2: Nigerian map showing the location of our business operations and subsidiaries across Nigeria.

Table 1.5 List of Flour Mills Subsidiaries and their Location

S/N	Location (State)	Company
1	Lagos	Flour Mills of Nigeria Plc Lagos, Ogun, Cross River, Kano
2		Agri Estates Limited
3		Golden Agri Inputs Limited
4		Golden Sugar Company Limited
5		Golden Shipping Company Nigeria Limited
6		Apapa Bulk Terminal Limited
7		Crestview Towers Limited
8		Premier Chicks Limited
9		Golden Fertilizer Company Limited
10	Oyo	Independent Grain Handling and Storage Limited
11		Best Chickens Limited
12		Premier Feed Mills Company Limited
13		Premium Edible Oil Products Limited (Formally Rom)
14		Nigerian Eagle Flour Mills Limited
15		Premier Poultry Processors Limited
16	Edo	Agri Palm Limited
17	Ogun	Premium Cassava Products Limited (Formally Thai Farm)

18	Niger	Golden Sugar Company Limited
19		Sunflag Seeds Limited - (Kaboji)
20		Kaboji Farms Limited
21		Sunflag Farms Limited (Formerly Agro Allied Farms Sunti)
22	Kwara	Shao Golden Farms Limited (Formerly Agro Allied Syrups Limited)
23	Kano	Northern Nigeria Flour Mills Plc
24	Benue	Upland Grains Production Company Limited
25	Gombe	Servewell Agricultural Services Limited
26	Kaduna	Golden Fertilizer Company Limited
27	Cross River	Eastern Premier Feed Mills Limited

OPERATIONS EXPANSION ACROSS NIGERIA

We continue to expand our business operations across Nigeria. During the reporting period (2020/2021 reporting year), we recorded strategic expansion activities to further deepen our footprints in the country. Below are some of the major expansion projects we undertook during the reporting period.

- **Sugar Division:** We are contributing to helping Nigeria achieve its goal of becoming self-sufficient in the production of sugar and to this end, we acquired an additional 4,131 hectares, bringing our total acquired land in Sunti to 22,000 hectares. We also acquired 20,450 hectares in Nasarawa State to support our Backward Integration Programme (BIP). A state-of-the-art Sugar Mill will be built in Nasarawa as an addition to an already existing sugar mill in Sunti. This aligns with our BIP commitments.
- **Feeds and Proteins:** As part of our efforts to expand our capacity and meet the rising demand for feeds and proteins across the country, we constructed a new Feed Mill with a production capacity of 10,000 tonnes per month in Kaduna State as part of our expansion strategy. We also recorded expansion in our Oil Palm production capacity in Edo State.
- **Starches:** The Cassava Products Limited PCPL has purchased an AMCON facility in Ososa and is leasing 1,220 hectares of land from Olabisi Onabanjo University (OOU), in Ogun State, to help facilitate its Garri and Starch expansion projects.
- **Oils and Fats:** Our oil palm plantations have been expanded with the acquisition of additional 20,000 hectares of arable land Ug-bogui and Iguiye Palm Plantations near Benin City in Edo State.
- **Support Services:**
 - Apapa Bulk Terminal: Apapa Bulk Terminal (ABTL) recently registered with the OCIMF (Oil Companies International Marine Forum) to start vetting tankers. Also, our distribution network at Golden Transport has improved its operational efficiency to include a 24-hour control centre to keep track of all our trucks.

Corporate Governance for Impact



02



Our Board of Directors serve as the highest body for accountability across our Company as they ensure that our stakeholders abide by our established procedures and frameworks which work to minimise risk and maximise opportunities. They work closely with management to determine the strategic direction of our organisation. Our Senior Executives also play crucial roles in ensuring adherence to our Corporate Governance principles and practices, as they oversee day-to-day implementation and provide feedback to the board through the GMDs' quarterly Management Report.

Flour Mills of Nigeria Plc is one of the Corporate Governance Rating System (CGRS) certified listed companies in Nigeria after being duly certified and accorded the CGRS certification mark in January 2018 with a three-year validity period. It is also noteworthy to state that Flour Mills of Nigeria Plc was rated by Institute of Chartered Secretaries and Administrators of Nigeria (The Hub of Governance Professionals) as one of the most compliant companies during the Corporate Governance audit conducted for the year ended 31st March, 2021.

Our Corporate Governance practices have been structured to ensure adequate compliance with relevant laws, policies, and guidelines across our organisation, in order to strengthen the sustainable growth of our company and create value for our stakeholders. Finally, in order to achieve robust production processes as well as ensuring effective distribution across our supply chain networks, we constantly engage in sustainable business practices, which includes balancing our economic, social, and environmental responsibilities to ensure sustainable development.

Accordingly, sustainability objectives are cascaded from the Board and Senior Management to all employees.

BOARD AND LEADERSHIP STRUCTURE

Our Board is guided by our Board Charter which has been developed in line with the appropriate regulatory requirements and global best practices. The charter sets out the roles and responsibilities of the Board and provides guidance on their oversight responsibilities concerning management and executive leadership across FMN. They are also responsible for ensuring regulatory, legal, and ethical compliance of all business divisions; the implementation of FMN's compliance framework; and hedging potential business and environmental risks through strategic planning and forecasting. The Board assigns respective committees to consider and take appropriate decisions on issues requiring Board attention. Also, the Management team is accountable to the Board.

Our Board is composed of individuals with rich and vast levels of experience cutting across diverse business sectors and geographies. Together, they combine their experience and expertise to create value for our stakeholders and maintain an ethical and effective corporate culture across our entire value chain. The Board also ensures that the company's sustainability performance are transparently reported.

Our Board members below each have an average of 20 years of professional experience, and above hundred years of combined professional experience. Key parameters considered for effective appointment to the Board include; integrity, reputation and commitment; familiarity with the commercial and economic environment; regional balancing; good network in FMN areas of business.

FMN's Board of Directors ("The Board") comprises 14 members with 11 non-executive members:



Mr. John George
Coumantaros

Chairman



Mr. Paul Miyonmide
Gbededo

Vice Chairman



Mr. Omoboyede
Olusanya

Group Managing Director /
Chief Executive Officer



Mr. Alfonso Garate

Non-Executive Director

Alhaji Rabi M. Gwarzo,
OON

Non-Executive Director



Mr. Yannis Katsaounis

Non-Executive Director

Mr. Thanassis
Mazarakis

Non-Executive Director

Mr. Foluso Olajide
Phillips

Non-Executive Director

Alhaji Yunus Olalekan
A. Saliu

Non-Executive Director

Mr. Folarin Rotimi Abiola
Williams

Non-Executive Director

Dr. (Mrs.) Salamat
Hussaini Suleiman

Non-Executive Director

Professor Jerry Gana,
CON

Non-Executive Director



Mrs. Juliet Anammah

Non-Executive Director

Alhaji Muhammed K.
Ahmad

Non-Executive Director



Mr. Joseph Umolu

Company Secretary

There are more Non-Executive Directors (NEDs) on the Board than the minimum required for publicly quoted companies by the Nigerian Code of Corporate Governance (NCCG 2018). They bring their vast and varying experience to drive the affairs of the company from the top. Our Board Members understand the importance of driving sustainability from the top and getting actively involved in implementing the Company's sustainability agenda.

The Board Committees include; Board Audit and Risk Management Committee; Board Remuneration and Governance Committee; Board Nomination/Selection Committee; Board Local Content/Local Wheat Production Committee.

Our Board receives regular quarterly updates through its Audit and Risk Management Committee in the management of key sustainability issues. Through this committee, the Board obtains performance insights and provides strategic directions to management on these issues. The Governance Committee oversees the operations of the entire Board and monitors the fulfilment of its fiduciary duties.

To ensure that the Board performs optimally in line with its mandate, the company engages external Board Performance Evaluators to conduct regular Corporate Governance Reviews of the Company in line with best practices. Strong points and improvement areas for greater Board impacts are reviewed and discussed by the Board, often leading to the development of an actionable remediation roadmap when necessary.

Our Board evaluation is three-fold. This includes self-evaluation by the directors, the director's evaluation of each other, and the holistic board evaluation and assessment by an external consultant. Although the NCCG 2018 recommends that the review be done every three years, we conduct internal reviews in between this period using our detailed corporate governance compliance checklists. The outcome of these assessments is often published in our Annual Reports.

REGULATORY COMPLIANCE

By resolving to operate our business legally and ethically, we are constantly working to minimise our exposure to legal penalties. We are committed to acting in accordance with the relevant industry laws and regulations, internal policies, and prescribed best practices. Accordingly, we carry out periodic reporting to regulatory agencies such as NESREA and NERC and we abide by the Factories Act and Code of Corporate Governance. In addition to this, we ensure that FMN has the right certifications and permits.

FMN complies with both national and international environmental frameworks and the relevant legal and regulatory requirements, including:

- Companies and Allied Matters Act (CAMA)
- Investments and Securities Act (ISA)
- Food Safety Quality Management Standards
- National Agency for Food and Drug Administration and Control (NAFDAC)
- Federal Ministry of Health
- Standards Organisation of Nigeria
- Federal Competition and Consumer Protection Act
- State and Local Government Laws
- Applicable Tax Laws
- Pension Reform Act
- National Environmental Standards and Regulations Enforcement Act
- Lagos State Environmental Protection Act
- Industrial Training Fund Act
- Employee's Compensation Act
- Annual Code of Conduct Certification by employees
- Review of regulatory agencies' correspondences and inspection reports
- Documentation of identified control gaps in processes for remedial actions

To ensure regulatory compliance, we have adopted a risk-based compliance monitoring and reporting framework. In doing this, several processes have been automated, such as our annual code certification platform as well as our compliance tracking. This helps us stay abreast of and aligned with the evolving regulatory landscape of our business operations.

As a strategic step to ensuring that our employees are compliant with the necessary regulatory requirements, we continue to create awareness of our Code of Conduct provisions through related training programmes. We also use environmental scanning, compliance reporting and compliance control evaluation and testing to uphold our compliance standards.

Also, the Company discloses its compliance with NCCG 2018. Our report on compliance with NCCG 2018 for the year ended 31st March 2021 is available on our website and can be assessed through www.fmnplc.com.

ANTI-BRIBERY AND CORRUPTION

At FMN, our anti-bribery and corruption policy serves as the moral compass for engaging our stakeholders, including vendors and suppliers. We are transparent about our commitment to ensuring that our business operations are conducted ethically to prevent bribery and corruption amongst our vendors and employees. Our clients, business partners, board of directors, executive management, and employees are required to comply with our anti-bribery, whistleblowing and anti-corruption policies. Annually, they are also required to certify their compliance to the Company's Code of Conduct.

In line with our commitment to build a responsible work culture, we conduct regular anti-corruption training and workshops across all employee groups to ensure that our employees are equipped with the requisite knowledge on the consequences of corruption practices to the individual, organisation, and society.

When there is an allegation of fraud, our forensics, legal and security teams conduct an internal investigation. The outcome of the investigation determines possible involvement of law enforcement. If a case eventually gets to the court, FMN will be represented by external solicitors. It is important to note that FMN ensures that the principle of fair hearing and due process as stated in Nigeria's extant laws and UN charter on fundamental human rights are adhered to in the handling of fraud suspects.

Periodically, our Forensic and Investigation Department conducts enterprise-wide fraud risk assessment. During the period being reported, 30 cases of fraud, corruption and code of conduct violations were reported and investigated by FMN's Business Assurance team. Below are some major risks related to corruption & fraud that were identified during the period:

- Diversion of products and sales proceeds at Customer Service Centres (CSC).
- Salesmen and merchandisers collecting customer products for sale and diversion of proceeds
- Salesmen diversion and sale of customer's compensation items
- Excess loading of customer trucks
- Truck diversion for personal use after delivery to customers
- Email phishing from external sources.

These issues were appropriately escalated, addressed and monitored in line with our established processes and industry best practices. Also, during the period, there were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices.

ETHICS AND INTEGRITY

The FMN Code of Conduct strengthens our corporate governance framework, business principles and articulates the values, standards, and behaviour expected of our employees. It also defines the Company's approach to ethics and integrity; this further enables us to protect the interests of our stakeholders and deliver value to them. The Code details how our employees should act concerning issues such as compliance and integrity, conflict of interest, making investments, receiving gifts and entertainment, selecting suppliers amongst others.

Our Code has been formulated on the fundamental principles that all employees are always required to act honestly, in good faith, with integrity and to observe high ethical, personal, and professional standards. Through our Internal Communications team, FMN's core values are communicated to employees, and refreshers are also shared at Management Briefs and Town Halls.

At FMN, our culture revolves around our values which are defined by six behavioural pillars with acronym PILOT (Performance, Integrity, Initiative, Leadership, Ownership, Teamwork). The FMN Code of Conduct and its underlying policies communicate the basic principles of our values that every employee must observe.

We provide continuous communication and training to employees across all our subsidiaries to raise awareness of the Code of Conduct, our culture, and our values. We have also designed initiatives to further entrench our values and promote our culture. PILOT Fridays are held once a month - where our employees are required to demonstrate PILOT behaviours through specific activities. Also, to further promote the entrenchment of FMN Core Values, we have designed an equitable and effective reward system - FMN PILOT Policy and Procedure. The FMN PILOT Award is a quarterly award given to fourteen (14) employees per quarter across FMN Group for promoting and demonstrating FMN Core Values. At the Group level, champions are chosen from the quarterly FMN PILOT award winners. The awards (including cash gifts) are presented to winners at the various sites on a quarterly and annual basis.

Our employees are continuously assessed against each parameter of our Value statement and are encouraged to abide by them. These initiatives are carried out to ensure the effective imbibing of FMN values.

Every employee gets a Handbook (signed off) at resumption. Code of Conduct is circulated and signed off by employees on a yearly basis.

ESG RISKS AND OPPORTUNITIES MANAGEMENT

At FMN, we have identified several risks and opportunities pertaining to our ability to achieve our ESG goals and implement a sustainable ESG strategy. We understand the importance of being able to react to these potential happenings to protect the interests of our stakeholders:

- We acknowledge that sustainability is at a tipping point to become a critical board level topic. The connectivity with business will further accelerate this process
- The long- and medium-term resilience of business models and the ability to create value will depend on integrating ESG into our corporate strategy
- Financing, access to capital and insurance cover at reasonable rates will also depend on ESG performance
- Investors and other stakeholders increasingly require ESG information, therefore a convincing ESG strategy and appropriate ESG performance is required.
- We understand the increasing importance of consistently reporting and delivering on our sustainability claims; otherwise, reputational damage may occur - given the increased transparency, there will be no escape.

Our risk management philosophy and culture are the set of shared beliefs, values, attitudes, and practices that govern how we consider the risks inherent in our business activities, from strategy development and implementation to our day-to-day activities. We believe that an efficient risk management system across all lines of our business will ensure more efficient use of capital and resources and reduce the likelihood of operational losses.

In this regard, our Enterprise Risk Management Framework, which was developed to establish and sustain leading risk management practices, sets out a top-level framework for the consistent management of risks across the Company. It was developed in line with the commitment of our Board of Directors and the Management to achieve its strategic business objectives.

The Company's Enterprise Risk Management (ERM) Framework is a structured and disciplined approach to the management of risk that considers strategy, assets, liabilities, process, people, technology,

and resources within the business with the purpose of continually evaluating and managing risks to our business strategies and objectives.

This framework lays out the Company's Enterprise Risk Management approach for the development and institutionalisation of processes that enable the Company to:

- Gain a holistic view of the risks it is exposed to
- Define its risk appetite based on its strategic objectives
- Assess, measure, and quantify the risks
- Develop risk mitigation initiatives and control techniques
- Enhance the overall performance of the Company

With changes in the business environment coupled with the evolution of risk management practices, there is a need for frequent review of the effectiveness of the ERM process. Our risk management framework is continuously reviewed to ensure effective and innovative risk management practices.

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

- **Embedding** – ERM is being fully embedded within the major functional and operational processes just as strategic planning and performance measurement systems.
- **Consistency** – We adopt a consistent method for the identification, assessment, monitoring, mitigation, control, and communication of risks associated with all its activities, functions, processes, and events to achieve its corporate objectives efficiently and effectively.
- **Risk Awareness** – We foster a result driven and risk awareness culture to move the company to a position where decisions are taken with full consideration of relevant risks and their implications
- **Ownership** – Specific risk owners within the Company's workforce have a sound understanding of the risk impacting their operations or areas of responsibility and can respond with appropriate strategies and mechanisms to identify, assess, monitor, and control those risks.
- **Accountability** – Risk owners within the Company's workforce are accountable for the risk management actions in their respective areas of responsibility.
- **Authority** – Risk owners ensure that they have the required level of authority and flexibility to determine and execute the proper course of action to manage the risk in their respective areas of responsibility.
- **Communication** – The Company's information system is updated continually to accommodate data output necessary for proper assessment and monitoring of risks.

WHISTLEBLOWING MECHANISM

Our Whistle Blowing Policy and Guidelines at FMN is a further indicator of our commitment to upholding integrity and ethical behaviour in conducting our business. In line with the Code of Conduct, FMN has a whistleblowing mechanism where all stakeholders can effectively report corruption and misconduct. This can be done anonymously to protect the identity of the whistle-blower.

Through our 'speak-up' arrangement, our employees are encouraged to and are protected in reporting observed or suspected acts of fraud. At FMN, we guarantee that the identity of the reporting individual shall not be revealed, even if it is requested. Where the identity of the reporting individual becomes known, we guarantee that he/she will be afforded the necessary protection and legal coverage as well as the application of appropriate sanctions on the person(s) responsible for revealing the whistle blower's identity. Our external stakeholders are also empowered to report such acts to the company.

Employees seek advice by calling the Ethics Helpline – 0817-232-5000 or by sending emails to CodeofConduct@fmnplc.com or Complianceoffice@fmnplc.com. For the reporting year, 2 cases bordering on conflict of interest were investigated. Investigation on one case was concluded, and the staff involved was given a warning while the second case is still in progress. Disciplinary actions taken range from warning to termination and dismissal.

Our Shared Value Transition

03



Beyond nurturing a drive to create economic value for our stakeholders, FMN is committed to creating long-term value for the Nigerian society through sustainable human capital investments and “Feeding the Nation” as we empower communities and livelihoods. As shown in this Report, our successes over the last decades have gone beyond profits to creating socio-economic impact.

Although our commitment to long-term value has always been on the front burner, it became more necessary than ever during the COVID-19 pandemic restrictions. We responded by working tirelessly to meet heightened demands and availing our services by donating essential needs through governmental and non-governmental organisations.

These actions are guided by our Board-approved Sustainability Policy, the FMN's Core Values, and the UN SDGs. In this chapter, we discuss some of the foundational practices, policies, and contributions that have enhanced our ability to create long-term shared value for our stakeholders.

SUSTAINABILITY JOURNEY AND PILLARS

To maintain our robust Pan-Nigerian production, distribution, and supply chain network, we constantly align our business operations with broad sustainability themes which resonate soundly with us – our Sustainability Pillars. For us at FMN, sustainability is approached along the lines of EESG (Environmental, Economic, Social, Governance).



Figure 3.1: Pillars of our Sustainability Journey

We intend to continuously improve our EESG performance. This will provide us with a good foundation for consistently identifying and mapping the most material actions across our value chain.

ENVIRONMENTAL IMPACT MANAGEMENT



Protecting the environment while conducting our business remains a central component of our sustainability pursuits at FMN. We want to do business in a way that maximises the natural ecosystems while preserving it for the benefit of the present and future generation. Under this pillar, FMN specifically focuses on the following environmental issues:

Waste Prevention and Management: Reduction of the amount of waste produced onsite and at our offices. To achieve this, we have processes in place to track the amount of waste produced (including packaging materials) and design tailored initiatives to Reduce, Reuse or Recycle them. We also explore options to reduce virgin material use and hazardous materials consumption while also educating consumers on more sustainable ways of disposing our packaging materials.

Supply Chain Impacts Management: As a Company, we continue to explore options and initiatives to further embed “responsible supply chain practices” within our business operations. We ensure that all purchases comply with one or more of the following policies, practices, or certifications:

- Restriction of Hazardous Substances Directive (RoHS)
- ISO 14001 Certification
- Manufacturing facilities powered in part by alternative energy sources
- Electronic Product Environmental Assessment Tool (EPEAT) compliance
- Formal environmental-packaging policy

We maintain a robust database and continue to update our baseline data with materials purchased for the purpose of tracking our impacts. We are also continuously developing modifications that help us create meaningful positive impacts across our supply chain and, through them.

Energy Efficiency: We continue to explore innovative ways to make our business more carbon efficient. This is driven through innovations, strategic investments, and process modifications. For example, 50% of lightbulbs at Golden Penny Place, Apapa, Lagos, have been replaced with LED bulbs. These bulbs are more durable, energy efficient and produce less heat, thereby reducing energy costs and CO2 emissions.

SOCIAL RESPONSIBILITY



Being a socially responsible company, FMN drives social value creation for its people and local communities. The focus is to profitably do business, while creating long-term social impact for our communities. The following forms a central part of this pillar for us.

Positive Impacts on our People: Our people are our most prized assets, and their welfare is a critical component of our sustainability ambition. We commit to managing our business operations in a way that would continue to protect the wellbeing of our people. Particularly, we continue to attract and nurture a talented workforce while ensuring that the rights of our people, local communities and other stakeholders are sufficiently upheld.

Education and Skills Development: We commit to reducing education gaps in Nigeria by investing in the country's education sector in forms of infrastructure support, research financing, sponsorships, etc.

Research and Development: As a reflection of our commitment to serve our customers well and continuously create value for them, research and development affords us a valued opportunity to advance the quality of our products to ensure quality, nutrition, and availability. For example, in line with FMN's drive to continually improve, feasibility studies are being carried out for the conversion of the coal boiler plant to natural gas plant in Ososa factory, Ogun State.

Community Development: Our host communities are an important category of our varied stakeholder groups and we commit to partnering with them to drive growth and development by executing socially responsible projects in line with the needs of these communities.

ECONOMIC VALUE CREATION AND GOVERNANCE ACCOUNTABILITY AND TRANSPARENCY



Our sustainability agenda also focuses on creating extended economic value for our local communities and Nigeria at large. To achieve this, we continue to design systems and structures that supports our business resilience and shared value creation for our varied stakeholder groups. Below are four (4) of the major themes in this category:

Business Growth and Resilience: We are committed to promoting a resilient business model that can create long-term sustainable economic value for our stakeholders. We continue to explore ideas that would help us to deliver strong business growth.

Good Corporate Governance: One of the ways we also function as a responsible business is by integrating high

standards of Corporate Governance within our operations. These practices which reflect international best standards and demonstrate alignment with SEC's code of Corporate Governance, are constantly being assessed for improvement opportunities.

Regulatory Compliance: FMN also drives efforts to ensure full compliance with all applicable legal and environmental requirements as well as the company's internally written requirements.

Responsible Sourcing: We also have robust supplier chain due diligence processes to ensure that we source our ingredients, packaging materials and other goods and services from suppliers who comply with the FMN Supplier Code and demonstrate continual improvement of their environmental performance.

MATERIALITY MATRIX

We reviewed our materiality matrix in consultation with different internal and external stakeholder groups to ensure that our sustainability priorities remain relevant to our business ecosystem and continuously evolving priorities of our varied stakeholder groups. Our materiality assessment process underwent three broad stages which are identification and prioritisation; analysis and mapping; as well as validation.

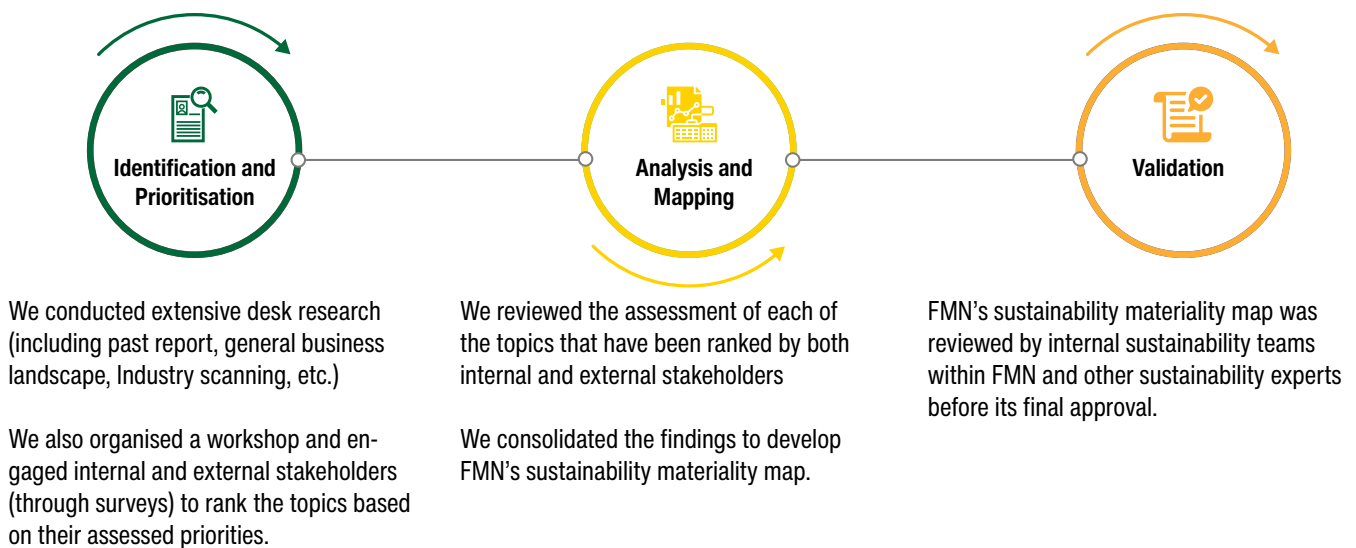


Figure 3.2 Materiality Assessment Process

The result of this process is shown below.

The results of the materiality analysis are presented in a matrix which measures the topics using two axis- materiality ranking by internal stakeholders and materiality ranking by external stakeholders. See matrix below:

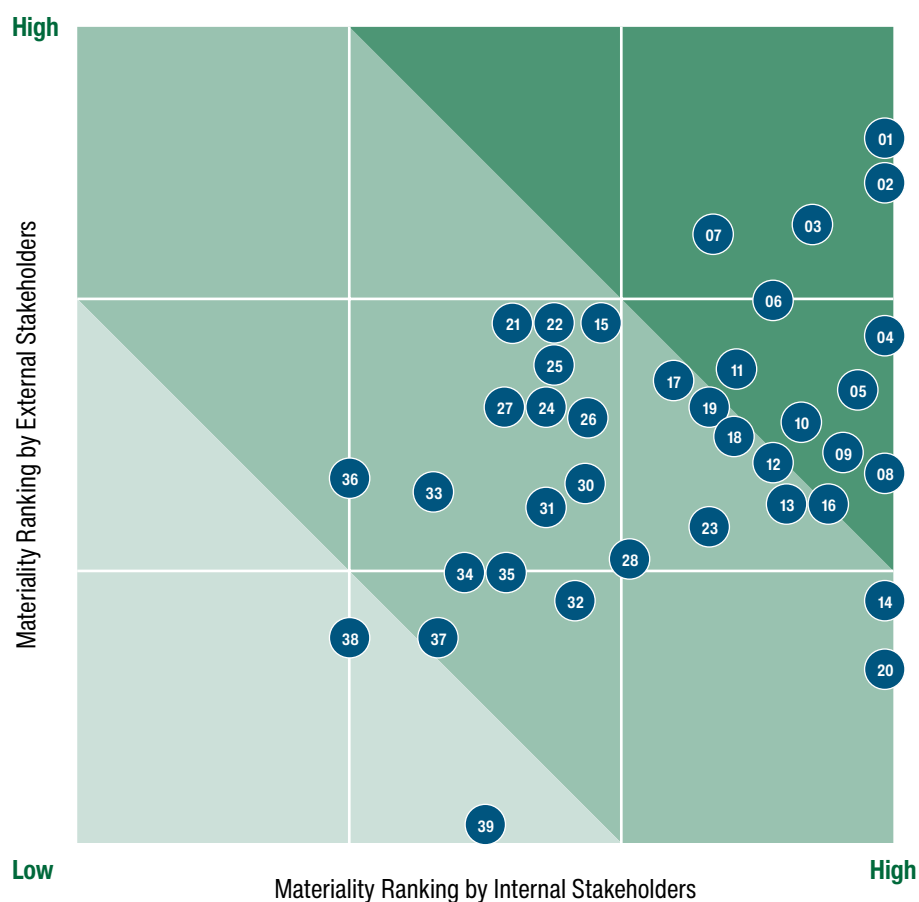


Figure 3.3: Internal and External Materiality Ranking

Legend			
1	Customer health and safety	21	Sustainable sourcing
2	Food security	22	Diversity and inclusion
3	Product safety and quality	23	Technology and innovation
4	Regulatory compliance	24	Sustainable partnerships
5	Corporate governance	25	Indirect economic value
6	Marketing communications	26	Stakeholder engagement
7	Direct economic value	27	Responsible packaging
8	Risk management	28	Disaster management
9	Human rights	29	Accountability and transparency
10	Occupational health and safety	30	Responsible supply chain management
11	Local content development	31	Learning and development
12	Anti-corruption	32	Employee welfare
13	Security	33	Natural resource conservation
14	Energy management	34	Employee retention
15	Job creation / employment	35	Climate change initiatives

16	Community investment & development	36	Youth empowerment
17	Market presence	37	Employee remuneration
18	Child labour	39	Biodiversity
19	Anti-competitive behaviour	40	Renewable energy
20	Waste management		

The materiality matrix above guides our interconnected efforts to prevent and manage sustainability issues that have been assessed as critical by our varied internal and external stakeholder groups.

STAKEHOLDER ENGAGEMENT

To consistently meet the expectations from these stakeholders, we prioritise “stakeholder engagement” as one of the critical components to achieving our strategic sustainability aspirations. Effectively engaging our stakeholders has helped us manage risks, obtain new insights, improve our accountability, and facilitated our decision-making processes.

For the period being reported, we reviewed our business lifecycle and industry landscape to re-examine our existing stakeholder pool and ascertain the inclusiveness of our current stakeholder pool. We conducted surveys for different stakeholders (using appropriate survey tools) to elicit their feedback and validation of our identified stakeholders. Given the immense value these engagements provide, FMN has established an inclusive structure and process for communicating with and getting feedback from our stakeholders. Table 3.2 below projects the approach we adopt to engage with each of our varied stakeholder groups:

Table 3.2 FMN stakeholders, areas of interest, mode of engagement, and frequency of communication

S/N	Stakeholder	Areas of Interest	Mode of Communication / engagement	Frequency of Communication
1	National Agency for Food and Drug Administration and Control	<ul style="list-style-type: none"> Product safety and quality Regulatory compliance Health, safety, and environment 	<ul style="list-style-type: none"> Emails, Letters, Phone Calls, Town-hall Meetings 	<ul style="list-style-type: none"> On-a-need-basis (random)
2	Standards Organisations of Nigeria	<ul style="list-style-type: none"> Packaging and preservation Customer satisfaction Regulatory compliance 	<ul style="list-style-type: none"> Emails, Letters, Phone Calls, Town-hall Meetings 	<ul style="list-style-type: none"> On-a-need-basis (random)
3	Risk and Quality Assurance Regulators	<ul style="list-style-type: none"> Product and process quality Technology and innovation Risk management system Supply chain system 	<ul style="list-style-type: none"> Emails, Letters, Phone Calls, Town-hall Meetings 	<ul style="list-style-type: none"> On-a-need-basis (random)
4	Nigerian Exchange Group Plc	<ul style="list-style-type: none"> Transparency in disclosures 	<ul style="list-style-type: none"> Emails, Letters, Phone Calls, Town-hall Meetings 	<ul style="list-style-type: none"> Quarterly, Annually, On-a-need-basis (random)
5	Federal and State Internal Revenue Service (IRS)	<ul style="list-style-type: none"> Tax revenues Transparency in disclosures 	<ul style="list-style-type: none"> Emails, Letters, Phone Calls, Town-hall Meetings 	<ul style="list-style-type: none"> On-a-need-basis (random)

6	Federal Government	<ul style="list-style-type: none"> • Contribution towards national objectives • Localised supply chain System 	<ul style="list-style-type: none"> • Emails, Letters, Physical Meetings 	<ul style="list-style-type: none"> • On-a-need-basis (random)
7	Suppliers	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Emails, Phone Calls, Informally 	<ul style="list-style-type: none"> • Annually, Weekly, Daily, On-a-need-basis (random)
8	Investors	<ul style="list-style-type: none"> • Improved profitability and growth of the organisation • Investor servicing • Transparent and effective communication • Sound corporate governance, mechanisms 	<ul style="list-style-type: none"> • Releases on the exchange portal, Emails, Letters, Phone Calls, Formal Meetings 	<ul style="list-style-type: none"> • Monthly, Annually, On-a-need-basis (random)
9	Shareholders	<ul style="list-style-type: none"> • Improved profitability and growth of the organisation • Sound corporate governance, mechanisms 	<ul style="list-style-type: none"> • Releases on the NGX portal, Publication of AGM Notice in the dailies, Financial Reports 	<ul style="list-style-type: none"> • Annually, On-a-need-basis (random)
10	Host Communities	<ul style="list-style-type: none"> • Strengthening of livelihood opportunities • Provision of social infrastructure for hygienic and healthy living environment • Corporate social responsibility based on communities' needs 	<ul style="list-style-type: none"> • Capacity development trainings, Posters, Phone Calls, Town-hall Meetings, Post-implementation assessment of direct and indirect impacts of social investments on communities 	<ul style="list-style-type: none"> • Annually, On-a-need-basis (random)
11	Consumers	<ul style="list-style-type: none"> • Adequate information on products • Quality, recipe, and taste • Brand perception 	<ul style="list-style-type: none"> • Emails, Phone Calls, Text Messages, Social Media 	<ul style="list-style-type: none"> • On-a-need-basis (random)
10	Dealers / Distributors / Business to Business (B2Bs)	<ul style="list-style-type: none"> • Onboarding requirements and procedures • Timely delivery of products • Transparent communication • Product/service availability • Fair and competitive pricing 	<ul style="list-style-type: none"> • Emails, Phone Calls, Circulars, Letters, Social Media 	<ul style="list-style-type: none"> • Annually, Quarterly, Monthly, Weekly, Daily, On-a-need-basis (random)

11	Customers	<ul style="list-style-type: none"> • Product safety and quality • Adequate information on products • Product/service availability 	<ul style="list-style-type: none"> • Emails, Circulars, Phone Calls, Text Messages, Messages, Letters, Informal meetings, Publication of AGM Notice in the dailies. 	<ul style="list-style-type: none"> • Annually, Quarterly, Monthly, Weekly, Occasionally, On-a-need-basis (random)
12	Banks and other Financial Institutions	<ul style="list-style-type: none"> • Partnership and investment 	<ul style="list-style-type: none"> • Emails, Letters 	<ul style="list-style-type: none"> • On-a-need-basis (random)
13	Farmers	<ul style="list-style-type: none"> • Sustainable and accelerated growth in livelihoods and farmers incomes • Know-how on improvement of productivity and profitability • Easy, affordable, and reliable access to inputs such as loans, quality seeds, fertilisers, pesticides etc. • Capacity development to enable further investment 	<ul style="list-style-type: none"> • Regular formal/informal conversations, famers training programmes and workshops, handbills, Posters, and audio-visuals 	<ul style="list-style-type: none"> • Quarterly, On-a-need-basis (random)
14	State Governments	<ul style="list-style-type: none"> • Contribution towards State objectives • Tax revenues • Job creation 	<ul style="list-style-type: none"> • Physical Meetings, Emails, Letters 	<ul style="list-style-type: none"> • On-a-need-basis (random)
15	Media houses	<ul style="list-style-type: none"> • Transparent and accurate disclosure to stakeholders • Corporate reputation 	<ul style="list-style-type: none"> • Press conferences/press releases, physical meetings, Advertisements /promotions, Interviews with senior management 	<ul style="list-style-type: none"> • On-a-need-basis (random)
18	Public Health Authorities	<ul style="list-style-type: none"> • Occupational health and safety • Disaster management system • Product quality and safety 	<ul style="list-style-type: none"> • Site Inspections, Emails, Letters 	<ul style="list-style-type: none"> • Annually, On-a-need-basis (random)
19	Contractors	<ul style="list-style-type: none"> • Inclusion of local medium and small-scale enterprises • Regular communication and updates on business plans • Onboarding requirements and procedures 	<ul style="list-style-type: none"> • Publication in the dailies, Emails, Phone Calls 	<ul style="list-style-type: none"> • Weekly, Daily, On-a-need-basis (random)
20	Industry and Trade Associations	<ul style="list-style-type: none"> • Regular communication • Industry benchmarking • Responsible corporate citizenship 	<ul style="list-style-type: none"> • Publication in the dailies, Annual General Meetings, Emails 	<ul style="list-style-type: none"> • Quarterly, Annually, On-a-need-basis (random)
21	Public Analysts	<ul style="list-style-type: none"> • Responsible corporate citizenship • Corporate reputation 	<ul style="list-style-type: none"> • Press conferences/press releases, physical meetings 	<ul style="list-style-type: none"> • On-a-need-basis (random)

24	National Drug Law Enforcement Agency	<ul style="list-style-type: none"> Adequate information on products Regulatory compliance 	<ul style="list-style-type: none"> Site Inspections, Emails, Letters 	<ul style="list-style-type: none"> Annually, On-a-need-basis (random)
25	CSR Projects beneficiaries (including sponsorship beneficiaries)	<ul style="list-style-type: none"> Timely disclosure of opportunities Infrastructure 	<ul style="list-style-type: none"> Emails, Phone calls, WhatsApp Informally 	<ul style="list-style-type: none"> On-a-need-basis (random)
26	Legal services providers	<ul style="list-style-type: none"> Regulatory compliance Trademark registration Transparency and accountability Fraud management system 	<ul style="list-style-type: none"> Emails, Letters 	<ul style="list-style-type: none"> On-a-need-basis (random)
22	Non-Governmental Organisations (NGOs) / Civil Society Organisations (CSOs)	<ul style="list-style-type: none"> Financial support for community development programmes Environmental impacts Safe products and services Responsible corporate citizenship 	<ul style="list-style-type: none"> Emails, Phone Calls 	<ul style="list-style-type: none"> Quarterly, On-a-need-basis (random)
23	Employees	<ul style="list-style-type: none"> Health and safety Caring and empowering work environment Grievance resolution Personal development and growth Competitive remuneration 	<ul style="list-style-type: none"> Onboarding programmes/ trainings/ workshops Individual performance appraisal Employee engagement survey, Internal notices, Employee engagement survey 	<ul style="list-style-type: none"> Daily, Weekly, Monthly, Quarterly, Annually, On-a-need-basis (random)

PARTNERSHIPS FOR SHARED VALUE CREATION

Innovations are scaled, and complex challenges are solved through long-term strategic partnerships. FMN leverages on this phenomenon to strengthen its sustainability aspirations across Nigeria. The Company leverages on the relationships it has built over the past sixty years to form partnerships based on mutual respect and modelled for economic impact and development. These partnerships play an important role in unlocking benefits and greater customer, consumer, and broader stakeholder satisfaction across an array of topics.

Below is a list of our partners, associations, and group memberships which we are currently signed up to:



Ogun State
Government



Lagos State
Government



Edo State
Government



Niger State
Government



Kaduna State
Government



Nassarawa State
Government



Financial Reporting
Council of Nigeria



Standards Organisation of
Nigeria



Nigerian Exchange Group



Securities & Exchange
Commission



Manufacturers Association of
Nigeria



Nigerian Textile Manufactur-
ers Association



SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
...Committed to the development of corporate governance

Society for Corporate Governance Nigeria



Association of Food & Beverages,
Tobacco Employers Association



Nigeria Employers' Consultative
Association



Nigerian Economic Summit
Group



The Coalition Against
COVID-19 (CACOVID)



International Institute of
Tropical Agriculture (IITA)



HALAL Food Authority



AgBiTech LLC



UN Global Compact



National Association of
Chamber and Commerce
Industry



Nigerian-British Chamber of
Commerce



Lagos State Chamber of
Commerce and Industry

ALIGNMENT WITH GLOBAL AND NATIONAL PRIORITIES

FMN not only commits to comply with all applicable legal requirements & our in-house core values and policies, but also ensure that our operations and development aspirations are considerably aligned with Nigeria's sustainable-socio-economic development priorities and the broader global sustainability agenda.

In this section, we project our alignment with selected local and international development strategies / plans.


- a) Nigeria Sugar Master Plan (NSMP)
- b) Nigeria Economic Sustainability Plan (NESP)
- c) United Nations Sustainable Development Goals (UNSDGs)

A) Nigeria Sugar Master Plan (NSMP)

The plan is Nigeria's road map for the attainment of self-sufficiency in sugar. The following are some of its most specific objectives.

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

Table 3.4 Our Alignment with Nigeria Sugar Master Plan

	Summary of how FMN aligns with the plan
	<p>We instituted a Backward Integration Program (BIP) with the aim to create value in the supply chain and reduce dependence on imported raw materials, especially sugar and wheat.</p> <p>We have consistently demonstrated our commitment to the development of the sugar value chain in Nigeria through Sunti Golden Sugar Estates in Niger State, which is widely regarded as the country's premier greenfield investment in the sugar industry since its inception in 2012.</p> <p>Our commitment has led to a further acquisition of acquired 20,450 hectares of land situated at Umaisha Development Area of Toto Local Government Area of Nasarawa State to develop up to 115,000 hectares "under cane" and to construct a state-of-the-art sugar mill in line with our BIP commitments and Nigeria's drive for self-sufficiency in sugar production. In Niger state, we also invested over N60 billion to acquire additional sugar processing facilities through Sunti Golden Estates Limited and built a state-of-the-art sugar mill which can process up to 4,500 metric tonnes, each day.</p>

B) Nigeria Economic Sustainability Plan (NESP)

Developed to guide Nigeria's recovery from the economic impacts of the COVID-19 pandemic, one of its critical priorities is to stimulate the economy and retain or create jobs using labour intensive methods in key areas like agriculture, facility maintenance, housing, and direct labour interventions. Another objective of the plan revolves around promoting manufacturing and local production at all levels and advocate the use of made-in-Nigeria goods and services.

Summary of how FMN Aligns with the plan

We adapted to the COVID-19 pandemic by hybridizing physical and remote work and hiring key process personnel focused on sanitisation of raw materials, machinery, and shared services. By actively creating and engaging new roles, we can stimulate the economy.



In pursuit of increased local production of raw materials, we have established seed multiplication sites in Nassarawa and Kaduna for the purpose of trials and testing for locally engineered seeds. At Kaboji Farms, we partner with smallholder farmers, creating an enabling environment for farming by providing land, security, and infrastructures while they produce the crops essential to our operations, which we procure from them.

This model has also been implemented through our Project Yawa – designed to strengthen farmers' capacity to boost maize and soya beans production across the country.

Additionally, we are building high-yield, high-resistant cassava seedlings at SAH Lab, partnering in the cassava supply chain with stakeholders in Ososa, acquiring more land in Edo state, processing premium oil palm in partnership with Okomu Oil Palm Company Plc at AgriPalm while generating foreign exchange from export of soybean meal.

C) The United Nations Sustainable Development Goals (UN SDGs)

In 2015, the UN General Assembly adopted the 17 Sustainable Development Goals (SDGs), which aim to 'create economic prosperity, social inclusion and environmental sustainability for all'. Upon adoption, the SDGs were recognised as the global blueprint for a sustainable future, and they require the involvement of businesses, researchers, and governments all over the world. We identify with the goals and continue to drive efforts towards achieving some of the strategic targets of the goals.

To ensure that our contributions are coordinated and strategic, we conducted an extensive internal SDGs materiality ranking. This process duly considered our business processes and the SDGs which we have most capacity to influence and drive. As an outcome of the assessment, the following six SDGs were ranked highest.

UN SDGs which we have accessed to have significant capacity to drive



Figure 3.5: Top Six (6) SDGs based on internal stakeholder ranking

<p>Goal 2 – Zero Hunger</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Evidenced in our commitment to "Feeding the Nation Everyday", we have stayed consistent in making nutritional food and agro-allied products available and accessible to millions of Nigerians (including people in vulnerable situation) over the last six decades.</p> <p>During the COVID-19 pandemic, we played important role in providing food to thousands of vulnerable Nigerians across the country. In total we expended about N32,014,600 to feeding vulnerable Nigerians during this period.</p> <p>By supporting investment in sustainable agriculture across different Nigerian States, we are contributing to the national drive to make agriculture sector more resilient and productive. Our Agro-allied unit has supported the responsible production of improved inputs particularly high-yielding and disease-resistant hybrid maize seeds, wheat seeds, cassava stems, fertilizers, etc. in different farms across the country and we have worked with over 50,000 farmers. Asides from investment in agricultural infrastructure, we are also funding and participating in research for sustainable agricultural production, for example; Flour Mills Food Research Centre & George Coumantarous professorship grant at the University of Ibadan.</p>
<p>Goal 3 – Good Health and Well-being</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>We make conscious efforts to instil "health-conscious" processes in the way we work and deliver our products. We provided access to health insurance for all our employees and provide them with access to medical care. We also supported our employees to get vaccination at designated medical centres off site while also providing face masks, sanitizers, and a staff bus to reduce health risk exposure.</p> <p>We also pay attention to the nutritional components of our products, to ensure that consumer health and well-being are sufficiently prioritised over profitability. Details of our product and nutritional quality performance are contained in the subsequent section of this Report.</p> <p>We track and consistently strive to improve our emissions and impacts on the environment to ensure that we do not record cases of deaths and illness associated with hazardous chemicals and air, water and soil pollution and contamination. We have provided emergency respiratory equipment for all our sites.</p> <p>Additionally, we support local communities with building infrastructural capacity for healthcare service delivery. Specifically, we expended an approximated N3,401,538,500 on health-related CSR Projects during the reporting period.</p>
<p>Goal 4 – Quality Education</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>One of the core pillars of our CSR projects at FMN is "Education, Research and Skills Development". Through this, we are supporting Nigeria's drive to improve learning infrastructure and capacities across communities in the country, including the construction of skills and vocational development centres.</p> <p>For example, we provided grants to qualified but indigent Nigerians to progress their educational pursuits in the field of food science and technology through the Flour Mills Food Research Centre grant to George coumantarous Professorial Seat at the University of Ibadan – for which we have already expensed almost N100million from inception of the project to date.</p> <p>We also provide sponsorship to secondary school students to ensure that they are not denied education because of the lack of access to required funds. We have expended an approximated sum of N22,368,862 on educational support in Nigeria during the reporting period. In addition, we built and provide an annual grant to manage a vocational centre for children with special needs at Methodist Primary School, Apapa.</p>

<p>Goal 6 – Clean Water and Sanitation</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>To ensure clean and safe drinking water for families across Nigeria, FMN invests in adequate infrastructure, sanitation facilities and encourages hygiene. This is exemplified in our project to drill and maintain a bore-hole in Oyo state as well as in Edo state.</p> <p>As a responsible company, we treat all liquid waste from wet processes in our effluent treatment plants before releasing into the storm water drains. These are on sites with wet waste including:</p> <ul style="list-style-type: none"> - Golden Sugar, Apapa - Golden Pasta, Iganmu - ROM Oil Mills, Ibadan - Premium Cassava Products Limited, Ososa <p>In our drive to improve we monitor our environmental performance through a quarterly environmental audit, conducted by a LASEPA-certified third-party consultant. We also employed HSE experts to provide internal technical support on HSE. This way, we track our waste management performance and strategize on improvement.</p>
<p>Goal 8 – Decent Work and Economic Growth</p> <p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all</p>	<p>At FMN, our people are our asset, and we have a diverse and talented team of 8372 people to prove that . Strongly guided by our PILOT values, they each bring on their expertise and experience to make FMN the leading innovator in our industry. Despite the global job losses due to the pandemic, we employed more people during the reporting period. Our people are compensated fairly and on a timely basis for their work so much that it attracts talent from around the globe. There are also several other reward systems including performance bonus and leave allowances.</p> <p>We also empowered 30 youth through donations of their trade tools running up to N900,000. Also, as has been done annually, through a concession arrangement, Sunti and Batagi communities were stocked with five thousand (5000) fingerlings of fish each to be managed till harvest before handing over. This way, we are engaging entire communities in profitable ventures, creating jobs, and fostering shared value.</p>
<p>Goal 12 – Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns</p>	<p>At FMN, milling is a craft that involves the science and the art of extracting maximum profit from grains, while maintaining product excellence. Dry milling is our adopted means of processing flour because it extracts as much of the flour as possible without reducing the quality of the bran fraction. Our significant investment in training millers locally and internationally to give them maximum exposure and quality experiences to leverage upon has paid off. This is evidenced in our average extraction figures which are tracked hourly. As of the reporting period, it was 78.18% while the global average was 72%-76%.</p> <p>Several by-products of the milling process are input in other units and operations in other organisations. e.g., Milling offal or wheat bran is an important raw material for compound poultry, cattle, and fish feed. These are some of FMN's efforts towards staying compliant to quality standards for each grain and reducing offal waste.</p> <p>In addition, all our recyclable wastes are baled and sent for recycling while air filters have been installed to reduce wheat, pellet, or Soya Bean Mill spills from the conveyors and for the control of dust emission at the Quay Apron.</p>

It is noteworthy that despite this prioritisation, we have stayed open to opportunities for value creation across other SDGs as we believe that all 17 goals are interconnected and important to achieving the vision of a green, healthy, hunger free, and prosperous world. We also note that as will be demonstrated in the next sections of this Report, FMN is substantially aligned with the “Ten Principles of the United Nations Global Principles (UNGC)”, which cut across the following four (4) themes - Human Rights, Labour Practices, Environment and Anti-Corruption.

Spotlight on our FY 2021 Sustainability Performance

04





Responsible Farm-to-Table Practices

The agriculture sector should be positioned and enhanced to drive Nigeria's food sufficiency and security priority, as food sufficiency and security are at the core of sustainable socio-economic development. Our commitment to food sufficiency and security, particularly as it concerns UNSDGs 2 (zero hunger), is hinged on the above realisation. This commitment also drives the organisation's innovativeness as it advances the sustainability of lives and livelihoods in Nigeria through responsible farm to table practices.

We reckon that through our agricultural initiatives and interventions, we are creating sustainable long-term benefits for our local economies and thousands of farmers in different communities across Nigeria. We have consistently and continuously taken active and responsible steps to help farmers enhance the resilience of their fields, improve yields and production, and enhance economic value from their produce. However, FY 2021 was an opportunity to advance our commitment to our partner farmers, considering the challenges due to the COVID 19 pandemic and the resultant socio-economic issues.

DRIVING FOOD SECURITY

We are a critical player in the country's drive to achieving food security. The critical role we play in enhancing food sufficiency and security, is demonstrated by our expanded production and farm sites in several states in Nigeria, and the continuous expansion of our product line which is currently 51. During the reporting period, FMN owned/managed Kaboji, Sunti, Shao Golden Farms, PCPL Ososa Farm, Sunflag and Agri Palm. We are constantly aligning our strategic business objectives, operations, processes, and activities with the Comprehensive African Agricultural Development Programme (CAADP) under Agenda 2063, which is the African Union's commitment to eliminate hunger and reduce poverty by advancing sustainable socio-economic growth through innovative agriculture-led development by 2063.

Our factories run constantly and are operated by milling experts who are driven by the highest standards of professionalism and care as required of them. We produce an average of 8,000 metric tonnes of wheat, 1,400mt of pasta, 250mt of noodles and 1,800mt of animal feed each day. We supply items such as Golden Penny Semovita, Premium Edible Oil, and others to provide a healthy diet for our consumers on a daily basis. Our partnership with farms across Nigeria has enhanced our ability to locally source materials such as cane sugar, oil palm, garri, starch, and cassava.

Our responsible production and consumption practices are achieved through the four major channels discussed below:

a. Value Creation through our Feeds and Proteins product offerings

Aquaculture and animal feed production is not only the fastest growing food-producing sector in the world but is also a major source of income and livelihood for many communities in Nigeria. By investing in this business, we provide valuable employment to the Nigeria animal farms that supply protein to the nation and contribute to the sustainable supply of healthy aquatic animals and livestock, therefore decreasing poverty rates and increasing food security.

In the upstream, we actively produce maize and soybean at Kaboji Farms which is 10,000 hectares of arable land. At Kaboji Farms, we provide land, security and infrastructure support to commercial farmers who grow our crops of interest (maize and soybeans).

The farm is also opened to subsistent farmers in the community. Our investment at Kaboji has immensely contributed to improving the quality of lives and livelihoods of our partner farmers and their dependents. Our support also guarantees the farmers with a ready market for their harvest, thereby boosting the access to market for enhanced economic viability of their products. We have invested up to N15billion in the supplier companies supporting this business. The companies in the supply chain have a combined capacity of employing about 2,000 direct workers with an additional 10,000 indirect workers. **Potentially, we hope to be able to save up to US\$180million in foreign exchange through our supply chain localisation agenda.**

The grains aggregated from the upstream are used as raw materials in the downstream section at Premier Feeds Oyo, Cross River & Kaduna where we process maize and by-products of soybeans into aqua and poultry feed as well as other animal feeds.

b. Our drive to make positive impacts through our Starches

As a staple food in Nigeria, our investment in cassava is capable of significantly improving rural food security and income for over 2,000 farmers whom we support through contract farming, out grower schemes and the direct purchase of their cassava tubers. Hence, playing a key role in the development of the Nation's agro-economic sector.

On the upstream end, we cultivate cassava at Shao Golden Farms, one of the largest commercial cassava farms in Nigeria with over 5,000 hectares of arable land in Shao, in the outskirts of Ilorin, Kwara State. The harvested cassava is then routed downstream to Premium Cassava Products Limited (PCPL) in Ososa, which is one of the largest processors of locally grown cassava tubers in Nigeria. At Ososa, we process cassava into high quality cassava flour, starch and garri. PCPL processes over 60,000 metric tonnes of cassava tubers annually and produces close to 15,000 MT of Industrial Starch, High Quality Cassava Flour and Garri.

In a bid to reduce major limitations to cassava productivity and quality to sustainably meet our cassava roots derivatives processing demand, FMN approached Olabisi Onabanjo University (OOU), Ago-Iwoye, Ogun State which is about 30km away from our factory to acquire about 1000 Hectares of farmland for cassava cultivation. Under the partnership, PCPL will lease, clear, and allocate the farmland to Students, Small-Holders farmers within the university community, and its environs according to their capacity (of 2ha to 5ha per person). Providing all Agric inputs for the farm (fertilizer, pesticides, and stem cuttings), mechanisation for the farm, agricultural extension services, farm management services, farm business development, and transportation arrangements for the produce at harvest. PCPL will then offtake the produce and make payments to the farmers directly accordingly.

The whole essence of the partnership among others, while carrying out our business, is to harmonise bench research and industrial utilisation of research and learning, elevate the business of cassava farming in rural areas by creating a production value chain for smallholder farmers using an inclusive business model, contribute to agricultural education; and also improve the family nutrition of the farmers by encouraging the farmers to have a portion of their land for producing staple food crops such as vegetables, cereals, and legumes for household consumption. The goal is to make farming attractive to the youth and students, as well as for agricultural education purposes. Currently, land clearing and cassava cropping activities have commenced. The MoU for the partnership was signed on the 7th of April 2021 with an incipient 500 hectares.

On another front, we partnered with Context Global Development (CGD), Sahel Consulting Agriculture & Nutrition Ltd, and International Institute of Tropical Agriculture (IITA) to set up a model that uses semi-autotrophic hydroponics (SAH) Laboratories to start producing clean seeds of specific cassava varieties for our production needs. Through this model, it has been established that it is possible to achieve a commercial cassava seed system in Nigeria. This has helped to lower production cost, accelerate the introduction of new varieties in the market and encouraged smallholder farmers to use other existing improved varieties. The use of rapid propagation technology will improve seed production efficiency and enable an economically sustainable cassava seed system.



Figure 4.1.1



Figure 4.1.2

Figure 4.1.1 & 4.1.2 Cassava Production in SAH Laboratory

c. Value creation through our Edible Oils and Fats product line

As an essential part of human diet, providing quality edible oil facilitates several nutritional processes including cooking. We continue to invest in the provision of enabling structures that will ensure the availability of edible oils and fats to address the 25.3% of Nigeria's estimated local supply gap.

The Group's upstream business in oils and fats provides the needed palm oil from AgriPalm Limited, Edo State, Nigeria – a 24,500 hectares of arable land which is on the path to being one of the largest oil palm plantations in Nigeria. To further enrich our Edible Oils and Fats business, we entered into a Management Agreement with Okomu Oil Palm Company Plc, a notable company in palm plantation management and milling. Okomu Oil is responsible for the management of the plantation, and processing of the Company's Fresh Fruits Bunches. In the downstream, we produce a range of high-quality edible oil consumer products at Premium Edible Oils Limited (PEOPL). This includes - Golden Penny Vegetable Oil, Soya Oil, Spread and Margarine as well as other edible oils & industrial

fat derivatives for manufacturing purposes.

d. Agro Inputs and Distribution

The business covers our Golden Fertilizer Division and Golden Agri Inputs Limited (GAIL). Through this business, we are providing a platform for a closer interaction with farmers, providing them with inputs such as seeds, fertilizers, storage solutions, agronomic support, and agricultural extension services. In essence, we are providing both sources of inputs and a visible, reliable, consistent, and ready platform for their outputs i.e., maize, soybean, sorghum, cassava, wheat and palm kernel which form the basis of the raw materials for our food, edible oils and animal feeds business.



Figures 4.1.3 & 4.1.4 Golden Fertilizer Customer Forum

The business is done through Golden Fertilizer Company Limited which has blending facilities in Lagos, Kaduna, and Jos with a capacity of 450,000 MTPA and coupled with a wide distribution network. Golden Fertilizer is flourishing in Nigeria as the farmers' "friend" by providing an array of blended NPK (Nitrogen-Phosphorus-Potassium) variants as required by individuals or corporate customers. This is also followed by an effective distribution network and insurance on its quality fertilizers. The insurance is to ensure compensation for a shortfall in expected yield on the area cultivated by the farmer. We reward loyal customers who have contributed immensely towards the growth of the business over the years through our Golden Fertilizer Customer Forum. It provides a platform to interface and interact with the management and further communicate their challenges and aspirations. This underscores our contribution towards the Federal Government's Presidential fertilizer initiative.



Figures 4.1.5 & 4.1.6 Golden Fertilizer Customer Forum

The Golden Fertilizer Customer Forum rewards loyal customers who have contributed immensely towards the growth of the business over the years. To strengthen our relationship and create an avenue to further communicate the quality, consistency of our products and our strong resolve to ensure that the customer is king. Rewards are given to customers from the different regions who have done extremely

well during the event. The objectives of the Forum revolves around rewarding performing and loyal customers with prizes; creating a forum for the Distributors' to interface and interact with the management and further communicate their challenges and aspirations as felt and hoped by the customers; and reiterating to customers that we are a one-stop shop for all their input needs (Fertilizer, Seeds and chemicals).

EMBEDDING LOCAL CONTENT DEVELOPMENT

As a business with several operational locations across the country, we take pride in supporting the sustainable socio-economic development of local economies, by providing jobs and improving livelihoods. By working collaboratively with farmers and suppliers through employment, farmer livelihood support, supplementation of local infrastructure, schools, healthcare facilities, and provision of water and sanitation services, we are enhancing strong, resilient local economies and building thriving communities.

In line with our drive to further entrench local content development, we have added indigenous flavours to our menu such as jollof noodles and goat meat pepper soup noodles. **We have also used locally sourced ingredients to create a new breakfast cereal which was launched in 2020.** We have also invested in the Nigeria Northern Flour Mills which is our hub for processing local grains as a sustainable means of socio-economic empowerment. This is a testament that the inclusion of local raw materials in our products which demonstrates our commitment to the development of local supply chain is one of our major sustainability priorities at FMN. This approach has increased our transaction with the local communities as we source most of the raw materials from them. This has created a shared benefit relationship of cost efficiency for us and sustainable socio-economic empowerment for local communities across the country.

Our Agro-Allied division was developed to strategically maximise our investment in local content in our production by working with farmers to provide loans in form of agricultural inputs. We are also actively involved in conducting agronomy training for our farmers using a customised training plan and manual developed by agronomists. Our farmers are educated to effectively test their soil and make use of farming inputs to reduce pest infestation, to enable them to have higher yields and maintain healthy soil conditions.



Figures 4.1.7, 4.1.8, 4.1.9 Agronomy Training for Farmers

Case Study- Project YALWA: Developing the Nigerian Maize & Soybean Value Chains

The "YALWA" programme was designed to expand production of Maize and Soybean in Nigeria. The programme objective is to enhance increased yield & volume, better quality, and competitive pricing. This programme was designed by Golden Agri Inputs Limited (GAIL) a subsidiary of FMN. GAIL's strategic business direction includes the development of maize & soybean as raw material input through well-defined Backward Integration programmes, agricultural extension, agronomy training farm-gate engagement and out-grower schemes. Currently, the focus is on Kaduna State because the state has become the northern hub for Agri-centric activities with high crop production performance in most staple crops especially maize. However, there is a plan to replicate this in other states and regions within the next 5 years. Objectives which Project YALWA is set to achieve include:

- ☐ A target of 50% volume increase within Kaduna in Year 1 which will significantly impact food security
- ☐ Increased yield for Maize from 2.5 Mt/Ha to 5 Mt/Ha and Soybean from 0.9 Mt/Ha to 2 Mt/Ha
- ☐ It is expected to improve quality & quantity of Maize & Soybean Harvests
- ☐ It will optimise local content for Feed, Protein & Edible Oils sectors of the industry
- ☐ It is positioned to create more than 10,000 jobs and directly impact farmer households

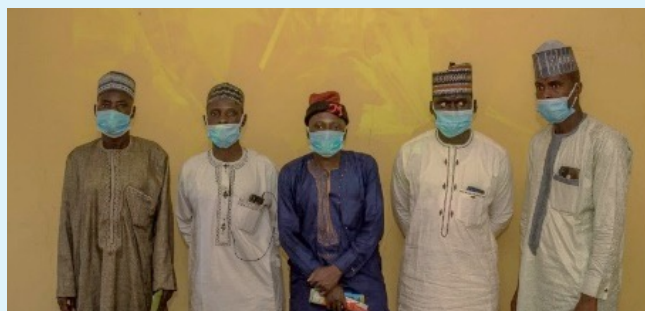


Figure 4.1.10 Project Sensitisation Workshop on 25th January 2021 at KADA Headquarters, Kaduna State

So far, we have invested an estimated sum of N200m. The total land mass currently being used for this project is also estimated at 3000 hectares. Over the next four years, we aim to invest at least, N200 million and create 10,000 new jobs in Kaduna State through this programme. This is a strong testament and indication of our commitment to strengthen the agricultural value chain in Nigeria.

EXPANDING OUR BACKWARD INTEGRATION PROGRAM FOR SHARED VALUE

Volatile commodity prices arising from unpredictable changes in global supply and demand, exchange rate fluctuations and punitive tariffs and import barriers, has made our reliance on imported raw materials risky, expensive, and unsustainable. The need to create value further back in the supply chain and reduce dependence on imported raw material has been identified as a strategic imperative for our Group in the years ahead.

To create shared value for our shareholders and our broader stakeholders, for the sustainable socio-economic development of Nigeria being the forerunner in Nigeria's agro-allied outputs, we consciously leverage local raw materials in our manufacturing to ensure that good quality products are developed; elevate accessible local capacity; and create profitable jobs and conserve foreign exchange. In the wake of COVID-19 pandemic disruptions on global supply chain, our resilient value chain planning approach enabled us to respond immediately, lessening the impacts of resource scarcity and positioning us for continued top line growth.

In FY 2021, we recorded a total revenue of N771.6 billion, a 34.5% increase over the previous year aided by gains from the agro-allied rewards from our Backward Integration. Previously, our backward integration program covered our Sugar Business as a component of the Nigeria Sugar Master Plan. In FY 2021, it was expanded to include other businesses.

The following are concrete examples of our commitment to Backward Integration across our businesses:

a. Sugar

Golden Sugar Company operates one of the biggest Sugar Refineries in Nigeria. It has a capacity to process 750,000 metric tonnes of Sugar per annum. In FY 2021, our production capacity increased by 250,000 tonnes in our two sites, in Niger and Nasarawa States combined. As part of FMN's commitment to the development of the Sugar value chain in Nigeria and in line with the Federal Government's

backward integration policy regarding the mandatory upstream operation requirements for sugar processors, Golden Sugar Company acquired 100% equity in Sunti Golden Sugar Estates Limited (SGSE) and invested over N65billion to develop a total of 3,000 hectares on which we built a sugar mill of 4,500 metric tonnes of sugarcane daily processing capacity.

At Sunti, the number of jobs provided to residents of the local communities have increased by 56.2%, 2.7% and 39.7% for permanent, fixed term and seasonal workers respectively between 2018 and 2021. To continuously enhance our shared value approach to the returns of our investments, we acquired 20,450 hectares of land situated in Umaisha, Nasarawa State. Our goal is to develop up to 15,000 hectares of sugar cane plantation and to construct a state-of-the-art sugar mill.

b. Wheat

FMN is supporting local wheat development in a strategic partnership with the Flour Milling Association of Nigeria (FMAN). Our goal is to provide a market for wheat farmers in Nigeria by expanding our procurement capacity through additional aggregation staff and warehouse capacity, including a commitment to offtake all wheat grain that meets basic quality standards. Thus far, our partnership has aggregated over 800 tonnes of wheat across 3 states and has provided 493 farmers with mechanized harvesting and threshing services. To grow this market, we aim to increase farmers' yields, and to enhance the competitiveness of wheat as comparable to rice and other dry season crops.



Figure 4.1.11, 4.1.12, 4.1.13 Flour Milling Association of Nigeria

Our other wheat development programs for FY 2021 include the establishment of Wheat Farmer Service Centres in 15 LGAs across Jigawa, Kano and Kebbi providing training, threshing and direct offtake for up to 5,000 farmers; implementation of intensive out-grower program with input loans to over 700 farmers in Kano, Jigawa and Kebbi, including collaborations with Oxfam and Babban Gona; production of certified seeds through Premier Seed, Rahama and Greenspore for up to 150 tonnes of seed (enough to supply 3,000 farmers / 1,500 hectares next season); amongst others.



Figure 4.1.14, 4.1.15, 4.1.16 Flour Milling Association of Nigeria

c. Oils

FMN is investing in domestic oil palm production through Agripalms Limited. As a result, we purchased an existing farm, as well as its undeveloped site and mill. With a focus on localising our supply chain and a need to maintain our manufacturing standards, we required an improved mill, which necessitated the expansion of existing facilities. As a result, we have already begun to make further investments to upscale the local oil milling capacity of this facility. For example, we made additional acquisitions, including the 750 hectares from both Ikoha and Ugbogui communities at inception. Other acquisitions include 20,000 hectares from Usen and 10,000 hectares from the Owan forest reserve, all of which are now in progress.

We made use of cover-crop planting to protect exposed soil, control biodiversity and manage its overall ecological system. This has resulted in very good soil and relatively healthy environment for operation which is evidenced in the progress we have recorded over time. These investments take us closer to our goal of strengthening local capacity for oil palm production in Nigeria.

BUILDING A SUSTAINABLE SUPPLY CHAIN

Despite the challenging impacts of COVID-19 on our supply chain activities, we have remained committed to operating an efficient supply chain system that strengthens the relationship with our suppliers and vendors, and ensures continuous improvements and increase quality of control. To achieve this, we have adopted innovative supply chain planning and methods for different aspects of our supply chain activities. Prior to COVID 19, materials used for our product manufacturing were sourced from suppliers across countries such as Nigeria, Cyprus, Switzerland, Ireland, Italy, Germany, Greece, South Africa, USA, UAE, etc. The pandemic however affected our ability to source many of these materials due to disruptions in the shipping industry, heightened by fewer vessels in operation, unreliable logistic information, and increased freight fees. This resulted in a reduction in supply reaction time, especially relating to imported materials.

In view of the accompanying challenges of material shortages, we proactively revisited and revised our supply chain budget to better manage the effect of delays across the supply chain. As a result, the total amount paid to our suppliers rose from N259.6 billion to N552.5 billion between 2019 and 2020, despite a reduction in the number of suppliers engaged (our total number of suppliers fell from 1810 in 2019 to 1670 in 2020). As shown in figure 4.1.17 below, 95% of our suppliers are now local businesses, while 5% are foreign, with 30.55% of the procurement budget being spent on local vendors. The 5% foreign procurement are materials that cannot be sourced locally. The chart below indicates the local and foreign proportion split of our distributors.



FMN won the best company in supply chain at the 14th edition of the prestigious Sustainability, Enterprise & Responsibility Awards (SERAS)

Distribution of Suppliers

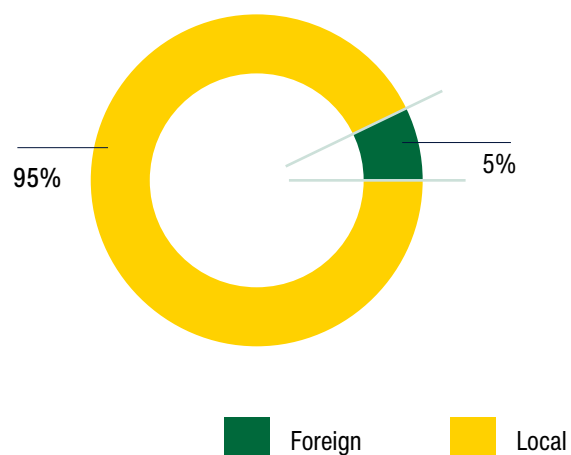


Figure 4.1.17 - Distribution of suppliers by Nationality

We also prioritised creating seamless channels for communication with our suppliers, providing them with volume forecasts to prepare them ahead of orders. We developed access passes to enable essential service vendors to carry out operations during periods where movement was restricted. Shipping disruptions saw us re-evaluate the route of several of our materials. We adopted alternative sourcing, using local suppliers as substitutes for countries heavily impacted by the virus. This has allowed us to reduce shipping associated costs while increasing efficiency. We worked to increase our buffer stocks from 4 weeks to 8 weeks for business continuity and developed an intensive reporting and follow-up system for activities services, imports, and purchases to build resilience.

Due diligence is a critical component of our supply chain management processes. One of the supply chain due diligence activities we undertake is the supplier / vendor screening. We screen our suppliers to ascertain their legitimacy, compliance with extant regulatory requirements, including tax responsibility and environmental, social and governance (ESG) compliance. We commit to screening 100% of our vendors using ESG criteria which includes policies concerning child labour, human rights, anti-corruption, health and safety, environmental practices, etc. Over 90% of our suppliers were screened in FY 2021 against these criteria.

ENSURING PRODUCT SAFETY & QUALITY

We have put in place procedures and frameworks to ensure that our products are of the highest quality and safety standards. This aligns with our commitment to create sustained long-term value for our customers. At FMN, we appreciate that milling is a craft that involves the science and the art of responsible profit maximisation from grains, which includes maintaining product responsibility and excellence. In FY 2021, our bulk flour production rose by 7.6% compared to the previous fiscal year; however, the number of additives used in our bulk flour fell by 91% because of our innovative and standard milling processes. In the same period, we recorded a 6.1% increase in the amount of clean wheat consumed, in line with our drive to optimise value without compromising quality.

At 78%, our flour extraction rates outperformed the global average of 76%, indicating our commitment to optimise value from materials without compromising product quality. The table below details the flour production marks achieved in the last two fiscal years.

Table 4.1.1: Apapa Flour Operations – Extraction Rate

Resource	FY 19-20	FY 20-21
Bulk flour produced plus additives	1,227,783,228	1,321,391,686
Flour, excluding additives	1,220,389,660	1,307,243,116
Cleaned wheat consumed	1,575,323,521	1,672,000,312
Extraction rate	77.42%	78.18%

Nutritional Components of Our Products

Since inception in 1960, we have taken pride in being a household name across the country, providing great tasting and highly nutritious food to millions of Nigerian families. With a daily wheat grinding capacity of 8,000 metric tonnes, our superior quality Golden Penny Flour is available in different variants, all fortified with Vitamins and Minerals. From semovita to massavita, our ball foods are fortified with vitamins and proteins which provide day-long energy and are rich in fibre which aids digestion. Golden Penny Pasta is also Nigeria's highest-ranking pasta, made from the finest quality Durum which makes it high in fibre and rich in protein. Underscoring our commitment to embedding quality into our production and manufacturing process, we have constantly received positive feedback from our customers

In a customer satisfaction survey carried out in 2020 (Figure 4.1.18), 98% of our customers were satisfied with the quality of our products, with 83% either rating our products as excellent or very good.

HOW DO YOU RATE THE QUALITY OF OUR PRODUCT(S)?

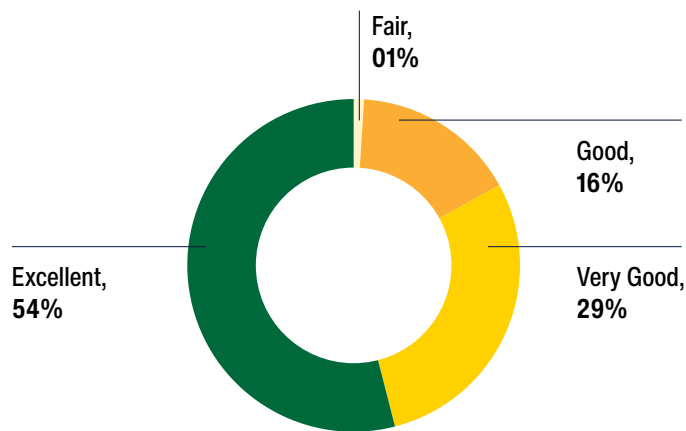


Figure 4.1.18: FMN Customer Survey

Asides from the established checks and balances which we have put in place to ensure that health and safety is sufficiently considered in our product lifecycle management, we also take deliberate steps to track and ensure compliance with extant regulations and standards, which provide guidance on food safety and quality. During the reporting period, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

Below is a detailed listing of our certifications on quality:

- Quality Management System (QMS) – ISO 9001
- 1st QMS certification (ISO 9001:2008) in 2012
- Upgraded to ISO 9001:2015 in 2018 to date
- Food Safety Systems Certification (FSSC 22000), a Global Food Safety Initiative (GFSI)
- 1st FSSC 22000 version 4.1 in 2019
- Upgraded to FSSC 22000 version 5.0 in 2020
- Now to FSSC 22000 version 5.1 in 2021
- SON (MANCAP - Mandatory Conformity Assessment Programme) Certification for FMN products
- Halal Certification (1st Halal Certification in 2016 to date)

We use several metrics to explain and analyse the performance of our products; a Q-Link register details our daily performance, run rates, previous years' performances, amongst other metrics. Laboratory reports also provide indications on the quality of our raw materials and products, with leadership teams frequently assessing these metrics and reports to further ingrain quality in our products.

With the outbreak of the COVID-19 pandemic, we have implemented additional measures to ensure product quality and safety for our consumers. In the cleaning process of our flour, the raw materials are passed through different machines which polish and abrade the grains, removing adhering dust and microbes, taking the risk of contamination away. Our quality control laboratory carries out microbial analysis at random to determine the microbial load to keep hygiene to a high standard. The production lines are designed to be in-process, drastically reducing human contact from end to end. Our products are further stored in silos and loaded into sanitised trucks for distribution.

Case Study – Supporting the SAH (Semi-Autotrophic Hydroponics) Lab to build high disease resistant seedlings and stems for rapid cassava multiplication

We are constantly focused on developing innovative technologies which enhance our capacity to increase domestic production. This innovative approach is at the core of our rapid propagation technology, known as Semi-Autotrophic Hydroponics. The technology is being deployed to improve the economic viability of stem production and generate processor buy-in by improving supply assurance of high-quality, high starch content cassava roots from its out growers and commercial growers.

SAH technology will enable the Company to produce pest- and disease-free materials, something which traditional cassava cutting methods do not enable. Hydroponics technologies can also reduce water usage by 90% and are ten times more productive per square metre compared to traditional growing methods. Low infrastructure requirements and costs of production for SAH technologies will enable widespread adoption across the country. This will help reduce production cost, accelerate the launch of new varieties to markets and encourage the use of other existing improved varieties by smallholder farmers. The use of rapid propagation technology will also improve seed production efficiency and enable an economically sustainable cassava seed system.

Economic Value Creation and Distribution

Our commitment to contributing to Nigeria's sustainable socio-economic growth has shaped our business model and driven us to make strategic choices that help us create sustainable socio-economic value in Nigeria. Driven by the desire to function as an agent of sustainable socio-economic transformation and wealth creation, we consistently innovate to create value not just for our shareholders but for all our stakeholders, which includes the broader Nigerian society. We play a major role in contributing to Nigeria's sustainable socio-economic growth and development through our factories in different communities across Nigeria, our support and partnership with our suppliers including farmers, the thousands of employees who are the pillars of our business, and our customers who have consistently and continuously supported us to deliver sustainable value creation for the enhancement of food quality, sufficiency and security.

FINANCIAL PERFORMANCE AND BUSINESS RESILIENCE

Financial Performance

Despite the limitations and multi-layered challenges faced in FY 2021, the Company had a strong and resilient performance, with all business segments recording an average revenue increase of 34%. We also recorded increases in our gross margins by 66%, profit before tax by 113%, and profit after tax by 126%. Our profit after tax soared off the back of a continuous triple bottom line expansion in our Agro-allied and B2C segments. Our investment grade credit rating moved up two levels to A-, and we successfully issued N30 billion worth of bonds at record low coupon rates.

In FY 2021, there was an increased focus by the Company on local content development and investments in backward integration to strengthen the value chain, despite higher costs of sales, driven by the costs of raw materials. The chart below further illustrates our financial performance in FY 2021.

FINANCIAL PERFORMANCE (N'BN)

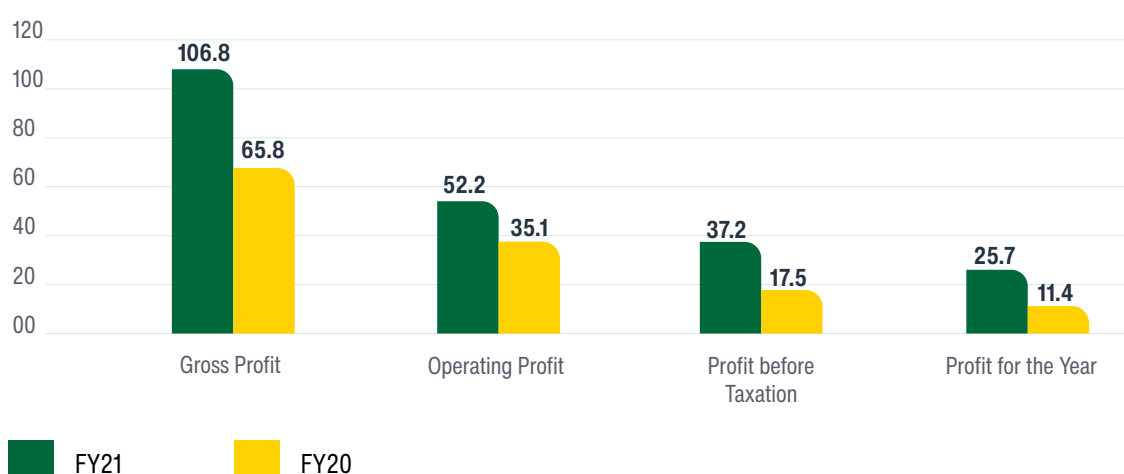


Figure 4.2.1 - Financial Performance – FY 2021 and FY 2020

Our cash reserves held at the end of FY 2021 stood at N33.2 billion, a 60% increase from FY 2021's figure of N20.7 billion. The increase was driven by strong sales and operational improvements across all the business segments. Inventory also grew in line with the upward trend in revenue, with overseas payables managed down to mitigate increases in foreign exchange rates. Inventory as a proportion to sales in FY 2021 stood at 25% compared to 20% in FY20.

At the end of FY21, our revenues increased by 34% to N771.6 billion, from a figure of N573.8 in FY20. This occurred despite the plunge of the global economy due to the pandemic. Our growth has been driven by continuous improvement and cost efficiency across all the business segments. In addition to this, our efficient marketing and distribution strategies have positively impacted sales. The best performing segment of our operations was the Food unit; this segment contributed N478.3 billion to our revenue, with a contribution percentage of 62%. The chart below details our revenue by segment contribution.

SEGMENT REVENUE DISTRIBUTION

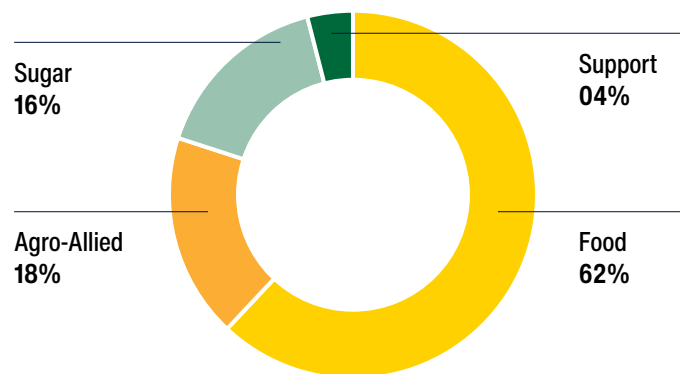


Figure 4.2.2 - Revenue by segment contribution

Our commitment to sustained progress in product innovations and transformation, along with our operational efficiencies serve as key enablers of our strong financial growth.

Business Resilience

We have put measures in place to maximise our ability to anticipate and prepare for change and adapt to circumstances in a manner which creates the greatest value for us to thrive in the long-term. These measures have seen us enhance our supplier base, conduct safety audits, develop training and information technology (IT) systems, and implement mitigation measures.

A key component of our business resilience capability is cybersecurity. With the ever growing and complex IT world, we understand the critical role IT plays in driving business performance and have prioritised accordingly. We have made significant investments in boosting our cybersecurity infrastructure and the following serve as examples of these investments:

A. EDR (Endpoint Detection and Response): The Company has adopted a state-of-the-art NextGen security solution, known as CROWDSTRIKE. The EDR system monitors and collects activity data from computers that could indicate a threat, analyses this data to identify threat patterns, and then automatically responds to identified threats to remove or contain them and notify security personnel. Benefits of the EDR system include:

- Full visibility and in-depth analysis to automatically detect suspicious activity and ensure stealthy attacks - and breaches - are stopped.
- Provides real-time and historical visibility into our assets and applications

- Identifies rogue computers instantly and unprotected system in our network
- Provides insight on where the Company's privileged accounts are being accessed
- Detects unwanted and vulnerable applications in our systems
- Automates vulnerability assessment for the Company's endpoints.

B. KnowBe4 - Employee Cyber Security Training: Our employees have undergone training on security awareness on the KnowBe4 platform, one of the world's largest integrated platforms for security awareness training combined with simulated phishing attacks. More than 1,950 employees are currently being trained on various information security techniques. Examples of this training include infographics; video training courses; posters; cybersecurity tip sheets; mini games; and phishing tests. The Company and employees stand to benefit from:

- Improved employee behaviour on the various social engineering attacks and password management
- Reduction in violation of information security policy
- Increases employee cautiousness concerning suspicious emails.

These investments have become particularly useful in view of the growing reliance of businesses on IT and digital infrastructure as digital oversight across our operations intensified.

CREATING DIRECT AND INDIRECT ECONOMIC VALUE

In our commitment to creating wealth for our stakeholders, our economic value distributed rose from 544.5 billion in 2019/20 to 706.7 billion in 2020/21. The Company's economic value retained also increased from N31.67 billion to N68.56 billion within the same period. The pandemic year however saw our operating costs rise from 507.99 billion in FY20, to 664.85 billion in FY21, as measures were put in place to respond to the unanticipated disruptions in the global economy. In line with our revenue rise, our taxes paid out to the government rose by 75%, from a figure of N5.2 billion in FY20 to N9.1 billion in FY21. Over the last four years, we have recorded increases in our economic value generated, distributed, and retained. The table below details these increases.

Table 4.2.1 Economic Value Distribution Over the Years

Particulars	FY 18	FY 19	FY 20	FY21
Direct Economic Value Generated (NGN million)	543,486	528,172	576,166	775,260
Revenue from operation	542,670	527,404	573,774	771,608
Economic Value Distributed (NGN million)	498,752	507,490	544,496	706,703
Operating cost	473,895	474,057	507,987	664,851
Employee wages & benefits	20,713	25,362	29,278	33,455
Payment to provider of funds	2,838	5,488	4,669	5,454
Payment to Government	1,306	2,583	2,562	2,943
Economic value retained (NGN million)	44,734	20,682	31,670	68,557

Despite the challenges imposed by the pandemic, we continue to create larger societal value through the compensation and welfare packages for our employees, which increased from N29.28 billion to N33.45 billion between FY2020 and FY2021. We have also seen a year-on-year increase in our contribution to pensions, gratuity expenses and staff welfare expenses between FY2018 and FY2020.

FMN EMPLOYEE BENEFITS PLANS SPEND (MILLIONS)

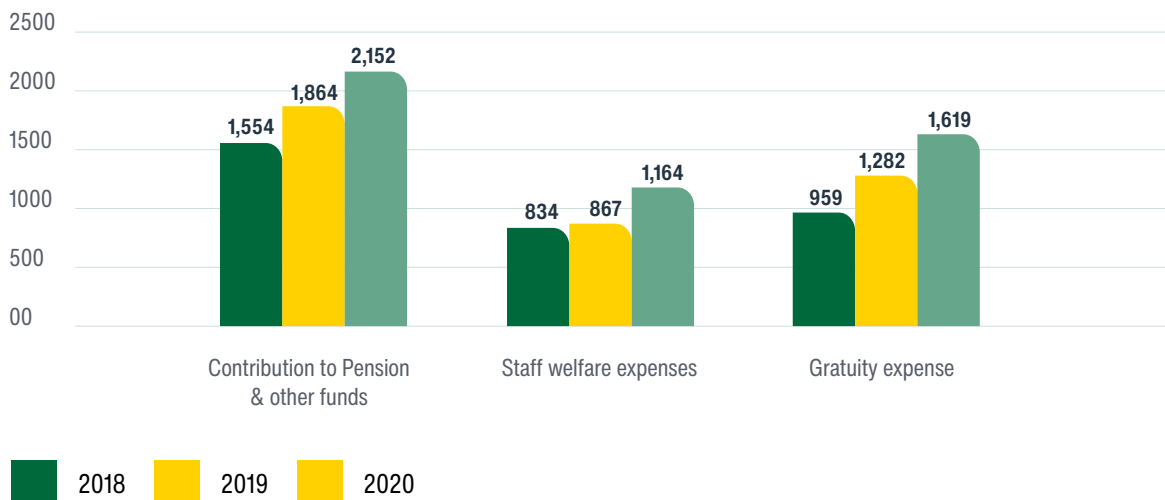


Figure 4.2.3 - Employee Benefits Spend

The chart above shows FMNs commitment to its employees. The chart shows continuous increases in benefit payments over the last three years.

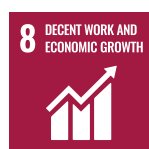
INVESTMENT IN THE MSME SECTOR

Micro, Small and Medium Enterprises (MSMEs) serve as one of the key pillars of our business, as our customers, distributors, farmers, and suppliers all fall within this category. We are therefore committed to creating value for these stakeholders and taking the lead in addressing social concerns within our communities. A key aspect of this lies in empowering MSMEs to thrive and grow. This impact is delivered through investments in education, health, youth and women economic empowerment, and community infrastructure development programmes. These social investments have worked to create sustainable platforms for members of our host communities to run and grow their businesses, through which they are supported to create wealth within their communities. We also ensure that our product prices are competitive, leaving enough room for our distributors and retailers to make decent earnings from the sale of our products.

In 2020/21, we empowered 30 young persons across our host communities through the donations of trade tools in the value of N900,000. Through our annual concession arrangement, Sunti and Batagi communities were stocked with five thousand fingerlings of fish each to be managed till harvest before handing over to local entrepreneurs. Amongst other achievements in this sector, we set up Wheat Farmer Service Centres for up to 5,000 farmers; an Intensive Outgrower Program with input loans to over 700 farmers; certified seed production for up to 150 tonnes of seed; and a research farm for new seed trials. Through these initiatives, we are engaging entire communities in profitable ventures and creating shared value. These interventions also align our sustainability ambitions with the following UNSDGs:



Goal 5: Achieve gender equality and empower all women and girls



Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all



Goal 10: Reduce inequality within and among countries

Figure 4.2.4 Our MSME Investment Alignment with the UN SDGs

The Company has a total of 1670 suppliers, and over 70% are MSMEs. In relation to spend, N212.1billion of our procurement spend goes to businesses in the MSMEs sector. In alignment with the Federal Government of Nigeria, we recognise the ability of the agricultural sector to bridge significant unemployment gaps, and therefore we continue to invest in MSMEs support initiatives to drive the sector's development years.

Case Study - Women Empowerment through RUWES (Rural Women Energy Security Limited)

Through specific programmes such as RUWES (Rural Women Energy Security Ltd/GTE) we have supported women initiatives, giving them an opportunity to own their own business by providing them with capital. RUWES is a non-profit organisation which is focused on saving lives, protecting the environment, and improving the economy. The organisation also focuses on providing renewable energy at a subsidised rate for underserved rural and peri-urban women. Through RUWES, the Company sponsored a cooking contest that focused on teaching rural women how to earn a living from cooking, with over 400 women benefiting from the event. The Company also gave relevant promotional items to small businesses across various sectors to support their operations. These items include coolers, table mats, covers, pots and many more materials relevant to their business.



Environmental Protection and Stewardship

Environmental protection and stewardship are integral factors that influence our business and investment choices. We recognise the need to work actively and innovate towards ensuring that the impacts of our operations on the environment are not only tracked but measured and controlled. To strengthen our environmental sustainability ambition, we have developed and implemented an Environmental Sustainability Policy that is specifically aligned to our operations and activities. This policy guides our employees and how the business approaches environmental sustainability, including its climate change ambition.

Our environmental sustainability policy provides guidance to our specific aspirations around the following:

- Reduction in the amount of energy used working with our equipment providers and supplier partners
- Sourcing materials in a responsible manner.
- Reducing the amount of waste produced onsite and at our offices.
- Aligning our carbon emission reduction programme to Nigeria's Nationally Determined Contributions (NDCs) priorities and the global net-zero agenda.

In 2020/21, we made bold investments to drive these aspirations and this section demonstrates our firm's commitment to being a responsible business as we are mindful of the impact of the externalities (positive and negative) created by our business operations and activities, and the mitigation of negative externalities.

Creating Value and thriving through climate change challenges

In being able to create long term and sustainable economic value for our shareholders, it is essential that we are able to adapt to an ever-changing business climate. We are aware of the many implications, risks, and opportunities that will arise due to climate change. This phenomenon will inevitably generate significant changes in our operations, revenue, and expenditure. As populations continue to rise, the world faces the daunting challenge of a global food crisis. Development of the agriculture sector is crucial for tackling these growing global threats and the Company is committed to implementing measures to effectively adapt to this ever-changing environment. Examples of our potential exposures to the impacts of climate change include:

- **Agricultural productivity:** With growing demand for food, it is necessary to increase resource use efficiency. Global agricultural productivity growth is not accelerating sufficiently to sustainably meet the food, feed, fibre and fuel needs of nearly 10 billion people in 2050. We are supporting investment in sustainable agriculture; our Agro-allied unit has supported the responsible production of high-yield, high-resistance cassava seeds, fertilizers in different farms across the country.
- **Shrinking resource base:** The growing population is increasing pressure on available natural resources. We have constructed production plants to minimize resource utilisation for stock material movement. Dust generation from production is also kept in check using high-tech filter-bag mechanisms and pneumatic fans
- **Rapid urbanisation and evolving food habits:** There is an increase in urbanisation, with the expansion of young populations. This will affect food habits with increasing demand for processed and high-energy foods. We have prioritised investments in product innovation and customer engagement to meet the market's ever-evolving needs.

ENERGY AND EMISSIONS MANAGEMENT

Driven by the commitment to reduce our carbon footprint and embed efficiency in our energy use, we have continued to track our energy usage (heat, fuel and power) and, explored several energy-reduction options and initiatives over the past few years of our operations. To further strengthen our investment in this critical aspect and achieve result, we are also putting structures, processes and required documentation in place to ensure that we are fully certified for efficient energy management. **For example, one of our subsidiary companies; Golden Sugar Company (GSC) was awarded the ISO 50001 (Energy Management Systems) certificate. The company has aligned its operations with the set requirements for establishing, implementing, maintaining and improving an energy management system.** This certification clearly demonstrates our resolve to be energy efficient.

We continuously track our energy consumption and emissions as a way of ensuring that we are sufficiently gauging and measuring our performance around emissions and energy control and efficiency. Below are charts presenting our electricity consumption and corresponding CO₂ emissions at our Apapa site and subsidiaries in FY 2019, FY 2020 and FY 2021. In FY 2021, our operations consumed 998,526,964 kWh of electricity. This is comprised majorly of Natural Gas (83.8%), Diesel (12.7%) and Grid Electricity (3.4%). The charts indicate that in the last three years, our increasing operations have raised our emissions by 28,162,481 kgCO₂e. We remain committed to bringing these emissions down to reduce our impact on the environment and optimise available resources without compromising the future existence.

Electricity Consumption and CO₂ Emissions for FY 2019, 2020 and 2021

FOSSIL FUEL CONSUMPTION FOR ELECTRICITY USE IN
2020/2021

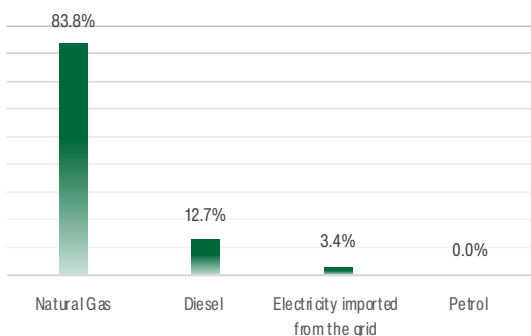


Figure 4.3.1 Fossil Fuel Consumption for Electricity Use In 2020/2021

GHG EMISSION IN 2020/2021 (KG CO₂E)

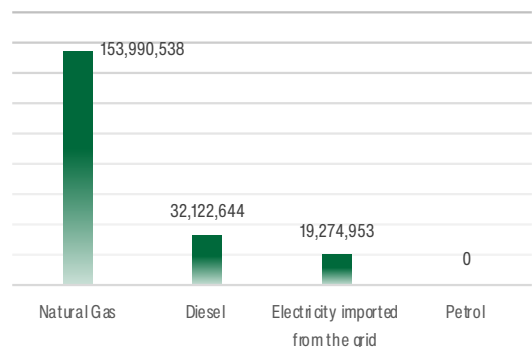


Figure 4.3.2 GHG Emission In 2020/2021 (kg CO₂e)

FOSSIL FUEL CONSUMPTION FOR ELECTRICITY
USE IN 2019/2020

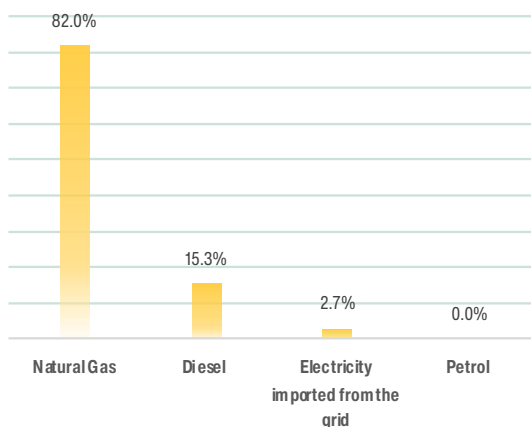


Figure 4.3.3 Fossil Fuel Consumption for Electricity Use in 2019/2020

GHG EMISSION IN 2019/2020 (KG CO₂E)

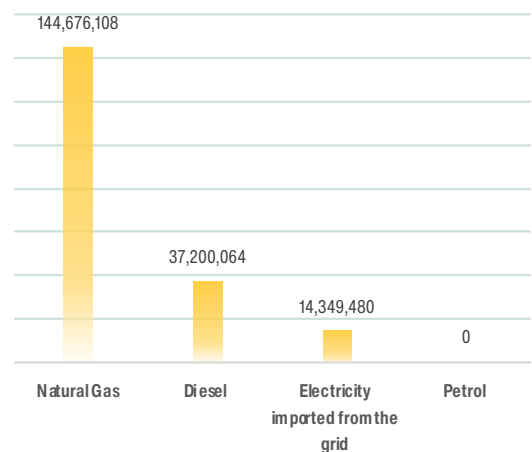


Figure 4.3.4 GHG Emission In 2019/2020 (kg CO₂e)

FOSSIL FUEL CONSUMPTION FOR ELECTRICITY USE IN 2018/2019

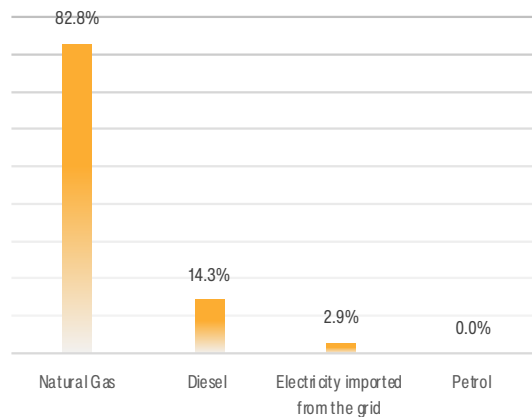


Figure 4.3.5 Fossil Fuel Consumption for Electricity Use in 2018/2019

GHG EMISSION IN 2018/2019 (KG CO2E)

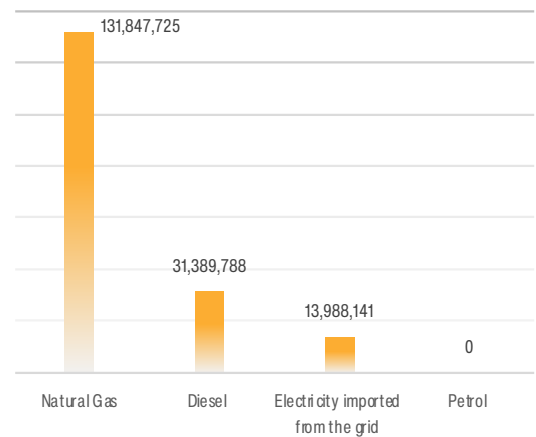


Figure 4.3.6 GHG Emission In 2018/2019 (kg CO2e)

For us, an important factor in achieving energy efficiency is “our people”. We reckon that processes, documents, and infrastructure, are just as useful as the people that implement and operate them. As a result, we integrate human capacity development as an equally important step in our journey towards energy efficiency. We constantly provide guidance and support to our employees to enhance their capability to carry out their job expectations in an “energy-efficient way”. For example, employees are expected to place all devices on energy saving mode when not in use or power them down onsite at the end of the working day. Generally, we foster awareness of shared support, participation, responsibility, and accountability for the environment across all employee groups including executive management.

Beyond the people-focused initiatives above, the following are other initiatives we undertook in FY 2021 and the corresponding energy saved as a result.

Table 4.3.1 Summary of Energy Conserved using Heat Recovery Systems in 2020/2021

SN	Initiative taken	Total energy saved (GJ)
1	Generation of steam via heat recovery from April 2020 to March 2021 at Golden Sugar Company	532,875
2	Generation of hot water via heat recovery from April 2020 to March 2021 at Golden Pasta Iganmu	55,577
3	Generation of hot water via heat recovery from April 2020 to March 2021 at Golden Pasta Agbara	102,211

Equipped with two (2) 10MW Siemens SGT400 turbines with heat recovery capability, our Golden Sugar Refinery was established to be self-sufficient in energy generation. In the process of waste heat recovery, each of the turbines can generate up to 25 tonnes of steam per hour. This saves the use of 1800 standard cubic meters of natural gas per hour or 1725 litres of diesel per hour. With an annual steam requirement of over 400,000 tonnes, this heat recovery system saves more than 100,000 tonnes of carbon dioxide (CO₂) equivalent (GJ) per annum.

Case Study – Substitution of Traditional Light Bulbs and Halogen Bulbs for Energy Saving LED – Apapa

Lighting is highly valuable to our business as it improves alertness and overall product quality while reducing risks of errors. However, artificial lighting contributes significantly to energy consumption which is majorly reliant on fossil fuel and substantially increases our carbon footprint. Therefore, we introduced energy efficiency initiatives which target large-scale implementation of efficient lighting technologies.

We made conscious efforts to be more efficient, investing N65.4 million in substituting traditional artificial lighting fixtures for LEDs, halogen tubes and floodlights. Over 300 halogen lighting were installed in our Apapa site. This has saved us 3,893,482kWh of energy. This has enhanced energy security by freeing up extra generation capacity and reducing the need for fuels, which itself is vulnerable to price variations and availability constraints.

Case study - Heat Recovery Plant for Water Generation - Golden Sugar Company (GSC) – Apapa

In addition to being one of the largest sugar milling facilities in West Africa, we established our Golden Sugar Refinery to be self-sufficient in energy generation. One of our major initiatives is the Heat Recovery Plant for Steam Generation. This makes use of our waste heat which is usually generated in industrial processes and is lost, wasted and dumped into the environment.

The plant is equipped with two (2) 10MW Siemens SGT400 turbines with heat recovery capability. In the process of waste heat recovery, each of the turbines can generate up to 25 tonnes of steam per hour. This saves the use of 1800 standard cubic meters of natural gas per hour or 1725 litres of diesel per hour. With an annual steam requirement of over 400,000 tonnes, this heat recovery system saves more than 100,000 tonnes of carbon dioxide (CO₂) equivalent (GJ) per annum. We have noted enhanced energy security through extra generation capacity and reduced need for fuels, which itself is vulnerable to price variations and availability constraints.

In addition to ensuring energy efficiency, we also pay particular attention to reducing the effect of our emissions. We monitor, reduce and control the effects of pollutants like particulate matter (dust), nitrogen oxides (NO_x) and sulphur oxides (SO_x) which are produced during manufacturing and which have impacts on climate change, ecosystems, air quality, habitats, agriculture, and human and animal health. Therefore, we keep track of and drive initiatives to constantly improve our carbon emissions performance. For the third consecutive year in FY 2021, as the charts below show, we have reduced our NO_x, SO_x and Particulate Matter emission effectively.

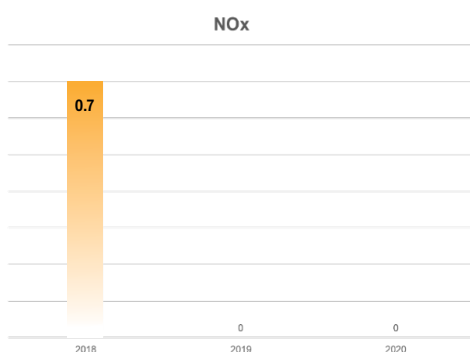


Figure 4.3.7 NO_x Emission for FY 2019, 2020 and 2021

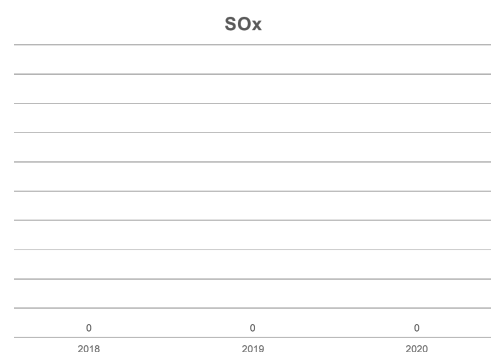


Figure 4.3.8 Sox Emission for FY 2019, 2020 and 2021

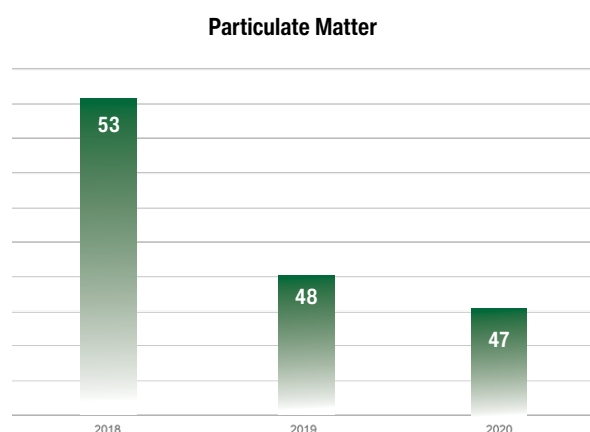


Figure 4.3.9 Particulate Matter Emission for FY 2019, 2020 and 2021

Beyond tracking our emissions, we make constant effort to control their release into the environment. For example, we installed dust collection funnels at the ends of the conveyors to reduce wheat, pellet or Soya Bean Mill spills from the conveyors and for the control of dust emission at the Quay Apron. Our goal is to ensure that these emissions reduction initiatives contribute to improving the air quality in the areas of our operations, improved health conditions for workers and local communities, reduced climate change impacts, and improved stakeholder relations for us.

SUSTAINABLE WASTE MANAGEMENT

As a company, we have a philosophy to reduce waste produced to international benchmark levels by driving efficiency through a program that consists of Lean Six Sigma, Five S and other tools. Generally, our waste disposal is carried out in line with appropriate government regulations. Records of waste disposal are documented, and the waste performance is monitored across most of our operational sites.

Below is a summary of some of the ways we coordinate and manage our waste across our operations

Table 4.3.2 Waste Management System

S/N	Items	Description	Area Generated	Segregation / Storage	Disposal
1	Office Waste	Nylon, paper, cardboard, bottles	Offices	Plastic trash can be located around the office areas	Company dump site and removed by state regulatory authority
2	Food waste	Discarded cooked food items(s)	Canteen	Green drum for domestic waste	Company dumpsite and removed by state regulatory authority
3	Metal scrap	Damaged worn-out discharge equipment, elevator and conveyor parts, heavy equipment parts	Maintenance workshop	Scrap collection point/ container	Recycled (Compost) Evacuation is handled by a vendor appointed by the Company through state environmental protection agents
4	Used tyres	Damaged heavy equipment parts	Lifting equipment workshop	Designated storage area for tire and rubber, labelled for rubber	Evacuation is handled by a vendor appointed by the Company

5	Medical/ Clinical hand gloves, used cotton wool	Syringe, clinical hand gloves, used cotton wool	Clinic within the Plants	Medical waste collection point in the clinic	Evacuation is handled by the Company appointed vendor through accredited state environmental protection agents for medical waste
6	Batteries	Used wet and dry cell batteries	Maintenance workshops	Collected into designated area labelled for batteries	Evacuated by accredited state environmental protection agents appointed by the Company s
Hazardous Waste (Liquid)					
7	Used Oil	Dark Oil	Heavy Equipment workshops	Collected into a designated drums and container	Evacuated by registered agents of designated recyclers
8	Septic from the Plant	Human waste	Admin toilets, Porta cabins toilets, shed toilets	Septic tanks	Evacuated by approved state environmental protection agents

To ensure responsible management of waste generated across our operations, we have also customised colour codes across waste categories. This guides us in ensuring that waste is properly disposed and separated from source. See classification below:

Table 4.3.3 Colour Codes across Waste Categories

S/N	Waste Category	Colour Code
1	General waste (Paper, Cartons, Batteries)	Green
2	Food waste	Blue
3	Oil / Oily Waste	Red
4	Metal	Yellow
5	Used Batteries	Black

The charts below present the different types of solid waste generated and disposed in year 2020/21. These were categorised per month, and across general and septic waste. Our data reports that an average of 2,182.25 tonnes of solid waste and 298.65 tonnes of septic waste were released each month which is within statutory limits. Going forward, we aim to reduce our waste generation levels through a buy-back system for waste recovery and recycling centres.

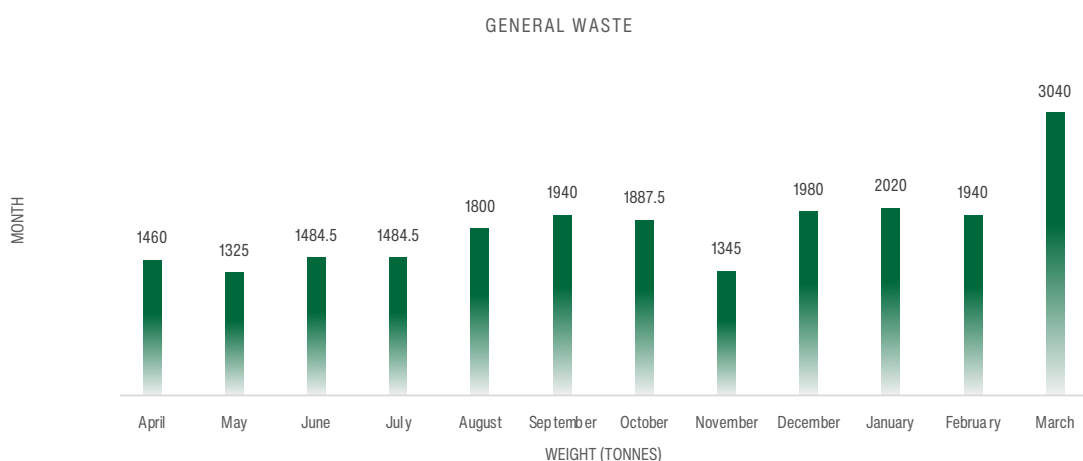


Figure 4.3.10 General waste generated in Apapa for FY 2021

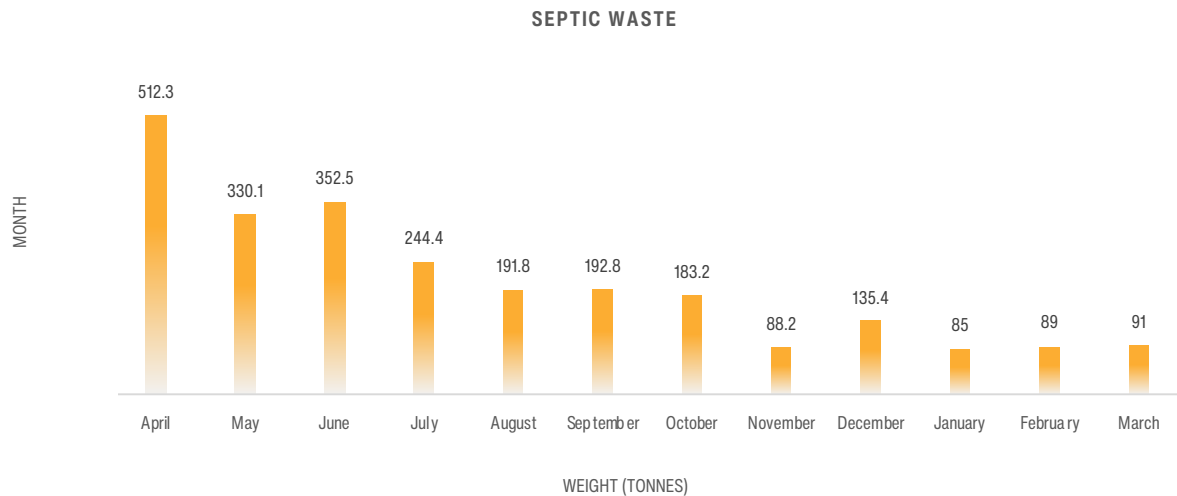


Figure 4.3.11 Septic waste generated in Apapa in FY 2021

The following are some of the specific initiatives we implemented in year 2020/21, to ensure improved performance of our sustainable waste management ambitions:

- Niger Mills Calabar - Waste to Wealth - Partnering with production to block out all point of spillages, weighed afterwards and converted for sale to piggery farmers
- Flour Operations Apapa - Bailing of transwrap and selling for recycling
- Premium Edible oils Products Ltd - Installation of 300m3 LNG Gas Station
- Completed and commissioned an Effluent Treatment Plant (ETP) at Ososa, Ogun State. The ETP is aimed at treating the industrial wastewater for reuse and safe disposal to the environment

We have set a precedent of improving the sophistication of our waste management system. As we evolve, we will not relent in conducting extensive research that will help us understand what is continuously required for reduced waste generation.

SUSTAINABLE PACKAGING AND LABELLING

The BagCo division of the Company is Africa's largest and leading commercial manufacturer of premium bags sustained through state-of-the-art machinery. With a pool of professional staff, technology and best manufacturing practices, our plants have the capacity and capability to produce more than 32 million polypropylene (PP) bags per month to all key sectors of the economy. All products from other divisions are packaged using BagCo's sustainable polypropylene and flexible packaging.

In line with the need to ensure that our sacks and packaging materials are generally reusable, we make strategic use of Biaxially-Oriented Polypropylene (BOPP) in our packaging material manufacturing processes, as they have high secondary and tertiary reuse potentials. These bags are designed to be reused for other purposes and converted into carrier bags by consumers.

Also, we recycle our industrial waste to prevent it from entering the waste stream and maximise local procurement of raw materials to reduce imports. For example, 100% of the polyethylene produced is reintroduced into the flexible packaging production process at Morpack Bagco. Additionally, we reduce waste by re-engineering our shrink wraps and woven packaging to be thinner and stronger using resins and additives that have been developed in line with global standards, to reduce our polymer consumption without compromising quality. All packaging by-products are chopped, melted, and moulded into pellets.

In FY 2021, 303,250kg (figure 4.3.12) was recycled back into the packaging production process while the rest was sold to local and international plastics manufacturers. **This process saved us N257.76 Million and shows steady improvement over our figures in previous years.**

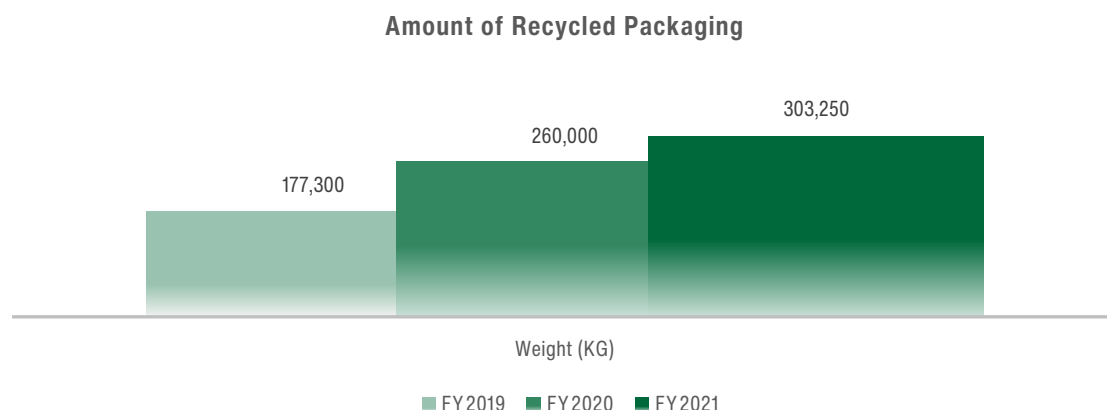


Figure 4.3.12 A trend of steady increase of recycled input in our packaging production

A distinctive factor in our sustainable packaging ambition is the cautious investment in ensuring that our packaging materials are sustainable, safe, durable, and fit for purpose.

Responsible Labelling

Beyond safety and material selection of our packaging, we are committed to providing accessible, transparent and honest product labelling because we recognise that it is one of the most important and direct means of communicating information to our consumers. Some of the main aims are discussed below.

- We intricately label our products to keep our consumers conversant about vitamins, minerals, calories, fats and allergens, through which nutrition can be monitored to avoid deficiencies and imbalance. Our consumers can then make informed decisions that make them feel safe, respected, included and supported to live a healthy life.
- By legibly labelling our products, we reduce waste by advising subsequent food chain operators on the appropriate shelf-life of a food. Our supply chain stakeholders are also educated on the difference between “best before” and “use by” dates to prevent and reduce food waste.
- We can prevent misleading of consumers through false representations by adding information on the label clearly stating the ingredients and directions for use. This way, customers can glean ample knowledge about the products they consider buying prior to purchasing.

We ensure that our product information and labelling aligns with extant regulatory requirements for marketing communication and product labelling. In essence, our labelling serves to aid customers in identifying our products; to promote our products; and to provide essential information about the products and their uses. The components of our labelling which fulfils all requirements of the NAFDAC food labelling regulations are:

- Declaration of Information on food label
- Name or description of food
- List /Statement of Ingredients
- Quantitative Ingredient Declaration (QUID)
- Net Quantity
- Date of Minimum Durability
- Special Storage Instructions or Conditions of Use
- Batch Number
- FMN Contact Information
- Instructions for Use
- Allergen Declaration
- Nutrition labelling
- Other Compulsory Labelling Requirements



Figure 4.3.12 An Example of FMN Product Package and Labelling

During the reporting period, we complied with standard product and service labeling as well as marketing communications practices.

A recent Customer Satisfaction Survey revealed that 98% of our customers are satisfied with the products packaging in terms of product information and labelling, marketing, package design, choice of materials, durability, and usability.

A culmination of these sustainable practices during procurement, manufacturing, consumption, and disposal of our packaging interrelate to minimise our environmental footprint and reduce wastages associated with packaging bags.

CONSERVING NATURAL RESOURCES

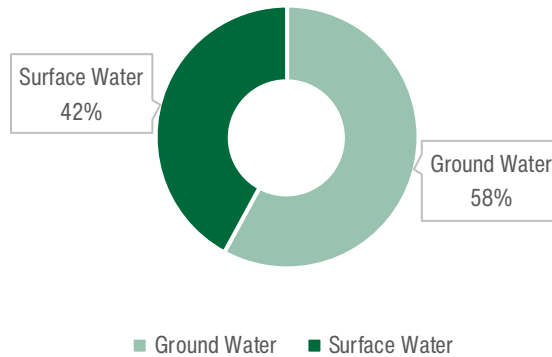
As clearly articulated in our company-wide environmental policy, we assess the potential environmental impact when planning any new developments and frequently reassess ongoing operations across all our locations. One of the core considerations during these assessments is a review of our impacts on the natural ecosystems in which we operate.

Environmental and Social Baseline Studies are conducted for new projects to understand the environmental conditions of the location, using standard scientific methods used for laboratory analysis. The following are some of the key objectives of these assessments:

- Determine the baseline (biophysical, social and health) conditions of proposed project environment.
- Assess the potential impacts of the planned development on biophysical, social and health components of the environment.
- Proffer appropriate mitigation measures for negative impacts and make recommendations aimed at sustaining the beneficial impacts of the projects on the environment
- Develop cost effective Environmental Management Plan (EMP) as well as provide recommendations for monitoring and management activities. etc.

We recognise the value add of monitoring our water for efficient management and therefore, tracked water withdrawal for FY 2021 in FMN Apapa, Lagos to be 678,857m³. This has helped us establish a baseline and notice leakages. The analysis by source is represented in the table below:

Water Withdrawal for FY 20/21 (Cubic Meter)



By tracking our water consumption statistics, we are able to make well-paced investments and control our processes to ensure reasonable use of these water resources. Generally, the following are some of the mitigation measures we implement to ensure responsible natural resource use:

- Land clearing are done only for the area needed for our operations. Other green areas are maintained.
- Restore all topsoil removed during construction work
- Where possible, we cover soil surface with impermeable material to reduce contact of construction material and topsoil
- Conventional mufflers are installed on all construction/operating engines to bring noise to acceptable levels
- Machines are regularly monitored to detect sudden leakages that may cause soil pollution



Employee Rights and Welfare

We commit to treating our employees with fairness, respect, and dignity because they are an integral part of our purpose, and they power our innovation and bring our vision to life. This commitment is both a moral and a strategic business priority for us. This recognition is at the root of why we have continued to roll out initiatives and policies that help us nurture a truly inclusive, innovative and engaged workforce required for a contemporary workplace.

In this section, we highlight some of the most profound ways we demonstrated care and respect for our employees in FY 2021. The section also spotlights our performance in how we engaged with our employees.

DIVERSITY & INCLUSION

For us, diversity is not just a hiring fad, it has become a culture which has been translated to a strategic imperative. Our approach is to ensure that we recruit, train, and promote employees from diverse backgrounds and create an inclusive work environment. We value the perspectives of diversity and strive to embed whole inclusion across the Group. Living by the values on which our Company was founded, we are channelling our efforts to stamp out systemic discrimination. We have revitalised our commitment to diversity, and inclusion, building on initiatives and milestones over the past years. To drive progress in this area, we have developed a workplace that leads by example, by increasing representation of women at all levels, promoting policies and infrastructure for people with disabilities, and supporting the health and well-being of all our employees.

In FY 2021, there were no records of any form of discrimination across the Group. We will continue to scale up our inclusion-focused initiatives and create a more diverse team that generates transformative solutions.

Supporting Women

Being a manufacturing company, to emphasise our deep-rooted commitment to women empowerment, we participated in the Nigri-a2Equal gender programme. This is a two-and-a-half-year program implemented by the International Finance Corporation (IFC), the private sector arm of the World Bank, in partnership with The Nigerian Stock Exchange (NSE) that aims to reduce gender gaps across employment and entrepreneurship in the private sector. It is the first multi-stakeholder country project focused on reducing gender gaps in Nigeria's private sector companies. Through this programme, FMN has set targets to be achieved through specific initiatives geared towards promoting women's leadership and employment; promoting women's entrepreneurship; and promoting championship and advocacy. To close the gender gap in our Company, we sprang into action and launched the FMN Women Network in 2018. With a vision to "ensure that the FMN Woman reaches her full potential without any barrier", this company-wide programme was set up to promote and give the Women in FMN an opportunity to develop and express themselves across the group. With full support of the Board and Executive Management, the FMN Women Network has played a central role in empowering women to develop themselves, support others and become leaders in engendering equality.

Some of the other local initiatives we have created to develop and upskill our female employees, is the Quarterly FMN Mentorship Programme for Women - where women in top Management roles mentor upcoming women in the business. The Group has also been deliberate about recognising and celebrating its Women, as shown in figure 4.4.1 below. We also observe the International Women Day annually to celebrate the achievement of the FMN Woman. Similarly, we hold an annual conference to provide the right insights and support to FMN Women.

We continue to support Gender equality through our policies, hiring decisions and talent management processes. To increase advocacy for gender equality, improve engagement and build connections between women across the Group, we have designed an action plan, as shown in the figure below, across five areas for maximum impact.

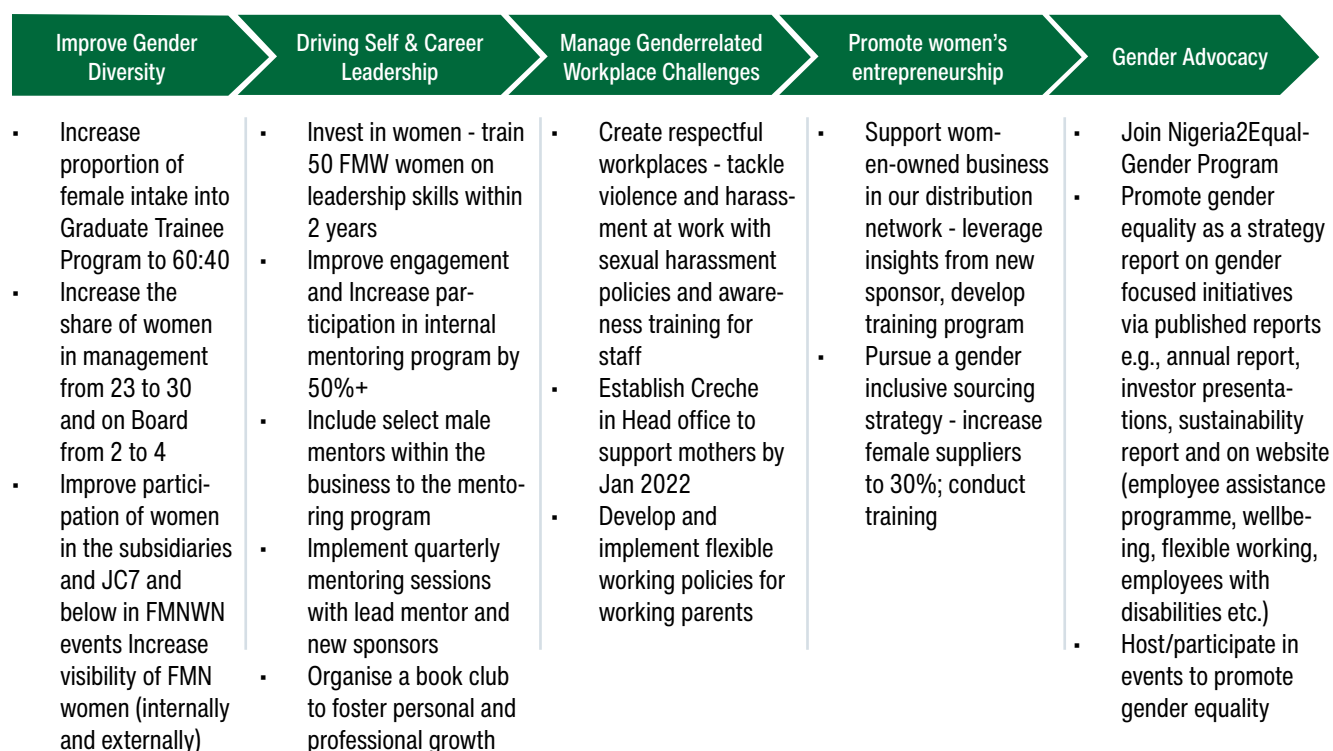


Figure 4.4.1: FMN Action Plan

For the year under review (FY 2021), the percentage of women in the workforce stood at about 13%. As shown in figures 4.4.2a and 4.4.2b below, we are actively involving women across different management cadres though we acknowledge that more needs to be done to drive greater women representation within our operations.

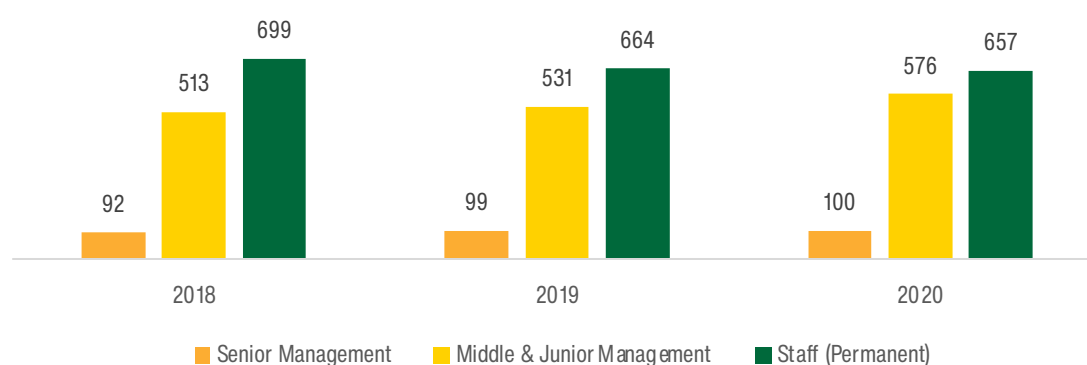


Figure 4.4.2a: Total employee number across different management

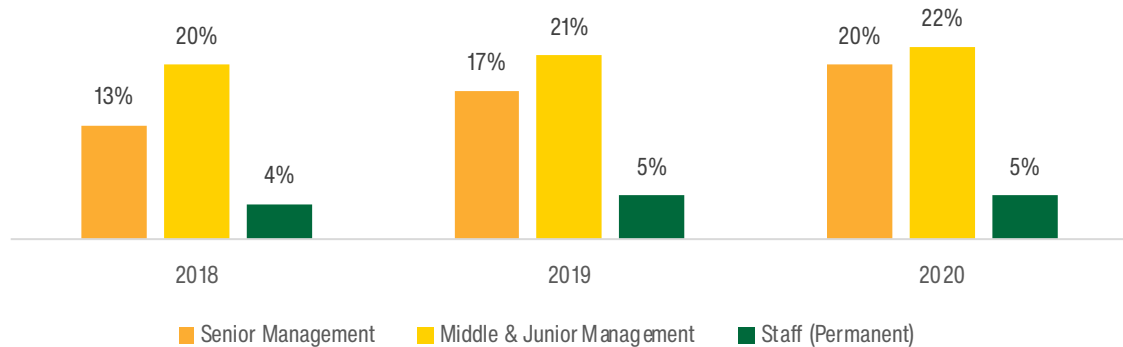


Figure 4.4.2b: Percentage of women in the workforce for FY 2021categories

Cumulatively, the percentage of females within our workforce in 2018, 2019 and 2020 were 11%, 12% and 13% respectively. We are continuously driving initiatives to improve this and ensure that we have a greater level of women representation within our workforce. Our target for coming years is to increase the share of women on Board, in Management and in the Graduate Trainee Programmes. Specifically, have at least 46 women in FMN Management, representing 30% of the population.

HEALTH AND SAFETY

Our zero-harm aspiration for everyone that works for, with or visits the Company can only be achieved through continuous improvement of safety systems and procedures. To bring this to life, we work hard to secure a safe and healthy working environment for all our employees. The health and safety of our stakeholders are of utmost importance to our Company.

Our aim is to achieve health, safety and environment (HSE) excellence across our subsidiaries and to support our ambitions in this area, we have designed specific programmes and initiatives around four pillars of Health and Safety - SPEC (Safe Workplace, Process Standardisation, Employee Driven Safety and Capability Development). The specific programmes designed for each of the pillars across all business units are -

- **Safe Workplace** - Facility Management, Facility Maintenance, Equipment maintenance, and Environmental management.
- **Process Standardisation** - Documentation (Risk assessment, Management of change, and compliance with standards, as well as safety talk before every meeting and start of work.)
- **Employee Driven Safety** - Behavioural based safety (BBS), and leadership team commitment,
- **Capability Development** - Employee HSE awareness, enhancing HSE team capability and performance and Safety Talk before every meeting and at the start of work.

Accelerating Progress

In the year under review, we have made significant progress towards our goal of Zero Harm in the workplace. Our HSE policy communicates the guidelines and safety precautions to be adhered to by all our stakeholders at every of our facilities and operation sites. Compliance to our HSE policy is critical to the successful achievement of our journey to HSE excellence, which is why we developed the complementary Safety Violation and Consequence Management Policy to effectively manage and carefully assess any infringements of Health and Safety rules and to ensure the fair application of corrective actions, following the observation of behaviours that fail to comply with our Health and Safety Standards, either due to individual or systemic violations.

This Consequence Management policy, like our HSE policy is applicable to all employees, contractors / sub-contractors, transporters, suppliers, visitors, and other third parties engaged on a permanent or occasional basis to perform activities within the Company's premises and in accordance with the respective legal and best practice frameworks.

To further drive compliance to our HSE systems across the Group, we have developed incentive-based initiatives. Among these initiatives is the rewards and recognition programme for all business units and employees that have demonstrated exceptional HSE activities.

A component of our Occupational Health Services includes access to quality medical and healthcare services. All employees, their spouse and 4 children aged 21 and below, are enrolled on active health insurance services with competent and accredited healthcare providers. To ensure and maintain confidentiality of workers' personal health-related information, the information is restricted to the medical team managing the cases. However, for severe medical cases, requiring medical funds above the maximum health insurance coverage, the Group Human Resources Director (GHRD), General Services Manager (GSM) and the Group Managing Director (GMD) who approve the funds, as well as the Human Resources and the Health and Safety Managers are privy to the medical information of such cases.

While we celebrate the progress made over the last 2 years - our resolve remains the same - to achieve HSE excellence and ensure zero harm across our operational sites. The charts below show a steady reduction in the number of fatalities and work-related ill-health for our full and temporary employees between FY 2020 and FY 2021. We have recorded a:

- **100%** reduction in the number of full-time employee fatalities.
- **44%** reduction in the number of cases of recordable work-related ill health on full-time employees.
- **50%** reduction in the number of temporary employee fatalities.
- **20%** reduction in the number of cases of recordable work-related ill health on temporary employees.

The number of full-time employee fatalities

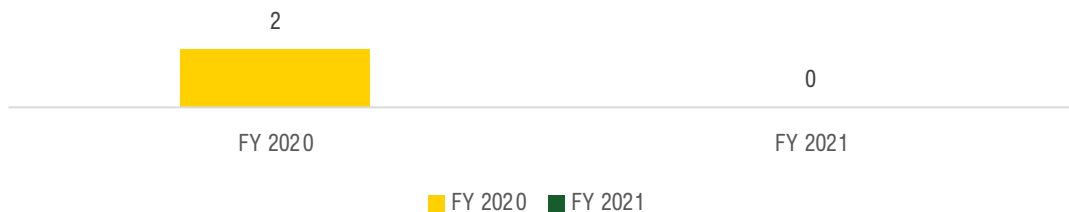


Figure 4.4.3a: The number of full-time employee fatalities

The number of cases of recordable work-related ill health on full-time employees

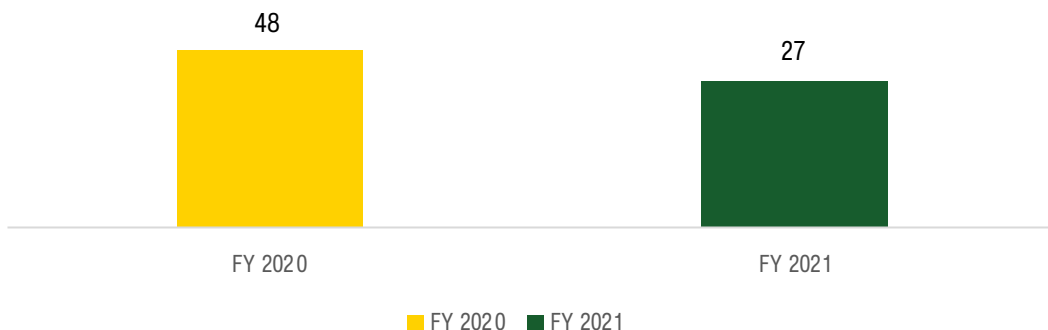


Fig 4.4.3b: The number of cases of recordable work-related ill health on full-time employees

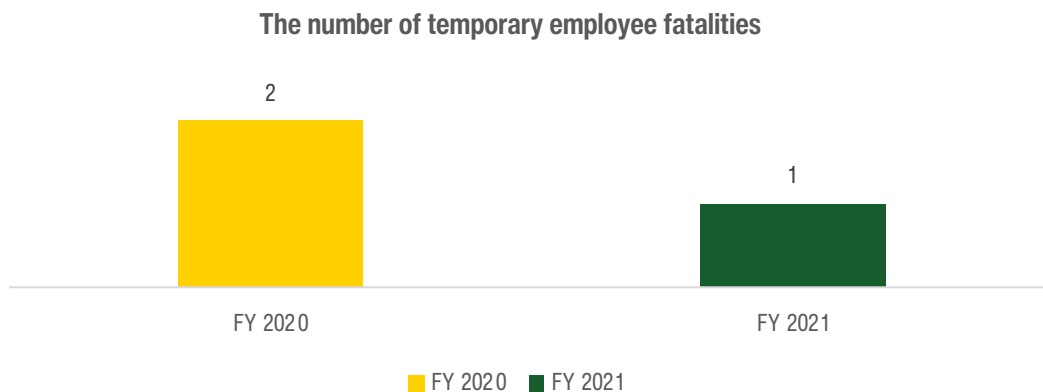


Figure 4.4.3c: The number of temporary employee fatalities

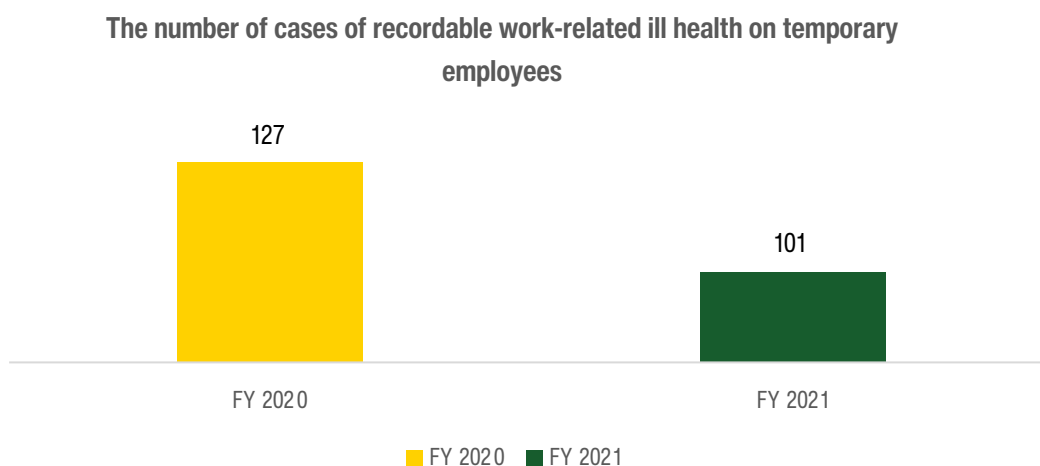


Figure 4.4.3d: The number of cases of recordable work-related ill health on temporary employees

In FY 2021, the main types of work-related ill-health noted in FMN were - Asthma, crush injuries, lacerations, cuts, collapse, HTN, Lumbar spondylosis and Head injury. Non-adherence to protocol has been identified as the main hazard leading to these illnesses. As a result, FMN provides necessary health education and HSE support to all employees to significantly reduce and eliminate the occurrence.

To support our safety programs and drive continuous improvement and compliance from every employee level in FMN, we regularly conduct risk assessments and other engaging programmes across our business units and operating sites. Also, our employees are constantly reminded of our commitment to Health and Safety through the **Safety Moments** - a brief talk we have about specific safety subject at the beginning of a meeting or shift.

Additionally, with the FMN lifesaving rules ([Figure 4.4.4 below](#)), our employees are fully aware of safety procedures and processes that guides our business activities within and outside the Company.



Figure 4.4.4: FMN Lifesaving Rules

Our employees have an opportunity to escalate HSE issues through the different mediums set in place for this purpose. We have the HSE observation boxes with forms stationed in all sites and monitored daily. We also utilize social media platforms, specifically WhatsApp and other electronic platforms such as SMS, email, and telephone calls to report concerns. Our emergency response contact details are easily accessible to employees and they are displayed at different locations at our facilities. It includes details and contact of our HSE personnel, supervisors, firemen, clinic personnel and security. Policies and procedures are also in place to protect our employees from intimidation and any form of retaliation in instances where they have reported an HSE threat, incident or protected themselves from work with potential HSE hazard.

In line with relevant OHS standards, we have health and safety committees in place across the Group to demonstrate ownership and provide strategic direction to the governance of health and safety within the Company. The Health and Safety Committee is saddled with the responsibility to create awareness of health and safety issues among workers, conduct regular facility and Group inspections to identify potential health and safety hazards and generally, to provide a forum for employees and management to work together to solve health and safety problems. Table 4.4.1 below shows the distribution of Health and Safety Committee across the Company.

Table 4.4.1: Distribution of Health and Safety Committee

Business Unit Health and Safety Committee	Number of members in the Health & Safety committee?	Frequency of meetings held during the coverage period
Flour Operations Apapa	20	Weekly
BAGCO Iganmu	20	Monthly
Golden Pasta Agbara	7	Monthly
Golden Pasta Iganmu	11	Weekly
PEOPL Ibadan	15	Monthly
Niger Mills Calabar	27	Monthly
EPFM Calabar	15	Monthly
GTD Gbagada	7	Monthly
BAGCO Kano	15	Monthly

NEFM/PFM Ibadan	12	Monthly
NNFM Kano	10	Monthly
Technical Apapa	8	Monthly

In addition to these, we have designed free, regular HSE training programmes based on identified training needs to ensure all our employees are provided with a deeper understanding of health and safety practices associated with their jobs. Some of the HSE trainings conducted in FY 2021 are - HSE for Senior Managers Training, Demystifying ISO 45001:2018: A Standard Protocol for Managing Health & Safety for COVID 19 and Post COVID19, Health, Safety & Risk Assessment, HSE FOP Champions Training, Confined Space Permit -to-Work/ Silo Operations Safety Training, Fire Fighting Training, Fire Truck Training, HSE Training - Emergency Preparedness, Safe Handling of Chemicals Training.

Our objective is to ensure everyone involved in our business activities, leave as healthy and safe as they arrive every day. Transformation to HSE Excellence will be continually driven by visible safety leadership and sustained through continuous improvement in compliance with standards.

Health and Safety at our Flour Operations site

To promote a safe and healthy workplace, the Occupational health and safety (OHS) standards mandate reduction, removal, or replacement of job site hazards. Aligning with this, and in line with our Health and Safety ambition, we have implemented several programmes and initiatives. We believe that safety is at the core of our license to operate. Hence, in our Journey towards zero accident, zero solid waste to landfill and achieving our aligned sustainable development goals, we have achieved a couple of milestones. Some of these milestones include the reduction of Lost Time Incident from 9 in 2019 to 3 in 2020 and Lost Time Incident Frequency rate from 0.65 in 2019 to 0.56 in 2020 while reducing our solid waste to landfill by 15%. Part of the programmes carried out to drive safe work environment at our Flour Operations site in 2021 include:

- Official Launching of HSE Champions / Ambassador Per Complex.
- Carry out Audiometry and Spirometry test on employees exposed to noise and dust process area.
- Support Logistics department to train the newly employed logistic marshals to enhance traffic control system on site
- Implementation of HSE Induction cards for newly employed / relievers 3rd party employees.
- Communicate Weekly HSE Toolbox topics
- Make a schedule and carryout Monthly Emergency evacuation drill per complex
- And many more

These programmes and initiatives have not only reflected our commitment to workplace safety but has also helped to foster a safety culture across the Group, bringing us closer to achieving our aim of HSE excellence.



Figure 4.4.5: Health and Safety at FMN

Protecting our Workforce during the pandemic – Our COVID-19 Health and Safety Response

During the pandemic year (2020), we adapted and expanded our programs to serve the needs of our employees. At the onset of the pandemic, the FMN Lifesaving rule was updated to reflect COVID-19 4 Golden Rules - to give practical steps to enable us identify risks that COVID-19 creates and to take pragmatic measures to mitigate them and thereafter assign marshals to monitor and ensure full compliance with these rules. We supported each department to put together a Business Continuity plan to ensure business sustainability. Also, in consideration of governmental guidance in Nigeria and the peculiar work style of each of our business unit, we limited the overall number of employees allowed to report for in-person work, based on attendance plans at each company and unit.

To ensure our employees are safe and productive, we designed a flexible work plan which allowed them to work remotely bi-weekly. The business also leveraged on existing digital resources to launch and maintain virtual working, interactions, induction, interview sessions and meetings during routine business operations.

We distributed safety essentials such as face masks, Vitamin C tablets, hand sanitizers, developed policies to curb the spread of COVID-19 within the company offices and factories. We also ensured that our clinics at different operational sites were supplied with the latest medical facilities and equipment required to respond adequately to any outbreak.

As part of our initiatives to show care and support our employees during the pandemic, the employee canteens at Iganmu, Apapa and other major sites provided nutritionally balanced healthy meals in very conducive environment and at subsidized rates. We also made transport services available to convey our staff to and from work, and provided our employees, including their immediate family members with free COVID-19 tests,

In our Flour Operations site, 68 personnel were employed to drive COVID 19 restraint activities across the site (e.g., cleaning of hand contact surface across the workplace, disinfect trucks dashboard, door handle, etc.)

TRAINING AND DEVELOPMENT

Training and Development covers various programs that empower our employees with the right skills and competencies consistent with our performance culture and strategic objectives. This has helped to improve individual and team efficiency, performance, and productivity, all of which contribute to the overall growth and increased effectiveness of our organisation.

Talent Development

We have made conscious efforts to strengthen the work performance of our employees by setting up the FMN Academy at Apapa in 2019 before expanding to other sites. The Academy was established to address competency gap, to ensure employee development is a continuous process along their career journey. Our 70-20-10 development policy recognises that development goes beyond technical training, hence, we place focus on promoting learning and development through specialisation courses (e.g., Milling Schools, Power Academy etc), on-the-job learning, expatriate understudy, coaching and mentoring across the business.

With a record of 4,712 training hours during the last financial year, 137 trainings were deployed across all employee levels, competencies and departments, some of which include Supernumerary Police Training, Engineering Store Restructuring and Maximizing Employee Potentials, Heat Exchangers, Farinograph, Extensograph, Amylograph, Micro-Visco -Amylo-graph Refresher Training, FMN Sales Capability Development Programme and many more.

We also ensure that our people are aware of their human rights.

Table 4.4.2 Total Hours of Training Conducted Per Employee Category

Employee Category	Year 2020/2021			Training Hours
	Male Trainees	Female Trainees	Total Trainees	
Senior management	111	35	146	749 hours
Middle management	563	186	749	1385 hours
Junior management	446	30	476	1290 hours

Graduate trainees	8	0	8	208 hours
Apprentices	1	0	1	1,056 hours
Contract Labour (in Plant processes hired through registered contractor)	78	0	78	8 hours
Others	53	0	53	16 hours
Total	1260	251	1,511	4,712 hours

Cumulatively, we have held trainings for **4,712 hours** for 1260 male and 251 female trainees, summing up to a total of 1511 trainees during the period covered. The high percentage of male employees (and their training hours) when compared to their female counterparts can be linked to the energy intensiveness of the manufacturing sector, which has over the years attracted more male employees. Nonetheless, we are making strategic efforts to drive greater women involvement and capacity building within our organisation.

Performance Management

The Company operates a robust, unbiased, and objective performance management system. With our Talent Reviews and Leadership Assessments occurring twice in a year, we can adequately evaluate our employees, and work and monitor their growth. Our Performance Management is both organisation and employee-centred, allowing our employees to play a major role in supporting the accomplishment of the Company's overarching strategic objectives. By setting individual goals and objectives aligned with the Company's goals, planning performance to achieve the goals, reviewing and assessing progress and developing their skills and knowledge, employees are contributing to the growth and development of the Company.

Our employees also have a clear understanding of their career development prospects through our annual Talent Reviews and Leadership Assessments. A total number of 4,944 employees were appraised in FY 2021. These appraisals cut across Senior Management, Middle Management and Junior Management cadres.

Succession Planning

To ensure our business continues to run smoothly, we engage in a future-focused practice of recognizing the knowledge, skills, and abilities required to perform certain critical functions across the Group. We then develop a plan to empower individuals within the firm to perform these unique competencies for effective replacement. Known as the "Mission Critical Roles", our succession plan is focused primarily on keeping talent in the pipeline. It involves an assessment of each of the critical roles and functions within the business, and then grooming talent to act as successors for those roles to avoid a succession gap. Our annual talent review programme provides a platform to identify the strengths and areas of improvement of individuals within the Group and design developmental needs required for upskilling.

EMPLOYEE AND LABOUR RIGHTS

The Company recognises employees' rights to form and be members of representatives Trade Unions of their choice in accordance with the law. Our employees are members of the following trade unions; the National Union of Food Beverage and Tobacco Employees, Food Beverage and Tobacco Senior Staff association, Nigerian Union of Agriculture and Allied Employees (NUAAE), National Union Of textile, Garment and Tailoring Workers of Nigeria, and Textile Garment and Tailoring Senior Staff Association of Nigeria.

Also, in line with best practice, notice period and/or provision for consultation specified in collective agreements are provided for restructuring operational changes across the Group.

As parts of efforts to protect employee and labour rights, we ensure that our employees have coverage and access to collective bargaining, as shown in figure 4.4.6 below.

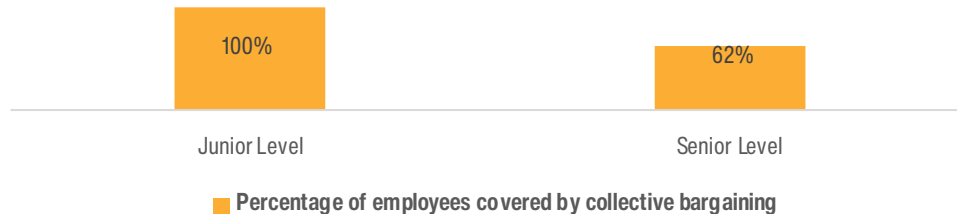


Figure 4.4.6: Percentage of employees covered by collective bargaining

To enhance the rights of employees, we trained 20 security personnel (1 FMN-employed senior personnel and 19 outsourced officers) and 91 (57 FMN-employed security personnel and 34 outsourced officers) in 2020 and 2019 respectively on supernumerary police trainings which included modules on human rights. The security officers were exposed to theoretical and practical learnings on human relations, communication skills, etc.

Our Policy on forced labour and child labour is clearly communicated with our internal and external stakeholders. All forms of forced labour and child labour is prohibited in our operations and activities. In the year under review, we recorded no incident of child and/or forced labour nor young workers exposed to hazardous work across our operation sites and among supplier groups.

Employee Engagement

Our employees have the right to free opinion and to fully exercise their abilities and skills. We are constantly working to enhance working conditions for our employees, build their trust in the Company and to keep them engaged and motivated. We conduct employee engagement through surveys and interactions regularly (on a yearly basis). This is followed up with focus group discussions within each unit or business to gauge our employees' level of contentment and gain their views on their current working conditions. This has enabled us to respond with specific initiatives tailored to serve our employees better.



FMN's Village Meeting with the GMD – Giving our employees a voice:

Identified as a critical factor of success, we have designed an informal and productive employee engagement platform to enable employees discuss their needs, preferences, and ideas with Management. Called the "GMD's Brief" and held every quarter, the brief gives all employees in the Group an opportunity to have a one-on-one interaction with the GMD. The meeting typically starts with the GMD giving his report on the business and the outlook for the year. Employees then get an opportunity to send in questions (employees can remain anonymous if they choose to.) Before the outbreak of Covid-19, the meetings were held across all key locations including Lagos, Ibadan, Agbara, and Calabar, etc.

The meetings are organized in various sessions to allow all cadres of employees to attend. In line with Covid-19 regulations, the meetings have since become a virtual event. These meetings have resulted in increased employee productivity as well as, improved understanding and relationships between the Management and the employees.

Through the grievance mechanism system established by the Company, our employees are encouraged to speak up and raise their complaints, in confidence and without fear of retaliation. In the year under review, no grievances related to human rights filed through the formal organisation grievance mechanisms were recorded.

WELFARE, REWARDS AND COMPENSATION

As a responsible organisation, supportive of its employee's welfare and wellbeing, we offer outstanding Complete Rewards Package that is performance based and market competitive. The Rewards package includes salaries, bonuses, incentive programs, and a range of benefits designed to meet our employees' diverse needs while enhancing their wellbeing and that of their families. Part of the benefits provided to our employees include:

- Flour Mills of Nigeria's medical insurance policy (includes spouse and up to 4 children)
- Flour Mills of Nigeria's contribution to Pension funds
- Group Life insurance
- Employee Compensation insurance
- Incentives
- Bonus payments
- Leave Allowance
- Flour Mills of Nigeria's Gratuity scheme
- Maternity Leave
- Paternity Leave

In an increasingly competitive market space, we continuously strive to stand out in terms of benefits and investment in our employees. As a result of this, our benefit plan has been made to feature a scholarship programme. The Company provides scholarship to children of permanent employees on job class 6 – 9, Senior and Junior staff whose appointment have been confirmed. Maximum of 15 University and 25 Secondary school employees' children benefit from the scheme annually across the group. Since inception, over 180 University and 306 Secondary school children have benefited from the scheme.

So far, over N180 million has been spent on the program. Annually, N10 million is set aside as budget for the program. Currently, 172 beneficiaries are on the scholarship scheme, 49 University and 123 Secondary school students. This has helped to bridge the education affordability gap for employees' dependents and has also demonstrated our interest in the personal development of our employees and their families.

The company also has a clearly defined Remuneration Policy. The policy contains a description of the basic principles of the Company's remuneration policy and particularly with respect to executive and non-executive board members, and a detailed presentation of the different elements comprising their remuneration. The Board also has a Board Remuneration / Governance Policy providing support towards Director appointment and compensation. The following are principles guiding remuneration of directors within our company; competitive compensation, attraction and retention, performance related, fairness, transparency. Also, we create an opportunity for stakeholder feedback on Director's remuneration, during our Annual General Meetings (AGMs). All of these help us ensure that our people are fairly compensated in line with acceptable local and international best practices.

In addition to these, the employee canteens at Iganmu, Apapa and other major sites continue to provide healthy meals in a very conducive environment and at subsidized rates.

Facts to show our progress on supporting our employees' welfare and wellbeing in FY 2021 are shown below.

1. We continually encourage our employees to take up the parental leave. The chart below indicates an increase in the number of male employees entitled to paternal leave across the Group within the last three(3) years.
2. In line with best practices, FMN encourages its employees to take the parental leave to which they are entitled. As shown in Fig 4.4.7a below, there has been an increase in men's uptake of the parental leave within the last 3 years. This further emphasizes our commitment to equitable gender choice for parental leave entitlements. These numbers shown in this chart remain the same for the number of employees that returned to work after parental leave and the number of employees still employed after twelve months from the date of return to work after parental leave, indicating an 100% return to work rate for employees who took the parental leave between 2018 and 2021.

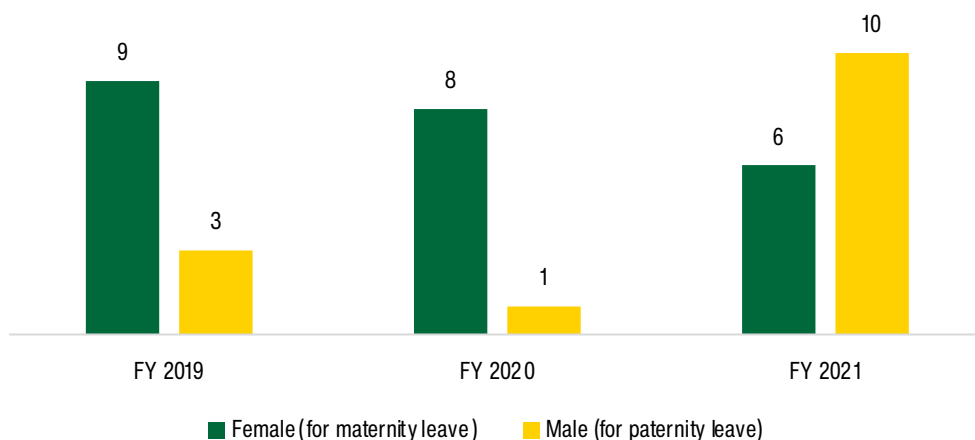


Figure 4.4.7a: Number of employees that went on parental leave, returned to work after parental leave and are still employed after twelve months from date of return to work from parental leave by gender.

- As shown in Fig 4.4.7b below, over the past three years, we have experienced 100% return-to-work rate for employees who went on paternity or maternity leave. This indicates a steady retention rate of employees who took the parental leave.

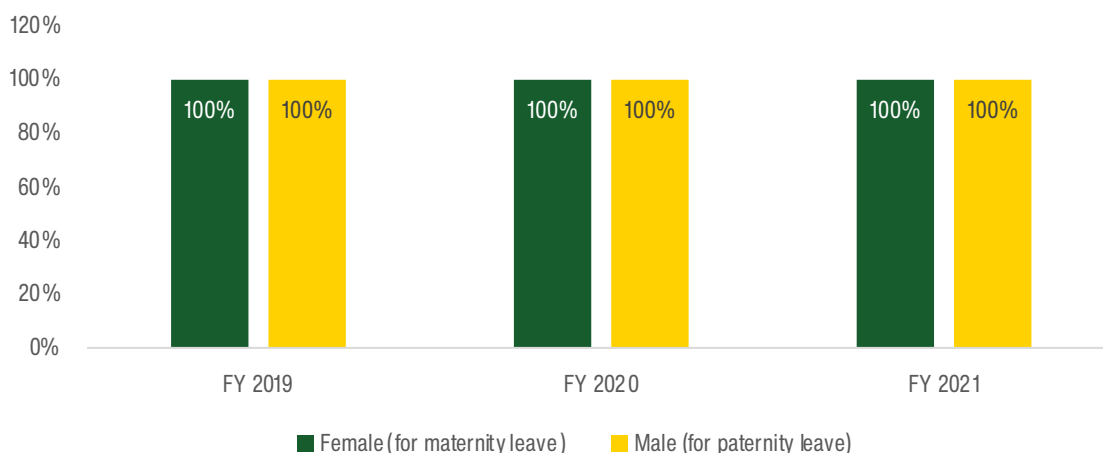


Figure 4.4.7b: Return-to-Work rate for employees that took parental leave in this FY

- As shown in the figure below, in 2020, the Group experienced an uneven pattern of turnover by age and gender. However, across all categories, only 26 female employees have exited the Company within the year 2020 compared to the 142 male employees who have exited the Company within the same period. This indicates potential equity in the workplace

Table 4.4.3: Employee turnover in FY 2021, by age group, gender.

Employee Category	<30	30-50	>50	MALE	FEMALE	TOTAL (by gender)
Senior Management (Executive Management Jc 1 - Jc4)						
Resignation	0	0	5	5	0	5
Retirement	0	0	1	1	0	1
Voluntary Retirement	0	0	0	0	0	0
Dismissal/Suspension	0	0	0	0	0	0
Death	0	0	0	0	0	0
Redundancy	0	0	0	0	0	0
Transfer to Jvs/Subsidiaries	0	0	0	0	0	0
Middle Management (Jc5 - Jc6)						
Resignation	1	25	3	25	4	29
Retirement	0	0	0	0	0	0
Voluntary Retirement	0	0	0	0	0	0
Dismissal/Suspension	0	0	0	0	0	0
Death	0	0	1	1	0	1
Redundancy	0	0	0	0	0	0
Transfer to Jvs/Subsidiaries	0	0	0	0	0	0
Lower Management (Senior Staff Jc7)						
Resignation	4	13	0	12	5	17
Retirement	0	0	1	1	0	1
Voluntary Retirement	0	0	0	0	0	0
Dismissal/Suspension	0	1	0	1	0	1
Death	0	1	0	1	0	1
Redundancy	0	0	0	0	0	0
Transfer to Jvs/Subsidiaries	0	2	0	2	0	2
Staff (Junior Staff Jc8 - Jc9)						
Resignation	4	40	10	45	9	54
Retirement	2	6	18	25	1	26
Voluntary Retirement	0	0	0	0		0
Dismissal/Suspension	0	6	0	0	6	6
Death	0	7	4	10	1	11
Redundancy	1	9	4	14	0	14
Transfer to Jvs/Subsidiaries	0	0	0	0	0	0
TOTAL	9	78	18	87	18	

5. The figure below also shows a decrease in the number of new hires from 2019 – 2020 across different employee level. This indicates the optimal use of available labor and talent at different levels.

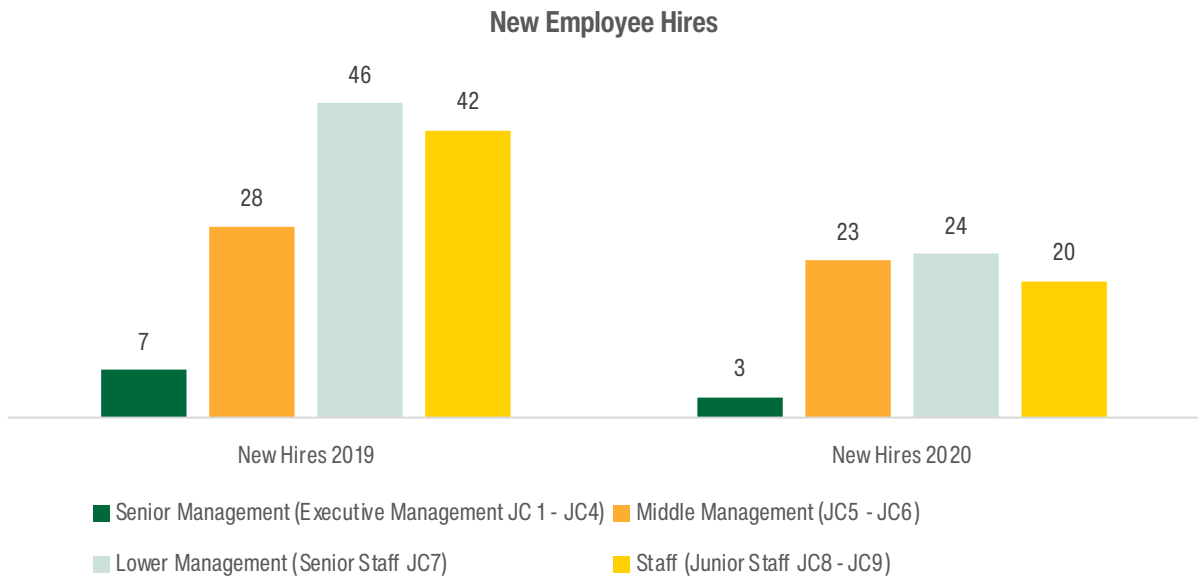


Figure 4.4.8: New employee hires by employee level from 2019-2020

6. The figure below shows a steady increase in the benefits plan provided to our employees over the last three (3) years.

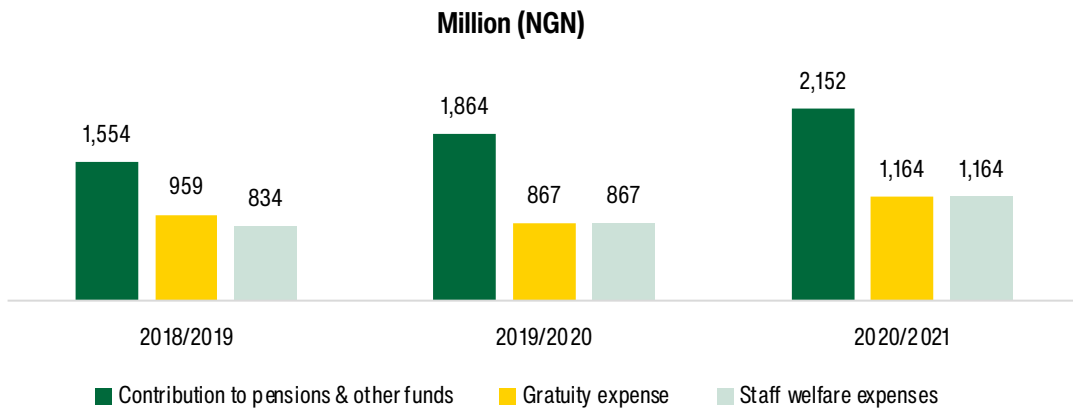


Figure 4.4.10: FMN's employee benefit plan and coverage from 2018-2020

Employee benefit plan remains one of the most profound ways through which we drive up employee motivation and show that we truly care for our people. The computation of these packages (contribution to pensions & other funds, gratuity expense, staff welfare expenses) are transparently done and accounted to all our staff member.



Community Investments and Relations

For us at FMN, success is seeing our host communities thrive beyond the present. To ensure this, we continue to explore collaborative options and place utmost priority on nurturing and stimulating the progress of the communities where we operate and, on developing a closer integration with them.

Our ambition to make positive societal impact is expressed through our community investment programmes. Over the years, we have placed significant value on social investments to promote industrial development and create self-sustaining communities. In line with our aspiration to drive impact at scale and improve lives, we continuously invest in our communities to advance meaningful change.

During the period being reported, there were no records of incidents of violations involving the rights of indigenous people.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our goal is to ensure that the impact of our business operations transcends beyond financial benefits to cover infrastructure development, education, and people empowerment. We aim to connect our host communities to greater economic and social opportunities through our corporate social investments.

As detailed in Table 4.5.1 below, our CSR Projects go through a thorough and holistic process from conception through to completion, to ensure that they are properly implemented.

Table 4.5.1: FMN CSR Implementation Process

CSR Pre-Implementation	CSR Implementation	CSR Post-Implementation
Our CSR investment projects stem from an in-depth and transparent needs assessment conducted in collaboration with the community representatives. Although, guided by our CSR pillars, sometimes, the critical needs of the community take precedence. This provides an opportunity for FMN and its subsidiaries to demonstrate flexibility and the freedom to select CSR projects based on the immediate needs of the community.	Internally, our processes have evolved over the years - our CSR projects are implemented in partnership with related departments within FMN. For example, all infrastructure-related projects are executed in partnership with our Technical department to provide technical expertise, guidance, and insight. The implementation process is a robust and transparent one - the CSR projects is assessed and approved by the CSR Unit and is assigned to the relevant technical unit, depending on the nature of the project. Upon Management approval, the project scope is discussed and agreed with necessary stakeholders. Procurement procedures take place in line with our procurement policy to source for contractors and thereafter, the project is commissioned to begin.	To ensure that our CSR projects are working and serving the required purpose, we have put systems in place to ensure that beyond handing over, the projects are sustainably managed. We achieve this through periodic evaluation and monitoring exercises which includes the deployment of questionnaires to the beneficiaries to assess the success and impact of the project.

As the years progressed, we have shifted away from ad-hoc CSR to a more strategic and structured approach which reflects our capacity in how we assess the critical developmental needs of our host communities. This has helped us to deploy a more strategic pathway to corporate social investments which involves 5 pillars as shown in the figure below.



Figure 4.5.1: FMN Corporate Social Responsibility Pillars

Aligned with our corporate strategy and our mantra of “Feeding the Nation Everyday”, these focus areas reflect our stakeholders’ development priorities and motivates our actions towards creating value for our society across various dimensions. Based on our five (5) pillars of CSR, we have driven sustainable socio-economic development across several Nigerian communities through the following CSR projects. -

PILLAR 1 - EDUCATION

We aim to increase access to quality education, promote research and empower people through skills development. The following are some of the projects executed to date, to support this pillar.



- Renovation of Primary Schools
- Vocational Centre for Special-needs Children
- Construction of a block of six classrooms at the LA Primary school, Ajara, Badagry
- Construction of a Cafeteria building at Badagry Secondary Grammar School, Badagry
- Flour Mills Food Research Centre, University of Ibadan
- Renovation of Classrooms at Food Technology Department, Yaba College of Technology
- FMN Baking School
- Donation of vehicles to academic institutions
- Provision of school benches in Dzagun and Kanzhi schools
- Renovation of Schools in Batagi, Kanzhi, Dzagun and Sunti

PILLAR 2: ENVIRONMENTAL SUSTAINABILITY



To preserve the eco-system through eliminating and reducing of wastes and emissions, maximising energy efficiency and minimising practices that may adversely affect the environment. Some of the projects executed under this category are:

- Commissioning of an Effluent Treatment Plant at our PCPL site in Ogun state
- Flood relief materials for host communities
- Building of drainage in Ja'agi community

PILLAR 3: HEALTH, SAFETY AND WELFARE



Through our CSR activities, we are working to improve the health and wellbeing of our surrounding communities. The following are some of the CSR projects implemented under this category in FY 2021

- Refurbishment of Dental Clinic at Faculty of Dental Sciences, College of Medicine, University of Lagos.
- Branding of the Dental Bay, Faculty of Dental services, College of Medicine, University of Lagos
- Nigerian Humanitarian Fund- Private Sector Initiative
- Donation to Nigerian Red Cross
- Humanitarian donation of food items to strategic communities in Lagos
- Donation to Society for welfare of the Blind
- Medical outreach and Orphanage visit
- Medical Outreach Partnership with donation of BP machines and Accucheck Machine at the Abanla Community, Oyo State.
- Support to Kamarise Landlord Association, Alomaja, Ibadan towards the Purchase of Transformer Stopper
- Food products donation to the Youths of Oluyole LGA Ibadan
- Repair of Bore-Hole Machine earlier donated to Ogundele Community, Idi Ayunre, Ibadan
- Donation of a Refrigerator to Motor Traffic Dept. of the Nigerian Police Idi Ayunre, Ibadan.
- Donation of Company Products to Winnies Castle Orphanage Home
- Distribution of Quarterly PR Products to our Host Communities
- Yearly Donations/Support as Christmas Gift to our Four (4) Host Communities and Youths
- Niger Mills host Manufacturing Association of Nigeria (MAN)
- Stocking of two fish pounds (Sunti and Batagi communities) with five thousand (5000) fingerlings of fish each, managed till ready for harvest before handing over
- Ramadan gift to host communities, Estu Nupe's palace and LGA
- Payment of out growers benefit to each of the 34 communities
- Gift of Thermometer for temperature check

PILLAR 4: INFRASTRUCTURAL DEVELOPMENT



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

- Apapa road rehabilitation in partnership with other industry stakeholders.
- Rebuilding of collapsed fence in Essien Town in 2020
- Construction and commissioning of the Customary Court for the Ososa Community in Ogun state
- Back filling of road from Ja'agi to Sunti Estate Junction
- Back filling of Dukun Iwa'afu road
- Back filling of Dukun Iwa'afu road
- Maintenance of Ikoha community road
- Ongoing construction of Borehole at Ikoha community
- Ongoing renovation of Junior Secondary School at Ugbogui community



PILLAR 5: SECURITY



As a responsible Company, we commit to building safe communities and promoting peace within the society. The following are some of the projects executed under this category during the period.

- Replacement of complete ford ranger engine for Mokwa divisional police office
- Resource support to Security operatives (FRSC, LASTMA, NPF etc)

Aligned with our corporate strategy and our mantra of “Feeding the Nation Everyday”, these focus areas reflect our stakeholders’ development priorities and motivates our actions towards creating value for our society across various dimensions. Based on our five (5) pillars of CSR, we have driven sustainable socio-economic development across several Nigerian communities through the following CSR projects. -

Value of budgeted sum for CSR project versus eventual amount expended in FY 2020/2021. "000,000 Naira

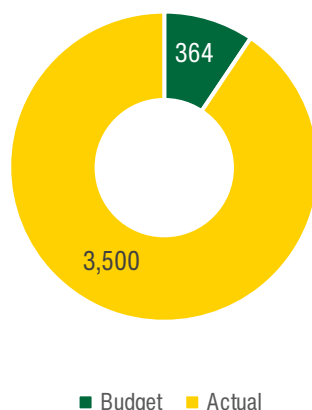


Figure 4.5.2: Budget sum for CSR projects versus Expended sum

Our employees also drive our CSR aspirations through “Employee Volunteerism”

We are continually making strides to embed employee volunteering as an integral part of our CSR programmes. We encourage our employees to get involved with the local communities, build relationships, and serve the community needs. Our employee volunteering activities include the World Aids Day, where our employees create public awareness on HIV. Our employees also carried out sensitisation programmes to create awareness on the COVID-19 pandemic.

Donations

Our annual donations serve as an opportunity to make a difference and positively impact the lives and livelihoods of people in our host communities. We actively make charitable donations in form of cash and company products in line with our CSR Pillars. Our donations have increased over the last three (3) years.

The table below shows details of some major donations from 2018 – 2020.

Table 4.5.2 Our Donations in 2020/2021



FY 2021		
S/N	Description	Amount (N)
1	The Nigerian Private Sector Coalition Against COVID-19	3,350,000,000.00
2	Coalition support for COVID-19 (including vaccination program support)	50,147,918.00
3	Federal Nigerian Society for the Blind	250,000.00
4	Humanitarian donation of bread to strategic communities in Lagos	20,947,500.00
FY 2020		
S/N	Description	Amount (N)
1	The Nigerian Private Sector Coalition Against COVID-19	1,000,000,000.00
2	Donation of COVID-19 relief materials to Federal and State governments	149,413,148.00




FY 2019		
S/N	Description	Amount (N)
1	Donation to Nigerian Red Cross	500,000.00
2	Donation to Society for welfare of the Blind	1,000,000.00
3	Nigerian Humanitarian Fund- Private Sector Initiative- FMN joined the Nigerian Humanitarian Fund- Private Sector Initiative- an initiative between the United Nations and the Private Sector in Nigeria. A platform for the UN and Private sector to join forces, through a Country-based pooled fund, to help save and rebuild lives of victims of the north-east crisis in Nigeria. FMN supported the launch with N5million	5,000,000.00

Testimonials

Testimonials are echoes of our impacts – from the voice of our CSR project beneficiaries. In line with our commitment to ensure that CSR projects make a difference, we have received several positive feedbacks from project beneficiaries across Nigeria. Below are some of the testimonials for our projects

Table 4.5.3: Testimonials from beneficiaries to our CSR activities are highlighted below

FMN Baking School	Apapa, Lagos		<ul style="list-style-type: none"> • “The training is an eye opener for me. I will love to come back” • “I have learnt so much in 4 days than I learnt in an international training” • “I have been brought back to the basics of bread baking. Thank you Flour mills” • “I have learnt step-by-step production of wheat bread. I am going to expand my range of products” • “I appreciate the business development class. I am going back to take charge of my finances as I can now calculate my total cost and profit margin effectively” • “This is a complete school; the training touched every aspect of baking business. Every serious baker needs to be a participant”. • “The training is very rich, and your staff are very courteous and intelligent. Indeed, Golden Penny is number 1.” 	Participating bakers
Flour Mills Food Research Centre, University of Ibadan	Federal Nigerian University		<p>“I wish to express profound gratitude to FMN for supporting food research and training at the University of Ibadan through the George Coumantaros Distinguished Professorship and promise to continue to faithfully discharge the responsibilities of the position and to advance the cause of the Flour Mills Food Research Centre.”</p>	

Empowerment Project for 30 Youths in Oluyole Local Government Area	Local Government Area in one of the States in Nigeria		<p>In recognition of her meritorious service and unparalleled contribution to the growth and development</p> <p>in Oluyole Local Government, the Oluyole Youth Council presented an award of meritorious service and unparalleled contributions to ROM Oil Mills Ltd.</p> <p>The award was given as a token appreciation by the Youth Council for adding meaning to their and communities.</p>
Construction of Vocational Center for Children with Special Needs	Not for Profit Organisation focused on people with special need (based in Lagos)		<p>Thank you sir for the most recent opportunity to construct a Vocational Center for Children with Special Needs.</p> <p>Through this project, FMN has demonstrated its compassion and love for children with disabilities.</p>
Installation of 8 Dental Units & Oratory Improvements	College of Medicine (Federal University in Nigeria)		<p>We are extremely appreciative of the contribution of FMN to the improvement of facilities in the Faculty.</p> <p>We hope to work further with the organisation in the near future.</p>

RELATIONSHIP WITH OUR HOST COMMUNITY

We continuously engage in direct dialogue with our host communities and stakeholders to discuss initiatives, provide feedback and address complaints and comments. With several internal dialogue platforms which include townhall meetings, we have been able to build a safe and cordial relationship with our host communities and Government. In FY 2021, we conducted townhall meetings with our host communities across different locations in Nigeria. These meetings gave us a much-valued opportunity to feel the pulse of community members, identify areas of concerns, and jointly map out strategic intervention and remediation programmes.

We have designed effective strategies to foster a cordial relationship with our host communities. To close the gulf between the community members and the organisation and connect closely with them, we have created the FMN Community Relations Committee. Besides from sustaining proactive communication with community leaders, the Community Relations Committee is tasked with creating a community engagement plan, providing input, reviewing, monitoring, and evaluating the quality and effectiveness of our relations with the host community and the communication channels deployed. We also engage the community by conducting a Needs Assessment Programme for our CSR projects. The members of the community are actively involved in the conception, implementation, and evaluation of our CSR projects. This has promoted a unified voice in our CSR efforts and helped us make greater impact while maintaining close relationships with the community members. For example - **In the Ososa Community in Ogun State, the machinery of justice was rudimentary, and disputes were settled through the indigenous traditional tribunals. As a result of our frequent dialogues with members of this community, we identified a critical need to institutionalise the system of justice. In 2020/21 we partnered (through PCPL) with the Ososa community to construct and a Customary Court. This has helped to establish a standard criminal and civil procedure in the community and enhance justice delivery.**



Fig 4.5.3: Customary Court constructed in Ososa Community

OUR COVID-19 RESPONSE

Our lasting commitment to corporate social investments was especially evident during the COVID-19 pandemic. One of our primary focus for 2020, was providing relief and support for those affected by COVID-19 across the Nation. To this cause, the Group donated about N3.4 billion from 2019 - 2021, assisting the Government in supporting communities and individuals affected by the pandemic. Our contributions were specifically intended to provide immediate support to the most affected parts of the country by providing cash, food products and medical supplies to frontline medical and emergency responders across the country.

Seeing the economic hardships facing many people as a result of the necessary public health restrictions on movement, the company, in partnership with relevant government authorities, donated food across the country in fulfilment of its purpose of “Feeding the Nation, Everyday”. The Company also donated truckloads of its Golden Penny brand food products to Lagos and other States across Nigeria. The donation to over 15 states across the nation, catered for vulnerable Nigerians with food supplies. For example – we participated in the Nigerian Private Sector Coalition Against COVID-19 and provided coalition support (including vaccination program support).

Our subsidiary, Niger mills, supported the State Government with Company Products as palliative during the COVID - 19 lockdowns to ameliorate the Citizens from the effect of the pandemic. The company also donated products to Cross-River state as palliatives during the lock down to ameliorate the economic challenges of vulnerable people in the State. The Group also supported the fight against the spread of Covid-19 by embarking on a social campaign to sensitize employees, vendors, and host communities about the second wave of the pandemic. The campaign was titled **“We care about your safety and won’t tolerate those who don’t”**.



Fig 4.5.4: FMN Community Outreach programme during the pandemic (Lagos)



Fig 4.5.5: Apapa, Niger Mills and EPFM Calabar Community Outreach Programme



Additionally, we keyed into our global supply network to donate critical medical supplies at a time when the world was experiencing a widespread shortage of medical supplies. In addition to cash donations and food relief products, we also provided medical aid through the donation of medical equipment and kits.

The organisation imported COVID-19 Pharmaceuticals and Equipment including about 60,000 units of COVID-19 testing kits, 75 ventilators and Personal Protective Equipment (PPE) for 10,000 medical and emergency workers. The medical equipment significantly expanded Nigeria’s testing capacity and provided the much-needed support to medical emergency workers across the country to ensure that the transmission of the virus was reduced, and lives saved.

Recommitting to our Strategic Sustainability Aspirations



05



Recommitting to our Strategic Sustainability Aspirations

At FMN, we prioritize food security, local content development, gender diversity, inclusion and equity, energy efficiency, and health and safety. These issues drive company-wide innovation and strengthen our ability to improve the lives and livelihoods of our employees and communities across Nigeria. We have taken these issues into account in the articulation of our purpose as a business and in the development of our long-term strategy and defining and setting our goals and targets. Some of the specific goals from this process include increasing operating efficiency, reducing our environmental footprint, and creating shared benefits for our stakeholders and future generations.

The following are our major aspirations going forward as we continue to evolve in the sustainability transition:

- To increase socio-economic value through local wheat production
- Strengthening sustainable agriculture and sectoral growth through agronomy support for farmers
- To enhance the development of people and communities through local content development initiatives and practices
- To implement processes / practices that will further entrench Operational Safety and Quality
- To invest in improving company-wide environmental safety and energy efficiency
- To ensure female representation on the Board is increased and further the support for women within the organisation

INCREASE SOCIO-ECONOMIC VALUE THROUGH LOCAL WHEAT PRODUCTION

The current wheat production deficit in Nigeria underscores our organisation's commitment to increase the production of local wheat in Nigeria. This drives our continuous collaboration with other flour millers through the Flour Milling Association of Nigeria (FMAN) to help Nigeria address the wheat production gap and achieve self-sufficiency in wheat production. In June 2016, FMAN and Wheat Farmers Association of Nigeria (WFAN) signed a Memorandum of Understanding to offtake all available wheat grains produced by Nigeria wheat farmers in line with agreed quality parameters, and prevailing market prices.

This collaboration is already yielding fruit and has been pivotal in commitment to continuously support the Government in its effort to improve local wheat production and develop the Nigerian wheat value chain.

This collaborative approach has started to yield results. This includes the aggregation of over 800 tons of wheat across 3 states and the provision of mechanized harvesting and threshing services to 493 farmers. The approach has been projected to further strengthen the local supply chain, while ensuring that Nigerians can gain access to locally grown wheat at decent prices and guarantee the steady supply of raw material to the downstream segments of the value chain like bakeries. To show our commitment to achieving these projections, we committed N200 million to finance field operational activities geared towards accelerating wheat development programs in Nigeria.

Furthermore, achieving long-term sustainability in wheat production is the main thrust of our 5-year strategic plan. The strategic plan aims at boosting the production of locally grown wheat through the following:

- Intensify efforts to develop local wheat, with a focus on irrigation, viable seeds, and effective government engagement.
- Develop and execute a scheme aimed at multiplying local seeds to increase local seed output.
- Promote research and innovation on other local content raw materials with the focus of creating a range of local content driven products.
- Increase efforts to assure high-quality and high-end products which will establish effective cost management structures.

Through focusing on developing wheat production through enhanced agricultural inputs, we aim to actively contribute to the attainment of SDG 2 in our community. Promoting resilient agricultural practices along the local wheat value chain will increase the productivity and production of local wheat in Nigeria, ensuring sustainable food production systems that help maintain ecosystems and progressively improve land and soil quality.

STRENGTHENING SUSTAINABLE AGRICULTURE AND SECTORAL GROWTH THROUGH AGRONOMY SUPPORT FOR FARMERS

The organisation is taking active and responsible actions to help farmers improve the resilience of their fields, increase yields and output, and increase the economic value of their produce over time. We will continue to ensure we achieve this through fostering effective collaboration with farmers by executing a range of “Agripreneurship” programmes that provide small scale farmers access to skills and markets. This is demonstrated in our “YALWA” project which aims to increase maize and soybean production in the country through strategic alliances, input loans, agricultural extension, agronomy training, farm-gate participation, and out-grower schemes. Our commitment to sustainably grow the indigenous agro-distribution network by supplying farmers with high-quality seeds, fertilizer, and other inputs, as well as optimal agronomic techniques that will drastically enhance yields will be continuously enhanced

Our medium- to long-term strategy in the edible oil and fat value chain is to continue investing in the enabling structures that will allow us to gradually increase local palm and soya bean production, breaking the yield curve, and eventually substituting locally produced oils and fats for domestic and export use. Through our strategic collaborations we will continue to strengthen the value chain for improved backward integration, which will enhance the growth and accelerated development of local cassava production.

Our collaboration with Context Global Development (CGD), Sahel Consulting Agriculture & Nutrition Limited, and International Institute of Tropical Agriculture (IITA) is delivering the production of clean seeds of specific cassava varieties through a model that utilizes semi-autotropic hydroponics (SAH). This model significantly lowers production cost while accelerating the introduction of new varieties in the market. These highlights our commitment to continuously build an economically sustainable cassava seed system in Nigeria as smallholder farmers use these improved varieties that come at lower cost but enhances the yield capacity of the farmers.

This aspiration is underpinned by our commitment to contribute to Nigeria’s achievement of SDG2 on ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture and SDG8 on promoting inclusive and sustainable economic growth, employment and decent work for all.

ENHANCE THE DEVELOPMENT OF PEOPLE AND COMMUNITIES THROUGH LOCAL CONTENT DEVELOPMENT INITIATIVES AND PRACTICES

We will continue to expand investments in backward integration projects across our value chain as a strategic imperative to diversify and add value for our stakeholders and the general Nigeria society. To demonstrate our commitment to this goal, a Local content, food security, and nutrition board committee has been created at the company’s Board with the aim of reducing the country’s reliance on imported raw materials by raising and expanding its local content share.

In line with our management’s commitment to our stakeholders, we continue to focus on operational efficiency with accelerated plans for cost optimisations across the group to ensure continuous positive impact from our business operations and activities. This is at the root of our commitment to actualize our 5-year plan which revolves around pushing more volume to B2C, engaging and leveraging on route to market expertise to broaden B2C products offering to the market as well as addressing the supply chain issues militating against the value chain with a focus on expanding our reach.

We are organically developing our client base in our 5 major businesses by using continual product innovation and transformation in new markets, as well as operational efficiency through route-to-market investments and quick expansion in the B2C sectors. To consolidate on these gains and enhance societal impact, we will continue to focus on achieving the purpose of “feeding the Nation, everyday” through the execution of our overall long-term strategy set across 6 strategic focus areas. The core priorities include.

- B2C transformation from winning route to consumer and expanded portfolio in key and emerging categories, with clearly articulated value propositions.
- Local content innovation targets of 5% by 2022. This will be achieved through the launch of our breakfast cereal which will feature locally sourced raw materials followed by the launch of our choco and Mayo projects.
- Maximizing value in B2B through enhancing value propositions and driving regionally differentiated plans in Bread flour to maximize margin.
- Overhauling customer service provisions through initiating project Burning Spear to achieve best quality and service in the supply chain.
- Identifying and exploring the feasibility of several external and synergistic targets which will aid inorganic growth across our 5 core business areas.
- Exploring the elements of leadership (establishing an Extended Food leadership team), culture (adopting and executing a project management approach to deliver on key projects), and talent (improving our commercial

capability) in creating a winning operating model.

These aspirations are underpinned by our commitment to achieving the targets of SDG 8 in our local communities. We aim to promote sustainable growth in our local communities through the development of local content goods which will strengthen backward and forward linkages along the local value chain.

IMPLEMENT PROCESSES / PROJECTS THAT WILL FURTHER ENTRENCH OPERATIONAL SAFETY AND QUALITY

We are taking deliberate steps to track and assure adherence to existing legislation and standards that provide guidance on food safety and quality. FMN's zero fine records in FY21 is indicative of our commitment to ensuring product safety and quality regulations and standards. This drives our long-term goal to certify all our regional mills with ISO 9001:2015 (Quality Management System) and FSSC 22000 (Food Safety System Certification) certifications within the next 3 - 5 years. Our targets to achieve this include,

Table 5.1 Targets Set to Certify Our Regional Mills

Facility	Certification	Target Year
Niger Mills	FSSC	2023
Eagle Flour	QMS and FSSC	2021-2023
NNFM Plc	QMS and FSSC	2023-2025

We will also continue the implementation of practices that promotes safe, healthy and sustainable workplace. This is of immense priority to us as it will enable us to achieve our objective of Zero Harm in the Workplace.

Our Safety Violation and Consequence Management Policy is helping to effectively manage and carefully assess any infringements of health and safety rules. This policy will continue to promote the fair application of corrective actions, as we will continue to ensure that when we observe and identify behaviours that fail to comply with our health and safety standards at the individual, organisation and systemic levels.

Though we have achieved 50 percent drop in the Lost Time Injury Frequency Rate (LTIFR) and zero fatalities, we are committed to driving continuous improvement in this area of our business. Our commitment to creating a safe, healthy and sustainable workplace is buttressed by SDG 8. We aim to continuously protect labour rights within our organisation while promoting a safe and secure working environment for all workers.

INVEST IN IMPROVING COMPANY-WIDE ENVIRONMENTAL SAFETY AND ENERGY EFFICIENCY

We are committed to the reduction of carbon emission from our business operations and activities and embed efficiency in our energy use. This commitment is driven by our climate change agenda and decarbonisation transition which aligns with the Paris Agreement and Nigeria's Nationally Determined Contribution (NDC) to reduce carbon emission to 1.50c pre industry levels. Therefore, we will continue to enhance our operation and activities by investing in climate smart technologies. Through exploring several energy-reduction options, we are effectively reducing our energy consumption which has led to a 10% reduction in energy consumption over a period of three years.

To further demonstrate our commitment to address our impact, conserve resources, and improve socio-economic outcomes through efficient energy management, we are migrating to the use of cleaner fuels for our power generation operation across our facilities. This has led to the installation of gas plants in several of our facilities, such as Premium Cassava Products Limited, to replace the existing diesel generators which constitutes a major component of our carbon footprint. We are gradually scaling our utilisation of clean fuels in energy generation from 78% to 85% in 2021, with the goal of achieving 90% utilisation of clean fuels across the group over a period of 3 years.

The organisation is committed to remain energy efficient by aligning operations with the set requirements for establishing, implementing, maintaining, and improving an energy management system. This has propelled our drive to attain ISO 50001 (Energy Management Systems) certification for our subsidiaries with the goal of certifying our production sites by June 2022. Our people are at the center of our energy efficiency drive, as such, we will continue to develop qualified internal resources by empowering them to be CEM / CEA certified, to help track our energy consumption and carbon emissions.

Our sustainable approach to energy management in line with our climate change agenda and decarbonisation transition has resulted in the following projects.

- Installation of the Siemens 2No. SGT400 turbines with waste heat recovery capability. This installation achieves 28,000 tCO₂e reduction in Green House Gases (GHG) emission per annum by redirecting heat for the refining of sugar.
- Installation of 3No. waste heat recovery systems at BAGCO Iganmu which captures the heat emitted from the generators and redirects same to serve the heating needs of Golden Pasta. This installation achieves 2,900 tCO₂e reduction in Green House Gases (GHG) emission per annum
- Installation of 1No. SGT300 turbine with waste heat recovery at Golden Pasta, Agbara. This installation achieves 6,000 tCO₂e reduction in Green House Gases (GHG) emission per annum.

Our aspiration to be energy efficient in our activities is underpinned by our commitment to achieving the targets of SDG 7 in our community. Through our utilisation of clean energy, ensuring energy efficiency and promoting investments in clean energy technology, we are poised to contribute our quota to doubling the global rate of improvement in energy efficiency by 2030.

IMPROVE FEMALE REPRESENTATION ON THE BOARD AND FURTHER THE SUPPORT FOR WOMEN WITHIN FMN

Our recruitment, development and promotion of employees is rooted in building competent employees with diverse backgrounds, diverse gender, and other forms of diversity. Our goal is to continuously advance a workplace that is founded on the values of diversity, inclusivity, and equity. By promoting diversity, inclusion, and equity in the workplace, we aim to increase advocacy for gender equality, improve engagement and build connections between women across the organisation. To achieve this, we are significantly increasing the number of women in our management through adequate leadership, mentoring and trainings. This has led to the achievement of a 26% share of women in management. We currently have 2 women on the board, the first woman was appointed Dr. (Mrs). Salamatu Hussaini Suleiman joined the Board of FMN as an Independent Non-Executive Director on Wednesday 8th March 2017. Second Woman, Juliet Anammah was appointed 10th September, 2020.

We are also taking active steps to improve the visibility of women, both internally and externally. This drives the execution of strategic initiatives such as improving the participation of women in the subsidiaries. Our diversity, inclusion and equity agenda has been integrated into the talent pool with an aim to increase the number of women in the Graduate Trainee Program which currently stands at approximately 40%.

The company is also leveraging the FMN Mentorship Programme for Women initiative to improve women participation in mentorship programmes. The FMN Mentorship Programme for Women is a local initiative which aims at developing and upskilling our female employees. The programme ensures quarterly mentoring sessions with lead mentor and new sponsors with the goal of improving the engagement and participation of women in internal mentoring program by over 50%.

Living by our values, we are channelling our efforts to eradicate out systemic discrimination. We are addressing gender-based violence and harassment at work through the formulation of sexual harassment policies and awareness training for staff. We also commit to developing a sustainable workplace and supporting the health and well-being of our employees through the implementation of flexible working policies for working parents. We aim to provide quality childcare support for working mothers by establishing a Creche at our Head Office by the end of 2022. This, we believe will boost female staff participation, employee retention and invariably enhance our organisational performance.

Externally, that is from a shared value micro-economic sense, we will continue to support women entrepreneurs who are critical to Nigeria's sustainable socio-economic growth and development. Therefore, we have laid out a framework for our continuous support to women-owned businesses in our distribution network by developing training programmes aimed at encouraging women to start businesses, amongst other initiatives. Through the framework, we will continue to drive a gender-inclusive sourcing strategy. This strategy has so far resulted in a 30 percent rise in female vendors. Women are at the heart of sustainable development, thus our commitment to women development confirms our alignment with the targets of the SDGs 4, 5, 8, 11. We continuously promote women's full and effective participation and equal opportunities for leadership at all levels of decision-making in our organisation.

Appendix

06



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List of Abbreviations

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BIP	Backward Integration Programme
CGD	Context Global Development
CGRS	Corporate Governance Rating System
CO ₂	Carbon Dioxide
CSR	Corporate Social Responsibility
EDR	Endpoint Detection and Response
EESG	Environmental, Economic, Social, and Governance
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FMAN	Flour Milling Association of Nigeria
FMN	Flour Mills of Nigeria
FY	Financial Year
HSE	Health, Safety and Environment
IITA	International Institute of Tropical Agriculture
ISO	International Organisation for Standardisation
MSMEs	Micro, Small and Medium Enterprises
NAFDAC	National Agency for Food and Drug Administration and Control
NCCG	Nigerian Code of Corporate Governance
NESP	Nigeria Economic Sustainability Plan
NESREA	National Environmental Standards and Regulations Enforcement Act
NSMP	Nigerian Sugar Master Plan
OHS	Occupational Health and Safety
PCPL	Premium Cassava Products Limited
SAH	Semi-Autotrophic Hydroponics
UN SDGs	United Nations Sustainable Development Goals

Assurance

Flour Mills of Nigeria Plc
Sustainability Report Assurance
April 2022

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

The Board of Directors of Flour Mills of Nigeria Plc ("FMN" or "the Company") engaged us to provide independent limited assurance report for selected Key Performance Indicators (KPIs) and application of the content index requirements of 2016 Global Reporting Initiative (GRI) Standards: Core option in the 2020/2021 Sustainability Report of Flour Mills of Nigeria Plc for the year ended 31 March 2021.

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 2020/2021 Reporting Year (April 2020 – March 2021) ("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 2016 GRI standards: Core option 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 2016 GRI Standards: Core option.

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 102-43 Approach to stakeholder engagement	Products and Services — Customer Satisfaction Survey	Page 12 Page 50 – 51, 66
Economic	GRI Disclosure 201-1 Direct economic value generated and distributed	Employee Rights and Welfare — Employee Wages	Page 12 Page 55 - 56
Social	GRI Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities	Employee Rights and Welfare — Employee Fatalities	Page 12 Page 71 -72

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.

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Inherent limitations

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

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

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

Our independence and quality control

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

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

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

Professional standards applied and level of assurance

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

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

Procedures performed

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

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

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

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- ❖ Discussed with management and senior executives responsible for matters on sustainability;
- ❖ Interviewed primary process owners (key management staff) across departments including Human Resources, Corporate Social Responsibility (CSR), Sales and Marketing, Health, Safety and Environment (HSE) and Wellness / Clinic;
- ❖ 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 2016 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 2016 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 2020/2021 Sustainability Report.

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Our Responsibility

We are responsible for:

- ❖ planning and performing the engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement, whether due to fraud or error;
- ❖ forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- ❖ reporting our conclusion to the Directors of FMN.

Other matters and subsequent events

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

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

Restriction of use and liability

This report has been prepared on the basis that it is for the exclusive use of FMN, and for the purposes of expressing a limited assurance conclusion on the matters stated above, in accordance with the terms of our engagement, and for no other purpose. We permit this report to be disclosed in the 2020/2021 Sustainability Report for the year ended 31 March 2021, 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 2021, 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**
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20 April 2022
Engagement Partner: Lateef Surakatu
FRC/2021/009/00000023321



For enquiries or feedback concerning this report, please contact

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