

ANNUAL REPORT & FINANCIAL STATEMENTS 2022



YEARS OF CARING FOR
NIGERIAN FAMILIES



FRESH BREATH+ PROTECTION



Table of Contents

04	Unilever Purpose and Values
05	Our Brands
06	Unilever Corporate Profile
07	Board of Directors, Officers and other Corporate Information
08	Results at a glance
09	Notice of Annual General Meeting
13	Chairman's Statement
17	Managing Director's Report
22	Board Profile
28	Unilever Nigeria Plc Leadership Team
32	Report of the Directors
50	Sustainability Report
63	Statement of Directors' Responsibilities for the year ended 31 December 2022
64	Corporate Responsibility For Financial Reports for year ended 31 December 2022
65	Report of the Audit Committee to the members of Unilever Nigeria Plc
67	Independent Auditors' Report

Financial statements:

71	Statement of Profit or Loss and other comprehensive income
73	Statement of Financial Position
75	Statement of Changes in Equity
76	Statement of Cash Flows
77	Notes to the Financial Statements

Other national disclosures:

131	Value Added Statement
132	Five Year Financial Summary

Shareholders' Information

134	Unilever Share Capital History
135	Range Analysis as at December 31, 2020
136	E-Dividend Mandate Activation form
138	Photo Gallery
140	Product Range
163	Proxy Form



Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Our Brands

closeup[®]



Sunlight[™]

Pepsodent



Rexona



new
Pears



LUX[®]

Unilever Corporate Profile

Unilever Nigeria Plc. - Purpose-Led, Future-fit

Unilever Nigeria Plc. was established in 1923 as a soap manufacturing company – West Africa Soap Company– by Lord Leverhulme. It later became known as Lever Brothers Nigeria Plc. Today, it is the longest serving manufacturing organization in Nigeria as it celebrates one hundred years of caring for Nigerian consumers in 2023.

After a series of mergers and acquisitions, the Company diversified into manufacturing and marketing of foods, home care, beauty and personal care products. These mergers and acquisitions resulted in the absorption of Lipton Nigeria Limited in 1985, Cheesebrough Industries Limited in 1988 and Unilever Nigeria Limited in 1996. The Company changed its name to Unilever Nigeria Plc. in 2001 in line with the global strategic direction of the business.

The Company was quoted on the Nigerian Exchange in 1973 and is a truly multi-local, multinational organization with international and local brands in her portfolio. The international brands include Close-Up, Pepsodent, Rexona, Lux and Vaseline in the Beauty & Well-being and Personal Care Business group ; Knorr in the Foods Business group; and OMO and Sunlight in the Home Care Business group. Other Regional and local jewels include Annarpurna, Pears and Royco. The Company provides sources of income to millions of Nigerians who are shareholders, distributors, suppliers, service providers, employees and other stakeholders.

Unilever Nigeria Plc. is a member of the Unilever Group, one of the world's leading consumer goods companies. One in three people around the world use Unilever brands every day. With this reach comes responsibility and opportunity. That's why we've made it our purpose to make 'Sustainable living commonplace'. To help people live well within the limits of the planet. This isn't just something we say – it steers our decisions and shapes our actions, at every level of the organization.

Unilever's focus on purpose goes back to our history and it remains integral to our future. Accordingly, we want all our brands to drive purpose, take a stand, and act on the big social and environmental issues facing the world.

To truly make sustainable living commonplace, we are focused on taking strides that enable us to be fit for the future. We seek to anticipate the significant changes which are shaping our industry, drive increased digitization, lower cost, speed and agility while using our scale and influence to create positive change well beyond Unilever. We are actively driving for competitive, consistent, profitable and sustainable growth with quality products that are good for both people and the planet and within the reach of Nigerian mainstream consumers. We will continue to attract the very best people into a diverse, inclusive, exciting, agile and flexible working culture.

Unilever Nigeria's confidence in Nigeria remains tenacious and we are committed to continued investments, capability development and innovation with brands that are tailored to delight and satisfy the Nigerian mainstream consumers' needs and preferences.

Board of Directors, Officers and Other Corporate Information

Directors

His Majesty Nnaemeka A. Achebe CFR, mni
Obi of Onitsha
Mr. Carl Cruz (Filipino)
Mr Jaime Aguilera (Spanish)
Mrs. Abidemi Ademola
Mrs. Abiola Alabi
Ammuna Lawan Ali, OON
Mr. Chika Nwobi
Mrs. Folake Ogundipe
Mr. Michael Ikpoki
Mr. Mutiu Sunmonu CON, FNSE

- Non-Executive Director & Chairman of the Board
- Managing Director
- Non-Executive Director
- Executive Director (Appointed w.e.f. 16 March, 2023)
- Non-Executive Director
- Independent Non Executive Director
- Non Executive Director
- Executive Director
- Independent Non Executive Director
- Independent Non-Executive Director

Senior Legal Counsel & Company Secretary

Mrs. Afolasade Olowe

Registered Office

1 Billings Way
Oregon
Ikeja, Lagos
Tel: +234 1 279 3000 & +234 803 906 6000
Email: Consumercare.nigeria@unilever.com
Website: www.unilevernigeria.com

Company Registration Number

RC 113

Tax Identification Number (TIN)

01056346-0001

Independent Auditors

KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos.

Registrar and Transfer Office

Greenwich Registrars and Data Solutions Ltd.
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: +234 01 279 3161- 2 & +234 01 813 1925
info@gtlregistrars.com

Bankers

Access Bank	Guaranty Trust Bank	Citi Bank
Rand Merchant Bank	Coronation Bank	Stanbic IBTC Bank
Globus Bank	Standard Chartered Bank	First Bank
Sterling Bank	First City Monument Bank	United Bank for Africa
Ecobank Nigeria	Zenith Bank	

Results at a glance

	2022 N000	2021 N000
Revenue	88,570,826	70,523,695
Operating profit	7,544,842	1,129,384
Profit before taxation	7,811,904	1,878,683
Taxation	(3,344,820)	(1,190,417)
Profit for the year	4,467,084	688,266
Profit from discontinued operations	-	2,720,908
Profit for the year	4,467,084	3,409,174
Capital employed	67,564,716	65,761,668
Capital expenditure	1,559,536	1,622,462
Depreciation of property, plant and equipment	2,420,298	3,638,835
Cash and cash equivalents	66,317,783	55,697,537
Earnings per share (Naira)	0.78	0.59
Net Assets per share (Naira)	11.76	11.45
NSE share price at 31 December	11.60	14.50
Ratio % Revenue		
Operating costs	-27%	-27%
Operating profit	9%	2%
Profit after tax	5%	1%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-eighth (98th) Annual General Meeting of Unilever Nigeria Plc. will be held at the Grand Banquet Hall, Civic Centre, Victoria Island, Lagos on Thursday 4 May 2023 at 10.00am for the following purposes:

Ordinary business:

1. To lay before the Members, the Report of the Directors, the Audited Financial Statements for the year ended 31 December 2022 together with the Reports of the Audit Committee and the Independent Auditors thereon.
2. To declare a Dividend
3. To elect and re-elect Directors, to wit:
 - i. To elect Mrs. Abidemi Ademola, being a director elected since the last Annual General Meeting
 - ii. To re-elect the following Directors retiring by rotation:
 - Mr. Jamie Aguilera
 - Madam Ammuna Lawan Ali
 - Mr. Chika Nwobi
4. To disclose the remuneration of Managers of Unilever Nigeria Plc.
5. To authorize the Directors to fix the remuneration of the Independent Auditors
6. To elect members of the Audit Committee.

Special business: By Special Resolution

7. To consider and if thought fit, to pass the following as special resolution:

Amendment of Memorandum and Articles of Association

1. "That Article 49 of the Memorandum and Articles of Association of the Company be amended by the insertion of the following provision to replace the current provision.

'The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notices calling it and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. The annual general meeting shall be held in such manner, at such time and place as the Directors shall appoint including virtually or by any other electronic means. All general meetings other than annual general meetings shall be called extraordinary general meetings.'

2. That Article 51 of the Memorandum and Articles of Association of the Company be amended by the insertion of the following provision as first paragraph to replace the current provision.

'Twenty-one days' notice specifying the place, the day and the hour of the meeting, and, in case of special business, the general nature of such business, shall be given to the Members by notice sent by post, e-mail, publication on the Company's website or any other electronic means otherwise served as hereinafter provided. Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Articles, be deemed to have been duly called if it is so agreed: -.....'

3. That Article 67 of the Memorandum and Articles of Association of the Company be amended by the insertion of the following provision to replace the current provision with respect to the format of Proxy

'Unilever Nigeria Plc'

4. That Article 123 of the Memorandum and Articles of Association of the Company be amended by the insertion of the following provision to replace the current provision:

'A notice (which expression for the purposes of these presents shall be deemed to include, and shall include,

Notice of Annual General Meeting (continued)

any summons, notice, process, order, judgement or any other document in relation to, or in the winding up of, the Company) may be given by the Company to any Member either personally or by sending it by post, by cabling to him at his registered address, by email or by any other electronic means. Provided that in the case of a Member having a registered address outside Nigeria, it shall be given by air mail and by cable to him at his registered address"

Special business: By Ordinary Resolution

8. To consider and if thought fit, to pass the following as ordinary resolution:
 "That the remuneration of the Non-Executive Directors of Unilever Nigeria Plc for the year ending December 31, 2023 be and is hereby fixed at N79.2Million (Seventy-Nine Million and Two Hundred Thousand Naira) only as Directors Fees. In addition, sitting allowances will be paid at standard agreed rates for each meeting attended and the Chairman will be entitled to a vehicle allowance of N15 million gross per annum".
9. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:
"That, pursuant to Rule 20.8 of the Rulebook of the Nigerian Exchange 2015: Issuers Rule, a general mandate be and is hereby given authorizing the Company during the 2023 financial year and up to the date of the next Annual General Meeting, to procure goods, services, and financing and enter into such incidental transactions necessary for its day-to-day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2023 prior to the date of this meeting are hereby ratified."

NOTES:

Proxy

A member of the Company entitled to attend, and vote is entitled to appoint a proxy instead of him/her. A proxy need not also be a member. A detachable Proxy Form is enclosed and if it is to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars, Greenwich Registrars and Data Solutions Ltd. 274, Murtala Muhammed Way, Alagomeji, Yaba, Lagos P. M.B. 12717, Lagos or via E-mail: proxy@gtlregistrars.com not later than forty-eight (48) hours before the time of the meeting. NOTE: All instruments of proxy shall be at the Company's expense.

Dividend warrants and Closure of Register

The Board has recommended dividend payment which if approved, is payable less withholding tax. Dividend warrants will be payable on Friday, 5 May 2023 to the shareholders who are on the Company's Register of Members at the close of business on Monday 17, April 2023.

NOTICE is therefore given that the Register of Members and Transfer Books of the Company will be closed from Tuesday, 18 April 2023 to Monday, 24 April 2023 (both dates inclusive) to enable the preparation of payment of the dividend.

Nominations for the Audit Committee

The Audit Committee comprises three (3) shareholders and two (2) Non-Executive Directors. In accordance with Section 404 (6) of the Companies and Allied Matters Act 2020, any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the date of the Annual General Meeting. Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all members of the Audit Committee shall be financially literate and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly.

Unclaimed Dividends

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed while some have neither been presented to the Banks for payment nor to the registrar for revalidation. A list of such unclaimed dividends will be circulated with the Annual Reports and Financial Statements. The list will also be available

Notice of Annual General Meeting (continued)

on Unilever Nigeria Plc website www.unilevernigeria.com Affected members are by this notice, advised to contact the Registrars at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos P. M.B. 12717, Lagos. Tel: 01 279 3161- 2 & +234 01 813 1925.

E-Dividend/Bonus Mandate

Pursuant to the Directive of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stockbroking accounts, and CSCS accounts for the purpose of e-dividend/bonus. A detachable application form for e-dividend is attached to enable shareholders to furnish particulars of their accounts to the Registrars as soon as possible. The Forms can also be downloaded from the Registrars' website. Shareholders are also advised to update their records with the Registrars. All mandates and records updates should be deposited at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Rights of Securities' Holders to ask Questions

Securities' Holders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company via the Company Secretary on or before Thursday 20 April 2023.

Electronic Annual Report

The electronic copy of the 2022 Annual Report is accessible on www.unilevernigeria.com and also circulated by email to all Shareholders who have provided their email addresses to the Registrars. The Reports are also dispatched to Shareholders via their addresses in the shareholders' register. Shareholders who are interested in receiving an electronic copy of the 2022 Annual Report by email should request via: info@gtlregistrars.com

Live Stream of the Annual General Meeting

The Annual General Meeting will be streamed live, and a link will be provided on the Company's website subsequently for this purpose.

Profile of Directors Standing for Election/re-election

The profiles of the Directors standing for election/re-election are contained in the Annual Report.

Dated this 16 March 2023

By order of the Board



Mrs. Afolasade Olowe
Senior Legal Counsel & Company Secretary
FRC/2013/NBA/00000003320

Registered Office
1, Billings Way,
Oregon, Ikeja,
Lagos.

Annapurna



Unilever

Confam chicken flavour, for shikini* money

NEW!



Brought to you by



Chairman's Statement

"Unilever recorded a Turnover of N88.5 billion in the year ended 31 December 2022 which represents 26% growth compared to N70.5 billion Turnover recorded in the corresponding period in 2021. The gross profit recorded for the period is N31.1 billion compared to N20.3 billion for the prior year, this represents a 53.1% increase in gross profit in the year ended 31 December 2022. Overall, Unilever recorded profit for the year of N4.4 billion for the year ended 31st December 2022 compared to N3.4 billion for the corresponding year in 2021."

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI
Obi of Onitsha



Chairman's Statement (continued)

Esteemed Shareholders, Representatives of Regulatory Bodies present, Distinguished ladies, and gentlemen, on behalf of the Board of Unilever Nigeria Plc., I am pleased to welcome you all to the 98th Annual General Meeting ("AGM") of our Company to present to you the Reports and Financial Statements for the financial year ended 31 December 2022, and the performance review of our Company during the financial year.

2022 Economic Outlook and the Business Environment

The year 2022 witnessed several challenges to the global economy including but not limited to political risks, energy crises, inflationary pressures, food shortages, as well as geopolitical tensions chief of which is the ongoing Russia – Ukraine war and its far-reaching consequences, as well as the residual effects of the COVID-19 pandemic which rebounded in some parts of the world. Taken together, all of these headwinds have further disrupted global supply chains and caused economic regression across the globe.

According to the IMF projection in October 2022, *global GDP growth* was expected to slow from 6.0% in 2021 to 3.2% in 2022, which is the weakest growth profile recorded since 2001 (except for the global financial crisis and the acute phase of the COVID-19 pandemic). The slowdown was driven by a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, Russia's invasion of Ukraine, and lockdowns in China with a growing property sector crisis. For advanced economies, growth was projected to slow from 5.2% in 2021 to 2.4% in 2022 while growth in the emerging market and developing economy group was expected to decline to 3.7% in 2022, in contrast to the deepening slowdown in advanced economies. In sub-Saharan Africa, the growth outlook was expected to decline from 4.7% in 2021 to 3.6% in 2022 due to tighter financial and monetary conditions, and a negative shift in the commodity terms of trade. Global inflation, on the other hand, was forecast to rise from 4.7% in 2021 to 8.8% in 2022. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging markets and developing economies.

The 2023 global outlook indicates a further decline in the growth of the global GDP to about 2.9%. This is in large part due to the ongoing war of Russia with Ukraine which is expected to continue to weigh on economic activities, and the rise in central bank interest rates to address inflation. Hence, global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023. The priority for most economies will be to achieve sustained disinflation amid the cost-of-living crisis.

In Nigeria, 2022 presented a challenging and complex operating environment due to factors such as currency devaluation, high inflation rate, Naira cash crunch and uncertainties arising from preparing for the 2023 election.

The Nigerian economy maintained its post-COVID-19 recovery momentum but fell short of expectations due to a combination of global and domestic factors. The economy recorded real Gross Domestic Product (GDP) growth of 3.52% (year-on-year) in the fourth quarter of 2022. This followed a growth of 2.25% in the third quarter of 2022 and a growth of 3.98% in the fourth quarter of 2021. The growth in the real GDP in the fourth quarter of 2022 was driven primarily by the growth of 5.69% in the services sector. In the same period, the agricultural sector grew by 2.05%; growth in this sector was impacted by the severe incidence of floods experienced across the country during this period. The industry sector was challenged in 2022 with a growth of -0.94% in the fourth quarter, therefore, contributing less to the aggregate GDP. Overall, annual GDP growth achieved in 2022 was 3.10%; from 3.40% reported in 2021.

In quarter four of 2022, the non-oil sector grew by 4.44% in real terms; though lower than 2021 growth by 0.29%, it was an increase of 0.18% over the third quarter in 2022. In real terms, the non-oil sector contributed 95.66% to the nation's GDP in the fourth quarter of 2022; this is higher than the 94.81% contribution in the fourth quarter of 2021. The total annual contribution of the non-oil sector to real GDP in 2022 was 94.33% (92.76% in 2021). Real growth in the oil sector was -13.38% (year-on-year); this indicates a decrease of 5.33% points relative to the rate recorded in the fourth quarter of 2021. The annual growth rate for the oil sector stood at -19.22% in the fourth quarter of 2022 (-8.30% in the corresponding period of 2021) The oil sector contributed 4.34% to the total real GDP in Q4 2022. The total annual contribution of oil to aggregate GDP in 2022 was 5.67%.

Chairman's Statement (continued)

The real GDP growth in the manufacturing sector in the fourth quarter of 2022 was 8.86% (year-on-year), this was 16.66% lower than the corresponding period in 2021. Overall, growth in the manufacturing sector in 2022 was 2.45%. Real contribution to GDP in the fourth quarter was 8.40%; this was slightly lower than the 8.46% recorded in the fourth quarter of 2021.

Nigeria's Inflation in 2022 was impacted by the global supply chain disruptions and amplified inflationary pressure in Nigeria. The inflation rate averaged 18.5% in 2022, up from 17.0% in 2021. A further breakdown of the inflation numbers showed that the Food and Core inflation averaged 20.6% and 15.8%, respectively, in 2022. Since the country relied heavily on imports for manufactured and industrial intermediate goods, global inflationary pressure permeated all productive activities in Nigeria.

In December 2022, the headline inflation rate was 21.34%; on a year-on-year basis, the headline rate was 5.72% points higher than in December 2021 which was 15.63%.

As the country prepares to transition into a new government in 2023, heightened political tensions in the build-up to the elections have led to political uncertainty, an increase in insecurity, and other factors which continue to impact and slow down economic activities. Nevertheless, the Nigerian economy remains cautiously positive, with prospects of growth driven by economic reforms led by the non-oil sector. The projection for 2023 assumes that future crude oil prices will average US\$85/barrel. This suggests that the downward effect of the Russia-Ukraine crisis on the energy market will be less than anticipated and Crude oil production will average 1.35 million barrels per day (mbpd) in 2023. This represents an improvement of over 1.15mbpd in 2022. The outcome will be increased government capital expenditure capacity to N2.35 trillion representing a budget implementation rate of 43.9%.

Nigeria's 2023 budget is a deficit budget with a record high expenditure of N20.51trn. This is partly to be funded by expected revenue of N9.73trn, hence the highest recorded deficit of N10.78trn to be funded by new borrowings, privatisation proceeds and drawdown on loans already secured for specific projects. The estimated revenue of N9.7trn is lower than the 2022 revised budget amount of N9.9trn, representing a 2.4% decline. More importantly, Nigeria has not met its revenue targets, in recent times, despite the increased focus on revenue generation by the current administration. Implicitly, the inability to meet the 2023 budgeted revenue will translate to high borrowings, and in tandem, increased debt service costs, which underscores the need for urgent action to address revenue underperformance and expenditure efficiency.

Business Results and Performance

Unilever recorded a Turnover of N88.5 billion in the year ended 31 December 2022 which represents 26% growth compared to the N70.5 billion Turnover recorded in the corresponding period in 2021. The gross profit recorded for the period is N31.1 billion compared to N20.3 billion for the prior year, this represents a 53.1% increase in gross profit in the year ended 31 December 2022. Overall, Unilever recorded profit for the year of N4.4 billion for the year ended 31st December 2022 compared to N3.4 billion for the corresponding year in 2021.

Cost of sale increased by 14% from N50.2 billion in the prior year to N57.3 billion in the year 2022, the increase was driven by increased material prices, energy inflation and currency devaluation. The net finance income of N0.2 billion, a decline of 71% compared to the year ended 2021 which was largely driven by the increase in interest on third-party loans offset by interest from call deposits.

These results indicate strong top-line growth and better cost recovery resulting in a bottom-line increase. Despite the challenging operating environment of 2022, growth was sustained mostly through various growth and cost savings initiatives that include product logic savings, cost efficiencies, localisation of input materials, and significant investment behind the brands which continues to improve brand power. There was also a noticeable strong performance which came on the back of the implementation of these initiatives, especially in the areas of distribution as well as good commercial execution across the business units.

Dividends

Chairman's Statement (continued)

Despite the lingering economic volatility occasioned by the global pandemic, Unilever Nigeria Plc is proposing the sum of 25k gross per ordinary share of 50k each as the dividend pay out to the members of Unilever Nigeria Plc in respect of the year ended 31 December 2022.

Notwithstanding the global and local economic constraints, Unilever continues to invest in the business, its people, and its brands for sustainable growth.

The Board reiterates the drive for the implementation of an electronic dividend and electronic bonus payment system in line with the regulatory direction of the Securities and Exchange Commission (SEC) to eradicate the incidence of unclaimed dividends and total dematerialisation of the share certificates. On behalf of the Board, Shareholders are requested to complete the e-dividend /e-bonus application Form in the Annual Report and Financial Statements and submit it to the Registrars, Greenwich Registrars and Data Solutions Ltd.

Board Members

During the year in view, one of our executive directors, Mr Felix Enwemadu, resigned from the Company effective 20 September 2022. The Board wishes Mr Enwemadu well in his future endeavours. Since then, the Board has appointed Mrs Abidemi Ademola as an executive director to fill the Board vacancy and also appointed Mrs Afolasade Olowe as the Company Secretary with effect from 16 March 2023. We wish Mrs Ademola and Mrs Olowe every success in their respective new roles.

The Board has continued to enhance and strengthen its capacity to discharge top-notch governance responsibilities and is committed to steering Unilever in the right direction in the foreseeable future.

Acknowledgement

We continue to recognise the confidence of all our Stakeholders in Unilever and commend them for their steadfastness in standing by us all through the constant changes in the business environment. Special thanks go to my colleagues on the Board of Directors for their consistency and unwavering support to the executive management. We also extend our appreciation to our employees for their resilience and hard work. We thank our loyal consumers and customers for their confidence in our brands and do not fail to acknowledge the positive contributions of our suppliers, bankers, and other business partners.

We look forward to growing our brands, repurposing our portfolios, and delivering on our growth ambitions.

The Future

We remain true to our commitment to making sustainable living commonplace. We will continue to achieve this through our sustainability drive including but not limited to investments in our workforce, our brands, and several initiatives to support our Stakeholders.

Unilever will continue to maintain its business goals, the topmost of which is to remain competitive and sustainable in the face of the ever-changing dynamics of the business environment. Attention would be given to sustainable business initiatives to increase market share and profitability.

Thank you for your continued support.



HIS MAJESTY NNAEMEKA A. ACHEBE CFR, mni

Obi of Onitsha

FRC/2013/NIM/00000001568

Managing Director's Report

Strong Performance Despite Challenging Operating Environment

Distinguished Shareholders,

I am pleased to present to you the Managing Director's Report for 2022. This year has been a challenging one for us, given the strong global macroeconomic headwinds, geopolitical volatility, uncertainties in the supply chain space, and continued liquidity concerns in the foreign exchange space. To add to this, inflation was at a 17 year high in November at 21.5%, resulting in a full year average inflation of almost 18.5%. Despite these challenges, I am proud to say that for your company, this is the best result yet in four years.

Our revenue increased by 26% over the prior year, and net profit from continuing operations increased by 549% to 4.5 billion Naira from just 0.7 billion Naira in 2021. We also achieved a 630bps improvement in gross margin. These impressive results are a testament to the hard work, dedication, and resilience of our team in the face of a tough operating environment. We attribute our success to the Agile ways of working that we introduced last year, making Nigeria the first market in Africa to implement this key Future of Work initiative. Our operational discipline and governance continue to drive great execution in the market, with key metrics such as trade inventory, trade debt, and overdue well within guardrail parameters.

The success of our brands built on repeatable models and Unilever best practices on Market Developments are taking shape in our Nutrition and Oral Care businesses. In the last two years, the Nutrition business has consistently leveraged on key seasons, Ramadan, and Christmas, with deployment of special packs as well as relevant 360-degree campaigns to engage consumers. In Oral Care, we continued our long-standing schools programme, which has reached over 6 million children with our "Brush Twice Daily" campaign by creating a 21-day routine for them to form the right habits of brushing in the morning and last thing at night. In addition, we continue to invest consistently behind our brands which have resulted in all our top brands strengthening their Brand Power positions (which is a measure of Brand Equity) in 2022.

On our sales and Route-To-Market (RTM), we have improved our operational intensity with the introduction of a weekly sales meeting to focus the organization on driving secondary sales and promptly addressing issues impacting our ability to respond and win in the marketplace. In addition, we have strengthened our RTM through digitization with the introduction of Tele-sales to increase our reach, frequency of coverage and reduce cost to serve. We introduced a complimentary model to our Key Distributor system - Mainstream RTM (with 300+ customers across the country) to improve distribution on specific parts of our portfolio. To continue to future proof our RTM, we are also strengthening our capability and execution in the channels of the future to give shoppers access to our products across all touchpoints within Nigeria.

In our cost management drive, our focus remains continuous business improvement and waste elimination. Despite the high inflation, we deployed various cost optimization initiatives to achieve an operating margin of 8.5%; which is 690bps higher vs prior year. We maintained a robust savings pipeline that helped us to mitigate impacts coming from inflation and forex rate volatility.

Our localization journey is a key thrust in de-dollarizing our operations while creating value in the Nigerian economy. We attained the landmark achievement of ensuring that our local spend is now above 50% contribution to our total material purchases while imports spend is consistently reducing year on year. We have stepped up efforts in implementing the digital factory operating system which has yielded consistent efficiency improvements across all our factories in the past year with over 300 basis points in efficiency figures. We have also leveraged technology to improve our operational planning processes to ensure optimized run strategies and inventory holding are perfectly executed while attaining over 70% reduction in business waste such as demurrage and spot air freight by over.

Managing Director's Report (continued)

Our Equity Diversity and Inclusion strategy continues to shape up to create a working environment that promotes Diversity, Inclusion, Life-long learning, and equal opportunity for persons from all classes of society. We achieved a gender diversity of 47% in 2022.

Our pioneering efforts in having People with Disability in our organization have been recognized in 2022 with several Awards including the first Private sector Oscar Awards as 2022 HR (Human Resources) Inclusion (Disability) Award for Private Sector by the Chartered Institute of Personnel Management of Nigeria. We also received the Nigeria Employers' Consultative Association award for Innovation and People Centric culture and Most Inclusive Organization in Nigeria Award by Sightsavers. In addition to these trailblazing laurels, we retained the No 1 Top Employer in Nigeria for the third time in a row and recognized as a Top Employer in Nigeria, for the seventh time in a row. These attest to our unwavering resolve to always put our people first in all we do. We remain committed to attracting top talent, championing youth employability initiatives that equip the youth, retaining big bet talents and ensuring recognition for best-in-class practices as an employer.

In 2022 we made significant progress on our Sustainable Business. We were able to scale up our Shakti initiative with 5,280 new women, making a total of 10,280 Shakti women recruited. Our commitment to reduce, reuse and recycle plastic continues to record success year on year. Through our partnership with Wecyclers, in 2022 we achieved a total collection of 2,314.8 tons. As an organization committed to ensuring inclusion in our operations, we partnered with SupplierGATEWAY to launch social procurement initiative aimed at increasing investment in female and disability-owned businesses in Nigeria. With a bias for female gender Education, we revised the Unilever Campus Ambassadors Program (UCAP) to FUCAP (Future-X Unilever Campus Ambassadors Program) in partnership with UNICEF (United Nations International Children's Emergency Fund) as part of the Generation-Unlimited initiative, which aims at ensuring a 2:1 ratio inclusion for the female gender.

In 2020, we set out a vision to Rediscover our Greatness in Nigeria, with an ambition to double the size of our business in five years and deliver strong profitability. We are well on our way to achieving these goals a year ahead of plan, with the latest view on Turnover at 1.5x of 2019 and operating margin of 8.5% vs loss in 2019. The best is yet to come for Unilever Nigeria!

I would like to thank our shareholders, employees, and partners for their unwavering support for the business last year and in the years to come.



Carl Cruz
Managing Director



Sunlight

for your
washing occasions
and so much more



The Board





HIS MAJESTY NNAEMEKA A. ACHEBE CFR, mni
Non-Executive Director & Chairman

His Majesty Nnaemeka A. Achebe, Obi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is the past Chairman of Diamond Bank PLC, past Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc.) and past Chancellor of Kogi State University. He is the Chairman of the Board of International Breweries Plc. (a subsidiary of AB-InBev, the global leading brewer of beer and other beverages) and Tishona Limited. He is also a non-executive Director of Coscharis Farms Ltd., the Chairman of Anambra State Traditional Rulers Council, a trustee of the National Council of Traditional Rulers of Nigeria, a past chairman of the Southeast Council of Traditional Rulers and Chancellor Ahmadu Bello University, Zaria. He was educated at Stanford and Columbia Universities in the U.S.A. and attended the National Institute for Policy and Strategic Studies, Kuru.

He was appointed to the Board of Unilever Nigeria Plc. in March 2003



MR CARL CRUZ (FILIPINO)

Managing Director & Vice President West Africa

Mr Carl Raymond R. Cruz. was the immediate past Executive Chairman, Unilever Sri Lanka. He holds a Bachelor of Science degree in Marketing from De La Salle University, Philippines. He comes with an extensive career in Unilever D & E Markets in Asia (Philippines, Thailand, India and Sri Lanka). Since joining Unilever in 1992, Carl has gained over 30 years' experience working in Customer Development, and in Marketing roles across Home Care, Beauty & Personal Care and Foods. Most recently, as Chairman of Unilever Sri Lanka, Carl has successfully steered the business to a sustainable and competitive growth trajectory. He has not only established Unilever Sri Lanka as a market leader across key categories but also as the most admired employer, despite some very challenging conditions, including the Horana Fire in 2016 and the Easter Sunday Attacks in 2019. Under Carl's leadership, the Sri Lanka business was positioned as a lean, agile and digitally enabled organization. Carl's passion for inclusion, experimentation and empowerment is reflected in his vision of Re Imagine USL - a transformational journey, that he has led from the front. Since Carl took over the leadership of Unilever Nigeria Plc on 1 February, 2020, he has been focused on business transformation and growth. Carl is a non-executive director of Unilever Ghana Plc.

He was appointed to the Board of Unilever Nigeria Plc. in February, 2020.



MR. JAIME AGUILERA

Non-Executive Director & President Africa

Jaime is a well-rounded business professional with broad leadership and operational expertise gained working for top FMCG companies internationally in a range of general management, sales and marketing roles. His corporate experience spans Unilever, Coca-Cola, Nestlé and Procter & Gamble and he is currently the President for Unilever in Africa since January 2020. Before this, he was leading Unilever's Eastern Europe region after joining the company in 2009 as Chairman of Unilever Spain. He has extensive global experience, having been responsible for businesses across Europe, the Americas, Asia and more recently Africa. Jaime is Spanish by origin but has also lived in Brazil, Greece, Mexico, Switzerland and Poland.

He graduated from the Universidad Pontificia de Comillas- ICADE in Madrid where he majored in Economic Sciences, Management & Business Administration.

He was appointed to the Board of Unilever Nigeria Plc. in January, 2021.



MRS ABIOLA ALABI
Non-Executive Director

Biola Alabi is a Partner at Acasia Ventures, a Venture Capital fund focused on providing early-stage capital to innovative African founders solving local, regional, and global problems.

She is an active angel investor and advisor to African technology and media companies. She has been involved in myriad start-ups as a board member, advisor, and investor. True to her reputation as a leader in the community, and fuelled by her passion to support up-and-coming talent, Biola is also the founder of Grooming for Greatness (G4G), a fellowship and mentorship program aimed at cultivating leadership skills in young, aspiring professionals and entrepreneurs. She is an award-winning executive producer, and founder of Biola Alabi Media – a pan-African media and technology advisory firm that has worked extensively with local and global companies, governments, and development agencies in the Telcom, Media, and Technology (TMT) space. She is the publisher of The Adventures of Lara and Dara (named Young Readers Library's Book of Summer, 2019), the executive producer of two award-winning feature films currently streaming on Netflix, and the executive producer of numerous television shows, including Big Brother Africa and the documentary series, Great Africans. As Managing Director of M-Net Africa, Biola transformed the broadcasting, and film industry on the continent, launching seven Africa Magic channels, and the Africa Magic Viewers' Choice Awards, widely regarded as the "African Oscars". Biola graduated from the University of Cincinnati with a degree in Public and Community Health and has completed executive education programs at Harvard University's Kennedy School of Government, Yale University's Jackson Institute of Global Affairs, and Said Business School, University of Oxford. Biola Alabi is a Non-Executive Director at Unilever (Nigeria) and a member of the Audit Committee, Monty Mobile, a global telecommunications company headquartered in London, and the Chairwoman of Big Cabal Media. Connect with Biola Alabi on Twitter at @biolaalabi and Instagram at @biolaalabi



She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

AMMUNA LAWANI ALI, OON
Independent Non-Executive Director

Ammuna Lawan Ali, a retired Federal Permanent Secretary, commenced her Civil Service career in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. In 1995, Ammuna Lawan Ali transferred her services to the Federal Civil Service as a director and served in the Ministry of Women Affairs and Social Development and of Finance. In January 2001, Ammuna Lawan Ali was appointed a Permanent Secretary and served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing and Urban Development, amongst others. She retired from service in December 2009. Ammuna Lawan Ali is a proud recipient of a national honour, Order of Niger (OON) and a member of the National Institute of Policy and Strategic Studies (NIPSS) Kuru. She holds a BA (Hons) and Masters Degree in Public Administration. She is the Chairman of Synapse Services Ltd., the Patron of Women in Energy Network, (WIEN) Nigeria, and Chairperson Board of Trustees of African Women Entrepreneurship Programme (AWEP), Nigeria. She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.



MR MICHAEL IKPOKI

Independent Non-Executive Director

Mr Michael Ikpoki is an accomplished Multinational Business Executive and leader, lawyer by training, with over twenty-four (24) years African Telecommunications Industry Experience which includes 14 years' experience in the MTN Group. Mr Ikpoki has proven capability in successfully managing and growing telecommunications operations in some of the largest economies in Africa during his tenures as CEO of MTN Ghana and CEO of MTN Nigeria respectively between 2011 and 2015. Mr Ikpoki is presently the CEO of Africa Context Advisory Partners, an Africa-focused business advisory company which provides business advisory services in market entry/growth particularly in ICT and Consumer-related Industries in West Africa. He is an Adviser to growing African companies like MFS Africa (Africa's largest Digital Payments Hub). He is also Board Chairman of the following companies – Nomanini Holdings (Pty) Limited, Amplitude Telecoms Africa Limited and i-Fitness Centre Limited. He also sits on some Advisory Boards overseeing exciting new projects in Africa like TERRAGRIN, a UK private sector company creating sustainable, biodiversity compliant Bamboo forests in Africa.

He was appointed to the Board of Unilever Nigeria PLC in February 2021



MR. CHIKA NWABI

Non-Executive Director

Chika Nwobi is the founder and CEO of Decagon where brilliant young Nigerians are trained to be world-class software engineers then connected to local and global opportunities. Before Decagon, Chika has been involved in incubating over 20 startups including Babybliss - Nigeria's top omni-channel platform for mom and baby, Jobberman and Cheki. Chika was the founder of MTech where he launched Nigeria's first mobile internet service with MTN Nigeria in 2001 and helped pioneer the Mobile VAS industry. Chika has also led consulting engagements for Ford Foundation and IFC. Chika is also venture partner in Rise Capital, an emerging-markets focused venture capital firm. Chika has a BA in Economics and a B.Sc. in Computer Science and is in the MSc Software Engineering program at University of Oxford. He also completed the Stanford University SEED transformation program. Chika is passionate about education and developing young people and has been invited to speak at Wharton, NYU and Lagos Business School. He has also served as judge and mentor for entrepreneurship programs of Federal Government of Nigeria's and the World Bank XL startup program.

He was appointed to the Board of Unilever Nigeria Plc. in January 2019.



MRS. FOLAKE OGUNDIPE
EXECUTIVE DIRECTOR, FINANCE

Mrs. Folake Ogundipe currently serves as Executive Director and National Finance Director of Unilever Nigeria Plc. She has vast knowledge and experience in leading finance functions to deliver corporate objectives that maximize stakeholders value. She possesses hands-on experience as Chief Finance Officer with remarkable leadership skills and strong accounting capabilities including IFRS, and GAAP with proven knowledge of delivering end-to-end financial procedures, designing effective and efficient controls, improving regulatory compliance, reporting, and minimizing risks. She is adept at steering and establishing robust financial management capability as well as formulating effective strategies to drive strong financial governance. In her career, she has proven to be a strong leader who is enthusiastic and result driven.

Mrs Ogundipe holds a B.Sc. Accounting from Obafemi Awolowo University, Ile-Ife, Nigeria and M.Sc. Management from University of Leicester, UK. She is a Fellow of the Institute of chartered Accountants of Nigeria (ICAN) and an Associate member of the Chartered Institute of Management Accountants, UK (CIMA). She has built a formidable career working in various organizations both in Nigeria and the United Kingdom. Prior to joining Unilever Nigeria Plc, she was the Chief Financial Officer for PES (Pivot Energy Services) Group - A Honeywell Company based in Lagos, Nigeria, Financial Controller for Nigerdock Nigeria Ltd. She has other experience working at Subsea7 S.A UK, Phillips Consulting Ltd and Investment Banking & Trust Company (IBTC) Limited.

She was appointed to the Board of Unilever Plc. in April 2022



MR. MUTIU SUNMONU CON, FNSE
Independent Non-Executive Director

Mutiu Sunmonu, CON graduated from the University of Lagos in 1977 with a first-class degree in Mathematics and Computer Sciences. He joined Shell Petroleum Development Company of Nigeria Limited (SPDC) in August 1978 and served in various capacities in Nigeria, UK and the Netherlands. After 36 years of meritorious service, Mr. Mutiu Sunmonu retired from Shell as the Managing Director of SPDC, and Country Chair of Shell Companies in Nigeria. Since his retirement, he continues to be active in the Oil and Gas Industry. He is currently the chairman of Petralon Energy Nigeria and the chairman of San Leon Energy UK. He is the Chairman of Julius Berger Nigeria Plc and the Chairman of Imperial Homes Mortgage Bank.

He was appointed to the Board of Unilever Nigeria Plc. in December, 2015.



MRS. ABIDEMI ADEMOLA

Executive Director & General Counsel West Africa

Mrs. Abidemi Ademola is a highly skilled and experienced Corporate Counsel, Governance Professional and Executive Business Leader with over 27 years of Commercial Law and Corporate Governance practice in Nigeria and West Africa. Passionately driven by a personal purpose to build a lasting legacy by shaping capability in Governance, Risk and Compliance, her forte is to proactively identify legal, regulatory, compliance and corporate governance risks to business and develop innovative mitigation to enable seamless business operations and sustainability. Abidemi has been instrumental in building strong legal teams and delivering several epic legal transactions and projects across West Africa. She has supported the Unilever Nigeria Board for over 10 years to implement world class Corporate Governance practices and processes with positive impact on Board effectiveness.

Abidemi holds a Bachelor of Laws from the Obafemi Awolowo University, Ile-Ife., a Master of Laws from the University of Lagos, Akoka and an MBA Leadership from Walden University, United States. She is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN) and a Governing Council member of the Institute. She is also a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards.

Abidemi is an active member of the Nigerian Bar Association, the Society for Corporate Governance and the Institute of Directors, Nigeria. Abidemi was the pioneer chairperson of the Corporate Counsel Committee of the NBA Section on Business Law and is currently an Officer of the Corporate Counsel Committee of the NBA Women Forum.

She was appointed to the Board in March, 2023



MRS. AFOLASADE OLOWE

Senior Legal Counsel & Company Secretary

Mrs. Afolasade Olowe is a seasoned corporate counsel with close to two decades of experience in corporate commercial law and governance practice. Her expertise cuts across different aspects of law including Corporate Law and Governance, Regulatory Advisory and Compliance, Labour & Employment, Mergers & acquisitions, etc.

Prior to joining Unilever Nigeria Plc, Afolasade gained her legal experience in two of Nigeria's leading full-service commercial law firms where she developed first-hand skills in her areas of expertise especially Company Secretarial & Corporate Governance practice where she represented her law firm on the board of clients in diverse sectors. Whilst in practice she had been recognised by the global Who's Who Legal in Corporate Immigration.

She is an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria as well as the Society for Corporate Governance. She is a member of the Nigerian Bar Association and holds an MBA from the Henley Business School, University of Reading, United Kingdom.

Afolasade is passionate about the girl child and her personal goal is to assist the girl child to achieve their full potential through mentoring. She was appointed as Company Secretary in March, 2023



Leadership Team



Mr. Mr Carl Cruz
Managing Director &
Vice President, West Africa



Mrs. Abidemi Ademola
General Counsel West Africa



Mr. Stephane Achio
West Africa Head of
Supply Chain



Mr. Adeleye Adeniji
Customer Development
Director



Mr. Tobi Adeniyi
GTM & Planning
Director, Nigeria



Mr. Abayomi Alli
Manufacturing Director

Leadership Team



Mr. Ola Ehinmoro
Human Resources Director,
West Africa



Mr. Obinna Emenyonu
Head of Procurement,
West Africa



Mrs. Soromidayo George
West Africa Head of C&CA



Mrs. Folake Ogundipe
Executive Director, Finance



Mrs. Oiza Gyang
Nigeria BW & PC
Business Lead



Mr. Uchenna Nwakanma
Personal Care R&D
Head of Africa

Leadership Team



Mrs. Bolanle Kehinde-Lawal
West Africa Nutrition
Business Lead



Mr. Patrick Tognisso
West Africa Homecare
Business Lead



Whatever your laundry needs are
OMO has got you covered



Report of the Directors

The Directors hereby present their Report together with the audited financial statements for the year ended 31 December 2022.

Legal Status

Unilever Nigeria Plc. is incorporated in Nigeria as a public limited liability company under the Companies and Allied Matters Act 2020 (CAMA 2020) and is domiciled in Nigeria. The company's shares are listed on the Nigerian Exchange Ltd. (NGX).

Principal activities

The company is principally involved in the manufacture and marketing of Nutrition, Home Care, Beauty & Wellbeing and Personal Care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State

Results

The results for the year are summarized as follows:

	2022	2021
	N'000	N'000
Revenue	88,570,826	70,523,695
Operating profit	7,544,842	1,129,384
Profit before taxation	7,811,904	1,878,683
Taxation	(3,344,820)	(1,190,417)
Profit after taxation	4,467,084	3,409,174
Other comprehensive income	208,468	223,374
Proposed dividend	25k per share	50k per share

Dividend

The Directors recommend to the shareholders the payment of a dividend in respect of year ended 31 December, 2022 of N1,436,251,250 (One billion, four hundred and thirty six million, two hundred and fifty one thousand, two hundred and fifty Naira) that is 25 kobo gross per share which is payable on Friday 5 May, 2023 subject to the deduction of appropriate withholding tax.

Report of the Directors (continued)

Corporate Governance Report

Framework

Unilever Nigeria Plc. operates within a Corporate Governance framework established on the provisions of the following governance documents:

1. Companies and Allied Matters Act 2020.
2. The Rule Book of the Nigerian Exchange for the time being in force
3. The Investment and Securities Act 2007
4. Securities and Exchange Commission (SEC) Rules for the time being in force
5. The Nigerian Code of Corporate Governance 2018
6. Securities and Exchange Commission (SEC) Corporate Governance Guideline 2020
7. The Memorandum and Articles of Association of Unilever Nigeria Plc.
8. The Board Charter
9. The Unilever Code of Business Principles and Code Policies.
10. Subsidiary Governance of Unilever document.

From the above, the Corporate Governance Policy of Unilever Nigeria Plc can be summed up as follows:

- a. Unilever conducts its operations with integrity, openness and respect for human rights and the legitimate interests of its employees, business partners and stakeholders.
- b. As a Unilever Group company, it strives to comply with the laws and regulations of the countries in which its operate.
- c. Unilever focuses on the long-term sustainability of its business for the benefit of multiple stakeholders. The Company is committed to building trust and transparency across all its operations with stakeholders.
- d. Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. The Company will provide timely, regular and reliable information on its activities, structure, financial situation and performance to its shareholders and other stakeholders.

Compliance with the above principles is a critical element of the Unilever business success and all Unilever employees and business partners are mandated to comply with these principles.

During the year 2022, Unilever Nigeria Plc. continued to embed the principles of good corporate governance encapsulated in the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission Corporate Governance Guideline 2020 and global best practices.

Report of the Directors (continued)

Board composition

The Directors who held office during the year 2022 and up to the date of this report are:

His Majesty Nnaemeka A. Achebe, CFR, mni Obi of Onitsha	Non-executive Director and Chairman
Mr Carl Cruz	Managing Director
Mr Jaime Aguilera	Non-Executive Director
Mrs Abidemi Ademola	Executive Director & General Counsel WA (Appointed w.e.f. 16 March 2023)
Ammuna Lawan Ali, OON	Independent Non-Executive Director
Mr Felix Enwemadu	Executive Director (Resigned with effect from 30 September, 2022)
Mr Michael Ikpoki	Independent Non-Executive Director
Mr Chika Nwobi	Non-Executive Director
Mrs. Folake Ogundipe	Executive Director
Mr Mutiu Sunmonu, CON	Independent Non-Executive Director

Board responsibilities

The Board has the apex responsibility for leadership, direction and performance of the company and has the powers, authority and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria Plc. The Board has oversight responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the company.

The Board has delegated to the Managing Director all its powers, authority and discretions which relate to the day-to-day operations of Unilever Nigeria Plc.

The powers, authority and discretions exclusively within the remit of the Board and which currently have not been delegated include making or approving the following:

1. Structural and constitutional powers
 - a. Alteration of Articles of Association
 - b. Alteration of the capital of the company
 - c. Significant asset disposal
2. Governance
 - a. Convening of meetings of the shareholders of Unilever Nigeria Plc. and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place.
 - b. Presentation of the annual report and financial statements to shareholders.
 - c. Reviewing and approving proposals from the Governance, Remuneration and Risk Management Committee
 - d. Proposals to the general meetings of shareholders of Unilever Nigeria Plc. on the Board remuneration policy within the authority set by the general meeting of shareholders
 - e. The review of the functioning of the Board and its committees
 - f. Overall responsibility for compliance with all relevant laws, regulations and Code of Corporate Governance
 - g. The Operating Framework

Report of the Directors (continued)

Board Appointment, Evaluation & Training

Unilever Nigeria Plc. appoints Directors in line with its Board recruitment process. The basic principle underlining the process of recruitment of Directors in Unilever Nigeria Plc. are the qualifications, ability and skills required for the role and the ability to make visible and independent contribution to the governance of Unilever Nigeria Plc. in accordance with Unilever global, regional and local strategy, Unilever Diversity and Inclusion principles and the relevant local legal requirements.

The governance process in Unilever Nigeria Plc. entails robust induction and training of Directors. Accordingly, Directors are taken through relevant and apposite training programmes to equip and empower them for the role on an ongoing basis. In 2022, the Unilever Business Integrity Director, Africa facilitated a Board Knowledge session on 'Unilever Code of Business Principles and Code Policies' to reinforce Unilever values and the standard of conduct expected of all Unilever employees, Board members and business partners. Some members of the Board also went through relevant Trainings to sharpen their Corporate Governance knowledge, skills and capabilities.

Unilever Nigeria Plc. provides the right atmosphere for its Directors to demonstrate leadership and enhance their experiences. It further provides relevant governance information to its Directors and facilitates circulation of essential governance documents to the Board from time to time to keep them abreast of all relevant legal, regulatory and corporate governance developments and trends.

The Board of Directors of Unilever Nigeria Plc. is evaluated locally and at the Unilever Africa Cluster level on an annual basis. The Board and individual Directors are benchmarked against the requirements of the Unilever Code of Business Principles, the Code Policies, the laws and regulations of Nigeria, the Nigerian Code of Corporate Governance, the SEC Corporate Governance Guideline and other relevant governance provisions. The scope of evaluation covers diversity and inclusion, leadership, compliance, contribution to the Board agenda for the year, attendance at meetings, quality of discussions at Board meetings, level of engagement with government and the community, business performance and entrepreneurial acumen.

In line with the Unilever Governance standards and in compliance with the Nigerian Code of Corporate Governance, the SEC Corporate Governance Guideline, the Board of Unilever Nigeria Plc. opted for an internal evaluation exercise in respect of the period ended 31 December, 2022 to review the performance of the Board, individual Directors and Board Committees together with the Corporate Governance framework of Unilever Nigeria Plc. The Board and Corporate Governance Evaluation Report show that Unilever's governance procedures and practices during the year ended 31 December 2022 were essentially in compliance with the provisions of applicable laws, regulations, corporate governance Code and international best practices. Actions points from the Evaluation will be addressed in the course of 2023.

Directors Retiring By Rotation

In accordance with Article 90 of the company's Articles of Association Mr Jaime Aguilera, Madam Ammuna Lawan-Ali and Mr Chika Nwobi will retire by rotation and being eligible, offer themselves for re-election.

In addition, Mrs Abidemi Ademola, who was appointed since the last Annual General Meeting will retire at this meeting and being eligible offer herself for re-election.

Report of the Directors (Continued)

The profiles of all the four (4) Directors standing for re-election are contained on pages 23 - 27 of this Annual Report and Financial Statements.

Board committees

In line with the Code of Corporate Governance, the Board of Directors operates through the following committees/ Teams:

Report of the Directors (continued)

a. **Executive Committee (Exco)**

The Exco is a sub-committee of the Board and it is empowered by the Board to take decisions on its behalf which are necessary for the smooth day to day operations of the company. The committee is composed of the Executive Directors of the company. The following are currently members of the committee:

- | | | |
|------|----------------------|---|
| i. | Mr. Carl Cruz | - Managing Director & Vice President Unilever West Africa |
| ii. | Mrs Abidemi Ademola | - Executive Director & General Counsel WA |
| iii. | Mrs. Folake Ogundipe | - Executive Director, Finance |

* Mr Felix Enwemadu, Executive Director & Vice President Customer Development resigned with effect from 30 September, 2022. While Mrs Abidemi Ademola was appointed with effect from 16 March, 2023

b. **Leadership Team (LT)**

The Leadership Team comprises of the Executive Directors and Senior Executives who occupy strategic roles in the organization. The Leadership Team is responsible for delivering the corporate targets of the company, establishing priorities, allocating resources, and seeing to the operations of the company on a day-to-day basis. The Leadership Team is chaired by the Managing Director/Chief Executive Officer of the company. Current members of the leadership team are as follows:

- | | | |
|-------|---------------------------|--|
| i. | Mr. Mr Carl Cruz | - Managing Director & Vice President West Africa |
| ii. | Mr. Stephane Achio | - West Africa Head of Supply Chain |
| iii. | Mrs Abidemi Ademola | - General Counsel West Africa & Executive Director |
| iv. | Mr. Adeleye Adeniji | - Customer Development Director |
| v. | Mr Tobi Adeniyi | - GMT & Planning Director, Nigeria |
| vi. | Mr. Abayomi Alli | - Manufacturing Director |
| vii. | Mr. Ola Ehinmoro | - Human Resources Director West Africa |
| viii. | Mr Obinna Emenyonu | - Head of Procurement, West Africa |
| ix. | Mrs Soromidayo George | - West Africa Head of C & CA |
| x. | Mrs Oiza Gyang | - Nigeria BW & PC Business Lead |
| xi. | Mrs Bolanle Kehinde-Lawal | - West Africa Nutrition Business Lead |
| xii. | Mr Uchenna Nwakanma | - Personal Care R&D Head of Africa |
| xiii. | Mr Patrick Tognisso | - West Africa Homecare Business Lead |
| xiv. | Mrs Folake Ogundipe | - Executive Director, Finance |

c. **The Audit Committee**

The Audit Committee, established in accordance with the provisions of Section 404(2) of the Companies and Allied Matters Act 2020, comprises of three (3) shareholders' representatives and two (2) Directors' representatives (both of whom are non-executive Directors). The chairman of the Audit committee is a shareholders' representative. During the year under review, the committee met five (5) times.

The functions of the Audit Committee are governed by the provisions of Section 404(7) of the Companies and Allied Matters Act 2020. The Members of the Audit Committee and the Report of the Audit Committee to the members are contained on page 65.

Report of the Directors (continued)

d. **The Governance, Remuneration and Risk Management Committee**

The Governance, Remuneration and Risk Management Committee comprises solely of Non-Executive Directors. The Committee's Terms of Reference are in line with the Nigerian Code of Corporate Governance 2018. Members of the Committee during the period ended 31 December, 2022 were:

- i. Mr Mutiu Sunmonu, CON - Chair
- ii. Madam Ammuna Lawan Ali, OON
- iii. Mr Jaime Aguilera
- iv. Mr Michael Ikpoki

In 2022, all the above committees discharged their roles effectively and in line with their terms of reference.

Board meetings

During 2022, the Board held Six (6) meetings. The record of Directors' attendance is presented below:

Name	Meeting date 25 January 2022	Meeting date 17 March 2022	Meeting date 23 March 2022	Meeting date 21 April 2022	Meeting date 14 July 2022	Meeting date 20 October 2022	Total attendance
His Majesty N.A Achebe	✓	✓	✓	✓	✓	✓	6 meetings
Mr Carl Cruz	✓	✓	✓	✓	✓	✓	6 Meetings
Mr. Jaime Aguilera	✓	✓	✓	✓	✓	x	5 Meetings
Mrs Abiola Alabi	✓	✓	x	✓	✓	✓	5 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	✓	✓	6 meetings
Mr Felix Enwemadu	✓	✓	✓	✓	✓	NLB	5 meetings
Mr Michael Ikpoki	✓	✓	✓	✓	✓	✓	6 meetings
Mr Chika Nwobi	✓	✓	✓	✓	✓	✓	6 meetings
Mrs. Folake Ogundipe	NYA	NYA	NYA	✓	✓	✓	3 meetings
Mr Mutiu Sunmonu	✓	✓	✓	✓	✓	✓	6 Meetings

✓ -Present; **X** -Absent with apologies; **NYA** -Not yet appointed; **NLB** -No longer on the Board

Report of the Directors (continued)

Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee held five (5) meetings in 2022. The record of members' attendance is presented below:

Name	Meeting date 25 Jan., 2022	Meeting date 23 March, 2022	Meeting date 21 April 2022	Meeting date 14 July 2022	Meeting date 20 October, 2022	Total attendance
Mr Mutiu Sunmonu	✓	✓	✓	✓	✓	5 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	✓	5 meetings
Mr. Jaime Aguilera	✓	✓	✓	✓	X	4 meetings
Mr Michael Ikpoki	✓	✓	✓	✓	✓	5 meetings

✓ - Present: X- Absent with apologies

Audit Committee meetings

The Audit Committee held five (5) meetings in 2022. The record of members' attendance is presented below:

Name	Meeting date 19 January 2022	Meeting date 16 March, 2022	Meeting date 20 April , 2022	Meeting date 13 July, 2022	Meeting date 19 October, 2022	Total attendance
Mr David Oguntayo	✓	✓	✓	✓	✓	5 meetings
Alhaji W Ajani	✓	✓	✓	✓	✓	5 meetings
Mr Kolawole Durojaiye	✓	✓	✓	✓	✓	5 meetings
Mrs Abiola Alabi	✓	✓	✓	✓	✓	5 meetings
Mr Chika Nwobi	✓	✓	✓	✓	✓	5 meetings

✓ Present:

Report of the Directors (continued)

Record of Directors' attendance at Board meetings

The record of the Directors' attendance at meetings during 2022 as listed above is available for inspection at the Annual General Meeting.

Directors' interests in contracts

No Director notified the company for the purpose of section 303 of the Companies and Allied Matters Act 2020, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Directors' shareholding

In accordance with Section 301 of the Companies and Allied Matters Act 2020, the Register of Directors' interests in the share capital of the company will be open for inspection at the Annual General Meeting.

The direct and indirect interest of Directors in the issued share capital of the company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purposes of sections 301 and 302 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Exchange Ltd. are as follows:

Director	Number of Shares held at 31 December 2022 & up to 31 March, 2023	Number of shares held at 31 December 2021
His Majesty Nnaemeka A. Achebe	55,976	55,976
Mr. Carl Cruz	Nil	Nil
Mr. Jaime Aguilera	Nil	Nil
Mrs. Abidemi Ademola	Nil	Nil
Mrs. Abiola Alabi	Nil	Nil
Ammuna Lawan Ali	Nil	Nil
Mr. Felix Enwemadu	Nil	Nil
Mr. Michael Ikpoki	Nil	Nil
Mr. Chika Nwobi	Nil	Nil
Mrs. Folake Ogundipe	Nil	Nil
Mr. Mutiu Sunmonu	Nil	Nil

According to the register of members at 31 December 2022, the following shareholders of the company held more than 5% of the issued share capital of the company. Except as disclosed below, no other shareholder holds 5% and above of the Company's shares.

Shareholder	Number of shares	Percentage held (%)
Unilever Overseas Holdings B.V.	3,321,138,208	57.81%
Unilever Overseas Holdings BV	1,043,023,604	18.16%

Immediate and Ultimate Parent Companies

Unilever Overseas Holdings B.V. and Unilever Plc. United Kingdom

Report of the Directors (continued)

Share Dealing Policy

In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Unilever Nigeria Plc. Has a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods are communicated periodically to drive compliance. In respect of the year ended 31 December, 2022, the Directors of Unilever Nigeria Plc. hereby confirm that:

1. A code of conduct regarding securities transactions by all Directors has been adopted by the Company.
2. Specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Exchange Ltd, and Unilever Nigeria's code of conduct, regarding securities transactions by Directors.

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2019, Unilever Nigeria Plc. continues to strengthen its complaints management procedure. The Company has a formal Complaints Management Policy by which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered, promptly resolved and quarterly submission of same is made to the Nigerian Exchange Regulation Ltd.

Unilever Code of Business Principles

Unilever Nigeria Plc. has zero tolerance for illegality, corruption and unethical practices. Accordingly, the Company mandates its employees and business partners to adhere to all applicable laws and regulations, the Unilever Code of Business Principles and Code Policies. Unilever Code of Business Principles (COBP) prescribes a uniform standard of conduct expected of every Unilever operating company, employee and business partner. This helps us put our core values of integrity, respect, responsibility and pioneering into practice.

The COBP covers matters such as Obeying the law, Conflict of interest, Business integrity, Business partners, Shareholders and public activities, Fair Competition, Data Protection and Responsibility to our consumers. In addition to the COBP, there are 24 supporting Code Policies which provide a framework of simple 'Musts' and 'Must Nots' designed to be readily applied by employees in their day-to-day work.

Employees of Unilever Nigeria Plc. go through regular mandatory trainings, Annual Declarations and focused discussions to reinforce the COBP and Code Policies standards and drive compliance. Compliance with the COBP and Code Policies is mandatory and monitored at the highest level of the organization. Internal and external confidential reporting platforms are available to encourage reporting of breaches and sanctions are consistently applied for these breaches. Unilever has a dedicated Business Integrity (BI) organization which focuses on Code compliance and related matters. The BI organization provides an effective framework which includes clear policies, guidelines and related learning materials, as well as robust procedures and controls to prevent, detect and respond to any inappropriate behaviour. Unilever also makes it mandatory for all its business partners to sign up to compliance with its Responsible Partner Policy or to ethical standards no less than those provided in the Policy.

Employment Policy

At Unilever Nigeria, we strongly believe that to win in the marketplace, we must win first with people and through people. This unwavering premise continues to guide us in the way we work and is demonstrated in our policies and practices at every stage of our employment cycle. Thus, we strive to remain an equal opportunity employer who is passionate about diversity and inclusivity, mutual respect as well as encouraging vibrant communication and consultation between employees and the leadership team.

Report of the Directors (continued)

The Unilever core values and Code of Business Principles define what we stand for and the framework in which we do business. These are values hinged on professional integrity, attaining, and maintaining a pioneering mindset of innovation and continuous improvement, a responsibility to make a positive impact in the society in which we operate, and respect for all our stakeholders. These non-negotiables together with our standards of leadership define the kind of people that drive our business; people with Purpose and Service, Personal Mastery, Agility, a Passion for High Performance, Consumer Love with Business Acumen, and those who can be Talent Catalyst.

Talent Development

With the dynamic changes in these uncertain times, it has become increasingly imperative that we continue to leverage on the technology and expertise available to us, to equip our business and employees with all that is needed to win and to grow. We have intensified efforts to empower more agile & flexible employees that prioritise, execute, and learn at speed not only to bring our Purpose-Led, Future-Fit Compass to life but to deliver on our growth agenda.

Preparing employees for the Future of Work continued to be at the heart of our learning agenda in 2022. We focused on accelerating skill building across the business and ensured our people understand the skills they need to focus on to ensure they are future fit. We drove the Future Fit Plan, a novel approach to learning where employees have a personalized development plan embedding their purpose, wellbeing focus areas, and the requisite skills they need to be fully effective in their current role and help them to be more prepared for what the future will bring. This allows employees to take ownership of their personal development both now and in the future.

In addition to our Future Fit drive, the Learning Hour where we dedicate one hour weekly for employees to upskill themselves remains a key enabler. In this hour, employees participate in live Masterclasses led by experts, on topics that focus on the priority skills such as Agile delivery, Digital Capability, and Ecommerce among other skills. These and other capability building sessions and related activities continue to create the platform for our business leaders to engage with employees and share their experiences, while also providing career coaching and mentoring to younger employees within the organization.

Diversity & Inclusion

Unilever Nigeria is committed to a working environment that promotes diversity, inclusion, life-long learning, and equal opportunity for persons from all classes of society. We are committed to ensuring that employees work in an environment that promotes diversity and that the principles of mutual trust, respect for human rights and equal opportunity are upheld, with zero tolerance for unlawful discrimination or victimisation.

Everyone is treated fairly and equally, without discrimination on the grounds of race, age, role, gender, ethnicity, colour, religion, country of origin, marital status, dependants, disability, social class, or political views. This includes consideration for recruitment, redundancy, promotion, reward and benefits, training, or retirement which are all based on merit.

The actions we take to ensure that barriers are removed include ensuring that there is reasonable accommodation to enhance accessibility where required, offering equal pay for equal work, training employees and line managers on bias & discrimination, targeted recruitment of underrepresented groups, parental support, mentoring & sponsorship, encouraging employees to speak up & have a sense of belonging, celebrating events that promote diversity.

We have also challenged ourselves to reach some milestones under certain pillars of diversity. On gender diversity, we continuously work towards reaching and maintaining 50% gender representation at management level. There is a mechanism in place to ensure accountability towards this ambition, to the EXCO and Regional offices. In 2022, we reviewed our Maternity and Paternity Support (MAPS) framework, aimed at supporting our employees who return to work from parental leave, so they can settle in effectively and equally contribute to the business.

Report of the Directors (continued)

We exited 2022 with a gender (female) representation of 46.9% at management level. Through continuous implementation of our plans, we are confident to reach our target of 50% by the end of the year, 2023.

On disability, we have set a target, to reach 5% representation of persons with disability (PWDs) by 2025. We continue to pursue this agenda through targeted communication on our recruitment portals/ platforms to encourage applications from PWDs across the multiple levels of employment into the Company. We currently have 1.3% of PWD representation across the various functions, who are being supported with the relevant reasonable accommodation. We continue to give focus to the relationships/ partnerships with state/ social agencies who are involved in driving inclusion of PWDs into the workforce of Nigeria. These agencies, support with providing candidates who are recruited as interns, with the possibility of developing into permanent employees subject to performance.

Unilever Nigeria Plc was awarded the first Private sector Oscar Awards as 2022 HR Inclusion (Disability) Award for Private Sector at the Chartered Institute of Personnel Management of Nigeria (CIPMN) 54th International Conference. In addition to this, we received the Nigeria Employers' Consultative Association (NECA) Award for Innovation and People Centric Culture. This award is given in recognition of our processes and policies to support persons with disability within the workplace, we continue to encourage everyone to join on this journey of inclusivity and play their parts as Equity, Diversity, and Inclusivity advocates.

Industrial Relations

Our focus is fostering good industrial practices within the workplace. To accomplish this, we set out to work closely with recognized and accredited representatives of a registered trade union capable of fully representing and supporting the interests of its employees.

In 2022, management enjoyed a peaceful industrial climate, owing to the cordial partnership it has built with the union leadership overtime who themselves have played the role of change agents, employee advocates, and champions. We enjoyed their full support in ensuring the Blue-Collar members were adequately vaccinated (1st & 2nd doses), following the return to work from the COVID-19 pandemic.

We further strengthened our Industrial relations at the Secretariat with the training of the Blue-Collar executives anchored by the Executive Secretary of the Chemical and Non-Metallic Product Employers' Federation (CANMPEF) and acceptance of the Unilever representatives by the National Executives of the National Union of Chemical, Footwear, Rubber, Leather, and Non-metallic Products Employees (NUCFRLANMPE).

The methodical and collaborative approach including the support of both the management and union leadership team was instrumental in achieving the Collective Bargaining Agreement which was successfully signed in the month of December 2022.

Since the advent of the Central Working Committee (CWC), employee-related matters and working conditions were prioritized and resolved which further nourished our Industrial harmony. Joint Consultative Committee (JCC) meetings continued to hold to help resolve departmental issues which affect the Blue-Collar employees before. Regular communication channels remained open between both management and union which fostered peaceful coexistence.

In recognition of the need to continually develop the executives in their leadership capabilities, they were nominated to attend the 2022 Industrial Relations Conference to keep them abreast of industrial practices, representing Unilever as a responsible organization and networking with their counterparts in other organizations.

These kind gestures of management were well received, and the impact was felt during the series of engagements with the union executives.

Employee Engagement

'People First', remains the focus of our proposition to employees. We create a working environment for employees to feel valued by being informed and engaged. Despite the hybrid working structure which involves employees working from home 3 days a week, we deliver people engagement experiences that remain inclusive, interactive, memorable, and impactful.

Report of the Directors (continued)

Engagement Highlights of 2022

- Our wellbeing engagements in 2022 were the monthly SHE Talks on Health and Safety, Mental Health Week and most importantly Lamplighter (the annual physical health assessment), deployed in partnership with our Medical Health Partners for employees. At the Mental Health Week, a new approach was employed to encourage employees to use the Employee Assistance Programme (EAP) which focuses on mental wellbeing by providing confidential support and free access to both international and local professionals every day of the week.
- In the spirit of diversity and inclusivity, inclusive engagements such as Women in Supply Chain and Women in Sales were re-initiated again in our male dominated functions such as Supply Chain and Customer Development. We also ensured physical engagements and interactive social media engagements to celebrate Women's International Day and Men's International Day across the business. Nigeria's Independence Day was celebrated with a diverse culture 'meal theme' in recognition of our diverse employee population.
- We activated awareness of Unilever Nigeria's Centenary coming up in 2023 with interactive competition engagements asking employees to design a logo and propose a theme. Subsequently, top winners were awarded for their efforts and the final logo was unveiled.
- We had 'connect' moments for employees across the business during the TGIF (Thank God It's Friday) events held in 2022.
- Univoice, our annual employee assessment of the business is an engagement we roll out to ensure that the business gets a true look at how employees feel and perceive all aspects of the business from strategy to business management. Employees use this engagement as an opportunity to speak up and advise the leadership of the business.

As our people remain our priority, we continue to ensure employee engagement experiences and wellbeing drive motivation and invoke pride in Unilever. Each engagement was crafted to ensure that each employee felt uniquely valued and proud to be part of a strong organizational culture.

Employer Branding

As part of our Future of Work commitment, Unilever globally committed to preparing 10 million Youth (15-24) across the globe for a meaningful career from 2022 to 2030 through provision of volunteering and work opportunities, as well as learning and upskilling opportunities. Employer Branding has a key role to play in delivering this ambition, given we are at the forefront of engaging young talent externally, and already attract talent into work opportunities. Moreover, we are in the unique position to combine the engagement of young talent which already takes place, with providing them with learning and upskilling opportunities.

We had planned to start delivering on the Youth commitment in 2023. Thus, in 2022 as a partnering organization in UNICEF's Generation-Unlimited Partnership, we started to co-create an initiative with the Generation-Unlimited team to provide upskilling opportunities to Nigerian Youth in universities and polytechnics.

At the start of 2022, we launched the Idea Trophy Competition for 30 NYSC (National Youth Service Corps) and Graduate interns across the business. The Top 2 teams comprising 3 persons each were awarded Post-Graduate Internship opportunities and went on to represent Nigeria and competed at the competition's Africa level.

To remain an organization for top talents amongst mid-career recruits, we put out campaigns that continue to showcase why Unilever is a great place to work. These initiatives were Power of U Campaign which showcases how our employees live their purpose at work every day, People Behind the Brands Campaign which showcases how a job role powers our brands and brings them to life as well as impact the business.

For the seventh time in a row, Unilever Nigeria was recognized as a Top Employer in Nigeria and for the third time in a row we remained the No. 1 Top Employer in Nigeria, this was awarded by Global Top Employers Institute.

We remain committed to attracting top talent, championing youth employability initiatives that equip the youth, retaining big bet talents, and ensuring recognition for best-in-class practices as an employer.

Report of the Directors (continued)

Safety, Health and Environmental Care (SHE)

The health and safety of our employees remain our priority; safety at work is a business fundamental that sits across the Unilever Compass. Caring about our employees, contractors, and visitors and ensuring their safety, health, and well-being is the foundation of our sustainable business. Everyone who works for Unilever should live and work free from the risk of injuries or accidents. Safety is a non-negotiable commitment that everyone across the business shares.

Our manufacturing sites in Oregun and Agbara comply with global Safety, Health, and Environment Standards. We comply with applicable SHE regulatory and statutory requirements and continue to be responsible to the government and people of the communities in which we operate. We have recorded zero fatal accidents or severe injuries in our operations and strive to prevent even minor injuries.

Unilever employs robust management systems and continuous improvements, comprising total employee engagements, visible leadership, behavioural safety observations, and Deep Compliance Audits. We start each week with a 'Value life, Value Safety' talk on Mondays across the business. We continue to promote a culture of safety awareness through periodic safety campaigns such as World Safety Day, World Environment Day Commemoration, Hand in Machine Prevention, and Safe Travel Campaigns. We collaborate with regulatory agencies like the Federal Road Safety Corps; Federal and State Fire Services to train our employees and contractors.

The Company continues to implement vital technical standards in Process Safety, Electrical Safety, Fire Safety, Construction Safety, Machinery Safety, and Risk Assessment. We benchmark our safety management system against internationally acceptable standards; through a third-party audit of our systems against Unilever SHE framework standards, ISO 14001:2015 (environment management system), and ISO 45001:2018 (occupational health and safety management system) compliance. Agbara and Oregun sites are graded B1 (Unilever internal FWS audit grading).

The Incident Management Team (IMT), comprising the leadership team, security, manufacturing, logistics, and commercial team, was inaugurated to manage business continuity plans toward the 2023 general elections.

We maintain our drive on waste reduction, recycling, reuse, energy reduction, water consumption reduction, and rigorous "Zero Non-Hazardous Waste to Landfill" initiatives to reduce our environmental footprints and live up to our Unilever Compass ideals.

We enjoy the unwavering support of the leadership team, whose members head all the Safety and Health Subcommittees supporting the Central Safety, Health, and Environment Committee (CSHEC) led by the Managing Director; this makes the realization of all SHE programs possible.

Working safely remains a condition of employment at Unilever. Every employee, and external stakeholders doing business with our Company, remains committed to following the SHE guidance and processes set out by Unilever. We maintained our drive on waste reduction, recycling, reuse, energy reduction, water consumption reduction, and rigorous "Zero Non-Hazardous Waste to Landfill" initiatives to reduce our environmental footprints and live up to our Unilever Compass ideals.

The leadership team is at the forefront of the implementation of and compliance with Unilever's Safety, Health and Environmental Care (SHE) Policy, with members of the leadership team chairing all the safety and health sub-committees which support the Central Safety Health and Environment Committee (CSHEC) led by the Managing Director; this makes the realization of all SHE programs possible.

Work safely remains a condition of employment. Every employee, including contractors engaged in our business, remains committed to following the Safety, Health and Environmental Care guidance and processes set out by Unilever.

Report of the Directors (continued)

Quality Report

In an economy characterized by inflation, profit-conscious customers, consumers with dwindling purchasing power, stronger competition, and information sharing faster than ever on various social media platforms, our unwavering commitment to providing superior, safe, and high-quality products that meet all applicable standards and regulations remains a priority.

In 2022, we sustained our five years track record of zero marketplace and regulatory incidents, a testament to our unwavering commitment to Quality. We continued to strengthen manufacturing basics in both Unilever and third-party manufacturing sites, and solidified our position as a globally certified food safety site by passing the Food Safety Certification (FSSC 22000) surveillance audit for the Agbara Savoury Plant.

Our partner quality program continues to be one of our levers in delivering quality and safe products. We intensified technical support to our local suppliers, delivered world-class training, and achieved over a 50% reduction in supplier incidents. Key distributors play an important role in maintaining the quality of our products in trade, we achieved audit of all KDs across all regions in Nigeria, collaborated with them to improve the quality of their storage warehouses, and improved the turnaround time of resolving their complaints.

The digital transformation journey has improved our way of working, transparency, and access to real time quality data. Our digital platform, QUALITY ONE continues to evolve into a one-stop shop for all our digital needs within the quality space. In 2022, we extended the platform to our suppliers and collaborative manufacturers to enable us to have real time access to their quality performance and take timely actions where necessary.

World Quality Week was celebrated in November as part of the annual global celebration, the event was used as a launch pad to roll-out the new quality culture behaviours- Consumer Obsession, Relentless Passion, and Unequivocal Ownership. The event also featured participation from the business leadership team who at various forums reiterated the importance of quality and the role everyone must play. We continued to bring the voice of customers and consumers into the business during our quarterly quality review on the quality of our products and how we can better serve them.

As we forge ahead in 2023 and navigate these complex times, we are encouraged to remain resilient on our journey to continuously provide superior products that deliver superior experiences that exceed customer and consumer expectation while improving the lives of Nigerians daily.

Corporate Social Responsibility in 2022	2022 N'000	2021 N'000
Unilever Secondary school scholarship programme	11,547	13,400
Nigerian Bar Association	1,500	1,500
Ogun State Government - COVID-19 Test Kits and Isolation centre		88,328
Others	19,077	19,077
	32,124	122,305

Report of the Directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
REGION	NAME
West	J O ADEGBOYEGA ENTERPRISES
West	NIJI GLOBAL CONCEPT LIMITED
West	DAN SARAT COMPANY NIG LTD
West	ESTFRANS VENTURES LIMITED
West	MARZAB MULTIVENTURES
West	DEBBY MEGA MERCHANTS LIMITED
West	R S ABIMBOLA (NIGERIA) ENTERPRISES
West	R.S. ABIMBOLA ENTERPRISES (OSOGBO)
West	THE LORDS DOING G.C.S LTD
West	AJOKE DOMINION SERVICES LIMITED
West	TSQ ALAYO & SONS NIGERIA LTD
Core North	A. A FUGU & SONS NIG LTD
Core North	NAHEEM HEIGHTS LIMITED
Core North	NAHUWA GENERAL ENTERPRISE
Core North	WATER VALLEY GENERAL MERCHANDISE
Core North	A D BASHARU AND SONS (NIG) LIMITED
Core North	MENTORS INT. CONFERENCES & SEMINARS LTD
Core North	S C OKAFOR NIGERIA LIMITED
Core North	AL-BABELLO TRADING COMPANY LIMITED
Core North	AL-BABELLO TRADING COMPANY LTD - KATSINA
Core North	ARMU GLOBAL CONCEPT
Core North	AL-BABELLO GASAU
Core North	ALBABELLO TRADING CO. LTD KEBBI
Core North	QUBAH GLOBAL VENTURES
Middle Belt	IDUH INTEGRATED SERVICES NIG LTD
Middle Belt	IDUH INTEGRATED SERVICES NIG LTD - LOKOJA
Middle Belt	IFJANE NIGERIA LIMITED
Middle Belt	J.O ADEBIYI & SONS NIGERIA LTD
Middle Belt	KESY DISTRIBUTION AND LOGISTIC LTD
Middle Belt	RICKMEN HEALTHCARE LIMITED
Middle Belt	ANCHAD INTEGRATED LTD
Middle Belt	E.C EZUE GLOBAL ENTERPRISE
Middle Belt	J J NNOLI AND SONS
Middle Belt	OLAYIWOLA GBADAMOSI COMPANY NIGERIA LTD.

Report of the Directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
REGION	NAME
Middle Belt	ALAKASS NIGERIA ENTERPRISES
Middle Belt	J A ONABOWALE AND SONS LIMITED
Middle Belt	LASUN DAN MAMA NIGERIA LIMITED
Middle Belt	MUABSA INTEGRATED SERVICES
Middle Belt	OLONAASUNDE VENTURES
Middle Belt	SIDI AND SONS
Lagos	DE MOSHADEK AND COMPANY NIGERIA
Lagos	LOBIC GLOBAL MERCHANTILE COY
Lagos	RENUZI VENTURES -LEKKI
Lagos	SUARA & COMPANY
Lagos	VANCREST GLOBAL VENTURES EBUTE META
Lagos	ITURA VENTURES LIMITED
Lagos	J A ONABOWALE LAGOS
Lagos	RENUZI VENTURES
Lagos	SAM AND MARTHA INVESTMENT LTD
Lagos	VANCREST GLOBAL VENTURES
Lagos	CHRISLANBOLU TRADE & ENG. SERV. LTD
Lagos	MAQUAHM NIGERIA LIMITED - KD3
Lagos	MUTKEEM CONCEPT
Lagos	SALSBURY WORLDWIDE ENTERPRISES
Lagos	WHARTON BUSINESS SOLUTIONS
South Central	BLESSED IYKE STORES
South Central	BURNAE VENTURES
South Central	BUTTINGS AND TOWERS LIMITED
South Central	CITO INT'L NIG. LTD KD3
South Central	HUMPHREY OKECHUKWU NWOJI ENTERPRISE
South Central	MELJO INTERNATIONAL RESOURCES
South Central	MOUNA FRANCES
South Central	PAXSON NIG COMPANY LTD ONITSHA
South Central	STEVE SYLVER NIGERIA LIMITED
South Central	WILLYMAMA INVESTMENT LTD
South Central	CHARLES AMAN NIGERIA LIMITED
South Central	IBOKIES NIGERIA COMPANY
South Central	RICKAFE SERVICES LIMITED
South Central	SYLIKA GLOBAL RESOURCES ENTERPRISES
South Central	TIVO CORPORATE SERVICES INT'L LTD

Report of the Directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
REGION	NAME
South Central	TIVO CORPORATE SERVICES INT'L LTD SAPELE
South Central	URSULASAM VENTURES
South East	AG GLOBAL RESOURCES SERVICES
South East	B N IGWE AND SONS
South East	BUFALLO WORKS
South East	JANCY INTEGRATED SERVICES
South East	KAIMA INTEGRATED NETWORK VENTURES LTD
South East	THEO AND POWELL SERVICES LIMITED
South East	LYG ENTERPRISE - SUPERMARKET
South East	WILLVINE RESOURCES NIG LTD
South East	G.N CHUKWU & SONS ENTERPRISES
South East	ISANGETTE ENTERPRISES
South East	JOOTA UNIVERSAL SERVICES LTD
South East	ELERU BRAND LTD-PORT HARCOURT
South East	JACKADDEX LTD
South East	P O KONYEHA AND SONS
South East	PAXSON NIG COMPANY LTD PORTHARCOURT
South East	WHITE HORSE INTEGRATED PROJECT CO. LTD
South East	TOMIESHA PRO RESOURCES LTD
MT	Care Global - MT
GT	Care Global - GT

Independent auditors

Messrs. KPMG Professional Services (KPMG) acted as the Company's Independent Auditor during the year under review. KPMG has indicated their willingness to continue in office as Independent Auditor in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020. The independent auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By order of the Board



Mrs. Afolasade Olowe

Senior Legal Counsel & Company Secretary

FRC/2013/NBA/00000003320

16 March, 2023

new

Pears

Pure, Mild & Gentle



OLIVE
OIL

Endorsed by



NANNM

SUSTAINABILITY REPORT

About the Report

Our Compass strategy identifies key areas of action for us with respect to delivering on our commitment to maintaining our position as a global leader in sustainable business. This report has been structured in line with the Compass strategy. The different sections of the report provide disclosures on our commitments and actions at a country level, showcasing the sustainability performance, challenges, and learning of Unilever Nigeria from January 1, 2022, to December 31, 2022. Although this report has been built around our Compass commitment, its preparation remains in accordance with the GRI Standards. The report has also been developed in line with other reputable frameworks, such as the Principles of the United Nations Global Compact, the Nigerian Exchange Limited's Sustainability Disclosure Guidelines, and the Securities and Exchange Commission's Sustainable Financial Principles for the Nigerian Capital Market.

In the year under review, we set out targets to act on climate, waste, nutrition, health, living standards, inclusion, and the future of work based on our Compass Strategy.

We acknowledge that the purpose driven business pathway is one that is largely uncertain and less travelled, but we are intentionally committed to seeking sustainable solutions and embedding these within our operations as our only option for doing business profitably.

We would like to reiterate our resolute commitment to the 'purpose' cause and to re-echo the need for more collaboration among brands and industry peers, as an enhanced scale of outcome can be actualized through collaborations and partnerships.

Our Materiality Assessment Process

At Unilever, identifying our material issues guides our journey to delivering our ambitious sustainability agenda, and to address and report on issues that are most important to us and our stakeholders. An issue is considered material to Unilever if it is considered a principal risk/opportunity or an element of a principal risk/opportunity which can have an impact on our business and stakeholders. It can also be material if it is identified as important by our key stakeholders which include: our employees, consumers, customers (retailers), suppliers & business partners, planet & society (the earth, citizens, NGOs, governments).

The 2022 materiality assessment was conducted through a formal engagement process involving our key stakeholders. 12 of the material topics were pre-identified through desk research and by referencing the Unilever global materiality assessments. We engaged different categories of internal employees namely, "leadership", "white collar, and blue-collar" employees. In selecting the participants for the materiality sessions, important diversity and inclusion criteria were taken into consideration. On the external front, we engaged a cross-section of consumers, customers, distributors, suppliers, government/regulators, and NGOs.

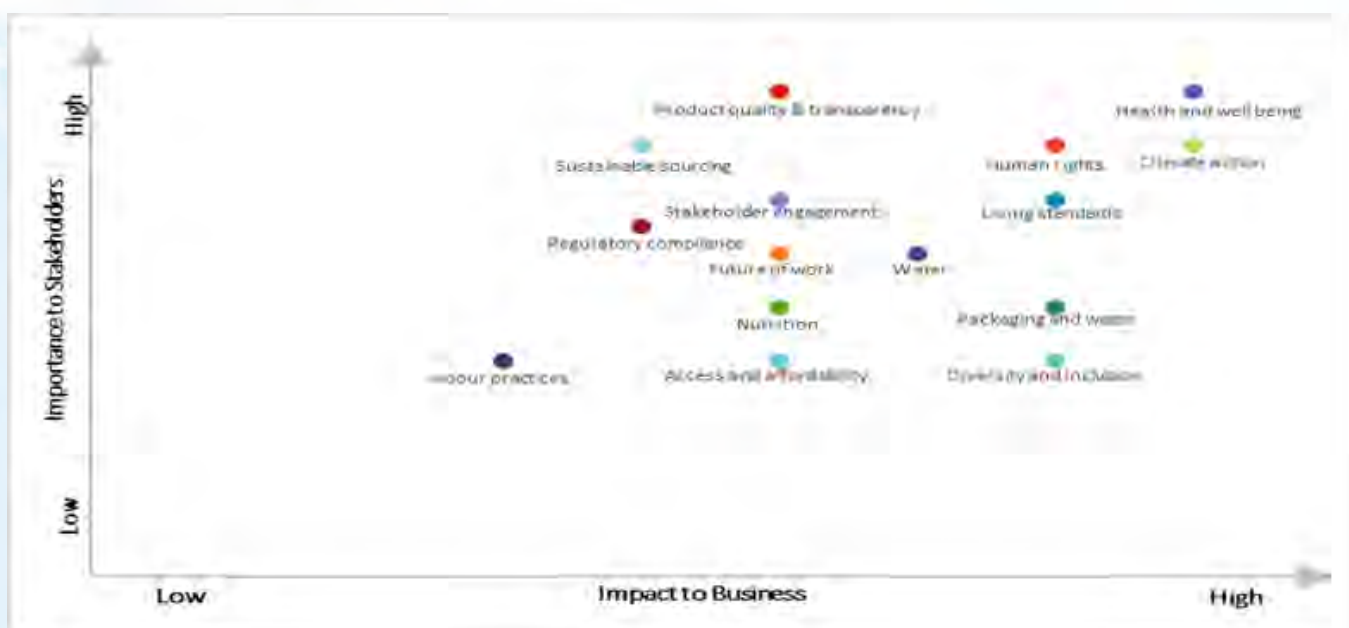
Material Issue Identification and Prioritisation

Following the engagement sessions, about 11 additional issues were identified and included in the initial list, making a total of 23. Of the new total, 7 were further classified as subsets of the pre-identified material issues. All issues were extensively reviewed, prioritised, and ranked by our stakeholders to determine the impact on the business and the level of importance of stakeholders.

The "15" identified material issues were scaled based on 'Importance to Stakeholders' and 'Impact on the Business' and the issues were ranked based on relevance from 1-10. For the ranking, "one" represents the least relevant, and "ten" represents the most relevant issue. The material issues identified and ranked are indicated in the matrix below and six of the material issues were ranked as high importance to stakeholders and high impact on the business.

SUSTAINABILITY REPORT

Materiality Matrix



Material Topic	What it is about	Key Actions
Health and well being	Improving the health and hygiene of our consumers through our brands and products, campaigns, and partnerships.	<ul style="list-style-type: none"> Ensure psychological safety of employees Improve healthcare access for indirect employees Provide access to recreational facilities for blue collar employees Continuous monitoring and improvement in organisation-wide safety Champion safety and wellbeing across our value chain and communities through safety training and outreach programs on health and well being
Diversity and Inclusion	Ensuring that everyone is represented equally at all levels in society and in our organisation, and has equal opportunities.	<ul style="list-style-type: none"> Increase the number of persons with disability within the workforce and improve facilities to accommodate them Total elimination of hiring bias within the recruitment process Increase the number of female-owned and female led MSMEs in our supplier pool. Adequate inclusion of blue-collar employees in all employee focused initiatives.
Sustainable Sourcing	Ensuring the social, environmental, and economic sustainability of key agricultural raw ingredients and non-agricultural materials in our supply chain.	<ul style="list-style-type: none"> Continuous monitoring of suppliers to ensure alignment with Unilever's values as well as best practices. Promote deforestation-free supply chain in palm oil, paper, and board, tea, soy, and cocoa Ensure 100% sustainable sourcing of our agricultural crops - palm, turmeric, garlic, and onion Empower farmers and smallholders to protect and regenerate farm environments for cassava starch and food ingredients Continue to promote the sourcing of materials produced locally.

SUSTAINABILITY REPORT

Material Topic	What it is about	Key Actions
Future of work	Helping our people adapt to changes in the workplace and the changing nature of work through upskilling and reskilling.	<ul style="list-style-type: none"> Reskill and upskill our employees with future-fit skills Accelerate flexible work opportunities Ensure that provisioned trainings match future skills and employee needs
Living Standards	Ensuring everyone who depends on Unilever has enough to provide for their basic needs and have a decent standard of living.	<ul style="list-style-type: none"> Pay competitive salaries that help our people achieve higher living standards Continue to empower women in Nigeria by providing business and personal skills capability training
Nutrition & diets	Developing products with a balanced nutritional profile and promoting consumers' understanding of their own nutrition, and its links to their health and well-being.	<ul style="list-style-type: none"> Double the number of products sold that deliver positive nutrition Increase awareness on the nutritional value of our products Help consumers reduce their salt intake to a maximum of 5g per day through our food portfolio.
Packaging and waste reduction	Reducing the environmental impact of packaging and waste and transitioning towards a circular economy.	<ul style="list-style-type: none"> Operate a zero-waste system in our plants Continue to reduce the use of virgin plastic, increase plastic collection and increase the reusability and recyclable potential of our packaging materials Reduce the food waste in our operations and maintain our zero waste to landfill in our factories
Climate action	Reducing our greenhouse gas emissions and energy use, and mitigating the effects of long-term changes in the climate on our business and value chain.	<ul style="list-style-type: none"> Continue decarbonisation by installing renewable energy sources Increase energy and thermal efficiency in our operations through the use of advanced motors.
Product quality & transparency	Providing consumers with information about our products, such as ingredients, what they do, why we use them, product safety and environmental impacts.	<ul style="list-style-type: none"> Continue to ensure accurate and clear labelling of our products and the manufacturing material content. Conduct quality testing on our raw materials and finished goods to avoid any possible error on our products. Communication on safe use of products
Human rights	Upholding and promoting the basic rights and freedoms of all who work across the value chain.	<ul style="list-style-type: none"> Conduct spot checks on business partners to ensure there are no forms of abuse of human rights in their operations Conduct assessment to identify human rights best practices to improve our policies and operations.
Water	Improving access to water, and managing water use and abstraction sustainably across our value chain.	<ul style="list-style-type: none"> Continuous monitoring of water consumption across all aspects of our operations Reduction in water consumption across our operations.
Labour practice	Abiding by national and international labor standards in the workplace which includes compliance to labor laws and internationally accepted norms and standards.	<ul style="list-style-type: none"> Identify ways to increase talent retention in our organisation Review recruitment partners to ensure alliance with best labour practices Review and improve employee benefits and compensation across all levels Ensure extensive engagement with relevant internal stakeholders before publishing policies.

SUSTAINABILITY REPORT

Material Topic	What it is about	Key Actions
Regulatory compliance	Retain our commitment to good practice in our operations, complying with government regulations and policies in our business operation.	<ul style="list-style-type: none"> Ensure that foreign exchange is sourced only through government approved channels Periodically review policies to ensure alignment with emerging requirements.
Stakeholder engagement	Building a good relationship with all our stakeholders	<ul style="list-style-type: none"> Engage with all categories of stakeholders as needed Contribute to the improvement of social infrastructure in our areas of operation in the form of education support, road construction etc.
Access and affordability	Ensuring all our products are accessible and affordable in every part of the nation including remote areas.	<ul style="list-style-type: none"> Introduce various sizes of Unilever products to increase affordability by consumers Strategically advertising our product to create awareness in open market, local market and rural areas.

Engaging with Stakeholders

In line with goal 17 of the SDGs, we understand that building a truly sustainable business involves an extensive exercise of collaboration and engagement with our stakeholders. Therefore, we proactively engage our stakeholders to see how best we can deliver on our purpose mantra.

Internal stakeholders

To ensure that we carry our people along in our purpose and ambition and to remain an employer of choice, we maintain consistent 360 communication with our people. Through multiple internal channels such as the quarterly business cascade, weekly newsletters, MD's monthly business updates, and gamification initiatives on Yammer, our employees have the opportunity to engage and share their feedback about the organisation. We also hold various focused group sessions at unit and brand levels, one-on-one employees across functions to communicate our plans and get their feedback. Employees' contributions and feedback are extremely important to the company, and we want them to be fully part of our big vision.

External stakeholders

Proactive engagement of our shareholders, suppliers, customers, consumers, and the government/regulators, is a proven way of building the integrity and loyalty needed for long term partnership. We see these categories of stakeholders as being very crucial to our business success as well as our sustainability journey.

We continuously engage our stakeholders to understand what matters most to them. The table below provides a summary of how we engaged with, and the issues raised by our stakeholders during our engagement.

Stakeholder Group	How We Engaged	Issues Discussed
Government & trade associations	<ul style="list-style-type: none"> Formal engagements on key policy or regulatory issues 	<ul style="list-style-type: none"> Regulatory compliance Payment of taxes Early adoption of new and emerging policies Support for development efforts by the government
Suppliers	<ul style="list-style-type: none"> Informal one-on-one engagement sessions Project planning Training of suppliers Virtual meetings 	<ul style="list-style-type: none"> Enhancement of supply chain resilience Supplier orientation of payment platform and other procurement policies Prompt payment for goods/services rendered
Customers	<ul style="list-style-type: none"> One-on-one visits to the sales partners to identify areas for improving operations 	<ul style="list-style-type: none"> Adaptability to the evolving business environment Production of quality products Effective customer support services
Consumers	<ul style="list-style-type: none"> Consumer immersion activities Consumer quality reviews Brand communications and campaigns 	<ul style="list-style-type: none"> Awareness on new products and product differentiation Adequate education of consumers on the proper use of company's products

SUSTAINABILITY REPORT

Stakeholder Group	How We Engaged	Issues Discussed
Shareholders	<ul style="list-style-type: none"> Engagements with Shareholders via the Registrars and the Company Secretary's office Annual General Meeting 	<ul style="list-style-type: none"> Unclaimed dividends Update of shareholder records E-mandates to allow for e-dividend payments Transparency and communication
Employees	<ul style="list-style-type: none"> Quarterly business town halls Functional engagements with employees for the Leadership team Focus group discussions Employee surveys Safety, Health, and Environment (SHE) talks Virtual meetings 	<ul style="list-style-type: none"> Psychological safety Financial security Increased and effective employee engagement Safety, health, and wellbeing of workers at the factory Upskilling and reskilling Compensation and benefits Refinement of certain HR policies
Planet	<ul style="list-style-type: none"> Environmental stewardship plans Environmental responsibility awareness 	<ul style="list-style-type: none"> Decarbonisation targets setting Participation in environmental responsibility dialogues Participation in environmental policy formulation Implementation of environmental initiatives

OUR COMPASS

In this 2022 sustainability report, we have structured and reported on our sustainability performance using our Compass framework, our new strategy for building a better future as a sustainable business. The framework is underpinned by multiple commitments and time-bound targets. Our disclosures on the Compass commitments through our local actions are below:

IMPROVE THE HEALTH OF THE PLANET

The urgency of our work to tackle climate change, reduce plastic waste and protect nature has never been greater.

a. Climate Action

We have a plan to take us to net zero emissions by 2039. We're transitioning to renewable energy across our operations, finding new low-carbon ingredients and expanding our plant-based product range.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Climate Action				
Net zero emissions from all our products from sourcing to point of sale by 2039	Continue decarbonisation by installing renewable energy sources	Replace low efficient IE1 motors on Process Plant mixer in Oral Factory	805 GJ energy saving per year	The commercial phase of the project has been concluded. Plan in progress to kick-start in the first half of 2023
	Introduction of CNG backup alternative to reduce CO2 emission from Diesel genset	Introduction of Compressed natural gas (CNG) backup alternative to reduce CO2 emission from Diesel genset	12% CO2 reduction from diesel operation from 2023	25% project completion rate Awaiting final license to build by the regulator (Department of Petroleum Resources)
	Energy and thermal efficiency improvements in operations	Decarbonisation / Renewables: Installation of 1000kWp Solar power supply	4320 GJ energy saving per year	Project still in the commercial phase

SUSTAINABILITY REPORT

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Share the carbon footprint of every product we sell	Environmental reporting by products category/division by 2022	Metering of all utility's usage points	Achieve 100% EPR reporting by product category/division, easing to easy calculation of carbon footprint by product type	Real time metering system exist at each factory. Upgraded reporting platform which will show different product categories is currently under development by the global team
		Improve environmental data capture by training technical operators responsible for daily data handling	Complete training of technical operators in 2022	100% completion rate
		Relaunch Measurement and Metering Strata and improve sites' capability for real time data analysis.	Complete the relaunch of measurement and metering platform in 2022	90% completion rate Current system captures <ul style="list-style-type: none"> • Steam • Air • Electricity • Water Additional meters required for capturing data on diesel, gas and water

• Protect and Regenerate Nature

Nature is our biggest ally. We're on a mission to build a nature-positive future. We're working to eliminate deforestation from our supply chain and to protect and regenerate land, forests and oceans.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Protect and Regenerate Nature				
Deforestation-free supply chain in palm oil, paper and board, tea, soy, and cocoa by 2023	Deforestation-free supply chain in palm oil, paper and board, tea, soy, and cocoa by 2023	Ensure all Paper and Board have FSC Certification	100% compliance for FSC Certification on all paper and boards (Compliance on Responsible Sourcing)	75% of suppliers have commenced process of Certification. Target is 100% by end 2023
100% sustainable sourcing of our agricultural crops	100% sustainable sourcing of our agricultural crops - Palm, Turmeric, Garlic and Onion	SUSO Team certifies plantation and obtain evidence of sustainable sourcing for other RMs	SUSO Certification for sustainable sourcing of Palm by 2023	Palm suppliers on track to deliver Suso Certification by end of 2023
Empower farmers and smallholders to protect and regenerate farm environments	Empower farmers and smallholders to protect and regenerate farm environments for Cassava Starch and food Ingredients	Conduct trainings for farmers within our value chain on regenerative agriculture	Conduct trainings twice a year for farmers within our value chain	Supplier - Psaltry International; and training partners - Inhouse (Psaltry Team) identified. Training to commence in 2023
100% of our ingredients will be biodegradable by 2030	100% of our ingredients will be biodegradable by 2030	Initiate Safety and Environmental Assurance Centre (SEAC) assessment to certify all our ingredients as biodegradable and work towards achieving compliance for non-compliant ingredients by 2030	Obtain yearly SEAC assessments on our ingredients	SEAC certification process has not started. Discussion to be initiated with Global buyers by the first half of 2023

SUSTAINABILITY REPORT

• Waste-free World

Today's throwaway culture must end. We're working to keep waste in the economy and out of the environment through ambitious goals to reinvent the way we use plastic packaging and reduce food waste.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Waste Free World				
50% virgin plastic reduction by 2025, including an absolute reduction of 100,000 tonnes	10% virgin plastics reduction by 2025 400tons absolute reduction	Light weighting; pack size reduction, pack thickness reduction	Achieve total virgin plastic reduction by 400T by 2025	Initial 100T target to be delivered via ongoing projects – Oral tube length reduction, Oral Sachet thickness reduction, Detergent packs optimisation
25% recycled plastic by 2025	5% recycled plastics by 2025	PCR Inclusion in HC detergent flexibles and dishwashing liquid bottles and PC shrink film	Achieve 5% recycled plastics in our packaging by 2025 through PCR inclusion - 200tons	Development work is in progress to put recycled plastics (PCR) in detergent flexibles
Collect and process more plastic than we sell by 2025	Collect 50% of our footprint by 2025	Review the impact of Wecyclers partnership and renew collection agreement	Collect 50% of plastic footprint in Nigeria by 2025	Total collection for 2022: <ul style="list-style-type: none"> PET - 2003.31437 SACH - 238.07765 Others - 73.42498 Total - 2314.817 (tons)
		Align on claimability of Transform partnership with Wecyclers		
		Unlock additional collection partners		
100% reusable, recyclable, or compostable plastic packaging by 2025	100% recyclable plastic packaging by 2025	Activate the plastic reduction campaign for OMO in Nigeria through the OMO Plastics School Program	Plastics Collection and Recycling (Omo)	Reach 12,000 young people through schools recycling program by 2025 Directly reach 12,000 consumers with disabilities Indirectly reach 5m consumers with disabilities
		1. Identify recyclable solutions for all pack formats	Entire portfolio of 3,995MT of plastics in recyclable format (100%) by 2025	30 schools engaged 3000 primary school students reached directly in 2022 5m people reached indirectly via social media
		2. Confirm and establish runnability on existing packaging lines and establish capex requirements if needed		
Halve food waste in our operations by 2025	Half food waste in our operations by 2025	3. Implement		
		Control portion servings to prevent leftovers. (2) Get off takers for daily food waste from the canteen.	Reduce the food waste in our canteens by 50% by 2025	48% plastic recyclability status Recyclable solution packaging development work in progress for: <ul style="list-style-type: none"> Oral sachet and tube Detergent packs Soap wrapper and Stiffener Cube & Seasoning Wrapper
		Maintain zero waste to landfill in our factories		
Maintain zero waste to landfill in our factories	Maintain zero waste to landfill in our factories	Maintain zero waste to landfill in our factories	Zero waste on site	Commenced the collection of food waste data in 2022 to ascertain trends and implement reduction strategies 100% compliance

SUSTAINABILITY REPORT

IMPROVE PEOPLE'S HEALTH, CONFIDENCE, AND WELLBEING

We're uniquely placed to improve the health, hygiene, and nutrition of millions of people across the world every day. Through our purpose-led brands and products, and by tackling the barriers that hold people back, we can help people realise their potential while growing our business.

• Positive Nutrition

Everyone deserves access to good food. Future Foods is our bold commitment to help people transition towards healthier diets, reduce the environmental impact of the food chain and grow our plant-based product portfolio.

Global Compass Commitments	Local Action	Initiatives	KPI (Targets)	Progress Status
Positive Nutrition				
85% of our Foods portfolio to help consumers reduce their salt intake to no more than 5g per day by 2022	85% of our Foods portfolio to help consumers reduce their salt intake to no more than 5g per day by 2022 (Knorr is on a mission to help Nigerians eat tastier and more nutritious meals by changing what is on their plate)	<ul style="list-style-type: none"> Eat for Good communication campaign 	Reach 50 million consumers by 2025 with the Eat for Good message	<p>40.5M consumers reached with the "Eat for Good" message</p> <p>We launched the 100% natural bouillon cubes to the Knorr portfolio, aimed at meeting the needs of bouillon consumers seeking healthier alternatives</p>
	Improve food diversity by getting more Nigerians to incorporate vegetables into top dishes	<p>Teaching Consumers how to make top dishes healthier through recipe inspirations</p> <p>Activation of the top dish jollof through activations, diverse and healthy jollof recipes, and sampling of Knorr-made meals</p> <p>Low-Cost wet sampling initiative to offer healthy meals at the cost price to low-income earners, through the Knorr Café and at Brand activations. 20% of each plate of food contained vegetables</p>	<p>Influence the shift in behaviour of Nigerians towards consuming more diverse and nutritious meals. Convert 5% of total reach to start incorporating vegetables into their staple dishes</p> <p>Reach 1m adults with Knorr community program</p>	<p>1M nutritious and healthy recipe books were distributed online and offline</p> <p>Hundreds of diverse recipes shared with 20% of vegetables incorporated into each meal reached 16M consumers via top dish activation in the fourth quarter of 2022</p> <p>350,000 consumers reached through wet sampling via Jollof activation and in-store, community sampling of our Knorr naturals range</p> <p>We developed the following recipes to sample consumers and inspire them to eat healthy – Vegan jollof rice, coconut jollof rice, seafood jollof rice, etc, all served with vegetables</p>

SUSTAINABILITY REPORT

Global Compass Commitments	Local Action	Initiatives	KPI (Targets)	Progress Status
Double the number of products sold that deliver positive nutrition by 2025	Double the number of products sold that deliver positive nutrition by 2025	Knorr Nutrition Campaign • Eat for Good communication campaign	Double Gross Sales Value of Knorr sold by 2025	Data on sales growth is being collected and to be shared in Q1 2023
	Purpose-led communication and activation campaign	Eat For Good Communication Campaign	Reach 25m consumers with 'Eat for Good' campaign Reach 5m consumers through purpose film Reach 10m consumers through media channels	23m consumers reached with Eat for Good Message

• Health and Wellbeing

Health inequalities and social exclusion have no place in the world. We're determined to use the scale and reach of our brands and programmes to improve people's health, wellbeing and inclusion.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Health and Wellbeing				
70% of our portfolio to meet WHO-aligned nutritional standards by 2022 Take action through our brands to improve health and wellbeing and advance equity and inclusion, reaching 1 billion people per year by 2030 in the areas of Body confidence and self-esteem, Mental wellbeing, Hand hygiene, Sanitation, Oral health, Skin health and healing	70% of our portfolio to meet WHO-aligned nutritional standards by 2022 Take action through our brands to improve health and wellbeing and advance equity and inclusion, reaching 1 million people per year by 2030 in the areas of Body confidence and self-esteem, Oral health, Skin health and healing	Pepsodent Brush Day and Night School program	1 million children to be reached across primary schools in the South-East and South-Central regions Reach 100k+ adults with Oral health care education and free dental checkups in partnership with Nigerian Dental Association	952,275 kids were reached with oral health education and free products across the South-East and South-Central regions. The program has been previously rolled out in other regions of Nigeria Over 130 000 adults reached with oral health education 75,000 dental checkups provided across over 18 states in partnership with Nigerian Dental Association
		Vaseline Healing Project	Treatment of 2000 adults and persons with disabilities (PWDs) with skin conditions, and training of health practitioners in providing basic dermatological care	1,200 persons reached in 2022 8 Vaseline Healing Project (VHP) sessions in 2022 These sessions were held in Makoko Community, Yaba, Lagos
		Collaborate with Knorr to pilot the Eativist campaign for the Shakti women in one State, and assuming success, scale to all women across Nigeria and use them as advocates for the initiative	Contribute to the positive nutrition of the families of the Shakti entrepreneurs	Project kickstarted in the fourth quarter of 2022. Progress to be disclosed in subsequent reports

SUSTAINABILITY REPORT

CONTRIBUTE TO A FAIRER, MORE SOCIALLY INCLUSIVE WORLD

We've set ourselves the ambition of becoming a beacon for diversity and inclusion. We're using our business and influence to break down barriers and create opportunity in our workplaces, our supply and distribution chains, and society at large.

Global Compass CommitmentS	Local Action	Initiatives	KPIs (Targets)	Progress Status
Equity, Diversity, and Inclusion				
Accelerate diverse representation at all levels of leadership	Attain gender diversity of 50% by Q4 2022 in work level 1 (WL1) of our staff Achieve 60% female diversity with new joiners by Q4 2022	<p>Ensure that recruiters have balanced slate for each role. Partner with employment agencies that support female candidates</p> <p>Enhance awareness of employee referral policy for females</p>	<p>Attain WL1 gender diversity of 50% by Q4 2022</p> <p>Achieve 60% female diversity with new joiners by the fourth quarter of 2022</p>	<p>We exited 2022 with a female employee ratio of 46.9%, which is a marginal decline over 2021 - 50.6%. At total business, we exited 2022 with a female representation of 41.1%, which is a decline of 140% against 2021</p> <p>In 2022, 51% of all new hires were female recruits, and at work level 1 only, 54% of the hires were females</p> <p>There has been a revamp of the Maternity and Paternity Support (MAPS) framework, which seeks to promote inclusive workplace practices to improve the retention of our employees who return from any form of parental leave. There has been further communication of our referral policy, which rewards employees who refer successful female talents for employment. There is an increased focus on participation of female employees in Employee Resource Groups, especially within the functions with the lowest female ratio</p> <p>In 2023, there will be strict compliance to the balanced slate rule, to ensure that all candidates shortlisted for any vacancy has 50% female representation</p>
5% of our workforce to be made up of people with disabilities by 2025	1% of our population (Full time employees, 3rd Parties, Interns, etc.) to be made up of persons with disability by Q4 2022. Review end 2022 to identify resources needed to scale up to 5% by 2030	<p>Partner with employment agencies that support PWD candidates to scale recruitment.</p> <p>Enhance awareness of employee referral policy for people with disabilities</p>	<p>1% of our population (Full-time employees, 3rd Parties, Interns, etc.) to be made up of persons with disability by Q4 2022</p>	<p>1% as at 2022</p> <p>Our commitment and drive towards creating an inclusive workplace for persons with disability (PWDs) has been intensified, through partnerships with state/ social agencies which are involved in the campaign for inclusion of PWDs</p> <p>The PWD representation on our site is currently at 1.3%, cutting across full time employees, temporary staff, and interns</p> <p>In 2022, we rolled out the Africa Disability Pathway, which aims at building the capability of our employees and making them ready to work with PWDs. We continue to review the accessibility enhancements which have been made on our site, to ensure that they are fit for purpose. While we invest so much into our recruitment strategies, to attract PWDs, we have also amplified the internal campaign for self-declaration of disability status on our human resource management platform in "Workday"</p>

SUSTAINABILITY REPORT

• Raise Living Standards

We believe that business can help tackle social inequality and we're determined to raise living standards throughout our value chain. Millions of people depend on Unilever to earn a living so we're working to ensure that prosperity is shared more fairly.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Raise Living Standards				
Ensure that everyone who directly provides goods and services to Unilever will earn at least a living wage or income by 2030	Ensure that all insourced labour employees in Supply Chain are paid the recommended Living wage rate by 2022	Identify all Insourced 3 rd Parties earning below the livable wage compensation and benchmark pay against wage rate	100% Compliance to living wage compensation	Implementation of Living wage was stalled due to commodity inflation on key material prices, adverse currency impact due to depreciation of naira against USD and increase in average diesel rate. This will be implemented for Insourced 3 rd Parties in 2023
Help 5 million small and medium-sized enterprises grow their business by 2025	Map female owned and female led MS-MES in our supplier pool and work with partners to increase to 30%	WeConnect supplier gender benchmarking and recruitment	30% of supplier pool in Nigeria is female owned or female led businesses	Over the years, we have: - Engaged 14 businesses owned by women - Engaged 1 business owned by PWD - Transacted over €14m deals with businesses owned by women and PWD
	Help 1 million small and medium-sized female entrepreneurs grow their businesses by 2025 through the Sunlight campaign	Sunlight Shakti programme / Purpose activations	Empower 1m women through Shakti to start or grow their business by 2025	- 5,280 Shakti women recruited in 2022 - Unilever Field Sales Accreditation (UFSA) business training rolled out to 2k Shakti women in 2022 - Average business per Shakti woman - €1.7k
Spend €2 billion annually with diverse businesses worldwide by 2025	We will build up Shakti women business to €20 million with our Shakti entrepreneurs by 2025	Scale up Shakti project to reach 10K women by 2025	Ensure that all 10,000 women are doing an annual average of €5,000 business with Unilever by 2025	10,280 total number of Shakti women

SUSTAINABILITY REPORT

• Future of Work

The future of work isn't just about data, robots and algorithms – it's really about people. We see meaningful work as everyone's right. We're taking big steps to equip our own people and others for the future.

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Future of Work				
Equip 10 million young people with essential skills by 2030	Equip 100,000 young people across Nigeria with essential skills by 2030	IdeaTrophy A Business Solutions Competition engaged for youths identify and awarded young minds (students/interns) with brilliant business solutions with internships and mentorships Focus Skills: Finance for Non-Finance, Marketing, Sales, Business Plan development, Design thinking, Leadership	Induct 450 young people into the challenge by 2030	30 interns inducted into the initiative. The top six in Nigeria were awarded with Post-Graduate Internships and went on to represent Nigeria and competed at the competition's Africa level
		UCAP Unilever Campus Ambassadors Program is a Youth Employability seminars, online courses and skills development engagements across university and polytechnic campuses	To reach 100,000 students with employability knowledge and skills BY 2030	UCAP project for 2022 was revised. We co-created a new initiative called FUCAP (Future-X Unilever Campus Ambassadors Program) in partnership with UNICEF as part of the Generation-Unlimited initiative. We also expanded the initial target to reach 700,000 young people with skills and knowledge, and provide direct impact for 183,000 young people by 2030 The initiative to be kick-started in 2023
		ULIP Unilever Internship Program is a work experience immersion program for university graduates	Provide internship opportunities for 270 interns by 2030	60 interns recruited on either 6-months or 1-year work placements. Breakdown of the work placements recruitments are listed below: Undergraduate Internship -14; Graduate Internship - 8; Post Graduate Internship - 2; Apprenticeship - 1; NYSC - 35

SUSTAINABILITY REPORT

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Pioneer new models to provide our employees with flexible employment options by 2030	Increase FLEX opportunities and roles created and filled in NG by 10% in 2022	Increase usage of Flex platform to help employees having flexible job experience Continue agile policy and practices to provide flexible working hours Through “be resourceful program” develop program to partner with freelancers and part-time workers	Increase FLEX opportunities and roles created and filled in NG by 10% in 2022	FLEX platform is created as an opportunity for employees to acquire other skills from other markets, without having to physically change location. As at end of the first half of 2022, there was a total of 51% of registered users on the FLEX platform, with 40% of them being active users, thus, engaging the platform to seek opportunities The organisation continues to uphold its flexible working schedule of 2+2+1, where employees get to work two days in the office, two days at home and the last day, to be applied flexibly based on agreement between line managers and employees
Reskill or upskill our employees with future-fit skills by 2025	Achieve 80% of employees who have developed a future fit plan and discussed implementation with their Line Managers and Human Resource Business Partners. Attain 20% increase in combined employee time committed to learning on degreeed	Future fit plan for 80% of our employees, with a focus on future skills relevant for business Vocational training for our shopfloor employees with focus on entrepreneurial skills. <30% employees Capability building in e-commerce for our sales team	80% of employees with Future Fit plan and 20% increase in learning on degreeed	The Future Fit Plan, is a concept which empowers employees to direct their career paths in the desired direction As of December 2022, ~61% of our employees have completed their Future Fit Plans, together with focus skills, which serves as a direction for their career path

A full version of our standalone 2022 Sustainability Report can be found on the Unilever Nigeria Plc website

Statement of Directors' responsibilities for the year ended 31 December 2022

The directors accept responsibility for the preparation of the annual Financial Statements set out on pages 71 to 130 and confirm that they give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



His Majesty N A Achebe CFR, mni
Chairman
FRC/2013/NIM/00000001568



Carl Cruz
Managing Director
FRC/2022/PRO/DIR/003/
00000023359



Folake Ogundipe (Mrs)
Finance Director
FRC/2019/ICAN/
00000019604

16 March, 2023

Corporate Responsibility for Financial Reports for year ended 31 December 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, I hereby certify that I have reviewed the audited financial statements for year ended 31 December, 2022 and based on our knowledge

- i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements:

We further certify that the Officers who signed the Financial Statements:

- i. are responsible for establishing and maintaining the internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officers by other officers of the company, particularly during the period in which the audited financial statement report is being prepared;
- ii. have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements; and
- iii. certify that the company's internal controls are effective as of that date;

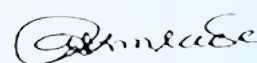
In addition, we certify that the officers who signed the audited financial statements have disclosed the following information to the Company's Independent Auditors and Audit Committee that:

- i. there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data; and
- ii. there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

SIGNED BY:



Carl Cruz
Managing Director
FRC/2022/PRO/DIR/003/00000023359
16 March, 2023



Folake Ogundipe
National Finance Director
FRC/2019/ICAN/00000019604
16 March, 2023

Report of the Audit Committee to the members of Unilever Nigeria Plc.

In accordance with the provisions of Section 404 (4) & (7) of the Companies and Allied Matters Act 2020, the members of the Statutory Audit Committee of Unilever Nigeria Plc. hereby report as follows:

We have exercised our statutory functions under Section 404(7) of the Companies and Allied Matters Act 2020, and we acknowledge the cooperation of management and staff in the conduct of these responsibilities.

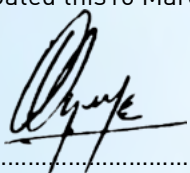
We confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. We have considered the independent auditors' post-audit report in respect of year ended 31 December, 2022 and management responses thereon, and are satisfied thereto.

Members of the Audit Committee are:

- | | |
|---|---|
| 1. Mr David Oguntoye
FRC/2013/ANAN/00000002787 | - Chairman & Shareholders' Representative |
| 2. Alhaji Wahab A. Ajani
FRC/2022/002/00000023641 | - Shareholders' Representative |
| 3. Mr Kolawole Durojaiye
FRC/2019/ICAN/00000019789 | - Shareholders' Representative |
| 4. Mrs Abiola Alabi
FRC/2022/003/00000023136 | - Non-Executive Director |
| 5. Mr Chika Nwobi
FRC/2022/003/00000023137 | - Non-Executive Director |

Dated this 16 March, 2023



Mr David Oguntoye
Chairman
FRC/2013/ANAN/00000002787



DEFEAT PAIN IN 30 SECONDS

and stop it from coming back



by **Pepsodent**

#DefeatSensitivity

**KPMG Professional Services**

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955

234 (1) 271 8599

Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Unilever Nigeria Plc**

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Unilever Nigeria Plc (the Company), which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Registered in Nigeria No BN 986925

Partners:

Adegoke A. Oyelami	Boluwaaji D. Apanpa	Martins I. Arogie	Olutoyin I. Ogunlowo	Williams I. Erimona
Adetola P. Adeyemi	Chibuzor N. Anyanechi	Mohammed M. Adama	Oluwafemi O. Awotoye	
Adewale K. Ajayi	Chineme B. Nwigbo	Nnoka C. Eluma	Oluwatoyin A. Gbagi	
Ajibola O. Olomola	Dunni D. Okegbemila	Ogunfayo I. Ogungbenro	Omolara O. Ogun	
Akinwale O. Alao	Elijah O. Oladunmoye	Olabimpe S. Afolabi	Oserne J. Obaioje	
Akinyemi J. Ashade	Goodluck C. Oti	Oladimeji I. Salaudeen	Temitope A. Onitiri	
Ayobami L. Salami	Ibitomi M. Adepoju	Olanike I. James	Tolulope A. Odukafe	
Ayodele A. Soyinka	Ijeoma T. Emezie-Ezigbo	Olufemi A. Babem	Uzochukwu N. Obienu	
Ayodele H. Othihiwa	Kabir O. Okunlola	Olumide O. Olayinka	Uzodinma G. Nwankwo	
Bolanle S. Afolabi	Lawrence C. Amadi	Olusegun A. Sowande	Victor U. Onyenkpa	



Reconciliation of supplier financing arrangements with banks

Refer to Note 20 of the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>Due to shortage of foreign currency, the Company entered into trade financing arrangements with some local banks whereby the banks pay the amounts owed to foreign suppliers and thereafter receives settlement through foreign currency allocations from the Central Bank of Nigeria in a bidding process.</p> <p>Reconciliations with the banks are performed in arrears due to delays in banks issuing statements. The delays in the reconciliations increases the risk of misstatements due to error arising from omitted transactions.</p> <p>This is considered a key audit matter due to its significance to the business, the materiality of the amounts involved and the significant time spent in reconciliations of the Company's records to the bank statements for the transactions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — obtained an understanding of the Company's process on cash advance held by banks for foreign exchange bidding, import loans and letters of credit; — requested confirmation from the Company's bankers on balances as at 31 December 2022; — inspected reconciliation statements performed on the variances noted between the bank confirmations and the Company's records; — retranslated the foreign currency denominated amounts and evaluated the reasonableness of the exchange loss recognized on supplier trade finance loan account. — recalculated the interest on outstanding trade loan amounts and compared with amount accrued by the Directors as at year end — assessed the appropriateness of adjusting entries proposed to correct the differences noted from the reconciliation with the banks — evaluated the adequacy of the disclosure in the financial statements in line with the relevant accounting standards.

Other Information

The Directors are responsible for the other information. The other information comprises the Unilever Purpose and Values, Corporate Profile, Board of Directors, Officers and Other Corporate Information, Results at a glance, Board Profile, Report of the Directors including Corporate Governance Report, Abridged 2022 Sustainability Report, Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2022, Statement of Corporate Responsibility for the Financial Statement for the year ended 31 December 2022, Report of the Audit Committee to the members of Unilever Nigeria Plc and Other National Disclosures which we obtained prior to the date of this auditors' report, but does not include the financial statements and our auditor's report thereon. Other information also includes the Notice of Annual General Meeting, Chairman's Statement, Shareholders' Information, amongst others, together the "Outstanding Reports", which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Uzodinma G. Nwankwo, ACA
FRC/2013/ICAN/00000000803
For: KPMG Professional Services
Chartered Accountants
31 March 2023
Lagos, Nigeria.



Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2022 N'000	2021 N'000
Revenue	4	88,570,826	70,523,695
Cost of sales	5	(57,394,299)	(50,161,784)
Gross profit		31,176,527	20,361,911
Selling and distribution expenses	5	(4,797,463)	(3,318,990)
Marketing and administrative expenses	5,9(a)	(18,516,602)	(15,121,313)
Impairment loss on trade and other receivables	17(vi)	(441,303)	(829,576)
Other income	6	123,683	37,352
Operating profit		7,544,842	1,129,384
Finance income	10	1,834,478	1,027,210
Finance cost	11	(1,567,416)	(95,742)
Net finance income		267,062	931,468
Profit before minimum taxation		7,811,904	2,060,852
Minimum tax		-	(182,169)
Profit before taxation		7,811,904	1,878,683
Taxation	12(i)	(3,344,820)	(1,190,417)
Profit for the year		4,467,084	688,266
Discontinued operations			
Profit from discontinued operations	31	-	2,720,908
Profit for the year		4,467,084	3,409,174

Statement of profit or loss and other comprehensive income (continued)

Other comprehensive income

Items that will not be reclassified to profit or loss:

Remeasurement of post employment benefit obligations	22(vi)	308,841	330,555
Tax effect	12(ii)	(100,373)	(107,181)
Other comprehensive income		208,468	223,374
Total comprehensive income		4,675,552	3,632,548

Earnings per share for profit attributable to equity holders:

Basic and diluted earnings per share (Naira)		0.78	0.59
Basic and diluted earnings per share (Naira) - continuing operations		0.78	0.12

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 December

	Note	2022 N000	2021 N000
Assets			
Non-current assets			
Property, plant and equipment	14(i)	21,490,568	22,376,287
Intangible assets	15	3,081	3,467
		<u>21,493,649</u>	<u>22,379,754</u>
Current assets			
Inventories	16	16,331,854	14,956,331
Trade and other receivables	17(i)	21,246,606	14,992,655
Cash and cash equivalents	18	66,317,783	55,697,537
Assets held for sale	19	-	262,258
		<u>103,896,243</u>	<u>85,908,781</u>
Total assets		<u>125,389,892</u>	<u>108,288,535</u>
Liabilities			
Current liabilities			
Trade and other payables	20	52,404,796	39,739,074
Income tax	12(iii)	2,972,361	478,615
		<u>55,377,157</u>	<u>40,217,689</u>
Non-current liabilities			
Deferred tax liabilities	21	1,473,440	1,063,404
Unfunded retirement benefit obligations	22(iv)	363,826	454,713
Retirement benefit obligations	22(v)	291,205	421,291
Long service award obligations	22(iv)	319,548	369,770
		<u>2,448,019</u>	<u>2,309,178</u>
Total liabilities		<u>57,825,176</u>	<u>42,526,867</u>
Equity			
Ordinary share capital	30	2,872,503	2,872,503
Share premium	30	56,812,810	56,812,810
Retained earnings		7,879,403	6,076,355
Total equity		<u>67,564,716</u>	<u>65,761,668</u>
Total equity and liabilities		<u>125,389,892</u>	<u>108,288,535</u>

Statement of financial position As at 31 December (continued)

The financial statements were approved for issue by the Board of Directors on 16 March 2023 and signed on its behalf by:



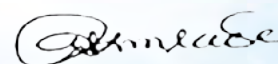
His Majesty N.A. Achebe CFR, MNI
Chairman

FRC/2013/NIM/00000001568



Carl Cruz
Managing Director

FRC/2022/PRO/DIR/003/00000023359



Folake Ogundipe
National Finance Director

FRC/2019/ICAN/00000019604

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity For the Year ended 31 December

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2021	2,872,503	56,812,810	2,443,807	62,129,120
Total comprehensive income for the year				
Profit for the year	-	-	3,409,174	3,409,174
Other comprehensive income				
Remeasurement of post employment benefit obligations (Note 22(vi))	-	-	330,555	330,555
Tax effect (Note 12(ii))	-	-	(107,181)	(107,181)
Other comprehensive income, net of tax	-	-	223,374	223,374
Total comprehensive income	-	-	3,632,548	3,632,548
At 31 December 2021	2,872,503	56,812,810	6,076,355	65,761,668
Balance at 1 January 2022	2,872,503	56,812,810	6,076,355	65,761,668
Total comprehensive Income for the year				
Profit for the year	-	-	4,467,084	4,467,084
Other comprehensive income				
Remeasurement of post employment benefit obligations (Note 22(vi))	-	-	308,841	308,841
Tax effect (Note 12(ii))	-	-	(100,374)	(100,374)
Other comprehensive income, net of tax	-	-	208,467	208,467
Total comprehensive income	-	-	4,675,551	4,675,551
Transactions with owners of the company				
Contributions and distributions				
Dividend declared (Note 20(i))			(2,872,503)	(2,872,503)
Total transactions with owners of the company			(2,872,503)	(2,872,503)
At 31 December 2022	2,872,503	56,812,810	7,879,403	67,564,716

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the Year ended

	Note	2022 N'000	2021 N'000
Cash generated from operations	24	12,899,120	20,299,380
Retirement benefits paid	22(iv)	(276,518)	(46,673)
Long service award obligations paid	22(iv)	(72,048)	(39,170)
Tax paid	12(iii)	(519,211)	(123,584)
Net cashflow generated from operating activities		12,031,343	20,089,953
Cash flows generated from investing activities			
Interest received	10	1,834,478	590,607
Purchase of property, plant and equipment	14(i)	(1,559,536)	(1,622,462)
Proceeds from disposal of assets held for sale	19	387,000	-
Proceeds from disposal of property, plant and equipment	19 (ii)	7,487	103,935
Net cashflow generated from/(used in) investing activities		669,429	(927,920)
Cash flows generated from financing activities			
Payment of lease	23(iii)	-	(281,252)
Interest expense on employee benefit	11	(90,136)	-
Interest expenses on trade obligations with banks	11	(1,113,934)	(26,162)
Dividend paid	20(i)	(623,767)	(55,664)
Net cash flow used in financing activities		(1,827,837)	(363,078)
Net increase in cash and cash equivalents		10,872,935	18,798,955
Impact of foreign exchange movement on cash balance		(252,690)	(202,245)
Cash and cash equivalents at the beginning of the year		55,697,537	37,100,827
Cash and cash equivalents at the end of the year	18	66,317,782	55,697,537

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Basis of preparation

1.1 Reporting entity

Unilever Nigeria Plc (the Company) is incorporated in Nigeria as a public limited liability company under the Companies and Allied Matters Act 2020 (CAMA2020) and is domiciled in Nigeria. The parent company of Unilever Nigeria Plc is Unilever Overseas Holdings B.V which holds 75.97% of the share capital of the company.

The Company is principally involved in the manufacture and marketing of Foods, Home care and Beauty and personal care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

1.1a Statement of compliance

The financial statements of Unilever Nigeria Plc ("Unilever" or "the Company") have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

These financial statements were authorised for issue by the Company's board of directors on 16 March 2023.

1.1b "Basis of measurements

The financial statements have been prepared under the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date:"

Items	Measurement basis
Derivative financial instruments	- Fair value
Inventories	- Lower of cost and net realisable value
Non-derivative financial instruments	- Initially at fair value and subsequently at amortised cost using effective interest rate
Defined benefit obligation	- Present value of the obligation
Plan asset of defined benefit obligation	- Fair value

1.2 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency, rounded to the nearest thousand (N'000) unless otherwise indicated.

1.3 Going concern

The Financials Statements have been prepared on the basis of going concern.

1.4 Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing the Company's financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
- *Definition of Accounting Estimates (Amendments to IAS 8).*

Notes to the financial statements (continued)

2 Summary of significant accounting policies

2.1 Property, plant and equipment

(i) Recognition, derecognition and measurement

The cost of an item of property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are measured by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the statement of profit or loss.

The carrying amount of an item of PPE must be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of PPE are included in the income statement when the item is derecognised.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

(iii) Depreciation

The estimated depreciation rates of property, plant and equipment for current and comparative periods are as follows:

Land	- Nil
Buildings	- 2.5%
Plant and machinery	- 7%
Furniture and equipment	- 7% - 25%
Motor vehicles	- 25%

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss.

The capital work-in-progress represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

Depreciation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

2.2 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Intangible assets (continued)

- it is technically and commercially feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised on a straight line basis in the income statement over their estimated useful lives, which does not exceed eight and a half years. These costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognised.

2.3 Impairment of non-financial assets

At each reporting period, the Company reviews the carrying amount of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised for non-financial assets when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets not yet available for use are tested for impairment annually. Impairment losses are recognized in the income statement. All other non-financial assets are assessed for indicators of impairment at the end of each reporting period.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognised.

2.4 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

2.5 Financial instruments

2.5.1 Recognition and initial measurement

Financial instruments (i.e. financial assets and liabilities) are recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.5.2 Classification and subsequent measurement

Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains & losses including any interest or dividend income are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.5.2 Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets

(iii) *Derivative financial instruments*

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

2.5.3 Derecognition

- Financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

- Financial liabilities

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

2.5.4 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Impairment of financial assets

Non- derivative financial assets

The Company recognises loss allowances for Expected Credit Loss (ECLs) on financial assets measured at amortised cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for other debt securities and bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECL.

The ECL for trade and other receivables are estimated using a provision matrix that is based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors general economic conditions and an assessment of both current as well as forecast direction of conditions as at reporting date.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued) 2.6 Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full without recourse by the Company to actions such as realising security (if any is held) or
- the financial asset is more than 180 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial asset

The Company considers intercompany receivables to have a lower credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or being more than 180 days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. An impairment loss is recognised if the gross carrying amount of the assets exceeds its estimated recoverable amounts. Impairment losses are recognised in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.6 Impairment of financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2.8 Inventories

Inventories are measured at the lower of cost and estimated net realisable value less allowance for obsolete and damaged inventories. A detailed review of slow moving and obsolete stocks is carried out on a monthly basis and an allowance is booked based on a realistic estimate. Cost is based on moving average price that comprises direct materials and where applicable, directs labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw materials, work in progress, cost of finished goods, engineering spares and other items of inventories is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of selling expenses.

2.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash at bank and in hand plus short-term deposits less overdrafts and short-term working capital loans. Short-term deposits have a maturity of three months or less from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

2.10 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The present value is derived by discounting the expected future cashflows at a pre-tax rate. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.10 Provisions (continued)

Contingent liabilities are recognised where either the existence of the liability or the transfer of economic benefits arising is more than remote but not probable. Contingent liabilities are assessed continually whether an outflow of resources embodying economic benefits has become probable. Where this becomes the case, a provision is recognised in the period in which the change in probability occurs (except in the case where no reliable estimate can be made).

2.11 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(i) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows;

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under Company Income Tax Act is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

2.11 Income tax

(i) Current income tax

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.11 Income tax (continued)

(ii) *Deferred income tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

(iii) *Minimum tax*

The Company is subject to the Finance Act 2020 as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit are treated as income tax in line with IAS 12, whereas minimum tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of profit or loss.

The liability is recognised under trade and other payables in the statement of financial position.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

2.12 Employee benefits

(a) *Post-employment benefit plans*

The Company operates a defined contribution benefit scheme, an unfunded defined benefit service gratuity scheme for its employees; and a funded post-employment benefit plan.

(i) *Defined contribution scheme*

The Company operates a defined contribution plan in line with the Pension Reform Act 2014. The contributions are recognised as employee benefit expenses as services are provided by employees, employee contributions are funded through payroll deductions. The Company has no further payment obligation once the contributions have been paid. The contribution made towards securing the future benefits in the scheme is as follows:

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.12 Employee benefits (continued)

Staff	Management staff	Non-management
Employer	10%	10%
Employee	8%	10%

(ii) *Defined benefit plans*

The Company also operates a funded benefit plan. The level of benefit provided is based on the length of service and terminal salary of the person entitled. The defined benefit plan surplus or deficit in the statement of financial position comprises the total of the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on federal government bonds in issue as at the reporting date).

The cost of defined benefit plans is determined using the projected unit credit method. The pension liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the market yield on government bonds at the calculation date and reflects the duration of the liabilities of the benefit plan.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the income statement in subsequent periods. Current service cost, the recognized element of any past service cost and the net interest cost arising on the pension liability are included in the same line items in the income statement as the related compensation cost.

(b) *Other long term employee benefits*

The Company measures long term employee benefits using the same accounting policies for defined benefit plans except for remeasurements which are recognised in income statement in the period in which they arise.

(c) *Short term employee benefits*

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

2.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue at a point in time when it transfers control over a product to a customer. The Company's net revenue is recognised as gross sales value net of rebates and discounts.

The Company principally generates revenue from the sale and delivery of its products. The sale and delivery of products are identified as one performance obligation and are not separately identifiable. The Company recognises revenue when the customer takes possession of the goods. This usually occurs when the customer signs the invoice/delivery note. The amount of revenue is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods assets are recognised.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.13 Revenue (continued)

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 20) and the right to receive returned goods is included in inventory (Note 16).

The Company reviews its estimates of expected returns at each reporting date and updates the amounts of assets and liability accordingly.

See note 27 for details of revenue disaggregated by business category and geographical location

2.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.14 Leases (continued)

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

2.16 Finance income and finance cost

Finance income and finance costs are recognised using the effective interest rate method.

Finance income includes interest received or receivable on balances and deposits with banks, exchange differences (excluding differences on payables to foreign suppliers which has been included in cost of sales) and derivative gains on derivative financial assets.

Finance cost includes interest on borrowings, interest charge related to defined benefit plans, gains or losses arising on the early settlement of debt, exchange difference on non-derivative financial assets and liabilities (excluding differences on payables to foreign suppliers which has been included in cost of sales) and derivative losses on derivative financial liabilities.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.16 Finance income and finance cost (continued)

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.17 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over their par value is recorded in the share premium reserve.

All ordinary shares rank equally with regard to the Company residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental assets directly attributable to the issue of ordinary shares are recognised as a deduction from equity net of any tax effects.

2.18 Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3. Critical accounting estimates and judgements

Estimates and accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the financial statements (continued)

3. Critical accounting estimates and judgements (continued)

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

Judgements

Lease term: whether the Company is reasonably certain to exercise extension options (Note 2.14)

Estimates

(i) Retirement benefit and long service award obligations

The cost of retirement benefit and long service award obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A67/70 tables published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria. Further details about the assumptions are given in Note 22.

(ii) Provision for Right of Return on Revenue (Note 4b)

(iii) Measurement of ECL allowance of trade and intercompany receivables (Note 17 (iii) and (vi))

(iv) Allowance for slow moving, obsolete and damaged inventory (Note 16)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: -

Notes to the financial statements (continued)

3. Critical accounting estimates and judgements (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4 Revenue	2022 N'000	2021 N'000
(a) Revenue for the year which arose from sales of goods comprise:		
Domestic (within Nigeria)	87,479,199	69,767,230
Export (outside Nigeria)	1,091,627	756,465
	<u>88,570,826</u>	<u>70,523,695</u>

The Company recognises revenue at a point in time when it transfers control over a product to a customer.

As at end of 2022 the Company had 91 Key distributors that contributed to gross sales value; however 82 are active Key distributors, 8 exited during the course of the year and 1 transitioned to Mainstream customer group during the year.

Key Distributors contribution to Gross Sales Value was 83% (Inactive and transitioned to Mainstream inclusive). The highest contribution per Key Distributor is 5% of total company's Gross Sales Value.

(b) Right of Return

A refund liability of N 442 million (2021: N 292 million) has been recognized for the right to return goods sold. Management has made an estimate based on the historical trend of likely sales returns by customers subsequent to year-end. The amount of revenue recognized is adjusted for expected returns. A refund liability (Note 20) and the right to recover returned goods assets N 351 million (2021: N 227 million) have been recognized (Note 16).

Notes to the financial statements (continued)

5 Expenses by nature

The following items have been charged in arriving at profit before tax:

	2022 N'000	2021 N'000
Raw materials and consumables	50,494,968	37,972,099
Bought in products	1,885,115	2,267,243
Depreciation of property, plant and equipment (Note 14(i))	2,420,298	3,535,385
Amortisation of intangible assets (Note 15)	386	385
Employee costs (Note 8)	8,771,608	9,222,695
Brand and marketing (Note 9(a))	6,042,310	4,816,559
Royalties and Service Fees (Note 9(a))	2,915,128	1,869,485
Handling charges	362,575	2,206,470
Auditors' remuneration	45,721	45,191
Professional service fees	371,504	359,055
Utilities	2,851,386	1,963,331
Business travel	572,549	487,305
IT costs	347,669	308,525
Consumer market research	364,867	446,846
Lease rental	-	119,124
Repairs and maintenance cost	2,506,445	2,388,691
Insurance	140,687	72,453
Donations	32,029	122,305
Trainings and meals	554,090	288,690
Impairment loss (Note 17 (vi))	441,303	829,576
Office materials	29,029	110,251
Total cost of sales, selling and distribution, marketing and administrative expenses and impairment losses	81,149,667	69,431,663
Analysed as:		
Cost of sales	57,394,299	50,161,784
Selling and distribution expenses	4,797,463	3,318,990
Impairment loss (Note 17 (vi))	441,303	829,576
Marketing and administrative expenses	18,516,602	15,121,313
	81,149,667	69,431,663

Notes to the financial statements (continued)

6 Other income

	2022 N000	2021 N000
Transitional Service Agreement income (i)	123,683	37,352
	<u>123,683</u>	<u>37,352</u>

- (i) Subsequent to the disposal of the Tea business in 2021, Unilever entered into a Transitional Service Agreement ("the Agreement") with the new owner, Ekaterra. The Agreement became effective 1st of October, 2021 for a 15 months period.

7 Compensation of key management personnel and directors

Key management personnel comprises the directors (executive and non-executive) and other key management staff who are members of the Leadership Team.

Compensation to key management personnel was as follows:

	2022 N000	2021 N000
(i) Short term benefits		
Non executive directors	73,357	73,357
Executive directors	606,825	476,364
Members of the Leadership team (excluding executive directors)	688,840	1,058,453
	<u>1,369,022</u>	<u>1,608,174</u>
(ii) Post-employment benefits:		
Executive directors	22,627	17,200
Members of the Leadership team (excluding executive directors)	44,640	52,424
	<u>67,267</u>	<u>69,624</u>
	2022	2021
	N000	N000
(iii) The emoluments of the Chairman of Board of Directors	19,959	19,959
(iv) The emoluments of the highest paid director	198,008	231,565

Notes to the financial statements (continued)

8 Employee costs

	2022 N'000	2021 N'000
Salaries and wages	4,986,796	5,049,541
Pension contribution	919,858	526,033
Current service charge for unfunded retirement benefit obligation and long service awards (Note 22(vi))	126	50,504
Other employee allowances	2,864,828	3,596,617
	<u>8,771,608</u>	<u>9,222,695</u>

Other employee allowances include incentives, medical allowances, product packs and other benefits which are consistent with industry practice.

The average number of persons, excluding executive directors, employed by Unilever during the year was as follows:

	2022 Number	2021 Number
Administration	77	89
Technical and production	596	560
Sales and marketing	113	106
	<u>786</u>	<u>755</u>

The table below shows the number of direct employees of Unilever excluding executive directors, other than employees who discharged their duties wholly or mainly outside Nigeria and which fell within the bands stated.

	N	N	2022 Number	2021 Number
Below 1,750,000			13	13
1,750,001 - 2,000,000	-	2,000,000	3	3
2,000,001 - 2,250,000	-	2,250,000	2	0
2,250,001 - 2,500,000	-	2,500,000	6	3
2,500,001 - 2,750,000	-	2,750,000	3	11
2,750,001 - 5,000,000	-	5,000,000	469	482
5,000,001 - 10,000,000	-	10,000,000	141	110
10,000,001 - 15,000,000	-	15,000,000	64	56
15,000,001 - 20,000,000	-	20,000,000	20	17

Notes to the financial statements (continued)

8. Employee costs (continued)

20,000,001	-	30,000,000	32	36
30,000,001	-	40,000,000	15	8
40,000,001	-	60,000,000	6	4
60,000,001	-	80,000,000	5	5
Above 80,000,000			7	7
			786	755

9 Marketing and administrative expenses

(a) This is analysed as follows:

	2022 N000	2021 N000
Brand and marketing	6,042,310	4,816,559
Overheads	9,559,164	8,435,269
Royalties and Service Fees	2,915,128	1,869,485
	18,516,602	15,121,313

Included in overheads is employee cost N8.7 billion (Note 8).

(b) Unilever Plc, United Kingdom has given Unilever Nigeria Plc exclusive right to the know-how, manufacture, distribution and marketing of its international brands namely: Omo, Sunlight, Close-Up, Pepsodent, Vaseline, Lux, Knorr, Royco and Lifebuoy in Nigeria. In consideration of this, a royalty of 2% of net sales value and 0.5% of net sales value is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licences respectively. (Note 28).

Also, Unilever Nigeria has a central support and management services agreement with Unilever Europe Business Centre B.V (previously Unilever Plc) for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable as service fees (Note 28).

10 Finance income

	2022 N000	2021 N000
Interest on call deposits and bank accounts	1,834,478	590,607
Net exchange gain/ (loss) on translation of foreign currency denominated balances	-	436,603
	1,834,478	1,027,210

11 Finance cost

Notes to the financial statements (continued)

	2022 N000	2021 N000
Interest expense on lease liabilities	179	37,068
Interest expense on trade obligations with banks	1,113,934	26,162
Interest charge on employee benefit	90,136	-
Net exchange loss on translation of foreign currency denominated balances	363,177	32,512
	<u>1,567,416</u>	<u>95,742</u>

12 Taxation

(i) Income statement	2022 N000	2021 N000
Current income tax	2,600,581	-
Capital Gains tax	8,579	-
Tertiary education tax	349,061	71,090
Nigeria Police Trust Fund	391	-
Prior year over provision- current income tax	76,547	-
	<u>3,035,159</u>	<u>71,090</u>
Deferred tax originating and reversing temporary difference (Note 21)	309,661	1,119,327
Tax charge to income statement - Continuing operations	<u>3,344,820</u>	<u>1,190,417</u>
Tax charge to income statement - Discontinuing operations (Note 31)	-	394,039

(ii) Amount recognised in other comprehensive income	2022 N'000	2021 N'000
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liabilities (Note 21)	<u>100,374</u>	<u>107,181</u>

The amount provided for in current year relates to Company Income Tax , Tertiary Education Tax, Capital gains tax, Nigeria Police Trust Fund and Charge for Deferred Tax.

Tertiary education tax charge is at 2.5% of assessable profits in accordance with Finance Act 2021.

Notes to the financial statements (continued)

12. Taxation (continued)

(iii) The movement in current income tax liabilities is as follows:

	2022 N000	2021 N000
At 1 January:		
- Current income tax	478,615	137,070
Prior year under provision	76,547	-
Charge for the year - continuing operations:		
- Current income tax	2,600,581	-
- Tertiary education tax	349,061	70,999
- Capital Gains tax	8,579	
Nigeria Police trust fund	391	91
Charge for the year - discontinuing operations:		
- Tertiary education tax	-	117,871
- Capital Gains tax	-	276,168
Tax paid:		
Cash	(519,211)	(123,584)
Withholding tax credit note	(22,202)	
At 31 December	2,972,361	478,615

(iv) Reconciliation of effective tax to the statutory tax

	2022 N000	2021 N000
Profit before tax - continuing	7,811,904	2,060,854
Profit before tax - discontinued	-	3,138,322
	7,811,904	5,199,174
Tax calculated at the applicable statutory rate of 30% (2021: 30%)	2,343,571	1,559,752
Tertiary education tax rate of 2.5%	195,298	129,979
Tax effects of expenses not deductible for tax purposes	742,864	376,652
Tax effects on tax incentives	(13,460)	38,229
Prior year underprovision	76,547	-
Effect of difference in tax rate	-	(520,156)
Tax charge/(credit) in income statement	3,344,820	1,584,456

Notes to the financial statements (continued)

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potentially dilutive shares at the reporting date (2021: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2022 N000	2021 N000
Profit attributable to ordinary shareholders	4,467,084	3,409,174
Profit attributable to ordinary shareholders (continuing operations)	4,467,084	688,266
Weighted average number of ordinary shares	5,745,005	5,745,005
Basic and diluted earnings per share (Naira)	0.78	0.59
Basic and diluted earnings per share (Naira) - continuing operations	0.78	0.12

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

Notes to the financial statements (continued)

14 Property, plant and equipment

The movement in the Property Plant and Equipment account is as follows:

(i)	Capital work-in- progress	Lease- hold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	950,819	433,640	12,763,789	33,215,018	1,995,587	1,288,964	50,647,817
Additions	1,622,462	-	-	-	-	-	1,622,462
Disposals	-	-	(113,448)	(6,719,278)	(145,485)	(339,229)	(7,317,440)
Transfers	(1,617,641)	-	107,105	919,218	37,263	554,055	-
Transfer between classes	-	-	-	366,953	(366,953)	-	-
Write-offs	-	-	-	(181,972)	(83,211)	-	(265,184)
At 31 December 2021	955,640	433,640	12,757,446	27,599,939	1,437,201	1,503,790	44,687,655
Balance as at 1 January 2022	955,640	433,640	12,757,446	27,599,939	1,437,201	1,503,790	44,687,655
Additions	1,559,536	-	-	-	-	-	1,559,536
Disposals	-	-	(36,298)	(2,122,554)	(32,375)	(160,514)	(2,351,740)
Transfers	(735,548)	-	231,593	431,706	31,915	40,334	-
At 31 December 2022	1,779,628	433,640	12,952,741	25,909,091	1,436,741	1,383,610	43,895,452
Accumulated Depre- ciation / impairment							
At 1 January 2021	-	3,190	2,758,067	18,650,036	888,691	977,230	23,277,214
Depreciation charge for the year	-	-	1,104,373	1,784,833	430,099	216,080	3,535,385
Disposals	-	-	(53,225)	(2,507,524)	(136,657)	(338,857)	(3,036,263)
Transfer between classes	-	-	-	65,051	(65,051)	-	-
Write-offs	-	-	-	(1,382,941)	(82,025)	-	(1,464,966)
At 31 December 2021	-	3,190	3,809,215	16,609,454	1,035,057	854,453	22,311,369
Depreciation charge for the year	-	-	373,465	1,639,099	160,153	247,582	2,420,298
Disposals	-	-	(35,807)	(2,116,788)	(18,878)	(155,310)	(2,326,784)
At 31 December 2022	-	3,190	4,146,872	16,131,765	1,176,331	946,725	22,404,883
Net book value:							
At 1 January 2021	950,819	430,450	10,005,722	14,564,982	1,106,896	311,734	27,370,604
At 31 December 2021	955,640	430,450	8,948,231	10,990,485	402,143	649,338	22,376,287
At 31 December 2022	1,779,628	430,450	8,805,869	9,777,326	260,409	436,886	21,490,568

Notes to the financial statements (continued)

14. Property, plant and equipment (continued)

(iii) Security

As at 31 December 2022, no item of property, plant and equipment was pledged as security for liabilities (2021: nil).

(v) Capital work-in-progress

The capital work-in-progress of N1.8 billion (2021: N955 million) represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

	Land & Building N'000	Plant & Machinery N'000	Total N'000
Capital work-in-progress	988,105	791,523	1,779,628

(vi) Capital commitments

Contractual commitments with respect to property, plant and equipment contracted for at the reporting date but not recognised in the financial statements:

	2022 N000	2021 N000
Capital commitments	465,246	499,000

Notes to the financial statements (continued)

15 Intangible assets

Intangible assets comprise computer software

	2022 N'000	2021 N'000
Cost:		
At 1 January	2,192,460	2,192,460
At 31 December	2,192,460	2,192,460
Amortisation:		
At 1 January	2,188,993	2,188,608
Charge for the year	386	385
At 31 December	2,189,379	2,188,993
Net book value as at 31 December	3,081	3,467

Intangible assets represent the Company's computer software and the amortisation charge for the year has been included in administrative expenses.

16 Inventories

	2022 N'000	2021 N'000
Raw and packaging materials	12,422,867	10,189,180
Work in progress	546,310	343,519
Goods in Transit	-	969,957
Finished goods	2,029,402	2,180,366
Engineering spares and other inventories	981,820	1,045,428
Right to recover returned goods *	351,455	227,881
	16,331,854	14,956,331

* The right to recover returned goods represents the Company's right to recover products from customers where customers exercise their right of return under the Company's returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a year using expected value method. Refund liabilities for the right to recover returned goods is disclosed in Note 20. Similarly, amount charged to income statement as inventory consumed in the year was N50.5 billion (2021: N37.9 billion) (Note 5). The Company makes estimate with respect to allowance for obsolete inventories, the net inventory provision taken in the year was N282m.

Notes to the financial statements (continued)

17 Trade and other receivables

Trade and other receivables account is analysed as follows:

	2022 N'000	2021 N'000
(i)		
Trade receivables: gross	5,243,534	5,769,679
Less: rebate accruals	(580,948)	(1,019,156)
Less: impairment	(1,424,010)	(1,284,069)
Trade receivables: net	3,238,576	3,466,454
Advances and prepayments *	9,673,972	1,733,074
Unclaimed dividend held with registrar	529,497	356,588
Interest receivable	225,880	67,585
Other receivables	4,068,199	259,018
Due from related parties (Note 28 (v))	1,972,574	8,964,067
Deposit for imports (Note 17 (v))	1,537,908	145,869
	21,246,606	14,992,655

Included in other receivables are transactions relating to tea business. Following the deal completion to sell tea segment of the business in July' 2022, tea receivables and inventory have been reclassified from intercompany receivables and inventory balance to trade receivables.

* Advances and prepayments include short term and low valued prepaid insurance premium, warehouse rent, advance payments to vendors.

Reconciliation of changes in trade and other receivables in the statement of cashflows:

	2022 N'000	2021 N'000
Movement in trade and other receivables	(6,253,951)	(2,035,189)
Net book values of assets transferred to Ekaterra	-	5,373,971
Net impairment charge on receivables (Note 17(vi))	(441,303)	(829,576)
Movement in trade and other receivables per statement of cashflows	(6,695,254)	2,509,207

(ii) Analysis for trade receivables:

	2022 N'000	2021 N'000
Carrying amount not past due	3,090,235	3,366,234
Carrying amount past due less than 3 months	43,334	96,458
Carrying amount past due 3 - 6 months	97,799	3,672

Notes to the financial statements (continued)

17. Trade and other receivables (continued)

Carrying amount past due 6 months & above	7,208	-
	3,238,576	3,466,364

Information about the Company's exposure to credit risk and impairment losses for trade receivables is included in note 26.1(b)

	2022 N'000	2021 N'000
(iii) Movement in allowance for trade receivables:		
At 1 January	1,284,069	2,074,464
Impairment loss (17 (vi))	188,254	72,850
Bad debt written off	(48,313)	(863,245)
At 31 December	(1,424,010)	1,284,069

	2022 N'000	2021 N'000
(iv) Analysis of related parties receivables:		
Carrying amount not past due	197,664	8,589,696
Carrying amount past due less than 3 months	160,184	132,510
Carrying amount past due 3 - 6 months	559,948	35,824
Carrying amount past due 6 months & above	1,054,778	206,037
	1,972,574	8,964,067

Related party receivables arose from export sales, and exchange of services which are payable within 90 days. Receivables have been subjected to impairment assessment in line with IFRS 9 and the appropriate impairment loss recognised in the statement of profit or loss. Information about the Company's exposure to credit risk and impairment losses for intercompany receivables is included in note 26.1(b)

(v) Deposit for imports represents foreign currencies purchased for funding letter of credits in respect of imported raw materials which were yet to be paid to suppliers as at year end.

	2022 N'000	2021 N'000
(vi) Impairment loss on trade and intercompany receivables recognised in profit or loss		
Trade receivables (17 (iii))	188,254	72,850
Bad debt (written back)/ off *	-	(9,546)
Total impairment loss on trade receivables	188,254	63,304
Impairment loss on Intercompany receivables	253,049	766,271
Total impairment loss recognised in profit or loss (Note 5)	441,303	829,576

Notes to the financial statements (continued)

17. Trade and other receivables (continued)

* Amount represent trade receivables balance which the Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(vii) Movement in rebate accruals	2022 N000	2021 N000
Opening balance	1,019,156	2,616,594
Accrued in the year	4,980,336	3,772,970
Payout in the year	(4,928,418)	(4,845,537)
Excess reversed to income statement	(490,126)	(524,871)
Closing balance	580,948	1,019,156

18 Cash and cash equivalents

	2022 N000	2021 N000
Cash at bank	29,639,295	40,629,495
Fixed deposit	36,678,488	15,068,042
	66,317,783	55,697,537

Included in cash and cash equivalents included restricted cash of N3.5bn (2021: N4.6bn) on unclaimed dividend held in a separate bank account, and letter of credit for the acquisition of inventories. N3.5bn of this amount was invested by the Company's registrar in line with SEC rules on dividend investment (2021: N4.6bn).

19 Assets held for sale & Disposal of property, plant and equipment

In 2021, management committed to a plan to sell part of its manufacturing facility within the Home and Personal Care segment. Accordingly, part of that facility was presented as assets held for sale at the carrying amount of N262 million. This asset was sold in 2022 resulting in a gain on disposal as analysed below:

(i) Asset held for sale

	2022 N'000
Proceeds from disposal of Asset held for sale	387,000
Carrying amount of Asset held for sale	(262,258)
Gain on disposal of asset held for sale (Note 24)	124,742

Notes to the financial statements (continued)

19. Assets held for sale & Disposal of property, plant and equipment (continued)

(ii) Disposal of plant, property and equipment

	2022	2021
	N'000	N'000
Proceeds from disposal of plant, property and equipment	7,487	103,935
Carry amount of plant, property & equipment disposed	(24,956)	(454,531)
loss on disposal of plant, property & equipment	(17,469)	(350,596)

20 Trade and other payables

	2022	2021
	N'000	N'000
Trade payables	14,757,595	11,205,275
Trade obligations with banks *	13,556,275	7,094,621
Amount due to related companies (Note 28 (v))	6,276,585	5,515,920
Dividend payable (Note 20(i))	8,543,165	6,413,241
Accrued liabilities	4,982,890	4,118,568
Accrued brand and marketing expenses	686,708	1,620,077
Accrued shipping and freight charges	1,103,981	1,719,901
Refund liabilities	442,313	292,378
Minimum tax payable	-	222,206
Non trade payables	641,088	272,271
Statutory deductions	1,414,196	1,264,616
Total trade and other payables	52,404,796	39,739,074

*The Company is involved in trade financing arrangements with some local banks where the banks agree to pay amounts to foreign vendors in respect of invoices owed by the Company and receives settlement from the Company at a later date. The principal purpose of the arrangement is to facilitate efficient payment processing in view of the challenges being experienced with sourcing foreign currency in the Nigerian market. The arrangement enables the Company settle its foreign obligations in a timely manner to facilitate receipt of key input materials required in the production of finished goods. The total amount paid by the bank are due to be settled by the Company within one year at an average interest charge of LIBOR +8%.

Trade obligations with banks relate to short term trade finance loans (import finance facility) obtained from local commercial banks to facilitate the settlement of their trade obligations with foreign vendors.

The balance due to the banks for payments made as at year end amounted to N11.88 billion (2021:N7.1 billion).

	2022	2021
	N'000	N'000
Reconciliation of changes in trade and other payables in the statement of cashflows:		
Movement in trade and other payables	12,665,721	12,316,716
Dividend reclassified from retained earnings but not paid out	(2,642,193)	-
Dividend paid	623,767	55,664
Minimum tax charge	-	(205,544)
Foreign exchange difference	-	202,245
Movement in trade and other payables per statement of cashflows	10,647,295	12,369,081

Notes to the financial statements (continued)

20. Trade and other payables (continued)

(i) Dividend payable

	2022 N'000	2021 N'000
As at 1 January	6,413,241	6,468,905
Dividend paid	(623,767)	(55,664)
Withholding tax payable	(230,310)	-
Cash paid to registrar in maintaining statutory minimum balance	(61,410)	-
Dividend unclaimed by shareholders	172,909	-
2021 Dividend declared	2,872,503	-
As at 31 December	8,543,165	6,413,241

For the year ended 31 December 2022, the directors have proposed a dividend (2022: 25k per share). Unclaimed dividend returned by the registrar is invested in a portfolio managed by a fund manager (Stanbic IBTC Asset Management Limited). In line with SEC rules, this unclaimed dividend is not available to be used by the Company for its own business.

Included in dividend payable is N4.8bn (2021: N2.8bn) due to Unilever Overseas Holding (Note (28(v))).

As at 31 December 2022, N529.50 million (2021: N357 million) of the total dividend was held with the Company's Registrar, Greenwich Registrars and Data Solutions Limited.

Notes to the financial statements (continued)

21 Deferred tax liabilities/ (assets)

Deferred income tax is calculated using the statutory income tax rate of 32% (2021: 32%). The movement on the deferred tax account is as follows:

The movement in deferred tax is as follows:

Deferred tax liabilities/ (assets)	N000	N000
At start of year	1,063,406	(163,101)
Changes during the year:		
- Charge to income statement (Note 12(i))	309,661	1,119,326
- Charge to other comprehensive income	100,374	107,181
At end of year	1,473,440	1,063,406

The movement in the deferred tax account is as follows:

Deferred tax liabilities/(assets)	Property, plant and equipment N000	Employee benefit obligations N000	Other temporary differences* N000	Leases N000	Exchange difference N000	Total N000
At 1 January 2021	2,494,754	(508,660)	(2,608,473)	(44,738)	504,017	(163,101)
Charge/(credit) to income statement	932,812	(3,397)	246,300	58,550	(114,940)	1,119,326
Charge to other comprehensive income	-	107,181	-	-	-	107,181
At 31 December 2021 / 1 January 2022	3,427,566	(404,876)	(2,362,173)	13,812	389,077	1,063,406
Charge/(credit) to income statement	1,178,939	-	(186,446)	(13,814)	(669,018)	309,661
Charge to other comprehensive income	-	100,373	-	-	-	100,373
At 31 December 2022	4,606,505	(304,503)	(2,548,618)	(2)	(279,941)	1,473,440

**Other temporary differences comprises provisions for trade receivables, inventories, restructuring and unrelieved loss. There is no Unrelieved loss in 2022 (2021: N7.8bn).

Notes to the financial statements (continued)

22 Retirement benefit obligation

(i) Retirement benefit obligation

Unilever operates a funded benefit scheme for retired employees. The funded benefit scheme is for retirees who have received pension. With effect from 1 January 2013, only employees who were employed prior to January 2006 and who had not opted out of the Unilever savings scheme are permitted entry into the funded benefit scheme. The plan asset of the scheme is funded by contributions from the retired employees. In addition, Unilever provides medical and soap pack benefits to retired employees

(ii) Long service obligation

The Company grants long service awards to employees who have served continuously well and loyally. Depending on the length of service, employees are granted both monetary and non monetary awards. Qualified employees have the option of monetising the non monetary awards.

(iii) Summary of retirement benefits and long service award obligations

	2022 N'000	2021 N'000
Funded retirement benefit obligation (Note 22(v))	(1,810,481)	(1,867,087)
Fair value of plan assets (Note 22(v))	1,519,276	1,445,796
Retirement benefit (deficit)/ surplus	(291,205)	(421,291)
Unfunded retirement benefit obligations (Note 22(iv))	(363,826)	(454,713)
Long service award obligations (Note 22(iv))	(319,548)	(369,770)
	(974,579)	(1,245,774)

Notes to the financial statements (continued)

22 Retirement benefit obligations (continued)

(iv) Reconciliation of change in liabilities

The movement in the obligations over the year is as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2022	2021	2022	2021	2022	2021
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	(1,867,087)	(2,386,244)	(454,713)	(588,473)	(369,770)	(424,567)
Included in income statement						
Planned Asset						
Current service charge	-	-	(126)	(172)	-	(50,332)
Expected Return						
Interest cost	(219,913)	(179,245)	(55,326)	(41,944)	(24,206)	(29,970)
Actuarial gain/change in assumptions	-	-	21,510	-	-	117,009
Transfer to Ekaterra					2,380	
Actuarial gain experience	-	-	-	-	-	(35,658)
	(2,087,000)	(179,245)	(33,942)	(42,116)	(21,826)	1,049
Included in OCI						
Remeasurement (loss)/gain						
Actuarial gain/change in assumptions	-	394,188	124,829	132,086	-	-
Actuarial gain/experience	-	26,240	-	(2,883)	-	-
Actuarial gain	-	420,428	124,829	129,203	-	-
Others						
Benefits paid	276,518	277,974	46,673	-	72,048	39,170
Transfer to Ekaterra						14,578
	276,518	277,974	-	46,673	72,048	53,748
At 31 December	(1,810,481)	(1,867,087)	(363,826)	(454,713)	(319,548)	(369,770)

Notes to the financial statements (continued)

22. Retirement benefit obligations (continued)

(v) Reconciliation of change in assets

The plan assets relate to the funded retirement benefit obligation. The movement in the fair value of plan assets of the year is as follows:

	2022 N'000	2021 N'000
At January 1	1,445,796	1,809,723
Included in income statement		
Interest income on plan assets	165,987	133,123
Included in OCI		
Remeasurements - actuarial (losses)/gains	184,012	(219,076)
Others		
Benefits paid	(276,518)	(277,974)
	(276,518)	(277,974)
At December 31	1,519,276	1,445,796
Less: funded retirement benefit obligations (Note 22(iv))	(1,810,481)	(1,867,087)
Retirement benefit obligation	(291,205)	(421,291)

(vi) Summary of items recognised in income statement and other comprehensive income

	2022			2021		
	Income Statement		OCI	Income Statement		OCI
	Current service charge*	Net interest cost	Actuarial losses	Current service charge*	Net interest cost	Actuarial losses
	N'000	N'000	N'000	N'000	N'000	N'000
Funded retirement benefit obligations	-	219,913	-	-	179,245	420,428
Plan assets	-	(165,987)	184,012	-	(133,123)	(219,076)
Unfunded retirement benefit obligations	126	55,326	124,829	172	41,944	129,203
Long service award obligations	-	21,826	-	50,332	(51,382)	-
	126	131,078	308,841	50,504	36,685	330,555

*Current service charge disclosed above includes actuarial gains/(losses) on long service award obligations charged to profit or loss.

Notes to the financial statements (continued)

22. Retirement benefit obligations (continued)

(vii) Actuarial assumptions

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligation		Long Service Award and Unfunded Retirement Benefit Obligation	
	2022	2021	2022	2021
Discount rate	12.8%	8%	12.7%/ 13%	7.5%
Inflation rate	15%	11%	12%	11%
Interest income rate	13%	15.5%	-	-
Future salary/pension increases	13%		12%	12%

Assumptions on mortality rate for the funded retirement benefit obligation is based on the rates published in the A67/70 tables, published jointly by the Institute and Faculty of Actuaries, United Kingdom while that of the unfunded retirement benefit obligation and long service award obligation is based on the publications in the A67/70 Tables and PA (90)-1 Male table (UK annuitant table), published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk. To achieve this, investment are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

For risk management purposes on the funded retirement benefit obligation, the obligations are funded by investments in liability matching assets. The assets are managed by external independent pension fund administrators. The plan assets comprised the following:

	2022 N'000	2021 N'000
<u>Government Securities:</u>		
FGN Bonds	403,635	928,934
Treasury bills	832,991	49,558
	1,236,626	978,492
<u>Fixed deposits/strict calls:</u>		
Uninvested Cash/Money on Call	6,649	46,053
Fixed deposits	287,997	426,611
Accrued Fees and Expenses		(5,360)
	294,646	467,304
Asset	1,531,273	1,445,796

Notes to the financial statements (continued)

22. Retirement benefit obligations (continued)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on government securities and quoted securities reflect long-term real rates of return experienced in the respective markets.

(viii) Sensitivity analysis on liability as at 31 December 2022

A 1% change in assumed rates will result in the following balances to the retirement benefit scheme.

Sensitivity analysis on liability as at 31 December 2022

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	N'000	Impact [%]	N'000	Impact [%]
Base figures	363,826	-	1,810,481	-
Discount rate (-1%)	305,174		1,966,310	
Discount rate (+1%)	335,234	15%	1,777,439	14,5%
Salary/pension increase rate (-1%)	306,179	-	-	7%
Salary/pension increase rate (+1%)	333,962	-	-	-
Price escalation rate (-1%)	318,113	-	-	
Price escalation rate (+1%)	321,024	13%	-	13%
Mortality experience (-1 year)	318,815	12%	1,790,762	-1%
Mortality experience (+1 year)	320,201	12%	1,942,987	7%

Sensitivity analysis on liability as at 31 December 2021

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	N'000	Impact [%]	N'000	Impact [%]
Base figures	454,713	-	2,386,244	-
Discount rate (-1%)	484,022	-6%	2,553,978	7%
Discount rate (+1%)	428,612	-6%	2,238,464	-6%
Price escalation rate (-1%)	439,326	3%	-	-
Price escalation rate (+1%)	470,934	-6%	-	-
Mortality experience (-1 year)	426,024	-8%	2,328,224	-2%
Mortality experience (+1 year)	484,304	7%	2,443,404	2%

Notes to the financial statements (continued)

22. Retirement benefit obligations (continued)

	Long Service Award Obligations -2022		Long Service Award Obligations - 2021	
	N'000	Impact (%)	N'000	Impact (%)
Base figures	319,548		369,770	
Discount Rate (-1%)	305,174	4%	388,197	-5%
Discount Rate (+1%)	335,234	-5%	352,966	5%
Salary increase rate (-1%)	306,179	4%	354,096	4%
Salary increase rate (+1%)	333,962	-5%	386,732	-5%
Price escalation rate (-1%)	318,113	0%	368,185	0%
Price escalation rate (+1%)	321,024	0%	371,404	0%
Mortality experience (-1 year)	318,815	0%	368,967	0%
Mortality experience (+1 year)	320,201	0%	370,485	0%

Assumptions for sensitivity analysis

	Base rates 2022	Base rates 2021
Discount rate (funded retirement benefit obligation)	13.0%	12.8%
Discount rate (unfunded obligation)	13.0%	13.0%
Salary increase rate	13.0%	12.0%
Product/benefit inflation rate	6.5%	5.5%

The base figures used for the sensitivity analysis on liability is the funded retirement benefit obligation as of 31 December 2022 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2022.

The retirement benefits and long service award obligations are based upon independent actuarial valuation conducted by Ernst and Young (Wise Chigudu, FRC/2022/PRO/NAS/00000024119).

23 Leases

The Company leases office building, residential apartment and warehouses. The leases typically run for a period of 2 to 3 years, with renewal to be determined by both parties on or before expiration date.

Information about leases for which the Company is a lessee is presented below

i Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 14(ii)).

	2022 N'000	2021 N'000
Balance as at 1 January	-	292,777
Additions to right of use asset	-	-

Notes to the financial statements (continued)

23. Leases (continued)

Derecognition of right of use asset	-	(42,504)
Depreciation for the year	-	(250,273)
Balance as at 31 December	-	-

	2022 N'000	2021 N'000
<i>ii Amounts recognised in profit or loss</i>		
Leases under IFRS 16		
Interest on lease liabilities (Note (29(i)))	179	41,824
Expense relating to short term leases and low value items (Note 5)	-	119,124

	2022 N'000	2021 N'000
<i>iii Amounts recognised in statement of cash flows</i>		
Lease payment recognised in cash flows	-	281,252

iv Extension options

Some office building and warehouse leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	2022 N000	2021 N000
24. Cash flows from operating activities		
Profit before tax	7,811,904	1,878,683
Profit before tax - discontinued operations (Note 31 (a))	-	3,114,947
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(i))	2,420,298	3,535,385
- Loss on disposal of property, plant and equipment (Note 19)	17,469	350,596
- Amortisation of intangible assets (Note 15)	386	385
- Gain on disposal of assets held for sales (Note 19)	(124,742)	-
- Net impairment charge on receivables (Note 17(vi))	441,303	829,576
- Gain on sale of discontinued operation (Note 31)	-	(2,761,682)
- Interest income (Note 10)	(1,834,478)	(590,607)

Notes to the financial statements (continued)

24. Cash flows from operating activities (continued)

- Interest expense on employee benefit (Note 11)	90,136	26,162
- Interest expense on trade obligations with banks (Note 11)	1,113,934	-
- Interest on lease liabilities (Note (29(i)))	179	41,824
- Net movement in retirement benefit obligations	364,386	88,238
- Long service award obligations (Note 22(vi))	21,826	(1,049)
- Minimum tax (Note 12(iv))	-	205,540
	<u>10,322,602</u>	<u>6,717,997</u>
Changes in working capital:		
- (Increase)/ decrease in trade and other receivables*	(6,695,254)	2,509,207
- Increase in inventories	(1,375,523)	(1,296,904)
- Increase in trade and other payables (Note 20)	10,647,295	12,369,081
Cash flows generated from operating activities	<u>12,899,120</u>	<u>20,299,380</u>

* Movement in trade and other receivables exclude impairment as shown in (Note 17)

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	N000	N000	N000	N000
Trade and related party receivables (Note 17(i))	5,211,150	5,211,150	12,430,521	12,430,521
Cash and cash equivalent (Note 18)	66,317,783	66,317,783	55,697,537	55,697,537
	<u>71,528,933</u>	<u>71,528,933</u>	<u>68,128,058</u>	<u>68,128,058</u>
Trade and other payables (Note 20) *	50,320,849	50,320,849	37,859,874	37,859,874
	<u>50,320,849</u>	<u>50,320,849</u>	<u>37,859,874</u>	<u>37,859,874</u>

Notes to the financial statements (continued)

25 Fair values, including valuation hierarchy and assumptions

The fair values of financial instruments, valuation methods and the carrying amounts shown in the Statement of financial position, are as follows:

The fair values of the financial assets and liabilities are defined as being the amounts at which the instruments could be exchanged or liability settled in an arm's length transaction between knowledgeable, willing parties.

Cash and cash equivalents, trade and other current receivables, bank overdrafts, trade payables, intercompany loan and other current liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes statutory liabilities and refund liabilities.

Financial instruments include the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation technique used to value financial instruments is the discounted cash flow analysis.

26 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Unilever's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Unilever's financial performance.

Risk management is carried out by a Treasury Department under policies approved by Board of Directors. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Unilever's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. These policies are mostly Unilever Global Policies adopted for local use.

26.1 Financial risk factors

(a) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk - Transactions in foreign currency

Unilever is exposed to foreign exchange risk arising from various currency exposures. The currencies in which these transactions are primarily denominated are US dollars, Pound sterling, Euro and Rand. The currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

(a) Market risk (continued)

During the year, the Company explored foreign currency official instruments available in the market to settle obligations denominated in foreign currencies and to manage foreign currency volatility. These include: Central Bank of Nigeria (CBN) forwards and CBN interventions in the interbank market.

As a result, the Company's transactions were settled at a range of rates during the year. As at year end the assets and liabilities were translated using the NAFEX rate which represented the rate at which the future cash flows represented by the balances could have been settled if those cash flows had occurred at year end.

At 31 December, exposure to currency risk as reported to the management of the Company is as follows;

2022

In thousands of

	Euro	GBP	USD	ZAR
Trade and other receivables	8,640	23	774	-
Cash and Cash equivalent	6,508	5	3,449	
Trade and other payables	(7,458)	(860)	(13,920)	(523)
Net exposure	7,690	(833)	9,697	(523)

2021

In thousands of

	Euro	GBP	USD	ZAR
Trade and other receivables	8,640	23	774	-
Cash and Cash equivalent	14,227	5	6,864	-
Trade and other payables	(7,458)	(860)	(13,920)	(523)
Net exposure	15,409	(833)	(6,282)	(523)

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	2022	2021	2022	2021
EURO	456	464	493	480
GBP	514	552	555	571
USD	427	409	461	424
ZAR	25	26	27	27

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

(a) Market risk (continued)

Sensitivity analysis

At 31 December 2022, if the Naira had weakened/strengthened by 8%* against key currencies (Euro and USD) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N.28 billion lower/higher (2021: N.33 billion).

*8% represents the 5 year average change in the conversion rate of key currencies to Naira.

(ii) Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts and import facilities. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk.

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The average interest rate on local short-term borrowings in 2022 was 21% (2021: 13%)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers

The carrying amounts of financial assets and contract assets represent the maximum credit exposure

Impairment losses on financial assets assets recognised in the income statement were as follows:

	2022	2021
	N'000	N'000
Impairment loss on trade and intercompany receivables (Note 17(vi))	441,303	829,576

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

The Company's risk management committee has established a credit policy under which each new customer is placed on a 3 month probation. Sales are made to these customers on a cash and carry basis during this period after which each customer is analysed individually for credit worthiness before the Company's standard credit and delivery terms and offered. The Company's review includes available financial information, industry information and bank references. Credit limits are established for each customer and reviewed quarterly.

Concentration of credit risk with respect to trade receivables is limited, due to the Company's customer base being diverse. Credit terms for customers are determined on individual basis. Credit risk relating to trade receivables is managed by reference to the customers' credit limit, inventory balance, cash position and secondary sales to final consumers.

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

Trade receivables (continued)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, distribution channel, geographic location and trading history.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for customers

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a historical default method based on the probability of a receivable progressing through stages of delinquency to write-off. The historical default rates are calculated separately for exposures from the two classes of customers (General and Modern Trade) based on their credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from General Trade customers as at 31 December.

	2022				2021			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit im- paired	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000			N'000	N'000	
Current (not past due)	8%	3,487,719	(270,377)	No	8%	3,487,719	(270,377)	No
Less than 3 months past due	35%	117,799	(40,880)	No	35%	117,799	(40,880)	No
3 - 6 months past due	50%	73,119	(36,560)	No	50%	73,119	(36,560)	No
More than 6 months past due	100%	377,569	(377,569)	Yes	100%	377,569	(377,569)	Yes
		<u>4,056,206</u>	<u>(725,386)</u>			<u>4,056,206</u>	<u>(725,386)</u>	

Loss rates are based on actual credit loss experience over the past three years

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Modern Trade customers as at 31 December.

	2022				2021			
	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit im- paired	Weighted average loss rate	Gross carrying amount N'000	Loss allowance N'000	Credit impaired
Current (not past due)	0%	-	-	No	0%	-	-	No
Less than 3 months past due	0%	-	-	No	0%	50,371	(2,100)	No
3 - 6 months past due	0%	-	-	No	0%	2,763	(253)	No
More than 6 months past due	100%	558,683	(558,683)	Yes	100%	555,925	(555,925)	Yes
		558,683	(558,683)			609,059	(558,278)	

Loss rates are based on actual credit loss experience over the past three years

Movements in the allowance for the impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2022 N'000	2021 N'000
Balance at 1 January	1,284,069	2,074,464
Charged to income statement (17 (iii))	188,254	72,850
Bad debt written off (Note 17(iii))	(48,313)	(863,245)
Balance at 31 December	1,424,010	1,284,069

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

Other receivables

Other receivables comprise unclaimed dividend held with registrar, prepayments and advance payments to local vendors, interest receivable on fixed deposits, deposit for imports and other receivables. Prepayments and advance payments to local vendors and deposit for imports (deposit with foreign vendors for goods) and other receivables are non-financial assets while interest receivables on fixed deposits held with reputable financial institutions and have good credit ratings. The Company assessed the credit risk as low, hence, the expected credit loss is immaterial.

The unclaimed dividend held with registrar represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines. The Company's registrar is Greenwich Registrars and Data Solutions Limited, which is a reputable company. The Company has assessed the credit risk as low and the expected credit loss is immaterial.

Intercompany receivables

Intercompany receivables arise from export sales to and settlement of transactions on behalf of related entities. Related entities are entities within the Unilever Group. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

Expected credit loss assessment for related entities

The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections), applying experienced judgement and historical default rates.

Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

The Company held cash and cash equivalents of N67.8bn as at 31 December 2022 (2021: N55.6bn). The cash and cash equivalents are held with banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Employee receivables

Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay and upon resignation, deducted from final entitlements.

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that Unilever will face difficulty in meeting its obligations associated with its financial liabilities. Unilever's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine Unilever's credibility, impair investor confidence and also restrict Unilever's ability to raise funds.

Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. Unilever seeks to manage its liquidity requirements by maintaining relationships with different financial institutions through short-term and long-term credit facilities.

Cash flow forecasting is performed in Unilever. Unilever's finance team monitors rolling forecasts of Unilever's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that Unilever does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration Unilever's debt financing plans, covenant compliance and compliance with gearing ratios.

Where current liabilities exceed current assets, the Company seeks to manage its liquidity requirements by maintaining access to bank lending which are renewable annually.

At the reporting date, Unilever held cash in bank of N29.6 billion (2021: N40.4 billion). Unilever also had Nil overdraft (2021: Nil) and undrawn facilities of N25 billion (2021: N20 billion). The facilities are unsecured and do not attract any cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

	2022	2021
The average interest rates on bank overdrafts at the year end is as follows:	21%	13%

The movement in allowance for impairment of related party receivables during the year was as follows:

	2021 N'000	2022 N'000
Balance at 1 January	4,103,235	3,336,964
Specific impairment provision recognised in the year		
Impairment loss	253,049	766,271
Balance at 31 December	4,356,284	4,103,235

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements. The Company has disclosed a contractual maturity analysis for its financial liabilities, which is the minimum disclosure under IFRS 7 in respect of liquidity risk. Because IFRS 7 does not mandate the number of time bands to be used in the analysis, the Company has applied judgement to determine an appropriate number of time bands.

Notes to the financial statements (continued)

26. Financial risk management (continued)

26.1 Financial risk factors (continued)

	Carrying amount	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years and 5 years	Over 5 years	Total
2022		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables*	50,320,849	50,320,849	-	-	-	-	50,320,849
Loans and borrowings	-	-	-	-	-	-	-

	Carrying amount	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
2021		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables*	37,859,874	37,859,874	-	-	-	-	37,859,874
Loans and borrowings	-	-	-	-	-	-	-

At amortised cost

2022
N'000

2021
N'000

Liabilities as per statement of financial position

Trade and other payables (Note 20)*	50,320,849	26,579,099
Loans and borrowings (Note 29)	-	239,428
	<u>50,320,849</u>	<u>26,818,527</u>

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes statutory liabilities and refund liabilities.

26.1 Capital risk management

Unilever's objectives when managing capital are to safeguard Unilever's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Unilever may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the financial statements (continued)

26. Financial risk management (continued) 26.1 Financial risk factors (continued)

Consistent with others in the industry, Unilever monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets), based on balances reported in the statement of financial position.

The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022 N'000	2021 N'000
Total liabilities	57,825,176	42,526,867
Total assets	125,389,892	108,288,535
Gearing ratio (%)	46%	39%

27 Segment reporting

The chief operating decision-maker has been identified as the Leadership Team (LT) of Unilever Nigeria Plc. The Leadership Team reviews Unilever's monthly financial and operational information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Leadership Team consider the business from Food Products category and Home and Personal Care category.

Foods – including sales of tea and savoury products

Home and Personal Care – including sales of fabric care, household cleaning, skin care and oral care products.

There are no intersegmental sales and Nigeria is the Company's primary geographical segment as it comprises 98% of the Company's sales.

The Leadership Team assesses the performance based on operating profits for each operating segment that is reviewed. Total financing (including interest income and expense), income taxes and retirement benefit obligations are managed on an entity-wide basis and are not allocated to operating segments.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of financial position.

Notes to the financial statements (continued)

27. Segment reporting (continued)

	Food Products	Home and Personal Care	Total
2022	N'000	N'000	N'000
Revenue (Note 4)	42,633,085	45,937,741	88,570,826
Depreciation and amortisation	1,165,183	1,255,501	2,420,684
Segmental operating profit	3,631,669	3,913,174	7,544,842
Finance income (Note 10)	883,016	951,462	1,834,478
Finance cost (Note 11)	(754,467)	(812,949)	(1,567,416)
Profit before taxation	3,760,218	4,051,687	7,811,904

	Food Products	Home and Personal Care	Total
2022	N'000	N'000	N'000
Property, plant and equipment (Note 14)	10,344,368	11,146,200	21,490,568
Inventories (Note 16)	7,861,249	8,470,605	16,331,854
	18,205,617	19,616,805	37,822,422
Other non-current assets			3,081
Cash and bank balances (Note 18)			66,317,783
Other current assets			21,246,606
Trade and other payables (Note 20)			(52,404,796)
Income tax (Note 12(iii))			(2,972,361)
Deferred income			-
Loans and borrowings (Note 29)			-
Deferred tax liabilities (Note 21)			(1,473,440)
Retirement benefit obligations (Note 22(iii))			(363,826)
Retirement benefit deficit (Note 22(iii))			(291,205)
Long service obligations (Note 22(iii))			(319,548)
Net assets			67,564,717
Capital expenditure	750,674	808,862	1,559,536

Notes to the financial statements (continued)

27. Segment reporting (continued)

	Food Products	Home and Personal Care	Total
2021	N'000	N'000	N'000
Revenue (Note 4)	31,012,911	39,510,783	70,523,694
Depreciation and amortisation	1,554,860	1,980,910	3,535,770
Segmental operating loss	496,648	632,735	1,129,383
Finance income (Note 10)	451,717	575,493	1,027,210
Finance cost (Note 11)	(42,103)	(53,639)	(95,742)
Profit before taxation	906,263	1,154,589	2,060,852
2021	Food Products	Home and Personal Care	Total
	N'000	N'000	N'000
Property, plant and equipment (Note 14)	9,840,009	12,536,278	22,376,287
Inventories (Note 16)	6,577,071	8,379,260	14,956,331
	16,417,080	20,915,538	37,332,618
Other non-current assets			3,467
Cash and bank balances (Note 18)			55,697,537
Other current assets			15,254,913
Trade and other payables (Note 20)			(39,739,074)
Income tax (Note 12)			(478,615)
Loans and borrowings (Note 29)			-
Deferred tax liabilities (Note 21)			(1,063,404)
Retirement benefit obligations (Note 22(iii))			(454,713)
Retirement benefit deficit (Note 22(iii))			(421,291)
Long service obligations (Note 22(iii))			(369,770)
Net assets			65,761,688
Capital expenditure	713,480	908,982	1,622,462

28. Related party transactions

Unilever Nigeria Plc is controlled by Unilever Plc incorporated in the United Kingdom which is the ultimate party and controlling party of Unilever Nigeria Plc. There are other companies that are related to Unilever Nigeria Plc by virtue of their relationship to Unilever Plc (subsidiary) who is the ultimate controlling party.

The following transactions were carried out with related parties:

Notes to the financial statements (continued)

28. Related party transactions (continued)

(i) Trade mark and technology licences

Unilever Plc, United Kingdom has given Unilever Nigeria Plc exclusive right to the know-how, manufacture, distribution and marketing of its international brands namely: Omo, Sunlight, Close-Up, Pepsodent, Vaseline, Lux, Knorr, Royco, Lipton, and Lifebuoy in Nigeria. In consideration of this, a royalty of 2% of net sales value and 0.5% of net sales value is payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licences respectively.

(ii) Central support and management services

Unilever Nigeria Plc has a Management Services Agreement with Unilever Plc, United Kingdom for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters.

Effective 1 June 2018, after an internal arrangement, the service provider was changed from Unilever Plc to Unilever Europe Business Centre B.V.

In consideration of this agreement, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc/Unilever Europe Business Center B.V. The fee payable under this agreement in 2022 is N156 million. (2021: N41 million).

(iii) Sale of finished goods to related parties

	2022 N'000	2021 N'000
Unilever Cote D'Ivoire	871,267	655,274
Unilever Ghana Ltd	1,311,987	101,190
	<u>2,183,253</u>	<u>756,464</u>

(iv) Purchases of finished goods for resale from related parties

	2022 N'000	2021 N'000
Unilever Ghana Limited	-	-
Unilever Gulf Free Zone Establishment	-	-

v) Outstanding related party balances as at 31 December were:

	2022 N'000	2021 N'000
<i>Receivables from related parties:</i>		
Unilever Cote D'Ivoire	3,119,662	2,805,030
Unilever Ghana Limited	1,258,195	1,872,003
Ekaterra*	-	8,251,230
Unilever U.K. Central Resources Limited	1,937,641	-
Other related parties (settlement of liabilities on behalf of related entities)	13,360	139,039
Gross receivables	6,328,858	13,067,302
Less impairment	(4,356,284)	(4,103,235)
	<u>1,972,574</u>	<u>8,964,067</u>

Notes to the financial statements (continued)

28. Related party transactions (continued)

*Following the deal completion to sale tea segment of the business in July' 2022, tea receivables was reclassified from intercompany receivables to trade receivables.

	2022 N'000	2021 N'000
<i>Payables to related parties:</i>		
Unilever UK Plc	5,202,263	4,606,027
Unilever Asia Private	42	189,837
Unilever Cote D'Ivoire	526,963	435,936
Unilever Ghana Limited	201,166	152,604
Other related parties (settlement of liabilities on behalf of the Company)*	346,150	131,515
Amount due to related companies per note 20	6,276,585	5,515,920
Unilever Overseas Holding	4,814,959	2,796,534
Total amount due to related parties	11,091,544	8,312,455

*Included in other related parties are Unilever Kenya Limited, Unilever South Africa Limited, Unilever Supply Chain Company, Unilever United State Inc. and Unilever Uganda.

Aside compensation paid to key management personnel which has been disclosed in Note 7, there were no other transactions between the Company and its key management personnel during the year.

(vi) Related party relationship

The nature of related party relationships with Unilever Nigeria Plc is as follows:

Related Party	Nature of relationship
Unilever UK Plc	Ultimate parent and controlling party
Unilever Cote D'Ivoire	Fellow subsidiary
Unilever Ghana Limited	Fellow subsidiary
Unilever Asia Private	Fellow subsidiary
Unilever Finance International AG	Fellow subsidiary
Unilever NV	Immediate Parent
Unilever Market Development (Pty) Limited	Fellow subsidiary
Unilever South Africa (Pty) Limited	Fellow subsidiary
Unilever Gulf Free Zone Establishment	Fellow subsidiary

Notes to the financial statements (continued)

29 Lease liabilities

Lease liabilities relate to the present value of future lease payment on the Company's rented properties. The movement in the lease liability during the year is as follows:

	2022 N'000	2021 N'000
Opening balance	-	239,428
Lease liability recognised	-	-
Interest on lease liability (Note (23ii))	179	41,824
Lease payment (Note (23iii))	(179)	(239,428)
Lease interest payment (Note (23iii))		(41,824)
Closing balance	-	-

30 Share capital and share premium

	Number of ordinary shares N'000	Ordinary shares N'000	Share premium N'000
Balance as at 31 December 2021 and 31 December 2022	5,745,005	2,872,503	56,812,810

The share capital of the Company is Two Billion, Eight Hundred and Seventy-Two Million, Five Hundred and Two Thousand, Seven Hundred and Eight Naira, Fifty Kobo (N2,872,502,708.50) divided into Five Billion, Seven Hundred and Forty-Five Million, Five Thousand, Four Hundred and Seventeen (5,745,005,417) Ordinary shares of 50 Kobo each

31 Discontinued Operations

On 1 October 2021, Unilever Nigeria Plc concluded the sale of its Global Tea Business. In line with the Unilever Group's directive, the Company committed to a plan to sell this business since its announcement on 23 July 2020 and last year, however the plan was perfected in July' 2022.

Tea receivables has been reclassified from Ekaterra intercompany receivables to trade receivables.

a Results of discontinued operation

Income Statement	2021 N'000
Turnover	9,049,237
Cost of sales	(6,980,511)
Gross Profit	2,068,726
Selling and Distribution expenses	(290,651)
Marketing and administrative expenses	(1,473,781)

Notes to the financial statements (continued)

31. Related party transactions (continued)

a Results of discontinued operation (continued)

Other income (Gain on sale)	2,761,682
Operating profit	3,065,976
Net finance income	84,632
Finance cost	(12,285)
Profit before minimum taxation	3,138,322
Minimum tax	(23,375)
Profit before taxation	3,114,947
Taxation	(394,039)
Profit for the year from discontinued operations	2,720,908

The numbers reflect the results of the Tea business from the beginning of 2021 to its discontinuation in October 2021.

The profit from the discontinued operation is attributable entirely to the owners of the Company.

32 Contingencies

The Company is involved in pending litigation and claims arising in the ordinary course of business. Estimated contingent liability as at 31 December 2022 is N194.4 million (2021: N25.4million). In the opinion of the directors, the Company will not suffer any material loss arising from these claims. Thus no provision has been recognized in the financial statements.

33 Subsequent Events

On 17th March 2023, Unilever Nigeria Plc announced changes in its business model to exit Homecare and Skin Cleansing categories. These categories are margin dilutive and the exit is part of the company's aim to make its operation in Nigeria competitive and profitable. This decision would position the company better to drive the rest of its brand portfolio for growth into the future and strengthen business operations and profitability. The company would focus more on business continuity measures that reduce exposure to devaluation and currency liquidity in our business model.

There are no other events which could have had a material effect on the financial position of the Company as at 31 December 2022 and the financial performance for the year ended that have not been adequately provided for or disclosed in these financial statements.

Other national disclosures

Value added statement

	2022 N'000	%	2021 N'000	%
Revenue - Continued operations	88,570,826		70,523,695	
Revenue - discontinued operations	-		9,049,237	
Bought in materials and services:				
- local	(23,939,592)		(23,409,309)	
- imported	(46,017,782)		(39,368,064)	
	18,613,451		16,795,559	
Other income	123,683		37,352	
Interest income (Note 10)	1,834,478		1,027,210	
Value added	20,571,612	100	17,860,121	100

Applied as follows:

To Government:

Income taxes (Note 12(iv)) *	3,344,820	16	1,584,456	9
------------------------------	-----------	----	-----------	---

To Employees:

Employee costs (Note 8)	8,771,608	43	9,222,695	52
-------------------------	-----------	----	-----------	----

To Providers of Finance:

Finance costs (Note 11)	1,567,416	8	108,027	1
-------------------------	-----------	---	---------	---

Retained in the Business:

Depreciation and amortisation	2,420,684	12	3,535,770	20
To Augment reserves	4,467,084	22	3,409,174	19

20,571,612	100	17,860,121	100
------------	-----	------------	-----

* includes deferred taxes for the period

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

Other national disclosures

Five year financial summary

	2022 N000	2021 * N000	2020 N000	2019 N000	2018 * N000
Financial performance					
Revenue (Note 4)	88,570,826	70,523,695	61,959,678	60,486,835	95,244,404
Gross profit	31,176,527	20,361,911	11,074,422	4,749,825	28,788,122
Operating expenses	(23,755,368)	(19,269,879)	(16,795,983)	(16,599,343)	(19,653,194)
Other income/ (expense)	123,683	37,352	66,013	86,299	2,207,250
Net finance cost	267,062	931,468	1,250,435	2,008,946	3,510,544
Minimum tax expense (Note12(iv))	-	(182,169)	(131,940)	(317,670)	-
Profit/ (loss) before taxation	7,811,903	1,878,684	(4,537,052)	(10,071,943)	14,852,722
Income tax credit/(expenses) (Note12(i))	(3,344,820)	(1,190,417)	779,163	2,652,269	(4,300,582)
Profit/ (loss) after Tax	4,467,084	688,267	(3,757,889)	(7,419,674)	10,552,140
Profit/ (loss) from discontinued operation		2,720,908	(208,031)		
Other comprehensive income	208,468	223,374	(493,380)	(224,011)	120,268
Total comprehensive income	4,675,552	3,632,548	(4,459,301)	(7,643,685)	10,672,408
Earnings per share (Basic and diluted) - Naira	0.78	0.59	(0.69)	(1.29)	1.84
Capital employed					
Share capital (Note 30)	2,872,503	2,872,503	2,872,503	2,872,503	2,872,503
Share premium (Note 30)	56,812,810	56,812,810	56,812,810	56,812,810	56,812,810
Retained earnings	7,879,403	6,076,355	2,443,807	6,843,037	23,104,230
Shareholders' funds	67,564,716	65,761,667	62,129,120	66,528,350	82,789,543
Employment of capital					
Non-current assets	21,493,649	2,872,503	27,537,560	32,218,645	30,533,130
Net current assets	48,519,086	56,812,810	36,181,121	36,650,790	58,143,190
Non-current liabilities	(2,448,019)	6,076,355	(1,589,561)	(2,341,085)	(5,886,777)
	67,564,716	65,761,668	62,129,120	66,528,350	82,789,543
Net assets per share (Naira)	11.76	11.45	10.81	11.58	14.41

* Includes continued and discontinued operations



48H PROTECTION

STAY CLEAN,
DRY & FRESH
ALL DAY LONG

It Won't Let You Down.



Shareholders Information

UNILEVER NIGERIA PLC SHARE CAPITAL HISTORY

S/N	YEAR	BONUS RATIO	SHARE CAPITAL
1	1975	None	6,800,000
2	1976	1:1	13,600,000
3	1977	11:4	51,000,000
4	1978	None	51,000,000
5	1979	1:4	63,750,000
6	1980	2:15	72,250,000
7	1981	NIL	72,250,000
8	1982	NIL	72,250,000
9	1983	NIL	72,250,000
10	1984	Nil	72,250,000
11	1984	Lipton Merger	83,590,000
12	1985	1:4	104,487,500
13	1986	NIL	104,487,500
14	1987	NIL	104,487,500
15	1988	Cheeseborough Merger	112,017,260
16	1989	1:2	168,025,890
17	1990	1:3	224,034,520
18	1991	NIL	224,034,520
19	1992	NIL	224,034,520
20	1993	1:3	298,712,693
21	1994	1:2	448,069,040
22	1995	1:4	560,086,300
23	1995	Unilever Merger	672,586,300
24	1996	1:2	1,008,879,000
25	1997	NIL	1,008,879,000
26	1998	1:5	1,210,654,800
27	1999	NIL	1,210,654,800
28	2000	NIL	1,210,654,800
29	2001	NIL	1,210,654,800
30	2002	3:2	3,026,637,000
31	2003	NIL	3,026,637,000
32	2004	NIL	3,026,637,000
33	2005	NIL	3,026,637,000
34	2006	1:4	3,783,296,250
35	2007	NIL	3,783,296,250
36	2008	NIL	3,783,296,250
37	2009	NIL	3,783,296,250
38	2010	NIL	3,783,296,250
39	2011	NIL	3,783,296,250
40	2012	NIL	3,783,296,250
41	2013	NIL	3,783,296,250
42	2014	NIL	3,783,296,250
43	2015	NIL	3,783,296,250
44	2016	NIL	3,783,296,250
45	2017	RIGHTS ISSUE	5,745,005,417
46	2018	NIL	5,745,005,417
47	2019	NIL	5,745,005,417
48	2020	NIL	5,745,005,417
49	2021	NIL	5,745,005,417
50	2022	NIL	5,745,005,417

Shareholders Information

RANGE ANALYSIS AS AT DECEMBER 31, 2022

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1-1,000	38,350	41.06	15,701,311	0.27
1,001-5,000	31,389	33.61	82,572,529	1.44
5,001-10,000	9,176	9.83	70,712,829	1.23
10,001-50,000	10,701	11.46	240,119,012	4.18
50,001-100,000	2,134	2.29	153,704,868	2.68
100,001-500,000	1,441	1.54	242,666,020	4.22
500,001-1,000,000	96	0.10	66,461,852	1.16
1,000,001 and Above	106	0.11	4,873,066,996	84.82
TOTAL	93,393	100.00	5,745,005,417	100.00

SHAREHOLDERS WITH SIGNIFICANT SHAREHOLDING VALUES AS AT DECEMBER 31, 2022

S/No	Shareholder Name	Shareholding	% Shareholding
1	Unilever Overseas Holdings B.V Holland	3,321,138,208	57.81
2	Unilever Overseas Holdings B.V	1,043,023,604	18.16
3	Stanbic Nominees Nigeria Ltd (Cumulative Holding)	266,666,106	4.64

Affix
Current
Passport
Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Date

DD

MM

YY

Instructions

Please complete **all sections** of this form to make it eligible for processing and return to the address below:

**The Registrar
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way, Yaba, Lagos**

Bank Mandate Information

I\We hereby request that henceforth, all the Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number	
Bank Name	
Bank Account Number	
Account Opening Date	DD MM YY

Shareholders Account Information

Surname/Company Name	First Name	Other Name(s)
Address		
City	State	Country
Previous Address (if any)		
CSCS Clearing House Number	Email Address	
Mobile Number (1)	Mobile Number (2)	
Shareholder's Signature	2nd Signatory (Joint/Company Accounts)	
Company Seal (if applicable)		

Only Clearing Banks Are Acceptable

Tick	Company Name	Shareholders Account No.
	11 PLC	
	2LP Management Company Limited Series 1	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminum Extrusion PLC	
	Axxela Bond	
	Cashew Nuts Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ekiti State Bond Tranche 2	
	Ekiti State Government Bond	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria LTD	
	Great Nigeria Insurance PLC	
	Greenwich Alpha ETF	
	Greenwich Money Market Fund	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Entertainment Fund	
	Nigeria Reinsurance	
	Nigerian Enamelware PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Nova Bond Series I	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	Primero BRT Securitization SPV	
	Studio Press Nigeria PLC	
	Sush SPV Bond II	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	Unilever Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	Wema Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

TRIPLE PURIFIED **3X SKIN PROTECTION**

DRY SKIN ✓
BRUISED SKIN ✓
SENSITIVE SKIN ✓



TRUSTED FOR 150 YEARS

Photo Gallery



Photo Gallery



Product Range

BEAUTY AND PERSONAL CARE



CLOSEUP

In Nigeria, Closeup leads the oral care market owning over 35% market share. With its three major variants of **Red Hot**, **Complete Fresh Protection**, and **Herbal**, Closeup offers superior long-lasting freshness and all-round oral care protection with its signature anti-germ formula. Closeup comes in various pack sizes to meet our consumers' demands.

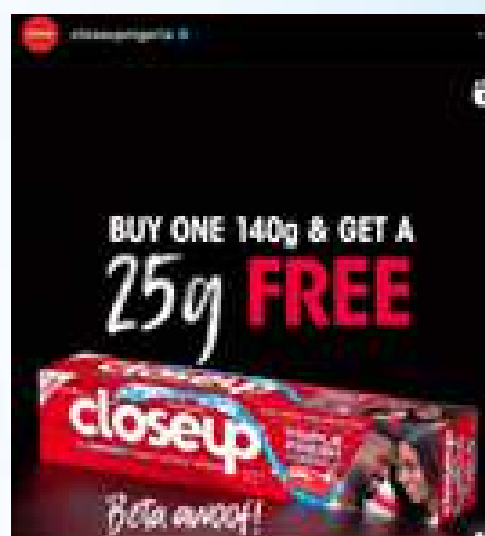
The brand is a catalyst that moves people closer, and our mission is to represent all kinds of closeness because we believe everyone should be free to love. It also helps to boost self-confidence in people who are scared to take that first step or are "mouth-conscious" because Closeup gives that confidence of long-lasting freshness.

In the first half of 2022, Closeup deployed Mobile Dental Clinics across three regions – Lagos, South East, and South Central, providing free dental checks and consultations to Nigerians with a reach of over 100,000 consumers. The brand also deployed 22 dentists/influencers on social media to educate online consumer audience on the importance of good oral hygiene, as well as positioning the new Closeup Complete Fresh Protection variant as the ideal toothpaste for all important oral care needs. The new variant has 5 benefits: Deep cleaning, fresh breath, cavity protection, fights germs, and strong teeth. It comes in a blue gel and well-designed blue pack. This campaign was marked with over 30 million digital impressions reaching 15 million online audience.

In the second half of the year, Closeup launched a consumer promotion aimed at giving consumers extra value for money. Free units of the new variant (25g) were inserted into each unit of red hot (140g). The promotion also served as an opportunity to up trade current users to the new variant – Complete Fresh Protection, through trial. By the end of Q4, about 3 million consumers had benefited from the promo.

All through the year, Closeup optimally invested in media channels to further strengthen the brand's visibility and affinity.

Closeup is a brand with a rich purpose, heritage, and growth opportunities. We brought our consumers closer in 2022 and we will continue this trend into 2023, to grow the brand and achieve our business goals.



Product Range

BEAUTY AND PERSONAL CARE



PEPSODENT

Pepsodent is an outstanding oral care brand with a superior product offering. The brand is passionate about families and children and believes that complete oral protection for the family is achievable. The brand also aims to spread outstanding oral health around the world, so people can unlock the power of their smiles. In Nigeria, oral care diseases are the highest cause of school absenteeism and Pepsodent plays a vital role in reducing the impact of this.

Pepsodent plays in the essential segment of the oral care market and comes in different variants and pack sizes to meet consumers' needs. The two variants within the brand are Pepsodent Triple Protection & Pepsodent Cavity Fighter all in varying pack sizes, formulated to satisfy the various needs of the consumer. The Key activities for Pepsodent in 2022 included the World Oral Health Day Celebrations, school education programs, and distribution activities.

Pepsodent celebrated the World Oral Health Day with a press conference to launch the theme of the year **'Don't wait till it's too late'**. The press conference had in attendance, Nigerian Dental Association, Ministry of Health, and selected media outlets. To further drive emphasis on this, a school education program was organized where school children were sampled and educated on the importance of brushing twice daily with accountability calendar gifts to aid oral care behavioural change in them. One million schoolchildren were educated across 3,000 schools.

In addition, Pepsodent also activated various trade activities to improve the distribution level of the brand into channels and stores across the country by leveraging the strong distribution of Closeup, its sister brand through the inclusion of a string of 10g into each case of Closeup 10g.

In 2023, the brand will continue to highlight the triple protection benefits of Pepsodent across the country, including distribution and penetration led activities.



Product Range

BEAUTY AND PERSONAL CARE



PEARS

Pears is known for being Pure, Mild, and Gentle. The Pears brand stands for gentle and rash-free baby skin care resulting in a comfortable, and cheerful baby. Pears achieves this vision with its core variants including baby lotion, baby oil, baby cream, and baby petroleum jelly which are, made up of carefully chosen pure and mild ingredients, including olive oil, which is known to be a natural, mild skin cleanser. The Pears range is right for babies' tender skin and is formulated to leave babies smelling fresh throughout the day.

In 2022, Pears' message across various digital platforms was promoting optimal baby care and focusing on happy and comfortable childcare for Moms and Moms-to-be. Pears partnered with the National Association of Nigerian Nurses and Midwives to drive increased awareness on childcare among nursing and pregnant women.



Product Range

BEAUTY AND PERSONAL CARE



VASELINE

Vaseline is a heritage brand which is known for its unique skin healing qualities. In Nigeria, Vaseline maintains its market share as the number one Petroleum Jelly.

Vaseline Jelly in Nigeria is available in 3 tubs of its original variant: 50ml, 250ml, and 450ml. The lotion line is available in five variants; Cocoa glow, Aloe Soothe, Dry Skin Repair, Men Cooling, and Men Fast Absorbing.



In 2022, Vaseline leveraged relevant digital campaigns aimed at educating consumers on the several benefits of Vaseline, such as its healing power and inspiring more people to believe in themselves and their capabilities beyond their physical appearances. Some of our campaigns were targeted at women on International Women's Day and Mother's Day encouraged them to love their skin tones. Many more women were encouraged through campaigns and current and lapsed users of the brand were engaged by reminding them of the healing power of Vaseline and links were provided on social media [platforms for direct purchases on E-commerce].

In the second half of the year, Vaseline, in partnership with dermatologists in Nigeria visited a slum in Nigeria (Makoko) and provided care and treatment to the people who live in this area. Free samples were also given to the people to help heal their skin and keep them moisturized.

We will continue to work towards positioning the brand to achieve growth in line with the business goals and achievements while ensuring superior quality for the consumer throughout 2023 and beyond.



Product Range

BEAUTY AND PERSONAL CARE



LUX

The Lux brand is a heritage brand that promises to deliver beautiful, soft, and fragrant skin whilst inspiring women to live fully and unapologetically. Lux accomplishes this promise by providing an exciting bathing experience that reminds women of their uniqueness and more importantly that they are much more beautiful than the eye can see. Our core variants - Soft Caress and Even Complexion, leave the skin feeling beautiful, soft, glowing, and a lasting fragrance.

In 2022, the Lux Even Complexion launched a smaller pack size (65g) as part of its consumer trial and market penetration drive. This pack size made it possible for many more consumers to experience the luxury and glowing power of the Lux Even Complexion Bar.

To drive this launch, Lux was banded with the big sunlight packs to steer trial and sampling.



All through the year, Lux deployed assets on digital platforms aimed at reminding young women of the importance of self-care and the brand rewarded some online users with shopping vouchers. In addition to this, Lux focused on educating young women on the rich components of the Lux Even Complexion Bar and its benefits to the African skin. To improve sales and drive excitement, Lux also deployed online ads and shopper offers on e-commerce sites.

In 2023, Lux will continue to provide young women with self-care education and increase awareness on the benefits of Lux and drive business growth through consumer activities and sampling via different social media channels.

Product Range

HOME CARE



SUNLIGHT

Sunlight Nigeria in 2022 activated a series of brand campaigns deeply rooted in the brand purpose to empower enterprising women in their desire to contribute more to society, improve their financial status and desire to support their families.

The Sunlight Women Empowerment journey for 2022 started with Sunlight mindfully celebrating women on International Women's Day and Mother's Day yearly with the #SunlightSHERO campaign. In March 2022, the brand randomly surprised women who are breaking stereotypes in Nigeria such as Women mechanics, Women traffic wardens, Women Cab/tricycle drivers, etc with gift packs and money.

As 2022 progressed, Sunlight sponsored the AMVCA Best Movie Director Category. The Sunlight brand was activated at the AMVCA's celebration of Africa's diversity and the main award event by setting up a tremendous experiential booth. The booth was a beehive of activities with people from all walks of life taking time to interact and take pictures ahead of the occasion. Celebrities and guests who visited the booth were rewarded with gifts.



Product Range

HOME CARE



A little further into the year Sunlight activated a brand purpose workshop to educate members of the press on what the purpose of the brand was and intimate them of the future of the brand. This workshop had in attendance key members of the press from all over the country.

In a quest to keep celebrating the entrepreneurial achievements of Nigerian women, Sunlight launched the 'Woman of the Week Campaign' which highlighted different women from diverse spheres of life pursuing their entrepreneurial ambitions. This campaign ran on Youtube and Instagram.



Another highlight of 2022 was the relaunch of Sunlight Masterbrand which is an initiative to unify all the brand's product offerings under one umbrella in terms of packaging, marketing communication, and brand purpose. This relaunch also signified the brand's commitment to continue to deliver best-in-class quality products that provide a better washing experience, offer burst after bursts of uplifting fragrance, and come in a range of sizes to cater to everyone's washing needs.

The brand also launched a new television commercial deeply rooted in its purpose – to support entrepreneurial Nigerian women to contribute more to their households and society. A documentary was also shot to educate people on the brand's purpose, and communicate all the initiatives the brand has activated in line with its purpose.

SINCE 1838
Knorr



Eat for Good

Get inspired to **Eat for Good** with delicious recipes at knorr.com/ng

Product Range

HOME CARE

In continuation of our women empowerment agenda, Sunlight collaborated with Style House Files, a fashion-focused business development agency, to sponsor the two designers who created and showcased the Sunlight collection at the event. These designers trained students in the art of clothes-making throughout the year with the aim of empowering them to further empower other women.

Our Sunlight Shakti program, the anchor of the Sunlight Women Empowerment program, continued in Q4 2022 with a total of 1,000 women empowered to start petty trades to expand the current Shakti program footprint to 6,000 households. Through the Sunlight Shakti Program, women in rural communities are empowered with Unilever products, as petty loans payable over time, to start a business with the aim of contributing to their family income.

Through these and other activities such as exciting TV adverts, TV program sponsorships, and Naijacentric radio communications, Sunlight consistently connected with Nigerians during the year.

The Sunlight mission remains to help women entrepreneurs develop their businesses into sustainable, profitable, and impactful ventures they can be proud of, and 2023 promises to be even more exciting.

To stay up to date on everything Sunlight, please follow these hashtags and pages across Social media;

#MoreThanYouExpect #StylebySunlight

 Sunlight Nigeria

 Sunlight Nigeria

 @SunlightNigeria



Product Range

HOME CARE



OMO

In 2022, OMO continued to drive sustainability and a cleaner future through initiating and supporting causes that protect the environment. The Journey for the year started with the OMO Mother's Day Campaign.

OMO Celebrated mother figures who show love and care for every child in their care.

Consumers nominated mothers in their communities who everyone considers as Mum, whether an auntie, granny, sister, or friend who is a mother figure to everyone. The most fascinating entries received Mother's Day package from OMO.

The journey for the year continued with OMO RAMADAN LEND A HAND OF CARE CAMPAIGN. The campaign began with a call for Nigerians to donate pre-loved clothing materials during the last Ramadan season, and the brand received over 10,000 pieces of clothing across the country.

These clothes and other household items were donated to NGOs in Abuja, Kwara and Lagos states to empower vulnerable groups.

As part of the brand's commitment to improving sustainability, OMO launched a plastic recycling educational campaign themed, 'Dirt for Good', across several schools in conjunction with WeCyclers and Food and Beverage Recycling Alliance to sensitize school pupils on the dangers and benefits of plastics, the concept of recycling and proper waste management practices. This social initiative was aimed at early education of children about the need to protect the environment and the ecosystem through knowledge about the dangers of environmental pollution with waste and the concept of recycling.

Kids were taught how to reuse plastics creatively rather than throwing them away. They were also taught proper waste management and disposal practices with clearly marked 'Dirt Recycle Bins'.



Product Range

HOME CARE

OMO ended the year with the OMO Christmas Mall Campaign, this campaign was executed across the most populated malls in Lagos. OMO created a platform for families to have fun in an innovative way to allow kids to explore, be inquisitive, be curious, and get dirty; so, they can be the change-makers. This campaign gave the assurances to parents that OMO is tough on stains.



The OMO brand has various exciting activities planned for 2023 which can be followed via the various OMO social media platforms – Instagram: @OMOdetergentng and Facebook: @OMOdetergentng

Product Range

FOODS AND REFRESHMENT



KNORR

REINVENTING FOOD FOR HUMANITY

Knorr's purpose is reinventing food for humanity. Knorr believes that cooking and eating sustainably, with a greater diversity of foods, is not only more enjoyable, but also has a positive impact on us and our planet. Knorr is on a mission to position consumers to change the world by changing what is on their plates and plans to achieve this by encouraging consumers to incorporate more plant-based meals into their diet through the "Eat for Good" Campaign.

Knorr seasoning cubes are produced from locally sourced ingredients which have been naturally dried and expertly blended to create a mix of authentic flavours. Throughout the year 2022, Knorr deployed digital activities and campaigns to reach its target consumers and build brand loyalty. The following are some campaign highlights:

Knorr Good Loving Challenge

For the Knorr Good Loving Challenge in February 2022, Knorr encouraged consumers to eat for good. #KnorrGoodLoving challenge received positive feedback which saw several people who submitted recipes for Chef Cupid's Valentine's Day Feast.

The New No MSG seasoning and healthy meal recipes also helped customers to Eat for Good.



BBNaija Knorr Good Jollof

The brand leveraged World Jollof Day on August 22nd to boost engagement for the #BBNAIJAKnorrGoodJollof campaign and build anticipation for the Knorr Jollof Festival. Knorr gave the Big Brother Naija Season 7 housemates a task that involved preparing their own Knorr Jollof recipe using healthy ingredients and Knorr cubes and describe how their recipes would bring an end to the Jollof wars!

Product Range

FOODS AND REFRESHMENT

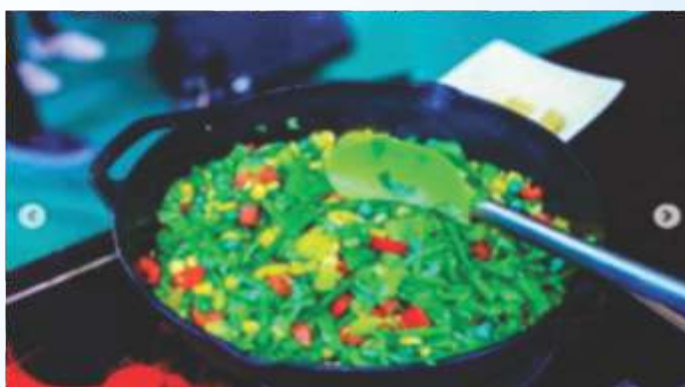


Knorr Jollof Fest

Every year, food lovers all over the world come together to celebrate World Jollof Day, dedicated to appreciating the diversity of Jollof rice, a dish that has been the subject of the most heated food debates across Africa. West Africans have debated both offline and online, defending the supremacy of their different versions of Jollof rice.

In 2022, Knorr decided that it was time to bring the long-standing war to an end by celebrating the hero of the debate and assuring consumers that every plate of Jollof counts as long as it is made with Knorr because consumers experience the goodness of this great meal in different ways.

On the 3rd of October 2022, Knorr hosted the best chefs, professional food critics, and over 5,000 consumers to experience the Jollof recipes of some of the country's top chefs, made with healthier and easy-to-recreate recipes. Knorr chefs taught masterclasses so consumers could learn how to incorporate healthy and tasty vegetables into their meals to create their version of the best Jollof rice.



Product Range

FOODS AND REFRESHMENT

Knorr Unwrap and Win Promo

To excite and reward consumers, Knorr ran the first of its kind "Unwrap & Win" digital consumer promotion from October 17th to December 31st 2022. Consumers won cash prizes and airtime in the Knorr Unwrap and Win Promo by unravelling hidden codes in the Knorr 360g or 160g promo packs.



Knorr Celebrity Takeout

The brand continued to engage consumers to #EatforGood by showcasing diverse healthy recipes via a cooking show, Celebrity Takeout. The show, viewed across digital platforms, brought music stars together to cook their favourite meals, perform their hit songs, savour good meals at dinner and takeaway food for their friends and families.

Knorr Café

Knorr continued to influence the shift in behaviour of Nigerians towards consuming more diverse and nutritious meals through the Knorr Café. This is achieved by offering of a low-cost wet sampling initiative to offer healthy meals at the cost price to low-income earners, at Knorr Café and Brand activations. The brand is promoting healthier diets for consumers by encouraging them to incorporate more vegetables into their staple dishes.



Product Range

FOODS AND REFRESHMENT

Knorr Share the Good

To wrap up the year, Knorr launched the #ShareTheGood Campaign to encourage consumers to “ShareTheGood” by sharing with their family & friends. The season presented a unique opportunity to connect with our consumers and promote the message of giving, sharing, and connecting with one another. In addition, Knorr was on the streets to give back to service men and women who keep the city running during the holidays and to appreciate them for their commitments to our communities.

As a purpose-driven brand, Knorr will continue to create moments to inspire, engage, and connect with our consumers to extend our Eat for Good message and encourage them to share the good.



Product Range

FOODS AND REFRESHMENT

In 2023, Knorr looks forward to amplifying the “Eat for Good” campaign message and inspire Nigerians to change the world by changing what is on their plate.

Knorr Eat for Good Campaign

https://drive.google.com/file/d/1xZ0WfQVymMsd0gXzXArND-BPICbp6dZM/view?usp=share_link

Knorr Purpose TVC

<https://we.tl/t-NzZ7ngeGKl>

Product Range

FOODS AND REFRESHMENT



ROYCO

“Original taste and Aroma”

Royco's purpose is to encourage Nigerians to embrace the differences that exist and use them to build a stronger community/nation. Royco has been a family brand, with a major focus on traditional and local foods, with the purpose of encouraging Nigerians to embrace their differences and use them to build stronger communities and thus a stronger nation.

Royco delivers consumer value by creating great and better-tasting authentic local dishes which uplifts the taste buds, nourishing the body and soul.

Royco seasoning cubes are sold in 400g and 2kg pack sizes and available in beef flavor.

Royco continued to “own the season” by leveraging key calendar moments such as Ramadan to celebrate with Muslim faithful. During Ramadan, we had the #30daysofRamadan daily tips deployed on the brand Instagram story to stay connected with our consumers during the holy month. A total of 87 story content were deployed.



Product Range

FOODS AND REFRESHMENT

Throughout the year 2022, we also deployed Always-On story content to engage the audience. This helped with building interaction and connection between the brand and its audience.



Royco is glad to be part of the great Nigerian story and looks forward to a rewarding 2023.

Product Range

FOODS AND REFRESHMENT



ANNAPURNA

Confirm Chicken Flavour for Shikini Money

Annapurna is a tier 3 savoury chicken seasoning brand which was launched in September 2022. Annapurna product launch is aimed to create an affordable, good-quality savoury product that would meet the needs of low-income, price-sensitive consumers in the market. This would help to stem share loss being experienced by Knorr due to the availability of cheaper brands in the market.

Annapurna is available in one pack size: 88g (20+2cubes).

Annapurna is designed to deliver on core fundamentals of strong chicken flavor and authentic aroma. Product formulation consists of; Iodine salt, starch, sugar, flavour enhancers (MSG, Sodium Inosinate, Sodium guanylate), vegetable fat, turmeric, water, flavourings, garlic, and onion.

Key launch activities carried in 2023 were billboard deployment across Lagos and the South West, direct to consumer penetration sales drive, paid sampling via crayfish & Annapurna co-packing, buy display & win trade promotions and retail engagement and market storms.



Product Range

FOODS AND REFRESHMENT

Trade Offers

NLS & OM Listing Offer Mainstream drive

- Buy 3 cases of Annapurna and get a branded bowl.
- Buy 2 cases of Annapurna and get a branded notebook.
- Buy 25 cases of Annapurna and get a branded Ankara.



MS & KD free cases offer

- **Slab 1:** Buy 100cases get a 1 on 100 offer
- **Slab 2:** Buy 500cases get a 1 on 50 offer
- **Slab 3:** Buy 4500cases get a 1 on 45 offer
- **Slab 4:** Buy 10,00cases get a 1 on 40 offer

**BAs to be assigned to top MS customers to drive sales.

**Same TTS and offer applies to MS and KDs (Variable TTS to be replaced by the above offer)

Buy, Display & Win

Visibility drive in top 30 markets
30 retailers/market



Retailer Engagement & Market Storms

Retailer engagement, market
storms and shopper
engagement across 20 Key



Notes

Notes

Notes

Proxy Form

98th ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON THURSDAY 4 MAY, 2023 AT THE GRAND BANQUET HALL, CIVIC CENTRE, VICTORIA ISLAND, LAGOS.

I/WE being a member/
Members of UNILEVER NIGERIA PLC, hereby
appoint**
.....
.....ofor
failing him, the Chairman of the meeting as my/our
proxy to act and vote for me/us and on my/our
behalf at the Annual General Meeting of the
Company to be held on 4 May, 2023 and at any
adjournment thereof:

Dated this day of2023

IF YOU ARE UNABLE TO ATTEND THE MEETING

A Member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote on a poll by proxy. The above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the Meeting.

Following the normal practice, the Chairman of the Company has been entered on the Form to ensure that someone will be at the Meeting to act as your proxy but if you wish you may insert in the blank space on the form (marked**) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead.

Please sign this proxy form and send it, so as to reach the address shown overleaf not later than 10.00 a.m. on 4 May 2023. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.

ORDINARY BUSINESS

RESOLUTION	FOR	AGAINST	ABSTAIN
To declare a dividend			
To elect MRS. ABIDEMI ADEMOLA, being a director elected since the last Annual General Meeting			
To re-elect MR. JAIME AGUILERA as a Director			
To re-elect MADAM AMMUNA LAWAN ALI as a Director			
To re-elect MR. CHIKA NWOB I as a Director			
To elect Shareholders' Representatives on the Audit Committee			
SPECIAL BUSINESS			
RESOLUTION			
To amend Article 49 of the Memorandum and Articles of Association of the Company to allow AGMs to be held virtually or by electronic means.			
To amend Article 51 of the Memorandum and Articles of Association of the Company to allow notice of General Meetings to be circulated by email, publication on the Company's website or any other electronic means.			
To amend Article 67 of the Memorandum and Articles of Association to accommodate change to the Proxy Form.			
To amend Article 123 of the Memorandum and Articles of Association of the Company to allow notices of AGMs to be circulated by email or any electronic means			
To fix the Directors' Fees			
To approve a general mandate authorizing the Company during the 2023 financial year and up to the date of the next AGM, to procure goods and services necessary for its day-to-day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy			

Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

For Company's use only

No. of Shares

SECOND FOLD HERE

**Please
affix
postage
stamp**

THE REGISTRAR
GREENWICH REGISTRARS & DATA SOLUTIONS,
274, MURTALA MUHAMMED WAY
ALAGOMEJI, YABA, LAGOS

THIRD FOLD HERE AND INSERT



LUX

**WITH FLORAL BEAUTY OIL
FOR SOFT FRAGRANT SKIN**



100% LUX SOAP IS MADE FROM 100% PURE OILS
AND IS SOFT ON THE SKIN.

100% LUX SOAP IS MADE FROM 100% PURE OILS
AND IS SOFT ON THE SKIN.



Unilever

Future-fit,
Purpose-led

www.unilevernigeria.com

