Annual Report 2022

Unilever Nigeria Plc

Contents

Unilever

Our Purpose

Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

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.

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	-	Non-Executive Director & Chairman of the Board
Carl Cruz (Filipino)	-	Managing Director
Mrs. Abidemi Ademola	-	Executive Director (Appointed w.e.f. 16 March, 2023)
Mr Jaime Aguilera (Spanish)	-	Non-Executive Director
Mrs. Abiola Alabi	-	Non-Executive Director
Ammuna Lawan Ali, OON	-	Independent Non-Executive Director
Mr Michael Ikpoki	-	Independent Non-Executive Director
Mr. Chika Nwobi	-	Non-Executive Director
Mrs. Folake Ogundipe	-	Executive Director
Mr. Mutiu Sunmonu CON, FNSE	-	Independent Non-Executive Director

Senior Legal Counsel & Company Secretary

Mrs. Afolasade Olowe

Registered Office

1 Billings Way
Oregun
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 Auditor

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 ₦'000	2021 ₦'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 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%

Board profile

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 the Chairman of Anambra State Traditional Rulers Council, a trustee of the National Council of Traditional Rulers of Nigeria, a past Chairman of the South East 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 28 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 (SPANISH) – 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.

Board Profile (continued)

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 @biolaa1 and Instagram at @biolaalabi.
She was appointed to the Board of Unilever Nigeria Plc. in December, 2015.

MRS. 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 TERRAGRN, 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.

Board Profile (continued)

MR. CHIKA NWOBI – 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 M.Sc. 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

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 the 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, and 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 as 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.

Board Profile (continued)

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.

Bidemi 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.

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 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.

Results

The results for the year are summarized as follows:

	2022	**2021**
	₦'000	**₦'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 tax	4,467,085	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 N1,436,251.25 (One Million, Four hundred and Thirty Six Thousand, Two hundred and Fifty One Naira, Twenty Five Kobo) that is 25 kobo gross per share which is payable on Friday 5 May, 2023 subject to the deduction of appropriate withholding tax.

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 2021
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, we seek to comply with the laws and regulations of the countries in which we 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.

Report of the directors (continued)

Compliance with the above principles is a critical element of our 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.

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 Abiola Alabi	Non-Executive Director
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
Mrs. Folake Ogundipe	Executive Director
Mr Chika Nwobi	Non-Executive Director
Mr Mutiu Sunmonu, CON	Independent Non-Executive Director
Mrs. Abidemi Ademola	Executive Director (Appointed with effect from 16 March, 2023)

Mr. Felix Enwemadu also resigned as a personnel of the company effective 30th Sepetember, 2022.

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.

Report of the directors (continued)

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.

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)

Board committees

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

a. Executive Committee (Exco)

The Exco is a sub-committee of the Board and it is empowered by the Board to take decisions on behalf of the Board, 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, West Africa
iii	Folake Ogundipe	-	Executive Director & National Finance Director

* 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. Carl Cruz	-	Managing Director & Vice President
ii	Mr Stephane Achio	-	Vice President Supply Chain, West Africa
iii	Mrs. Abidemi Ademola	-	General Counsel West Africa & Company Secretary
iv	Mr. Adeleye Adeniji	-	Customer Development Director
v	Mr Tobi Adeniyi		Logistics and Planning Director
vi	Mr. Abayomi Ali	-	Manufacturing Director
vii	Mr. Ola Ehinmoro	-	Human Resources Director West Africa
viii	Mr Obinna Emenyonu	-	Procurement Operations Director, West Africa
ix	Folake Ogundipe	-	Executive Director & National Finance Director
x	Mrs Soromidayo George	-	Corporate Affairs & Sustainable Business Director Ghana-Nigeria
xi	Mrs Oiza Gyang	-	Category Lead, Beauty & Personal Care
xii	Mrs Bolanle Kehinde-Lawal	-	Category Director, Foods
xiii	Mr Uchenna Nwakanma	-	Research & Development Director West Africa
xiv	Mr Patrick Tognisso	-	Category Lead, Home Care West Africa
xv	Mr Ayotunde Oresegun	-	IT Lead

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 39.

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 and is chaired by a Non-Executive Director. 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 commendably 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 21 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
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

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 March 2022	Meeting date 17 March 2022	Meeting date 21 April 2022	Meeting date 14 July 2022	Meeting date 20 October 2022	Total attendance
Mr Mutiu Sunmonu	✓	✓	✓	✓	✓	5 meetings
Mrs Ammuna Lawan Ali	✓	✓	✓	✓	✓	5 meetings
Mr. Jaime Aguilera	✓	✓	✓	✓	x	4 meetings
Mr Michael Ikpoki	✓	✓	✓	✓	✓	5 meetings

√: Present; X -Absent with apologies;

Report of the directors (continued)

Audit Committee meetings

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

Name	Meeting date 20 January 2022	Meeting date 9 March 2022	Meeting date 14 April 2022	Meeting date 14 July 2022	Meeting date 20 October 2022	Total attendance
Mr David Oguntoye	✓	✓	✓	✓	✓	5 Meetings
Alhaji W. Ajani	✓	✓	✓	✓	✓	5 Meetings
Mr Kolawole Durojaiye	✓	✓	✓	✓	✓	5 Meetings
Mrs Abiola Alabi	✓	✓	✓	✓	✓	5 Meetings
Mr Chika Nwobi	✓	✓	✓	✓	✓	5 Meetings

√: Present

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 2021 & up to 31 December 2022**	**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 Abiola Alabi	Nil	Nil
Ammuna Lawan Ali	Nil	Nil
Mr Michael Ikpoki	Nil	Nil
Mr Chika Nwobi	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. Holland	3,321,138,208	57.81
Unilever Overseas Holdings BV	1,043,023,604	18.16

Report of the directors (continued)

Immediate and Ultimate Parent Companies
Unilever Overseas Holdings B.V. and Unilever Plc. United Kingdom

Share Dealing Policy
In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Unilever Nigeria Plc. has in place 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:

i) A code of conduct regarding securities transactions by all Directors has been adopted by the Company.

ii) 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. has continued to strengthen its complaints management procedure. The Company has in place 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 standards and drive compliance. Compliance with the COBP is mandatory and is monitored at the highest level of the organization. Internal and external confidential reporting media 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 help us 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 Business Partner Policy or Responsible Sourcing Policy as may be applicable.

Employment policy
In the bid to achieve our ambition of competitive, profitable, responsible and consistent business growth, whilst ensuring Unilever people continue to thrive, our Human Resource thrust has been to ensure organizational capacity is cost effective, agile, responsive, and digitally enabled. As well as ensuring employees capabilities are future-fit, inspired, equipped and knowledgeable with relevant skills for our mainstream markets' ambition and finally to dial-up the organization's culture of owner's mindset and one-team spirit amongst employees. We will continue to dial-up simplification, automation and flexibility for a digitally enabled organization fit for today and our growth ambition.

Report of the directors (continued)

Employment policy (continued)

At Unilever Nigeria, we strongly believe that in order to win in marketplace, we must win with people and through people. This unwavering premise continues to guide us in the way we work and culminates 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.

Our 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 have the ability to 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 all 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 personalised 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. That could be a new or different type of role in Unilever, or elsewhere. This allows employees to take ownership of their personal development both now and in the future.

We have continued to utilise our robust technology enabled systems to help them develop better leadership, professional and general skills to enhance engagement and productivity. In addition to our focus on being Future Fit we continue to drive experiential development through on-the job deliverables as we implement various initiatives to complement other traditional learning methodologies, with our business leaders being at the forefront of this drive. Thus, 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, 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 giving 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. We are committed to ensuring that all employees work in an environment that stimulates diversity and where there is mutual trust, respect for human rights and equal opportunity without discrimination or victimization.
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. 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.

Report of the directors (continued)

Diversity & Inclusion (continued)

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 is 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', this remains the focus of our proposition to employees and has not changed since 2020. 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 engagements experiences that remain inclusive, interactive, memorable and impactful.

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 that physical engagements and interactive social media engagements to celebrate Women International Day and Men's International Day across the business. Nigeria's Independence Day was celebrated with a diverse culture 'meal theme' in recognition 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.

Report of the directors (continued)

Employee Engagement (continued)

* 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.

Report of the directors (continued)

Safety, Health and Environmental Care (SHE) (continued)

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.

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.

	2022	2021
Corporate Social Responsibility	**₦'000**	**₦'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	99,684	88,328
Others	19,077	19,077
	131,808	**122,305**

Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors

NAME	REGION
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	West
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	Core North
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.	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	Middle Belt
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	Lagos
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

Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors (Continued)

NAME	REGION
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	South Central
TIVO CORPORATE SERVICES INT'L LTD SAPELE	South Central
URSULASAM VENTURES	South Central
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
JACKADEX 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	South East
Care Global - MT	MT
Care Global - GT	GT

Independent auditor

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

Sustainability Report

About the report

Our Compass strategy identifies key areas of action for us with respect to delivering on our commitment to maintain 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 framework, such as the Principles of the United Nations Global Compact, the Nigerian Stock Exchange 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 also 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 includes: our employees, consumers, customers (retailers), suppliers & business partners, planet & society (the earth, citizens, NGOs, governments).

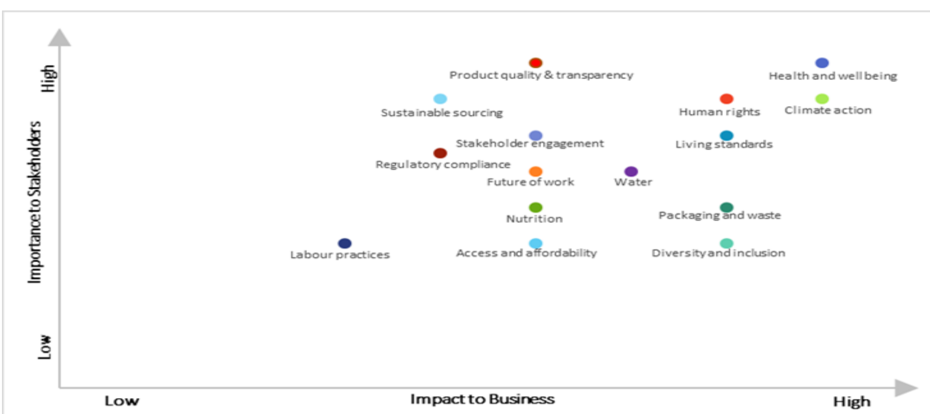
The 2022 materiality assessment was conducted through a formal engagement process involving our key stakeholders. 12 of the material topics were pre-identified through desk research and by referencing the Unilever global materiality assessments. We engaged different categories of internal employees namely, "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 to the initial list, making a total of 23. Of the new total, seven 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 to 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 to the business.

Materiality matrix



Sustainability Report (continued)

Materiality matrix cont'd

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.	• 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
Diversity and Inclusion	Ensuring that everyone is represented equally at all levels in society and in our organisation and has equal opportunities.	• Increase 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 employees focused initiatives
Sustainable Sourcing	Ensuring the social, environmental and economic sustainability of key agricultural raw ingredients and non-agricultural materials in our supply chain.	• 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
Future of work	Helping our people adapt to changes in the workplace and the changing nature of work through upskilling and reskilling.	• 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.	• 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.	• 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.	• 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.	• Continue decarbonization by installing renewable energy sources • Increase energy and thermal efficiency in our operations through the use of advanced motors

Sustainability Report (continued)

Product quality & transparency	Providing consumers with information about our products, such as ingredients, what they do, why we use them,	• 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.	• Conduct spot checks on business partners to ensure there are no form of abuse to human rights in their operations • Conduct assessment to identify human right best practice to improve our policies and operations
Water	Improving access to water, and managing water use and abstraction sustainably across our value chain.	• Continuous monitoring of water consumption across all aspect 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.	• Identify ways to increase talent retention in our organisation • Review recruitment partners to ensure alliance with best labour practices • Review and improve employee benefit and compensation across all levels • Ensure extensive engagement with relevant internal stakeholders before publishing policies
Regulatory compliance	Retain our commitment to good practice in our operations, complying to government regulations and policies in our business operation.	• 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.	• 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.	• Introduce various sizes of Unilever products to increase affordability by consumers • Strategically advertising our product to create awareness in open market, local market and the rural areas

Sustainability Report (continued)
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 in order to see how best we can deliver on our purpose mantra.

Internal stakeholders

To ensure that we carry our people along in our purpose 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 organsiation. 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 and 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 with 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	• Formal engagements on key policy or regulatory issues	• Regulatory compliance • Payment of taxes • Early adoption of new and emerging policies • Support for development efforts by the government
Suppliers	• Informal one-on-one engagement sessions • Project planning • Training of suppliers • Virtual meetings	• Enhancement of supply chain resilience • Supplier orientation of payment platform and other procurement policies • Prompt payment for goods/services rendered
Customers	• One-on-one visits to the sales partners to identify areas for improving operations	• Adaptability to the evolving business environment • Production of quality products • Effective customer support services
Consumers	• Consumer immersion activities • Consumer quality reviews • Brand communications and campaigns	• Awareness on new products and product differentiation • Adequate education of consumers on the proper use of company's products
Shareholders	• Engagements with Shareholders via the Registrars and the Company Secretary's office • Annual General Meeting	• Unclaimed dividends • Update of shareholder records • E-mandates to allow for e-dividend payments • Transparency and communication
Employees	• 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	• 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	• Environmental stewardship plans • Environmental responsibility awareness	• 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
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 standard efficiency motors on Process Plant mixer with premium and super premium efficiency motors in the Oral Factory	805 GJ energy saving per year	The commercial (procurement) phase of the project has been concluded. Plan in progress to fully commence project in the first half of 2023
	Introduction of Compressed Natural Gas (CNG) backup alternative to reduce CO2 emission from Diesel genset	Introduction of CNG backup alternative to reduce CO2 emission from diesel electricity generating sets	12% CO^2 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 (procurement) phase
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/business groups 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 · Steam · Air · Electricity · Water Additional meters required for capturing data on diesel, gas and water

Sustainability Report (continued)

b. 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
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 Forest Stewardship Council (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**	Sustainable sourcing (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 achieve compliance for non-compliant ingredients by 2030	Obtain yearly SEAC assessments on our ingredients	SEAC certification process not started. Discussion to be initiated with Global buyers by the first half of 2023

c. 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 (t)	**10% virgin plastics reduction by 2025 400t absolute reduction**	Light weighting; pack size reduction, pack thickness reduction	Achieve total virgin plastic reduction by 400t by 2025	As at year end 2022, Since the commencement of this initiative, about 240t of plastic has been reduced through value improvement projects. In 2022 alone, 67t of annual plastic reduction was achieved through projects launched in the year. Some of these include – Oral tube length and thickness reduction, Detergent packs optimization & Trans wrap packaging thickness reduction
25% recycled plastic by 2025	**5% recycled plastics by 2025**	PCR Inclusion in HC detergent flexibles and dishwash liquid bottles and PC shrink film	Achieve 5% recycled plastics in our packaging by 2025 through PCR inclusion - 200t	Development work and trialing is in progress leveraging partnership between Unilever, Dow chemicals & Omnik to include recycled plastics (PCR) in detergent flexibles and dishwash liquids

Sustainability Report (continued)

Collect and process more plastic than we sell by 2025	**Collect 50% of our footprint by 2025**	· Review impact of Wecyclers partnership and renew collection agreement · Align on claimability of Transform partnership with Wecyclers · Unlock additional collection partners	Collect 50% of plastic footprint in Nigeria by 2025	Total collection for 2022: · PET - 2003.31437 · SACH - 238.07765 · Others - 73.42498 · Total - 2314.817 (tons)
	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	· 30 schools engaged · 3000 primary school students reached directly in 2022 · 5m people reached indirectly via social media
100% reusable, recyclable, or compostable plastic packaging by 2025	**100% recyclable plastic packaging by 2025**	· Identify recyclable solutions for all pack formats · Confirm and establish runnability on existing packaging lines and establish capex requirement if needed	Entire portfolio of 3,995MT of plastics in recyclable format (100%) by 2025	48% plastic recyclability status Recyclable solution packaging development work in progress for: · Oral sachet and tube · Detergent packs · Soap wrapper and stiffener · Cube wrapper
Halve food waste in our operations by 2025	**Halve food waste in our operations by 2025**	Control portion servings to prevent leftovers. (2) Get off takers for daily food wastes from the canteen.	Reduce the food waste in our canteens by 50% by 2025	Commenced the collection of food waste data in 2022 to ascertain trends and implement reduction strategies
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	100% compliance

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.

Sustainability Report (continued)

a. 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**
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)**	Eat for Good communication campaign	Reach 25 million consumers by end 2022 and 50 million consumers by 2025 with the Eat for Good message	· We exceeded our 2022 target as 28 million consumers were reached with the "Eat for Good" message · We launched the 100% natural bouillon cubes to the Knorr portfolio, aimed at meeting the needs of bouillon consumers seeking for alternatives relevant for their needs
	Improve food diversity by getting more Nigerians to incorporate vegetables into top dishes	· Teaching Consumers how to make top dishes healthier through recipe inspirations	· 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	· Over 500, 000 nutritious and healthy recipe books were distributed online and offline
		· Activation of the top dish jollof through activations, diverse and healthy jollof recipes and sampling of Knorr-made meals	· Reach 1m adults with Knorr community program	· Hundreds of diverse recipes shared with 20% of vegetables incorporated into each meal, reached 16 million consumers via top dish activation from July to December 2022
		· 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		· 350,000 consumers reached by giving out food samples, cooked with Knorr via Jollof activation, in store and community sampling of our Knorr naturals range
Double the number of products sold that deliver positive nutrition by 2025	**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	28 million consumers reached with Eat for Good Message

Sustainability Report (continued)

b. 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
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	**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

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 in society at large.

a. Equity, Diversity, and Inclusion

Global Compass Commitments	Local Action	Initiatives	KPIs (Targets)	Progress Status
Accelerate diverse representation at all levels of leadership		Enhance awareness of employee referral policy for females		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 increased focus of participation of female employees in Employee Resource Groups, especially within the functions with the lowest female ratio

Sustainability Report (continued)

5% of our workforce to be made up of people with disabilities by 2025	**1% of our population 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**	· Partner with employment agencies that support PWD candidates to scale recruitment. · Enhance awareness of employee referral policy for people with disabilities	1% of our population to be made up of persons with disability by Q4 2022	· As at end of 2022, there were 10 resources classified as persons with disabilities (PWDs); this makes up approximately 1.4% representation. · Our commitment and drive towards creating an inclusive workplace for persons with disability (PWDs) has been intensified, through partnerships with state/ non-profit agencies (Chartered Institute of Personnel Management (CIPM), Sight Savers), which are involved in the campaign for inclusion of PWDs · The PWD representation on our site is currently at 1.3%, cutting across full time employees, temporary staff and interns · 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"

b. 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
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 (contingent) labour employees in Supply Chain are paid the recommended Living wage rate by 2022**	Identify all 3rd Parties employees 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. · In addition to Living wage being a global Unilever requirement, it also ensures that our people (direct and insourced) are paid decent and liveable wages in line with our global social commitment. This will ensure compliance with living wage compensation in Supply Chain. · The contingent labour employees at the factories, constituting about 45% of our third-party support, have now been moved to living wage effective 1 January 2023.

Sustainability Report (continued)

Help 5 million small and medium-sized enterprises grow their business by 2025	**Map female owned and female led Micro, Small and Medium-sized Enterprises (MSMES) 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 - Over €14m transacted 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 2,000 Shakti women in 2022 - Average business per Shakti woman - €1,700
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

b. 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
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 to identify and award young minds (students/interns) with brilliant business solutions with internship and mentorship opportunities. · 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

Sustainability Report (continued)
Future of work (continued)

		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 will be fully implemented 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. · Undergraduate Internship -14; · Graduate Internship – 8; · Post Graduate Internship – 2; · Apprenticeship – 1; NYSC – 35
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 Unilever companies in other geographies, 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 organization 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 degreed**	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 degreed	The Future Fit Plan, is a concept which empowers employees to direct their career paths in the desired direction As of December 2022, approximately 61% of our employees had 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 Unilever Nigeria Sustainability Report can be found on our website.

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

The directors accept responsibility for the preparation of the annual Financial Statements that give a true and fair view 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 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	Carl Cruz	Folake Ogundipe
Chairman FRC/2013/NIM/00000001568	Managing Director FRC/2022/PRO/DIR/003/00000023359	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 the International Financial Reporting Standard and the requirements of the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria Act 2011

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	-	Shareholder's Representative
3.	Mr Kolawole Durojaiye FRC/2019/ICAN/00000019789	-	Shareholder's 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

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, we hereby certify that we 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	Folake Ogundipe
Managing Director	National Finance Director
FRC/2022/PRO/DIR/003/00000023359	FRC/2019/ICAN/00000019604
16 March, 2023	16 March, 2023

KPMG Professional Services
KPMG Tower
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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.

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
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. 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. 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.	Our audit procedures included the following: — 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.

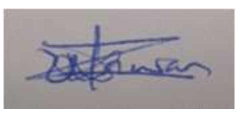
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate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

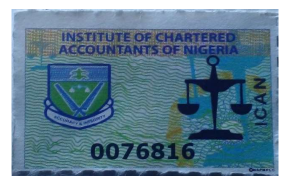
Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

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 ₦'000	2021 ₦'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
Income tax expense	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
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 ₦'000	2021 ₦'000
Assets			
Non-current assets			
Property, plant and equipment	14(i)	21,490,568	22,376,287
Intangible assets	15	3,081	3,467
		21,493,649	22,379,754
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
		103,896,243	85,908,781
Total assets		125,389,892	108,288,535
Liabilities			
Current liabilities			
Trade and other payables	20	52,404,796	39,739,074
Income tax	12(iii)	2,972,361	478,615
		55,377,157	40,217,689
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 deficit	22(v)	291,205	421,291
Long service award obligations	22(iv)	319,548	369,770
		2,448,019	2,309,178
Total liabilities		57,825,176	42,526,867
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		67,564,716	65,761,668
Total equity and liabilities		125,389,892	108,288,535

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	Carl Cruz	Folake Ogundipe
Chairman	Managing Director	National Finance Director
FRC/2013/NIM/00000001568	FRC/2022/PRO/DIR/003/000 00023359	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 ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'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 Icone 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 ₦'000	2021 ₦'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. These are depreciated only when they become available for use in accordance with the depreciation policy of the relevant asset class.

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:

- 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. Development costs previously 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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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

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)

2.4 Assets held for sale (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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

2.5.2 Classification and subsequent measurement (Continued)

(i) **Financial assets (continued)**

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.

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

(ii) 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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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.

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 occured.

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.6 Impairment of financial assets (continued)

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.

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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 Provision, Contigent liabilities and Contigent assets

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.

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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.

(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

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 prfit 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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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:

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.14 Leases (continued)

i. As a lessee (continued)

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;
– 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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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 paybles to foreign suppliers which has been included in cost of sales) and derivative losses on derivative financial liabilities.

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.

Notes to the financial statements (continued)

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 entited to one vote per share at general meetings of the Company. Incremental assets direclty 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.

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:

- 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
- 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

Notes to the financial statements (continued)

4 Revenue

	2022 ₦'000	2021 ₦'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
	88,570,826	70,523,695

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 ₦ 442 million (2021: ₦ 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).

5 Expenses by nature

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

	2022 ₦'000	2021 ₦'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 ₦'000	2021 ₦'000
Transitional Service Agreement income (i)	123,683	37,352
	123,683	37,352

(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 ₦'000	2021 ₦'000
(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
	1,369,022	1,608,174
(ii) Post-employment benefits:		
Executive directors	22,627	17,200
Members of the Leadership team (excluding executive directors)	44,640	52,424
	67,267	69,624

	2022 ₦'000	2021 N'000
(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

8 Employee costs

	2022 ₦'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
	8,771,608	9,222,695

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

Notes to the financial statements (continued)

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
	786	755

8 Employee costs (continued)

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.

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

Notes to the financial statements (continued)

10 Finance income

	2022 ₦'000	2021 ₦'000
Interest on call deposits and bank accounts	1,834,478	590,607
Net exchange gain on translation of foreign currency denominated balances		436,603
	1,834,478	1,027,210

11 Finance cost

	2022 ₦'000	2021 ₦'000
Interest expense on lease liabilities	179	37,068
Interest expense trade obligations with banks	1,113,934	26,162
Interest charge on employee benefit	90,136	32,512
Net exchange loss on translation of foreign currency denominated	363,167	-
	1,567,416	95,742

12 Taxation

(i) Income statement

	2022 ₦'000	2021 ₦'000
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 Under provision- current income tax	76,547	-
	3,035,159	71,090
Deferred tax originating and reversing temporary difference (Note 21)	309,661	1,119,327
Tax charge to income statement - Continuing operations	3,344,820	1,190,417
Tax charge to income statement - Discontinuing operations (Note 31)	-	394,039

(ii) Amount recognised in other comprehensive income

	2022 ₦'000	2021 ₦'000
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liabilities (Note 21)	100,373	107,181

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 Income tax (continued)

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

	2022 ₦'000	2021 ₦'000
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)
Witholding tax credit note	(22,202)	
At 31 December	2,972,361	478,615

(iv) **Reconciliation of effective tax to the statutory tax**

	2022 ₦'000	2021 ₦'000
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 (2020: nil), thus the basic earnings per share and diluted earnings per share have the same value.

	2022 ₦'000	2021 ₦'000
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 (PPE)

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

(i)

	Capital work-in-progress	Leasehold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Total
Cost	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'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 Depreciation / 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 (PPE)

(ii) 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 N823 million (2021: ₦955 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	Plant & Machinery	Total
	₦'000	₦'000	₦'000
Capital work-in-progress	32,465	791,523	823,987

(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:

	2,022	2,021
	₦'000	₦'000
Capital commitments	465,246	499,000

Notes to the financial statements (continued)

15 Intangible assets

Intangible assets comprise computer software

	2022	2021
Cost:	₦'000	₦'000
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	2021
	₦'000	₦'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 accumualted 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.

17 Trade and other receivables

	2022	2021
(i) Trade and other receivables account is analysed as follows:	₦'000	₦'000
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
Derivative financial assets **	-	-
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 reclasified from intercompany receivables and inventory balance to trade receivables.

Notes to the financial statements (continued)

* 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 ₦'000	2021 ₦'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

	2022 ₦'000	2021 ₦'000
(ii) Analysis for trade receivables:		
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
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 ₦'000	2021 ₦'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

(iv) Analysis of related parties receivables:	2022 ₦'000	2021 ₦'000
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 in 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.

Notes to the financial statements (continued)

(vi) Impairment loss on trade and intercompany receivables recognised in profit or loss

	2022	2021
	₦'000	₦'000
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

* 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	2021
	₦'000	₦'000
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	2021
	₦'000	₦'000
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. The N3.5bn 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
	₦'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

(ii) **Disposal of plant, property and equipment**

	2022	2021
	₦'000	₦'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
	₦'000	₦'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%.

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

Notes to the financial statements (continued)

* 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.

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

	2022 ₦'000	2021 ₦'000
Movement in trade and other payables	12,665,721	-
Dividend reclassified from retained earnings but not paid out	(2,642,193)	-
Dividend paid	623,767	55,664
Foreign exchange difference*	-	-
Movement in trade and other payables per statement of cashflows	10,647,295	55,664

(i) Dividend payable

	2022 ₦'000	2021 ₦'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 ₦4.8bn (2021: ₦2.8bn) due to Unilever Overseas Holding (Note (28(v)).

As at 31 December 2022, ₦529.50 million (2021: ₦357 million) of the total dividend was held with the Company's Registrar, GTL Registrars 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/ (asssets)	₦'000	₦'000
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	100,373	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 ₦'000**	**Employee benefit obligations ₦'000**	**Other temporary differences* ₦'000**	**Leases ₦'000**	**Exchange difference ₦'000**	**Total ₦'000**
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 ₦'000	2021 ₦'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
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'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)

(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	2021
	₦'000	₦'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 gains/(losses)	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 (deficit)	(291,205)	(421,291)

Notes to the financial statements (continued)

22 Retirement benefit obligations (continued)

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

	2022			2021		
	Income Statement		OCI	Income Statement		OCI
	Current service charge* ₦'000	Net interest cost ₦'000	Actuarial losses ₦'000	Current service charge* ₦'000	Net interest cost ₦'000	Actuarial losses ₦'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	0	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.

(vii) Actuarial assupmtions

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%	8.0%	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.

Notes to the financial statements (continued)

22 Retirement benefit obligations (continued)

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

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.

Notes to the financial statements (continued)

Sensitivity analysis on liability as at 31 December 2022

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	₦'000	Impact (%)	₦'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	
	₦'000	Impact (%)	₦'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)

	Long Service Award Obligations -2022		Long Service Award Obligations - 2021	
	₦'000	Impact (%)	₦'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%	12%
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	**2021**
	₦'000	**₦'000**
Balance as at 1 January	-	292,777
Additions to right of use asset	-	-
Derecognition of right of use asset	-	(42,504)
Depreciation for the year		(250,273)
Balance as at 31 December	-	-

Notes to the financial statements (continued)

	2022	2021
ii Amounts recognised in profit or loss	**₦'000**	**₦'000**
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

iii Amounts recognised in statement of cash flows

	2022	2021
	₦'000	**₦'000**
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.

24 Cash flows from operating activities

	2022	2021
	₦'000	**₦'000**
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)
- Interest expense on employee benefit (Note 11)	90,136	26,162
- Interest expenseon 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
	10,322,602	6,717,997
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	12,899,120	20,299,380

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

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:

	2022		2021	
	Carrying amount ₦'000	Fair value ₦'000	Carrying amount ₦'000	Fair value ₦'000
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
	71,528,933	71,528,933	68,128,058	68,128,058
Trade and other payables (Note 20) *	50,320,849	50,320,849	37,859,874	37,859,874
	50,320,849	50,320,849	37,859,874	37,859,874

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 and the consequent insignificant impact of discounting.

*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.

Notes to the financial statements (continued)

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.

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 equivalents	6,508	5	3,449	
Trade and other payables	(7,458)	(860)	(13,920)	(523)
Net exposure	**7,690**	**(833)**	**(9,697)**	**(523)**

Notes to the financial statements (continued)

26 Financial risk management (continued)

26.1 Financial risk factors (continued)

(a) Market risk (continued)

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

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 ₦.28 billion lower/higher (2021: ₦.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%)

Notes to the financial statements (continued)

26 Financial risk management (continued)

26.1 Financial risk factors (continued)

(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 ₦'000	2021 ₦'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.

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.

Notes to the financial statements (continued)

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 ₦'000**	**Loss allowance ₦'000**	**Credit impaired**	**Weighted average loss rate**	**Gross carrying amount ₦'000**	**Loss allowance ₦'000**	**Credit impaired**
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
		4,056,206	**(725,386)**			**4,056,206**	**(725,386)**	

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

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 ₦'000**	**Loss allowance ₦'000**	**Credit impaired**	**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%	-	-	No
3 - 6 months past due	0%	-	-	No	0%	-	-	No
More than 6 months past due	100%	558,683	(558,683)	Yes	100%	558,683	(558,683)	Yes
		558,683	**(558,683)**			**558,683**	**(558,683)**	

Notes to the financial statements (continued)

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

	2022	2021
	₦'000	₦'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

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 GTL Registrars 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 enforcable 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.

Notes to the financial statements (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of ₦67.8bn as at 31 December 2022 (2021: ₦55.6bn). 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. The expected credit loss has been assessed as immaterial

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.

(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 ₦29.6 billion (2021: ₦40.4 billion). Unilever also had Nil overdraft (2021: Nil) and undrawn facilities of ₦25 billion (2021: ₦20 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%

Notes to the financial statements (continued)

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

	2021 ₦'000	2022 ₦'000
Balance at 1 January	4,103,235	3,336,964
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.

	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
2022		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables*	50,320,849	50,320,849	-	-	-	-	50,320,849

	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		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables*	37,859,874	37,859,874	-	-	-	-	37,859,874
Loans and borrowings	-		-	-	-	-	-

	At amortised cost 2022 ₦'000	At amortised cost 2021 ₦'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
	50,320,849	26,818,527

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

Notes to the financial statements (continued)

26 Financial risk management (continued)

26.1 Capital risk management

Unilever's objectives when managing capital are to safeguard Unilever's ability to continue as

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.

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 **₦'000**	**2021** **₦'000**
Total liabilities	57,825,175	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.

2022	**Food Products** **₦'000**	**Home and Personal Care** **₦'000**	**Total** **₦'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

Notes to the financial statements (continued)

27 Segment reporting (continued)

2022	Food Products ₦'000	Home and Personal Care ₦'000	Total ₦'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

2021	Food Products ₦'000	Home and Personal Care ₦'000	Total ₦'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 ₦'000	Home and Personal Care ₦'000	Total ₦'000
Property, plant and equipment (Note 14)	9,840,010	12,536,279	22,376,289
Inventories (Note 16)	6,577,071	8,379,260	14,956,331
	16,417,081	20,915,539	37,332,620
Other non-current assets			3,082
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)			(820,160)
Loans and borrowings (Note 29)			-
Deferred tax assets (Note 21)			163,101
Retirement benefit obligations (Note 22(iii))			(454,713)
Retirement benefit deficit (Note 22(iii))			(785,219)
Long service obligations (Note 22(iii))			(369,770)
Net assets			66,282,316
Capital expenditure	713,480	908,982	1,622,462

Notes to the financial statements (continued)

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:

(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 ₦156 million. (2021: ₦41 million).

(iii) Sale of finished goods to related parties

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

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

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

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

	2022	2021
	₦'000	₦'000
Receivables from related parties:		
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	13,360	139,039
Gross receivables	6,328,858	13,067,302
Less impairment	(4,356,284)	(4,103,235)
	1,972,574	8,964,067

*Following the deal completion to sell tea segment of the business in July' 2022, tea receivables have been reclasified from intercompany receivables to trade receivables.

Notes to the financial statements (continued)

	2022 ₦'000	2021 ₦'000
Payables to related parties:		
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	2021
	₦'000	₦'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 intestest payment (Note (23iii))		(41,824)
Closing balance	-	-

30 Share capital and share premium

	Number of ordinary shares	Ordinary shares	Share premium
	'000	₦'000	₦'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 reclasified from Ekaterra intercompany receivables to trade receivables.

a Results of discontinued operation

Income Statement

	2021
	₦'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)
Other income (Gain on sale)	2,761,682
Operating profit	3,065,976
Net finance inome	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.

Notes to the financial statements (continued)

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 ₦194.4 million (2021: ₦25.4million). 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 ₦'000	%	2021 ₦'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 augument 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 ₦'000	2021 * ₦'000	2020 ₦'000	2019 ₦'000	2018 * ₦'000
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