



# ANNUAL REPORT & FINANCIAL STATEMENTS 2021







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Our Values

**INTEGRITY**  
**RESPECT**  
**RESPONSIBILITY**  
**PIONEERING**



## Our Brands

closeup



Sunlight

Pepsodent



new  
Pears



LUX<sup>®</sup>

## Unilever Corporate Profile

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

Unilever Nigeria Plc. was established in 1923 as a soap manufacturing company – West Africa Soap Company– by Lord Leverhulme. It later became known as Lever Brothers Nigeria Plc. Today, it is the longest serving manufacturing organization in Nigeria.

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

The Company was quoted on the Nigerian Stock Exchange in 1973 and is a truly multi-local, multinational organization with international and local brands in her portfolio. The international brands include Close-Up, Pepsodent, LUX, Lifebuoy, Rexona and Vaseline in the Personal Care division of the business; Knorr in the Foods division; and OMO and Sunlight in the Home Care division. Other Regional and local jewels include Pears and Royco. The Company provides sources of income to tens of thousands of Nigerians who are shareholders, distributors, suppliers, service providers and employees.

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 and flexible working culture.

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



## Board of Directors, Officers and Other Corporate Information

### Directors

His Majesty Nnaemeka A. Achebe CFR, mni  
Obi of Onitsha

Mr Carl Cruz (Filipino)

Mr Jaime Aguilera (Spanish)

Mrs Abiola Alabi

Ammuna Lawan Ali, OON

Mr Felix Enwemadu

Mr Michael Ikpoki

Mr Chika Nwobi

Mr Mutlu Sunmonu CON, FNSE

- Non-Executive Director & Chairman of the Board
- Managing Director
- Non-Executive Director (Appointed w.e.f. 1 January, 2021)
- Non-Executive Director
- Independent Non-Executive Director
- Executive Director
- Independent Non-Executive Director (Appointed w.e.f. 1 February, 2021)
- Non-Executive Director
- Independent Non-Executive Director

### General Counsel WA & Company Secretary

Mrs Abidemi Ademola

### Registered Office

1 Billings Way, Oregun, Ikeja, Lagos

Tel: +234 1 279 3000 & +234 803 906 6000

Email: [Consumercare.nigeria@unilever.com](mailto:Consumercare.nigeria@unilever.com)

Website: [www.unilevernigeria.com](http://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@gtlregistras.com](mailto:info@gtlregistras.com)

### Bankers

Access Bank

Citi Bank

Coronation Bank

Globus Bank

First Bank

First City Monument Bank

Ecobank Nigeria

Guaranty Trust Bank

Rand Merchant Bank

Stanbic IBTC Bank

Standard Chartered Bank

Sterling Bank

United Bank for Africa

Zenith Bank

# TRIPLE PURIFIED 3X SKIN PROTECTION

- DRY SKIN ✓
- BRUISED SKIN ✓
- SENSITIVE SKIN ✓



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## Results at a glance

	2021 N'000	2020 N'000
Revenue	70,523,695	52,211,267
Operating profit/ (loss)	1,129,383	(5,655,548)
Profit/ (loss) before taxation	1,878,683	(4,537,053)
Taxation	(1,190,417)	779,163
Profit/ (loss) from continuing operations	688,266	(3,757,890)
Profit/ (loss) from discontinued operations	2,720,908	(208,031)
Profit/ (loss) for the year	<u>3,409,174</u>	<u>(3,965,921)</u>
Capital employed	65,761,668	62,129,120
Capital expenditure	1,622,462	1,046,550
Depreciation of property, plant and equipment	3,535,385	5,135,811
Cash and cash equivalents	<u>55,697,537</u>	<u>37,100,827</u>
Earnings per share (Naira)	0.59	(0.69)
Earnings per share (Naira) - continuing operations	0.12	(0.65)
Net Assets per share (Naira)	11.45	10.81
NSE share price at 31 December	<u>14.50</u>	<u>13.90</u>
Ratio % Revenue		
Operating costs	-27%	-32%
Operating profit/ (loss)	2%	-11%
Profit/ (loss) after tax	1%	-7%

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Ninety-seventh (97th) Annual General Meeting of Unilever Nigeria Plc. will be held at the Grand Banquet Hall, Civic Centre, Victoria Island, Lagos on Thursday 5 May 2022 at 10.00 am for the following purposes:

### Ordinary business:

1. To lay before the Members, the Report of the Directors, the Report of the Managing Director, summary of the Sustainability Report, the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Audit Committee and the Independent Auditors thereon.
2. To declare a Dividend
3. To elect or re-elect Directors, to wit:
  - i. To elect Mrs Folake Ogundipe, being a director elected since the last Annual General meeting
  - ii. To re-elect the following directors retiring by rotation  
Mr Mutiu Sunmonu  
Mrs Abiola Alabi  
His Majesty Nnaemeka A Achebe, notwithstanding that he is over 70 years of age. A special notice of his age has been given to the company pursuant to Section 282 of the Companies and Allied Matters Act 2020
4. To disclose the remuneration of Managers of Unilever Nigeria Plc.
5. To authorize the Directors to fix the remuneration of the Independent Auditors
6. To elect members of the Audit Committee.

### Special business: By Ordinary Resolution

7. To consider and if thought fit, to pass the following as ordinary resolution:  
"That the remuneration of the Non-Executive Directors of Unilever Nigeria Plc for the year ending December 31, 2022, and until further notice, be and is hereby fixed at N62 Million (Sixty-Two Million Naira Only) only as Directors Fees. In addition, sitting allowances will be paid at standard agreed rates for each meeting attended and the Chairman will be entitled to a vehicle allowance of N12 million gross per annum"  
\*Note that this represents no change to the Non-Executive Directors remuneration of Unilever Nigeria Plc from the previous year.
8. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:  
"That, pursuant to Rule 20.8 of the Rulebook of the Nigerian Exchange 2015: Issuers Rule, a general mandate be and is hereby given authorizing the Company during the 2022 financial year and up to the date of the next Annual General Meeting, to procure goods, services, and financing and enter into such incidental transactions necessary for its day-to-day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in 2022 prior to the date of this meeting are hereby ratified."
9. To consider and if thought fit, to pass the following subjoined resolutions as an ordinary resolution:
  - (a) "That in compliance with Section 124 of the Companies and Allied Matters Act No 3 of 2020 (as amended) and Regulation 13 of the Companies Regulation 2021, shareholders hereby authorize and approve the cancellation



## Notice of Annual General Meeting

of Four Billion, Two Hundred and Fifty-Four Million, Nine Hundred and Ninety-Four Thousand, Five Hundred and Eighty-Three (4,254,994,583) unissued ordinary shares of 50 kobo each which comprise the total number of unissued shares in the share capital of the Company

- b) That for the purposes of implementing the cancellation of the Company's unissued shares, the Board is hereby authorized to execute all relevant documents, take all such lawful steps as may be required by statute and or regulations and do such other acts or things as may be necessary, supplementary, consequential, or incidental for the purpose of giving effect to this resolution including but not limited to engaging professional advisers and complying with any directive which any regulatory agency or body may deem fit to impose or approve.
- c) That all acts carried out by the Board of the Company hitherto in connection with the above, be and are hereby ratified.

### Special business: By Special Resolution

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

#### Amendment of Memorandum and Articles of Association

That all references to authorized share capital in the Memorandum and Articles of Association of the Company should be replaced with issued share capital and paragraph 4 of the Memorandum of Association of the Company and Regulation 4 of the Articles of Association be amended to read as follows:

"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:"

### NOTES:

#### Proxy

In view of the COVID-19 pandemic, attendance at the AGM shall only be by proxy. A member of the Company entitled to attend, and vote is advised to select from the underlisted proposed proxies to attend and vote in his/her stead:

- His Majesty N.A. Achebe
- Mr. Mutiu Sunmonu
- Mr. Michael Ikpoki
- Mr. Felix Enwemadu
- Sir Sunny Nwosu
- Dr Anthony Omojola
- Mr. Boniface Okezie
- Chief Matthew Akinlade
- Chief Timothy Adesiyun
- Mr. Gbenga Idowu
- Mrs. Adebisi Bakare
- Mr. Nornah Awoh
- Mr. Bright Nwabuogwu

## Notice of Annual General Meeting (continued)

- Mr. Patrick Ajidua
- Mrs. Samiat Adebanye Odunuga
- Mrs Ganiat Adetutu Siyanbola
- Mr Gafar Erinfolami
- Alhaja Sarata Balogun
- Mrs E O Obideyi
- Mr Samson Olagoke

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

### Dividend Warrants and Closure of Register

The Board has recommended dividend payment which if approved, is payable less withholding tax. Dividends will be payable on Friday 6 May, 2022 to the shareholders who are on the Company's Register of Members as at close of business on Thursday 14, April, 2022 NOTICE is therefore given that the Register of Members and Transfer books of the Company will be closed from Tuesday 19 April, 2022 to Monday 25 April, 2022 (both dates inclusive) to enable the preparation of payment of the dividend.

### Nominations for the Audit Committee

The Audit Committee comprises three (3) shareholders and two (2) Non-Executive Directors. In accordance with Section 404 (6) of the Companies and Allied Matters Act 2020, any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the date of the Annual General Meeting at companysecretariat.Nigeria@unilever.com.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all members of the Audit Committee shall be financially literate and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly.

In Addition, the Audit Regulations 2020 of the Financial Reporting Council of Nigeria (FRCN) requires all members of the Audit Committee to be registered with the FRCN. Accordingly, to be valid, nominations should clearly state the FRC number of the person being nominated.

### Unclaimed Dividends

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed while some have neither been presented to the Banks for payment nor to the registrar for revalidation. A list of such unclaimed dividends will be circulated with the Annual Reports and Financial Statements. The list will also be available on Unilever Nigeria Plc website [www.unilevernigeria.com](http://www.unilevernigeria.com). Affected members are by this notice, advised to contact the Registrars at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos P. M.B. 12717, Lagos. Tel: 01 279 3161- 2 & +234 01 813 1925.

### E-Dividend/Bonus Mandate

Pursuant to the Directive of the Securities and Exchange Commission, notice is hereby given to all shareholders to open bank accounts, stockbroking accounts, and CSCS accounts for the purpose of e-dividend/bonus. A detachable



## Notice of Annual General Meeting (continued)

application form for e-dividend is attached to enable shareholders to furnish particulars of their accounts to the Registrars as soon as possible. The Forms can also be downloaded from the Registrars' website. Shareholders are also advised to update their records with the Registrars. All mandates and records updates should be deposited at Greenwich Registrars and Data Solutions Ltd., 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

### **Rights of Securities' Holders to ask Questions**

Securities' Holders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting and such questions must be submitted to the Company via the Company Secretary on or before Thursday 28 April 2022.

### **Electronic Annual Report**

The electronic copy of the 2021 Annual Report is accessible on [www.unilevernigeria.com](http://www.unilevernigeria.com) and also circulated by email to all Shareholders who have provided their email addresses to the Registrars. The Reports are also dispatched to Shareholders via their addresses in the shareholders' register. Shareholders who are interested in receiving an electronic copy of the 2021 Annual Report by email should request via: [info@gtlregistrars.com](mailto:info@gtlregistrars.com)

### **Profile of Directors Standing for Election/re-election**

The profiles of the four (4) Directors standing for election/re-election are contained in the Annual Report.

### **Live Stream of the Annual General Meeting**

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

Dated 17th March 2022.

**By order of the Board**



**Mrs. Abidemi Ademola**  
**General Counsel WA & Company Secretary**  
FRC/2013/NBA/00000001646

Registered Office  
1, Billings Way  
Oregun, Ikeja  
Lagos.



# LUX

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



Soft Caress  
LUX Jasmine & Silk Essence Oil

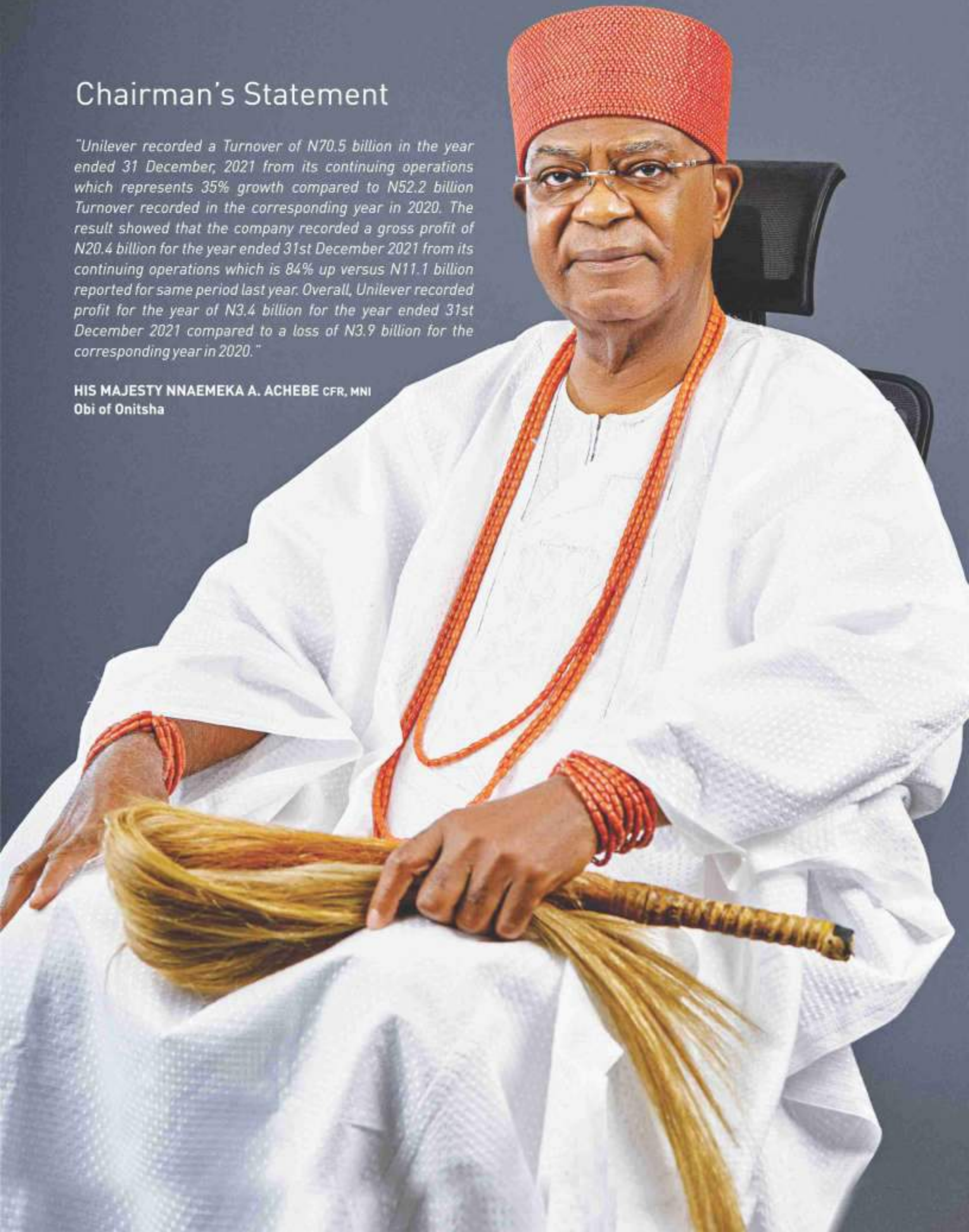
Even Complexion  
LUX White Lily & Carrot Oil



## Chairman's Statement

*"Unilever recorded a Turnover of N70.5 billion in the year ended 31 December, 2021 from its continuing operations which represents 35% growth compared to N52.2 billion Turnover recorded in the corresponding year in 2020. The result showed that the company recorded a gross profit of N20.4 billion for the year ended 31st December 2021 from its continuing operations which is 84% up versus N11.1 billion reported for same period last year. Overall, Unilever recorded profit for the year of N3.4 billion for the year ended 31st December 2021 compared to a loss of N3.9 billion for the corresponding year in 2020."*

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





## Chairman's Statement (continued)

Esteemed Shareholders, Representatives of Regulatory Bodies present, Distinguished ladies, and gentlemen, on behalf of the Board of Unilever Nigeria Plc., I am pleased to welcome you to the 97th Annual General Meeting ("AGM") of our Company to present to you the Reports and Financial Statements for the financial year ended 31 December 2021 and review the performance of our Company during the financial year.

### 2021 Economic Outlook and the Business Environment

Global economic performance recovered better than expected in the first half of 2021, in contrast to the preceding year. In 2020, the global economy slowed down as the impact of the COVID-19 pandemic, worsened by the emergence of new variants of the virus, negatively impacted supply chains across geographies, stunting sectoral growth broadly, but most especially the services and manufacturing sectors. The current upward trend is a reflection of proactive COVID-19 vaccination and reinforcing support policies across various economies. The projected GDP growth for the advanced economies moved to 5.10% from 4.3% in January 2021, while that for the Emerging Markets and Developing Economies (EMDEs) rose from 6.30% in January 2021 to 6.70% in April 2021. These upward trends across the advanced economies and EMDEs were consequent to concerted vaccination programmes across their populations, as well as sustained ancillary monetary and fiscal policies that resulted in decreased infection rates, severity levels, and mortality rates. These efforts notwithstanding, in many countries low vaccination rates remain a challenge to effective rollout programmes.

On the Nigerian domestic front, upswings in economic activities and ongoing fiscal and monetary policy interventions boosted real economic recovery in the first half of 2021. Subsequent to its exit from recession in Q4 2020, the economy performed better than the IMF's growth projection of 3% for 2021, with the country's real GDP growing by 5.01% and 0.51% in Q1 2021 and Q2 2021 as against 0.11 and -3.62% in Q4 2020 and Q3 2020. The non-oil sector recorded a growth of 6.74% in Q2 2021, 12.79 percentage points higher in comparison to 5.95 percentage points in the same quarter of 2020. The non-oil sector's aggregate contribution to real GDP was 92.58 in 2021Q2. The growth drivers for these performances were in the main, Trade, Telecommunications, Road Transportation, Agricultural Production and Manufacturing, especially Food, Beverage and Tobacco.

The oil sector at -12.65% saw a drop-in real GDP growth rate in 2021Q2 compared to -6.63% in the same corresponding period in 2020. The poor performance of the sector was largely a consequence of the reduction of Nigeria's output quota by OPEC+. Pointedly, the average daily production in 2021Q2 was 1.61 million barrels per day (mbpd), considerably lower than 1.81mbpd produced in the corresponding quarter of 2020.

Headline inflation broke the CBN's 6.00 -9.00% corridor in the first half of 2021 due to a combination of factors, including pervasive insecurity issues and recognised infrastructural gaps. Year-on-year headline inflation was significant in 2021 recording 17.75% in June 2021 as against 12.56% in June 2020. Crucially, assisted by a promising harvest season and opening of land borders, headline inflation declined to 15.6% in December 2021.

Looking ahead, the outlook for the Nigerian economy remains cautiously positive. The country's current account and forex reserves, assisted by IMF's SDR allocation and Eurobond placements in September 2021 improved in the year under review. Recent employment surveys indicate that employment is back to pre-pandemic levels. Notwithstanding recent upside improvements in oil prices, the growth in the fiscal deficit to circa 5.9% of GDP in 2021 dampens optimism to some degree. Although the widening fiscal deficit reflects increased spending allocations to fuel subsidies and higher security spending, it remains a cause for concern. Furthermore, the optimistic economic



## Chairman's Statement (continued)

outlook must be caveated by threatening downside factors such as higher ratios of debt service to government revenues, low vaccination rates with the attendant risks of future pandemics and worsening of the current situation of violence and insecurity in the country.

### Business Results and Performance

Unilever recorded a Turnover of N70.5 billion in the year ended 31 December, 2021 from its continuing operations which represents 35% growth compared to N52.2 billion Turnover recorded in the corresponding year in 2020. The result showed that the company recorded a gross profit of N20.4 billion for the year ended 31st December 2021 from its continuing operations which is 84% up versus N11.1 billion reported for same period last year. Overall, Unilever recorded profit for the year of N3.4 billion for the year ended 31st December 2021 compared to a loss of N3.9 billion for the corresponding year in 2020.

Cost of sale from its continuing operations increased by 22% from N41,137 million to N50,162 million and the increase was driven, amongst other things, by higher volume of sales, increased material prices, and currency devaluation. The net finance income from its continuing operations decreased by 26% compared to the year ended 2020 which was attributed largely due to net exchange loss recognized in the year vs gain in the previous year due to devaluation of the Naira.

With the support of our esteemed Shareholders, it is noteworthy that in the year under review, Unilever successfully completed the spinoff of its tea business to a separate new dedicated tea business in Nigeria within the Unilever group. This spinoff recorded a one-off income of N2.8bn representing profit from the separation. Furthermore, the Company successfully launched a new variant of the Knorr seasoning cubes enriched with natural ingredients and flavours thereby expanding our brand offerings to its growing loyal consumers.

These results indicate strong top-line growth and better cost recovery resulting in a bottom-line increase. Significant progress was made from the previous year as a result of various growth initiatives including significant investment in marketing as part of our quest to increase brand power. There was also a noticeable strong performance which came on the back of the implementation of these initiatives, especially in the areas of distribution as well as good commercial execution across the business units.

### Dividends

Despite the lingering economic volatility occasioned by the global pandemic, Unilever Nigeria Plc is proposing the sum of 50k gross per ordinary share of 50k each as the dividend pay-out to the members of Unilever Nigeria Plc in respect of the year ended 31 December 2021.

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

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

## Chairman's Statement (continued)

### Board Members

During the year in view, one of our Executive directors, Mrs. Adesola Sotande-Peters, Financial Director resigned from the Company effective 16<sup>th</sup> December 2021. Mrs. Sotande-Peters was no doubt a regrettable loss. However the Board wishes her well in her future endeavours. Since then, the Board has appointed Mrs Folake Ogundipe, another experienced professional finance executive with effect from 1<sup>st</sup> April, 2022 to fill the position of Finance Director.

The Board's capacity to discharge its responsibilities remains intact and it will continue to steer Unilever in the right direction in the foreseeable future.

### Acknowledgment

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

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

### The Future

We remain true to our commitment to making sustainable living an enduring culture. We will continue to achieve this through our sustainability drive including but not limited to investments in our workforce and several initiatives to support our Stakeholders since the outbreak of the pandemic. We also continue to intensify efforts in supporting our immediate communities through various donations and collaborations with the Government at all levels.

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

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'A. Achebe'.

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI  
Obi of Onitsha  
FRC/2013/NIM/00000001568



## Managing Director's Report

### Context

While the year 2021 was not devoid of challenges faced in the previous year, Nigeria started to experience growth as government interventions, and oil price improvements began to affect the economy positively. With industry output on the rebound, the continuing effects of the COVID-19 pandemic on the cost of operations, rising insecurity in parts of the country, changing business management strategies, disruptions in the labor market, and dwindling consumer disposable income were some of the most significant highlights of 2021. Businesses have had to quickly adapt to these challenges focusing their efforts on meeting consumer needs while deploying appropriate strategies to build sustainable businesses.

Unilever Nigeria Plc 's increased focus on business fundamentals such as reinvesting in the brands, enhancing secondary sales, and ensuring adequate liquidity while tightening controls on cost in 2020, resulted in better operational discipline and governance of the business in 2021. We prioritized serving the mainstream consumer, ensuring that we met their needs.

### Performance

Despite the challenges faced in 2021, we continued to see growth coming back to the business in 2021 against the delivery of the Unilever 4G growth Model of competitive, consistent, profitable, and responsible growth. We believe that we are well on our way to Rediscovering our Greatness in Nigeria.

Reinvesting behind our brands paid off with 67% business turnover winning in value share in the long term and 94% in the short term. Resetting our RTM approach, 11% of our Turnover now comes from our mainstream SKUs serviced through 300+ cash customers and our Distributors. Also 60% of our volumes through a presale model. We continue to grow our Core of the Core and Future Core cells by ensuring optimal investment in media with consistent support and right mix to ensure reach; driving distribution and trial not just of our Core but also our Future Core with particular focus on the Penetration Packs. We are putting more focus in growing our Future Core to at least 15% of our business.

We saw Topline growth of 35% over last year and a Consistent quarter-on-quarter average growth of 5%. The bottom line grew by N7.4bn from a loss of N3.9bn in 2020. Our active management of cost inflation benefitted our P&L by 800bps improvement on gross margin. Cash managed properly such that we are declaring dividends after two years at 50k per share. Cash generated in the year at N18.8bn from N1.2bn in 2020.

Our operational discipline on secondary sales, trade debt, overdue, and cash management has driven the right kind of growth in 2021.

### Key Performance Drivers

The key performance drivers for us remain product affordability, an exceptional route to market strategy, with governance, and operational discipline, investing in our employees and developing a pool of future-fit talent, and having the proper growth fundamentals in place such as deploying our Brands with Purpose, implementing impactful innovations, while enhancing our penetration strategy through sampling models, designing for channel and fueling growth through savings.

We continue to ensure that our brands are affordable to the Nigerian consumer at the right price point and quality. Through our route to market strategy, we continue to improve on the lead-time of getting our products to our

## Managing Director's Report (continued)

customers. Our electronic business-to-business platforms also enabled us to navigate the COVID-19 challenges while reducing the logistics cost of transportation.

The shift from Primary to Secondary Sales focus across the organization is now complete, with a fully mapped Order-to-Cash process. In 2021 we also fully embraced the Agile way of working deploying a data-driven environment, stripping off bureaucratic procedures while enhancing the speed and quality of execution.

Our diversity and inclusion strategy provides us with the basis for addressing equality and equity challenges. As at end of 2021, we achieved 51% gender diversity at management level. In addition, we now have 'People With Disability' working in the organisation.

### Outlook

We will continue to drive long-term value creation in Nigeria by anchoring our strategy on our 4G growth model in 2022 (Competitive, Consistent, Profitable, and Responsible Growth). Cost inflation will be a significant headwind that will be managed as we enter the new year. We expect this to weigh down the bottom line this year, as with most organizations. However, the guardrails that are now in place across the business will help us navigate an already volatile environment made more challenging by the worsening security situation in the country and the possible impact of the war in Ukraine.

### Stakeholders

Our people are our greatest asset, and we continue to invest in our people's health, well-being, and safety, providing tools for them to build their capacity to be fit for the future. Our protocols against the COVID-19 pandemic remain robust, and we are thankful that we have not lost anyone in Unilever Nigeria Plc. to COVID. We remain resolute in our commitment to conducting business in Nigeria. We will endeavor to increase our positive social impact by delivering value to the communities in which we operate and fully integrating sustainability into our business operations.

A handwritten signature in black ink that reads 'Carl Cruz'.

**Carl Cruz**

**Managing Director**

FRC/2022/PRO/DIR/003/00000023359



# ORIGINAL TASTE AND AROMA









## The Board





## HIS MAJESTY NNAEMEKA A. ACHEBE CFR, MNI

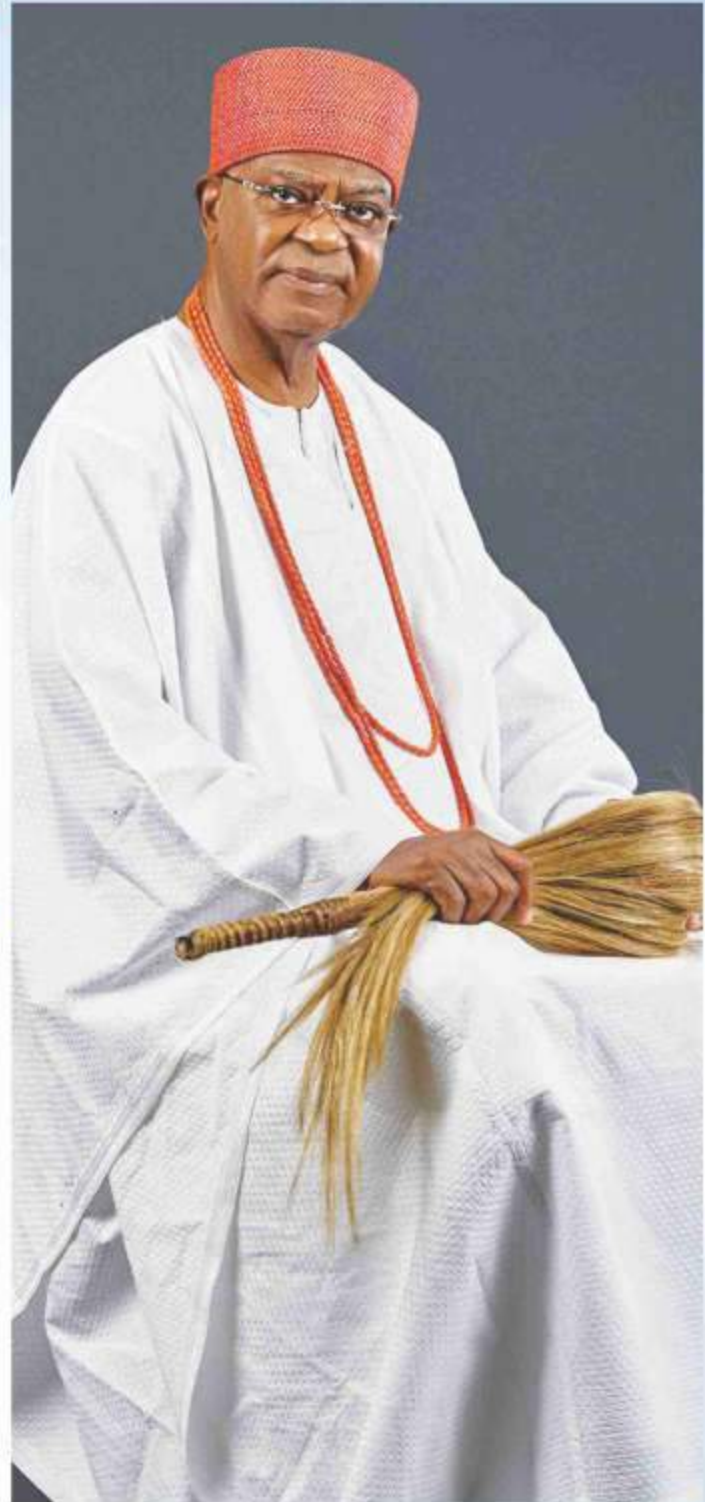
*-Non-Executive Director & Chairman*

His Majesty Nnaemeka A. Achebe, Obi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is the past Chairman of Diamond Bank PLC, past Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc.) and past Chancellor of Kogi State University.

He is the Chairman of the Board of International Breweries Plc. (a subsidiary of AB-InBev, the global leading brewer of beer and other beverages) and Tishona Limited. He is also a non-executive Director of Coscharis Farms Ltd, the Chairman of Anambra State Traditional Rulers Council, a trustee of the National Council of Traditional Rulers of Nigeria, a past chairman of the 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



## MRS ABIOLA ALABI

– Non-Executive Director

Biola Alabi is a media entrepreneur, an African early-stage investor and public speaker. She is the CEO of Biola Alabi Media, a dynamic consultancy and production company with expertise in pay entertainment, digital television, interactive television and emerging entertainment distribution platforms; they service governments, content creators, telecommunication industry, and investors in the converging media technology space. She is also the founder of "Grooming for Greatness" a leadership development and mentorship program for a new generation for African leaders. Named one of the 20 Youngest Power Women in Africa by Forbes Magazine (2012), a World Economic Forum Young Global Leader (2012) and CNBC Africa's AABLA West African Businesswoman of the Year (2013). For over five highly successful years, Biola Alabi held the high-profile position of Managing Director for M-Net Africa, part of the globally renowned Naspers Group. Prior to this, she was based in the United States where she was part of the executive team at the influential children's television brand Sesame Street, and a member of the marketing team that launched the well-respected Korean motor vehicle corporation Daewoo in the USA. An alumnus of the University of Cincinnati where she graduated with a Degree in Public and Community Health, Biola Alabi has spent recent years polishing her knowledge with Executive Education Programs at Harvard University's Kennedy School of Government, Oxford University's Said Business School and Yale University's Jackson Institute of Global Affairs. She is also a Yale World Fellow, at Yale University. Biola Alabi is the CEO of Biola Alabi Media LTD., a Non-Executive Director of Monty Mobile, Chairwoman & Non-Executive Director of Big Cabal Media, A trustee of the Renewable Energy Association of Nigeria.

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

## AMMUNA LAWANI ALI, OON

– Independent Non-Executive Director

Ammuna Lawan Ali, a retired Federal Permanent Secretary, commenced her Civil Service career in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. In 1995, Ammuna Lawan Ali transferred her services to the Federal Civil Service as a director and served in the Ministry of Women Affairs and Social Development and of Finance. In January 2001, Ammuna Lawan Ali was appointed a Permanent Secretary and served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing and Urban Development, amongst others.

She retired from service in December 2009. Ammuna Lawan Ali is a proud recipient of a national honour, Order of Niger (OON) and a member of the National Institute of Policy and Strategic Studies (INIPSS) 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 FELIX ENWEMADU

– Executive Director and Vice President Customer Development

Mr Felix Enwemadu is the Vice President Customer Development. Prior to this position, he was the Head of Customer Development and Customer Development Director, General Trade respectively at Unilever Nigeria Plc, General Manager at Diageo Brands Nigeria Ltd, Sales Director at Nutricima Nig. Plc, Head of Sales Notore Chemicals Industries Ltd and occupied Sales Management positions at Guinness and Procter & Gamble.

He is an experienced business sales professional with over 20 years' experience. He holds a Bachelor of Science Degree in Geology from Nnamdi Azikiwe University, Awka, Anambra State. He is an alumnus of the Lagos Business School Advanced Management Program.

He was appointed to the Board of Unilever Nigeria Plc. in October, 2016.



## 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) and Asoko Insight (Africa's leading corporate data and engagement platform). He also Board Chairman of Amplitude Telecoms Africa Limited (An Infrastructure management company) and i-Fitness Centre Limited (A leading Health & Fitness Business). He also sits on some Advisory Boards overseeing exciting new projects in Africa like Insights by Experts which is Africa's first-on demand expertise platform and TERRAGRIN, a UK private sector company creating sustainable, biodiversity compliant Bamboo forests in Africa.

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



## MR CHIKA 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 MSc Software Engineering program at University of Oxford.

He also completed the Stanford University SEED transformation program. Chika is passionate about education and developing young people and has been invited to speak at Wharton, NYU and Lagos Business School. He has also served as judge and mentor for entrepreneurship programs of Federal Government of Nigeria’s and the World Bank XL startup program.

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

## MR MUTIU SUNMONU CON, FNSE

– Independent Non-Executive Director

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

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







### **MRS ABIDEMI ADEMOLA**

– General Counsel West Africa & Company Secretary

Mrs. Abidemi Ademola is a Corporate Counsel and Governance Professional with experience spanning over 26 years of Commercial Law and Corporate Governance practice in Nigeria and West Africa. Her forte is to proactively identify legal, regulatory, compliance and corporate governance risks to business and develop innovative mitigation to enable seamless operations. 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 and an Associate of the Chartered Governance Institute, UK.

She is also a member of the Nigerian Bar Association, the Society of Corporate Governance and the Institute of Directors, Nigeria. She is an Associate member of Women in Management, Business & Public Services (WIMBIZ) and a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards. Abidemi was the pioneer chairperson of the Corporate Counsel Committee of the NBA Section on Business Law.

She is passionate about building to last with particular focus on talents and Institutions. She was appointed as Company Secretary in January 2012.

Director Appointed since the last Annual General Meeting

### **MRS FOLAKE OGUNDIPE**

Mrs Folake Ogundipe is a highly effective financial executive with cognate experience in leading finance functions to deliver corporate objectives that maximize stakeholders value. She possesses hands-on experience as Chief Finance Officer/Head of Finance 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 and reporting, and minimizing risks. With proven track record of increasing efficiency of financial operations through business transformation, expertise at enhancing business profitability through formulation and implementation of innovative cost-saving strategies and achieving targeted objectives through successful leadership and mentorship of high-performance teams. Mrs Ogundipe is adept at steering and establishing robust financial management capability as well as formulating effective strategies to drive strong financial governance.

Mrs Ogundipe holds a B.Sc. Accounting from Obafemi Awolowo University, Ile-Ife, Nigeria and a M.Sc. Management from University of Leicester, UK. She is a chartered Accountant with ACA and ACMA/CGMA professional qualifications of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Management Accountants, UK respectively. She has built a formidable career working in various organizations both in Nigeria and the United Kingdom. She was the immediate past Chief Financial Officer for PES (Pivot Energy Services) Group - A Honeywell Company, Lagos, Nigeria

Mrs Ogundipe was appointed as Executive Director with effect from 1 April, 2022

## Unilever Nigeria Plc Leadership Team



**Mr Carl Cruz**  
Managing Director  
& Vice President



**Mrs Abidemi Ademola**  
General Counsel West  
Africa & Company  
Secretary



**Mr Adeleye Adeniji**  
Customer Development  
Director



**Mr Tobi Adeniyi**  
Logistics and  
Planning Director



**Mr Abayomi Ali**  
Manufacturing Director



**Mr Ola Ehinmoro**  
Human Resources  
Director West Africa



## Unilever Nigeria Plc Leadership Team



**Mr Obinna Emenyonu**  
Procurement Operations  
Director, West Africa



**Mr Felix Enwemadu**  
Vice President Customer  
Development



**Mrs Soromidayo George**  
Corporate Affairs &  
Sustainable Business  
Director West Africa



**Mrs Oiza Gyang**  
Category Lead, Beauty  
& Personal Care



**Mrs Bolanle  
Kehinde-Lawal**  
Category Director, Foods



**Mr Uchenna Nwakanma**  
Research & Development  
Director West Africa

## Unilever Nigeria Plc Leadership Team



**Mr Siddharth  
Ramaswamy**  
Vice President Supply  
Chain West Africa



**Mr Oresegun Ayotunde**  
IT Lead Ghana-Nigeria



## Report of the directors

The Directors hereby present their Report together with the audited financial statements for the year ended 31 December 2021.

### Legal Status

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

### Principal activities

The company is principally involved in the manufacture and marketing of 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:

	2021	2020
	N'000	N'000
Revenue	70,523,695	52,211,267
Operating profit/ (loss)	1,129,383	(5,655,548)
Profit/ (loss) before taxation	1,878,683	(4,537,053)
Taxation	(1,190,417)	779,163
Profit/ (loss) from continuing operations	688,266	(3,757,890)
Profit/ (loss) from discontinued operations	2,720,908	(208,031)
Other comprehensive income	223,374	(493,380)
Total comprehensive income for the year	3,632,548	(4,459,301)
Proposed dividend	50k/ per share	-

### Dividend

The Directors recommend to the shareholders the payment of a dividend in respect of year ended 31 December, 2021 of N2,872,502,500 (Two Billion, Eight Hundred and Seventy-Two Million, Five Hundred and Two Thousand, Five Hundred Naira) that is, 50 kobo gross per share which is payable on Friday 6 May, 2022 subject to the deduction of appropriate withholding tax.

### Disposal of Unilever Nigeria Plc Tea Business

On 1 October 2021, Unilever Nigeria Plc concluded the sale of its tea business as part of a Unilever global separation. One-off income of N 2.76bn representing gain from the disposal was recorded. Unilever Nigeria Plc. Board, through its Ad Hoc Committee set up for this purpose, sought and obtained professional independent valuation of the Tea business to ensure that the value was fair and in line with market valuation.

### Corporate Governance Report

#### Framework

Unilever Nigeria Plc. operates within a Corporate Governance framework established on the following:

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

## Report of the directors (continued)

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. We conduct our operations with integrity, openness and respect for human rights and the legitimate interests of our 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. We focus on the long-term sustainability of our business for the benefit of multiple stakeholders. We are committed to providing transparency across all our operations ensuring stakeholders trust what we do.
- d. We will conduct our operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to our shareholders and other stakeholders.

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 2021, 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 2021 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 (Appointed with effect from 1 January, 2021)
Mrs Abiola Alabi	Non-Executive Director
Ammuna Lawan Ali, OON	Independent Non-Executive Director
Mr Felix Enwemadu	Executive Director
Mr Michael Ikpoki	Independent Non-Executive Director (Appointed with effect from 1 February, 2021)
Mr Chika Nwobi	Non-Executive Director
Mrs Adesola Sotande-Peters	Executive Director (Resigned with effect from 16 December, 2021)
Mr Mutiu Sunmonu, CON	Independent Non-Executive Director



## Report of the directors (continued)

Since the last Annual General Meeting, the following Directors were appointed to the Board:

-Mrs Folake Ogundipe, Executive Director - Appointed with effect from 1<sup>st</sup> April, 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
  - 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. These principles were applied during the recent appointment of Mrs Folake Ogundipe into the Board of Directors in 2022.

The governance process in Unilever Nigeria Plc. provides for the induction and training of Directors by virtue of which Directors are taken through relevant and appropriate training programmes which empower them for the role on an ongoing basis. New Directors appointed within 2021 went through a robust Induction programme. In addition, the Director of Corporate Affairs & Sustainable Business, West Africa at Unilever facilitated a Board Knowledge session on 'ESG At Unilever' bringing to fore the all-important topic of Environment, Social and Governance impact.



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## Report of the directors (continued)

commitments made by Unilever and the progress against these commitments. 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 exhibit 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, 2021 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 2021 were largely 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 2022.

### Directors Retiring By Rotation

In accordance with Article 90 of the company's Articles of Association, Mr Mutiu Sunmonu and Mrs Abiola Alabi will retire by rotation and being eligible, offer themselves for re-election.

His Majesty Nnaemeka A. Achebe will also retire by rotation and offer himself for re-election notwithstanding that he is over 70 years of age. A special notice of his age has been given to the company pursuant to Section 282 of the Companies and Allied Matters Act 2020.

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

The profiles of all the four (4) Directors standing for re-election are contained on pages 22 to 27 of this Annual Report and Financial Statements.

### 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

## Report of the directors (continued)

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. Mr. Felix Enwemadu - Executive Director & Vice President Customer Development

\* Mrs. Adesola Sotande-Peters, Finance Director & Vice President Finance resigned with effect from 16 December, 2021

### b. Leadership Team (LT)

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

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

### 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 61.

### 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



## Report of the directors (continued)

Code of Corporate Governance 2018. Members of the Committee during the period ended 31 December, 2021 were:

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

In 2021, all the above committees discharged their roles commendably and in line with their terms of reference.

### Board meetings

During 2021, the Board held Six (6) meetings. The record of Directors' attendance is presented below:

Name	Meeting date 21 January 2021	Meeting date 25 March 2021	Meeting date 15 April 2021	Meeting date 30 April 2021	Meeting date 15 July 2021	Meeting date 21 October 2021	Total attendance
His Majesty N.A Achebe	✓	✓	✓	✓	✓	✓	6 meetings
Mr Carl Cruz	✓	✓	✓	✓	✓	✓	6 meetings
Mr. Jaime Aguilera	✓	✓	✓	✓	✓	✓	6 meetings
Mrs Abiola Alabi	✓	✓	✓	✓	✓	✓	6 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	✓	✓	6 meetings
Mr Felix Enwemadu	✓	✓	✓	✓	✓	✓	6 meetings
Mr Michael Ikpoki	NYA	✓	✓	✓	✓	✓	5 meetings
Mr Chika Nwobi	✓	✓	✓	✓	✓	✓	6 meetings
Mrs. Adesola Sotande- Peters	✓	✓	✓	✓	✓	✓	6 meetings
Mr Mutiu Sunmonu	✓	✓	✓	✓	✓	✓	6 meetings

✓ - Present; **NYA** - Not yet appointed

### Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee held four (4) meetings in 2021. The record of members' attendance is presented below:

Name	Meeting date 25 March 2021	Meeting date 15 April 2021	Meeting date 15 July 2021	Meeting date 21 October 2021	Total attendance
Mr Mutiu Sunmonu	✓	✓	✓	✓	4 meetings
Ammuna Lawan Ali	✓	✓	✓	✓	4 meetings
Mr. Jaime Aguilera	NYA	✓	✓	✓	3 meetings
Mr Michael Ikpoki	NYA	✓	✓	✓	3 meetings

✓ - Present; **NYA** - Not yet appointed

## Report of the directors (continued)

### Audit Committee meetings

The Audit committee held five (5) meetings in 2021. The record of members' attendance is presented below: " is missing kindly include before the table of audit committee attendance

Name	Meeting date 20 January 2021	Meeting date 9 March 2021	Meeting date 14 April 2021	Meeting date 14 July 2021	Meeting date 20 October 2021	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
Ammuna Lawan Ali	✓	NLAM	NLAM	NLAM	NLAM	1 meeting

✓- Present; **NLAM**- No longer a member (resigned in compliance with Section 404 of CAMA 2020)

### Record of Directors' attendance at Board meetings

The record of the Directors' attendance at meetings during 2021 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 March, 2022	Number of Shares held at 31 December 2020
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 Felix Enwemadu	Nil	Nil
Mr Michael Ikpoki	Nil	Nil
Mr Chika Nwobi	Nil	Nil
Mrs Adesola Sotande-Peters	Nil	Nil
Mr Mutiu Sunmonu	Nil	Nil



## Report of the directors (continued)

According to the register of members at 31 December 2021, 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.

	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%

### 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, 2021, the Directors of Unilever Nigeria Plc. hereby confirm that:

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

### Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2019, Unilever Nigeria Plc. 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.

## Report of the directors (continued)

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.

At Unilever Nigeria, we strongly believe that in order to win in the 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. In this vain, 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 unprecedented changes the world has experienced in recent times there is greater urgency to build more agile & flexible employees that prioritize, execute, and learn at speed not only to bring our Purpose-Led, Future-Fit Compass to life but to deliver our growth agenda.

Preparing employees for the Future of Work continued to be at the heart of our learning agenda in 2021. We drove the Future Fit Plan, a novel approach to learning where employees have a personalized development plan embedding their purpose, wellbeing, focus areas and the requisite skills they need to be fully effective in their current role and projected future roles. This allows employees to take ownership of their personal development both now and in the future.

We have continued to utilize 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,



## Report of the directors (continued)

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.

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

We have also set ambitious targets on some aspects of diversity namely to reach 50% gender diversity for management roles and have a 5% representation of people with disabilities by year 2025. Progress is tracked and reported to the Diversity Board. We exited the year 2021, with over 45% of management roles being held by women; we remain focused to implement plans to sustain this feat and do even more. On Disability, we continue to advance our partnerships with state and social agencies within Nigeria, to support with bringing the underrepresented, through employment and internships, into the Company.

### Industrial Relations

The organization's Industrial relations is focused on fostering good industrial practices within the workplace. To accomplish this, our Industrial relations strategy sets 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.

For the year 2021, management enjoyed an affable industrial climate, owing to the cordial partnership it has built with the union leadership. In turn, they played their role as change agents and people advocates during the COVID-19 pandemic by supporting the implementation of globally approved safety protocols, dissemination of awareness on best practices on hygiene and acting as Social Distance Champions to ensure compliance of their Blue-Collar members to these stipulations.

In conformance to the Unilever wellbeing agenda, a new shift arrangement was introduced which improved the rest period for our Blue-Collar employees, introduction of paid leave as well as the continued adherence to statutory minimum wage provisions.

The Collective Bargaining Agreement process was successful and completed in the month of April 2021. The methodical and collaborative approach including the support of the leadership team was instrumental to achieving



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## Report of the directors (continued)

this crucial objective.

In recognition of the fact that the executives of the trade unions were relatively new in their roles coupled with the need to keep abreast of industrial practices while, networking with their counterparts in other organizations, some union executive members were nominated to attend the 2021 Industrial Relations Conference.

The kind gesture of management was well received, and the impact was felt during the series of engagements with the union executives.

### Employee Engagement

We want our people to feel proud and inspired to work with an organization that believes in them and puts them first, this was our focus as we crafted engagements for 2021.

Some highlights of the 2021 engagement campaign included;

- At our Business Cascades, we deepened employees' understanding of our growth agenda to 'Double our business in 5 years' with visual campaigns and messages on the opportunity areas to explore, what the message means and what it would look like through our brands.
- We activated the 'Time-Out Series' engagements for employees to stay close to what each function is focusing on to achieve growth and transformation. The first session provided the marketing function with a platform to showcase what new brand innovations were being launched in 2021, whilst another session showcased Supply Chain's manufacturing transformation projects to optimize the business' production capacity.
- Our first ever virtual People Week engagement activities were linked to the business' ambition to address attrition, we conducted the 'Frankly Speaking' session for employees to ask the leaders questions around their pain points and their expectations of the business. The success of the exercise came through as employees expressed overwhelming appreciation of the exercise at the end of the session.
- The Return-to-Work engagements were activated over a 3-month period to enable ease of employees back into the physical office space. Employees were engaged with the hybrid workplace requirements, covid safety guides and finally the support measures to be put in place to ensure social distancing and avoidance of a breakout of Covid-19 amongst employees.
- Employee Wellbeing was championed through engagement campaigns and activities for Onsite Covid-19 vaccination exercises for both the first and second jobs and Mental Health Week to provide mental health support through virtual group counselling sessions.
- We launched Monthly TGIF (Thank God It's Friday) Celebrations in the fourth quarter of 2021 after we returned to workspace to celebrate employees birthed in the month on the last Friday of each month.

The primary objective of each engagement was to ensure that each employee felt uniquely valued and proud to be part of a strong organizational culture.

## Report of the directors (continued)

### Employer Branding

We powered up our 2021 journey with the youth employability initiative Idea Trophy, this was the first time we would engage university students with a virtual version of the competition following their return to school after the shutdown of most tertiary institutions for three-quarters of 2020. The competition was concluded virtually across Nigeria with the winning team of three - Team Itesiwaju from University of Lagos - earning themselves internship placements with Unilever Nigeria.

We pushed our youth employability agenda to include young adults between 11 and 18 years in secondary schools by virtually activating the Unilever Secondary School Internship Program for two weeks in August - during the traditional school summer holidays. The objective was to give secondary school students insights into the workplace to enable them to know more about the roles and career types that drive an organization such as Unilever.

In the bid to influence and source top talents amongst undergraduates beyond universities, we championed inclusion by extending our Campus Ambassadors undergraduate talent search to polytechnics across the country. To attract top talents amongst mid-career recruit, we went further beyond the 2020 'Power of U' campaign to showcase what our people do, achieve their career goals and impact the business on LinkedIn through the People Behind the Brands Campaigns.

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

Our employer brand ambitions are to continue attracting top talent, champion youth employability initiatives that equip the youth and continue to drive recognized best-in-class practices as an employer.

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

At Unilever, Safety remains our number one 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 wellbeing 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 in line with our Safety, Health and Environmental (SHE) Policy.

Our manufacturing sites in Oregun and Agbara are compliant 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 where we operate. We have recorded zero fatal or severe injuries in our operations and continue to apply our best efforts to prevent even minor injuries.

Unilever employs robust management systems and continuous improvements, including but not limited to total employee engagements, visible leadership, behavioral safety observations, deep compliance audits, Safety committees, safe travels, and logistics safety. We begin each work week with a Value life, value safety (VLVS) talk on Mondays across the business. We continue to promote a culture of safety awareness through monthly educational campaigns on various topics like line safety leadership, environmental awareness, and engaging wellbeing topics to keep such subjects top of mind among all stakeholders. We collaborate with regulatory agencies like the Federal Road Safety Corps (FRSC); 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



## Report of the directors (continued)

against internationally acceptable standards including; a third-party audit of our systems against Unilever SHE framework standards, ISO 14001:2015 (environment management system); 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, medical and safety team inaugurated at the start of the COVID-19 pandemic continues to function. The IMT deployed Covid prevention protocols across all our operations following guidelines from the Nigeria Centre for Disease Control (NCDC) and Unilever's global tiering system. In November 2021, our office-based employees resumed a hybrid work arrangement under strict compliance with established Covid protocols. In recognition of the importance of public and workplace health we embarked on a vaccination awareness initiative and provided support to employees through onsite vaccination exercises conducted by Nigeria Primary health care officials in Oregun and Agbara, transport support to and from vaccination centres, and time-off to employees to receive the vaccination. Routine rapid antigen testing (RAT) were also offered throughout the year to proactively detect any Covid infection on our site and provide prompt treatment support. We continue to provide personal protective equipment (PPE) to all our frontline employees in the factories and commercial territories.

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

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

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

### Quality Report

In line with our Quality and Consumer Safety Policy, we remain committed to providing safe high-quality products and services that meet all applicable standards and regulations, both internal and external within the end-to-end value chain.

In 2021, we strengthened manufacturing basics in our manufacturing sites to deliver consistent product quality that exceed customer and consumer expectations and achieved Global Food Safety Certification (FSSC 22000) for the Agbara Savoury Plant. We have a sustained track record of zero marketplace, regulatory and quality incidents which is indicative of our commitment to the safety of all consumers. We also launched the culture transformation program aimed at promoting a culture of quality and consumer love through training, awareness campaigns in the factory, celebration of World Food Safety Day and World Quality Day. We also invited customers and consumers to engage the business during our quarterly quality review on the quality of our products.

Our supplier quality program continues to be one of our levers in improving supplier performance and thus reducing dependence on imported materials. Understanding the limitations of local suppliers, we defined minimum mandatory requirements, capability development program and strengthened our collaboration with local raw and

## Report of the directors (continued)

packaging material suppliers to mitigate these limitations.

Digital transformation is rapidly changing our way of working and improving access to real time quality data. We launched QUALITY ONE, a digital platform that allows for recording and investigation of manufacturing non-conformances, carrying out internal audits, and onboarding of collaborative manufacturers. The platform has also provided us with the seamless opportunity to conduct virtual audits.

We continue to embed our Digital voice of the consumer (DVOC) platform into our way of working as an organization. The platform collates all consumer feedback from social media and consumer careline for visibility and monitoring of trends. Consumers' feedback are extracted from the platform and shared with the entire business for resolution and feedback to the consumer.

As we continue in the new normal created by the pandemic, we remain conscious of the role Unilever Nigeria Plc plays in bringing smiles to our communities every day as our brands continue to improve the lives of Nigerians.

Corporate Social Responsibility in 2021	2021 N'000	2020 N'000
Unilever Secondary school scholarship programme	13,400	6,000
Nigerian Bar Association	1,500	1,000
Ogun State Government - COVID-19 Test Kits and Isolation centre	88,328	166,680
Imo State Government - COVID-19 Test Kits	-	4,800
Kaduna State Government - COVID-19 Test Kits	-	4,800
Ekiti State Government - COVID-19 Test Kits	-	4,800
ClinaLancet Lagos	-	29,546
Others	19,077	26,083
	<b>122,305</b>	<b>243,709</b>

Unilever Nigeria Distribution Partners & Key Distributors	
Name	Region
ITURA VENTURES LIMITED	Lagos
J A ONABOWALE LAGOS	Lagos
RENUZI VENTURES	Lagos
SAM & MARTHA -AJEGUNLE	Lagos
SAM AND MARTHA INVESTMENT LTD	Lagos
VANCREST GLOBAL VENTURES	Lagos



## Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
Name	Region
CHRISLANBOLU TRADE & ENG. SERV. LTD	Lagos
DE MOSHADEK AND COMPANY NIGERIA	Lagos
HATS INVESTMENT AND PROMOTIONS LTD	Lagos
LOBIC GLOBAL MERCHANTILE COY	Lagos
M. F. ORE AWO NIGERIA LTD	Lagos
MAQUAHM NIGERIA LIMITED - Kd3	Lagos
MUTKEEM CONCEPT	Lagos
RENUZI VENTURES -LEKKI	Lagos
SALSBURY WORLDWIDE ENTERPRISES	Lagos
SUARA & COMPANY	Lagos
TRIPPLE P DAZZLED	Lagos
VANCREST GLOBAL VENTURES	Lagos
WHARTON BUSINESS SOLUTIONS	Lagos
WHARTON HARPER NIG. LIMITED	Lagos
ALAKASS NIGERIA ENTERPRISES	Middle Belt
ANCHAD INTEGRATED LTD	Middle Belt
E.C EZUE GLOBAL ENTERPRISE	Middle Belt
IDUH INTEGRATED SERVICES NIG LTD	Middle Belt
IDUH INTEGRATED SERVICES NIG LTD	Middle Belt
IFJANE NIGERIA LIMITED	Middle Belt
J A ONABOWALE AND SONS LIMITED	Middle Belt
J J NNOLI AND SONS	Middle Belt
J.O ADEBIYI & SONS NIGERIA LTD	Middle Belt
KESY DISTRIBUTION AND LOGISTIC LTD	Middle Belt
LASUN DAN MAMA NIGERIA LIMITED	Middle Belt
MUABSA INTEGRATED SERVICES	Middle Belt
OLAYIWOLA GBADAMOSI COMPANY NIGERIA	Middle Belt
OLONAASUNDE VENTURES	Middle Belt
PRODUCTS DISTRIBUTION NETWORK LTD	Middle Belt
RICKMEN HEALTHCARE LIMITED	Middle Belt
SIDI AND SONS BUSINESS SOLUTIONS NIG	Middle Belt
A D BASHARU AND SONS (NIG) LIMITED	North East
A. A FUGU & SONS NIG LTD	North East
BABA GANA MAFONI	North East
LAWALTI GENERAL ENTERPRISE	North East
MENTORS INT. CONFERENCES & SEMINARS LTD	North East
NAHEEM HEIGHTS LIMITED	North East

## Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
Name	Region
NAHUWA GENERAL ENTERPRISE	North East
S C OKAFOR NIGERIA LIMITED	North East
WATER VALLEY GENERAL MERCHANDISE	North East
AL-BABELLO GASAU	North West
AL-BABELLO TRADING COMPANY LIMITED	North West
AL-BABELLO TRADING COMPANY LTD – KA	North West
ALBABELLO TRADING CO. LTD KEBBI	North West
ALHAJI ABU ZAMAU ENTERPRISES	North West
ARMU GLOBAL CONCEPT	North West
PAXSON NIGERIA COMPANY LIMITED	East
BLESSED IYKE STORES	South Central
BURNAE VENTURES	South Central
BUTTINGS AND TOWERS LIMITED	South Central
CHARLES AMAN NIGERIA LIMITED	South Central
CITO INT'L NIG. LTD Kd3	South Central
HUMPHREY OKECHUKWU NWOJI ENTERPRISE	South Central
IBOKIES NIGERIA COMPANY	South Central
M.E UGBOR AND BROTHERS NIG LTD	South Central
MOUNA FRANCES	South Central
PAXSON NIG COMPANY LTD ONITSHA	South Central
RICKAFE SERVICES LIMITED	South Central
STEVE SYLVER NIGERIA LIMITED	South Central
SYLIKA GLOBAL RESOURCES ENTERPRISES	South Central
TIVO CORPORATE SERVICES INT'L LTD	South Central
TIVO CORPORATE SERVICES INT'L LTD	South Central
URSULASAM VENTURES	South Central
WILLYMAMA INVESTMENT LTD	South Central
AG GLOBAL RESOURCES SERVICE	South East
B N IGWE AND SONS	South East
BUFFALO WORKS	South East
CY OBIORA NIG ENTERPRISES	South East
ELAUG - 15 PROVEST LTD	South East
ELERU BRAND LTD	South East
G.N CHUKWU & SONS ENTERPRISES	South East
IGWT WORLDWIDE CONCEPT LTD	South East
ISANGETTE ENTERPRISES	South East
JANCY INTEGRATED SERVICES	South East



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## Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors	
Name	Region
JOOTA UNIVERSAL SERVICES LTD	South East
KAIMA INTEGRATED NETWORK VENTURES L	South East
MARGINAL CONCEPTS LTD	South East
P O KONYEHA AND SONS	South East
PARADISE BAKERIES LTD	South East
PAXSON NIG COMPANY LTD PORTHARCOURT	South East
THEO AND POWELL SERVICES LIMITED	South East
TOMIESHA PRO RESOURCES LTD	South East
WILLVINE RESOURCES NIG LTD	South East
AJOKE DOMINION SERVICES LIMITED	West
DAN SARAT COMPANY NIG LTD	West
DEBBY MEGA MERCHANTS LIMITED	West
ESTFRANS VENTURES LIMITED	West
J O ADEGBOYEGA ENTERPRISES	West
JOHN BOSCO TRADING COMPANY LTD	West
MARZAB MULTIVENTURES	West
NIJI GLOBAL CONCEPT LIMITED	West
R S ABIMBOLA (NIGERIA) ENTERPRISES	West
R.S. ABIMBOLA ENTERPRISES (OSOGBO)	West
THE LORDS DOING G.C.S LTD	West
TORIOLA OLU ENTERPRISES	West
TSQ ALAYO & SONS NIGERIA LTD	West
CARE GLOBAL CONSUMER LIMITED ABUJA	Strategic Partner
CARE GLOBAL CONSUMER LIMITED MT	Strategic Partner
FAREAST MERCANTILE CO. LTD	Strategic Partner
GAME DISCOUNT WORLD LIMITED	Modern Trade
PARK N SHOP	Modern Trade
ADEBIYI & SONS NIGERIA SUPERMARKETS	Modern Trade
AL BABELLO SUPERMARKETS	Modern Trade
H O NWOJI ENTERPRISES SUPER MARKET	Modern Trade
LYG ENTERPRISE – SUPERMARKET	Modern Trade
RENUZI SUPERMARKET	Modern Trade
RONALD RESOURCES LTD – SUPERMATKET	Modern Trade
UNRULY VENTURES SUPERMARKET	Modern Trade



## Report of the directors (continued)

### Independent auditors

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

### By order of the Board



**Mrs. Abidemi Ademola**

General Counsel WA & Company Secretary  
FRC/2013/NBA/00000001646

17 March, 2022



## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

### STAKEHOLDER ENGAGEMENT AND MANAGEMENT

At Unilever Nigeria Plc, we are committed to making sustainable living commonplace through our operations and business activities. We can achieve these by prioritising sustainable value for our internal and external stakeholders who directly and indirectly affect or are affected by our operations. These stakeholders include our employees, consumers, shareholders, investors, business partners, suppliers, regulators, government, and the communities where we operate.

We continuously engage and cooperate with our stakeholders to understand what matters most and how we can respond appropriately. In the year under review, we maintained continuous engagement with these stakeholders on ways to adapt our operations to the new ways of conducting our business efficiently and sustainably.

### UNILEVER NIGERIA 2021 MATERIALITY ASSESSMENT PROCESS



For Unilever Nigeria and its stakeholders, materiality assessment and mapping allow us to appropriately prioritise and channel adequate attention and resources to ESG issues with the most impact. We determined our material sustainability issues for 2021 by combining several analyses. These include a desk research, review of responses from stakeholder engagement sessions as well as the Unilever global materiality assessment.

We maintained our practice of ranking issues on two scales: 'Importance to Stakeholders' and 'Business Impacts' and ranked the issues by relevance from 1 – 10 on both scales; where "1" represents 'least relevant' issues, and "10" represents 'most relevant' issues on both scales. Furthermore, we ranked issues that were scored between 1 and 4 as "Moderate"; 5 and 8 as "High"; and 9 and 10 as "Very high".

### THE COMPASS AND THE UNILEVER NIGERIA PLC SUSTAINABILITY FRAMEWORK

The **Compass** is the strategy for the Unilever group to be a force for good through purpose and innovation. This strategy reinforces our ongoing commitment to make *Sustainable Living Commonplace* for the more than 8 billion





## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

people of the world and for the earth we live on. The Compass is founded on the pillars that *Brands with Purpose Grow; People with Purpose Thrive; and Companies with Purpose Last* and at Unilever Nigeria, we are fully aligned to this strategy and to the corporate vision. We have reflected deeply on the implication of this strategy to our local contexts and have initiated actions to localise and operationalise the strategy as the **Unilever Nigeria Sustainability Framework** depicted below.

### The Unilever Nigeria Sustainability Framework

Unilever Compass	People	Planet	Society
Powered by our purpose and innovation	<b>Improve People's health, confidence and wellbeing</b> Positive nutrition Health and wellbeing	<b>Improve the health of the planet</b> Climate action Protect and regenerate nature Waste-free world	<b>Contribute to a fairer, more socially inclusive world</b> Equity, diversity and inclusive world Raise living standards Future of work
	Respect human rights Respect and promote human rights and the effective implementation of the UN Guiding Principles, and ensure compliance with our Responsible Sourcing Policy		
ESG Reporting and Governance 1. Stakeholder Engagement 2. Materiality 3. Target Setting 4. Impact Assessment 5. Data Collection and Monitoring 6. Reporting			

### SUSTAINABILITY INITIATIVES – 2021 IN REVIEW

As a responsible organisation, we understand that we play a critical role in the economic, environmental, and social development of our communities. For example, our products are important to the health and wellbeing of our stakeholders, therefore, we remain firmly committed to enhancing the quality of our products and our positive impacts, while seeking measures to reduce our negative impacts. Following the pandemic which disrupted the global business landscape in 2020 not only in Nigeria but on the global arena, the year 2021 saw many businesses restructure their operational models in a bid to adapt to new ways of doing business. Likewise, this necessitated a drive to improve performance, maintain consistent, competitive, and responsible growth and profitability for our business. Additionally, we tried to tackle emerging sustainability issues and tailor our initiatives to meet the needs of our stakeholders.

In 2021, Unilever developed and conducted various social development initiatives to address the issues that matters most to our communities.

#### People

We are guided by the fact that our long-term success is largely dependent on the quality of our people and the value we

## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

create for our employees. this principle is reflected in our policies and practices and in the way we relate with our people. We aim to achieve an equitable and inclusive culture by eliminating any bias and discrimination in our practices and policies. In this respect, we have set ourselves the target of building a gender-balanced organisation, focusing on our management and we aim to be recognised as the number one employer of choice for people with disabilities.



### Employee Health and Wellbeing

As part of our determination and efforts to ensure employee wellbeing and their productivity, we enhanced several initiatives and activities in 2021. We conducted 12 Health and Wellness Learning Sessions through our weekly Safety Health and Environment presentations on a range of topics ranging from breast cancer to Covid 19 safety. To mark World Mental Health Day, we held a week-long campaign to enlighten employees about the tools in place and skills required to maintain their mental health. To celebrate World Aids Day, we held a week-long voluntary HIV testing and counselling for employees and to celebrate World Diabetes Day, we conducted free diabetes screening for employees for a week. Likewise, we celebrated International Women's Day with an "Unmute" campaign to end the silence on Domestic Violence which had increased significantly around the world during the lockdown period of the Covid-19 pandemic.

Furthermore, we deployed activities to encourage uptake of mental health services including Local, HMO and workplace options through our mental Health and Employee Assistance Program.



### Human Capacity Development

Our people are crucial not only to achieving our strategic vision and objectives, but also, to maintaining our competitive edge in the marketplace. We prioritise talent development and the continuous training of our employees. At Unilever, we maintain a training platform through which employees from any part of the world can work on projects and with teams in other parts of the world, thereby, acquiring new skills, testing out roles they may be interested in transitioning into, or providing spare capacity to teams that require it. In 2021, 36.3% of our employees took advantage of this platform.

Our global mobility program ensures that our people can gain experience and exposure in other Unilever subsidiaries and put their experience and expertise to use in other markets. Through this program, 103 employees have taken on assignments in other countries since 2015. Currently, 8 employees are on assignments outside of Nigeria.



### The Unilever Scholarship Scheme

Through the Unilever Nigeria Plc Scholarship Scheme, the company pays for the secondary school education of eligible children and wards of its blue-collar employees. These children and wards undertake an aptitude



## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

examination conducted by the West African Examination Council (WAEC) to qualify for the scheme which ensures that their fees are paid through their 6 years of secondary school education. The scheme, which was affected in 2020 by the pandemic, was implemented in 2021, thereby increasing the cohort of candidates admitted. A total of 98 students were inducted into the scheme in 2021.

We recognise that education improves the quality of citizen participation and productivity of individuals in a nation, affecting general well-being positively and providing a fairer and equitable chance to access good living standards. We are proud to contribute towards that for our employees.



Total beneficiaries in 2021:

**98 Beneficiaries**

More than 1,000 beneficiaries since inception



### Our COVID-19 Response

The coronavirus disease is still prevalent around the world and in Nigeria. Although the number of cases has fluctuated from time to time, the high daily tally of COVID-19 infections in Nigeria is still of serious concern to the business community and to the government. Unilever Nigeria has continued to implement effective COVID-19 management practices in its operations such as the distribution of preventive-care kits, communicating up to date information and caring for employees and encouraging employee vaccination.

In 2021, we facilitated eight onsite COVID-19 vaccinations for employees and actively encouraged employees to take advantage of government established vaccination centres. At the end of 2021, 58% of our employees had received at least the first dose of Covid vaccinations. Additionally, we conduct periodic, random rapid antigen testing on employees on all our sites.

At the end of 2021, we had the following Covid-19 response outcomes.

	Nigeria	Unilever
Total # of Infected Persons	240,374	256
Total # of Deaths	3,028	0
Total # of Recoveries	213,491	230
Total # of Tests	3,823,309	11,060
Total Active Cases	23,855	26
% of + Cases to Mortality	1.25	0
Total Employees Back to Work	N/A	230

## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

### Planet

#### Our Climate Action Commitments



Through the Unilever Sustainable Living Plan (USLP), we had committed to halving the environmental footprint of the production and consumer use of our products as we grew our business. Following the development and adoption of our Compass strategy in 2020 which builds on the USLP, we extended these commitments even further by:

- Taking a stand on Climate Action, including commitments to net zero emissions in our operations, which is backed by our Climate Transition Action Plan
- Taking a stand to Protect and Regenerate Nature, including meeting our zero-deforestation goal
- Taking a stand for a Waste-free World, including playing our part in creating circular business models by rethinking how we design our products and packaging.

### Waste Collection and Recycling



Unilever Plc has been supporting the efforts of social enterprise, Wecyclers, to collect and recycle waste since 2014. In 2019, we signed a 3-year partnership to collect and recycle plastic waste from the environment that was the equivalent in volume to what we produce and sell using community kiosk models. We have since extended our collaboration with Wecyclers, with support from TRANSFORM, to create plastic collection and recycling franchises around the country. These partnerships created 159 jobs in 2021 and the subscribers to our community kiosks collection model are earning more than the national minimum wage monthly from exchanging their plastics waste.

#### 2021 Employee driven Plastic Collection Campaign



Total recyclables as at 2021:  
**1,772.51 tons**  
 904.03 from Kiosk collection  
 868.48 from Franchise collection

Unilever partnered with Wecyclers and the Food and Beverage Recycling Alliance (FBRA) to collect and recycle plastic waste in the Ijora community of Lagos state in October 2021. This initiative was also aimed at increasing the consciousness of the community regarding the harmful environmental impacts of plastic waste. More than 60 individuals from all three organisations at the event and several members of the community mobilised to support the clean-up.

The non-recyclable component of the waste collected during the event was properly disposed by LAWMA and Wecyclers recycled the recyclable component of the waste. Throughout 2022, we will be running a 'Healthy Planet Ideabank' to crowdsource ideas from employees for how we innovate to tackle plastic waste sustainably through our brands and operations.





## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT



The total recyclable materials collected was:  
**35.2kg**

### Society

#### Donation of an 80-bed Isolation Centre



As part of our commitment to making sustainable living commonplace, Unilever Nigeria Plc collaborated with Lafarge Africa to donate an 80-bed isolation facility to Ogun State, Nigeria. The isolation facility was commissioned by the Governor of Ogun State, represented by the Deputy Governor; Engr. Noimot Salako-Oyedele. This isolation centre is a purpose-built and equipped medical facility equipped



**80 Bed**  
Isolation Facility

#### The Shakti Rural Women Empowerment Initiative



The Shakti program, which was introduced in 2014, is a women empowerment initiative which adopts a door-to-door sales model that employs local women, or 'Shakti ladies' to sell Unilever products within their community as a way of improving their livelihood. In 2021, the program recorded significant growth in the number of new Shakti women and met the below key metrics:



Total number of Shakti women entrepreneurs:  
**5,000**



**16 States**  
in Nigeria



Organic sales growth of:  
**10%**  
vs 2020



**25% Growth**  
Representing an additional  
1,000 women

#### Partnerships for Development



Unilever Nigeria understands that partnerships are crucial for the attainment of a sustainable society and a key agenda for the achievement of the Sustainable Development Goals of the United Nations.

In July 2021, Unilever, along with UNICEF and other private, public and development partners, launched the "Generation Unlimited" project in Nigeria. This public-private, multi-sector partnership platform, is designed to equip young Nigerians, aged 10 to 30, with skills and opportunities for economic empowerment and social impact on an unprecedented scale by 2030 in Nigeria.

## PEOPLE, PLANET AND SOCIETY: SUMMARY OF THE UNILEVER NIGERIA 2021 SUSTAINABILITY REPORT

In addition, Unilever Nigeria was part of the founding of the “Unstereotype Alliance” chapter for Nigeria in 2021. The Alliance is a coalition committed to ending harmful stereotypes in media advertising. The Unstereotype Alliance will be a thought and action platform that will harness the influence of the advertising, media, and marketing community as a force for transformative change in Nigeria.

In the same year, we sponsored the UN Global Compact Network Nigeria Women ESG Investment Workshop. The goal of the workshop was to achieve greater business inclusion via female-led MSME support through training and investor-participant linkages.

### OUTLOOK FOR 2022

As we go into 2022, we are mindful that the social and environmental challenges we face have not disappeared from our society. Covid-19, for example, is still with us, as are issues relating to the environment, economic empowerment, gender, diversity and inclusion, nutrition, health, and hygiene. While these may seem daunting, we are steadfast in our belief that all hands must be on deck in resolving these issues. Therefore, we remain committed to our purpose of making sustainable living commonplace.

We realise that a strategy for long term economic prosperity is closely linked with one that cares for people, society, and the planet. As we navigate our business landscape to deliver profitable returns to our shareholders, we will do this while creating positive value for people, and planet and the society.

**A FULL REPORT OF OUR INTERNAL AND EXTERNAL SUSTAINABILITY INITIATIVES WHICH ALINGS WITH THE GLOBAL REPORTING INITAINITES STANDARDS, UNITED NATIONS GLOBAL COMPACT, THE NIGERIAN STOCK EXCHANGE SUSTAINABILITY DISCLOSURE GUIDELINES AND THE SECURITIES AND EXCHANGE COMMISSION'S SUSTAINABLE FINANCIAL PRINCIPLES FOR THE CAPITAL MARKETS WILL BE PUBLISHED IN A STAND-ALONE SUSTAINABILITY REPORT ON <https://unilevernigeria.com/investor-relations/unilever-nigeria-plc-investors-relations-portal/sustainability-reporting-centre/>**



## Statement of Directors' responsibilities for the year ended 31 December 2021

The directors accept responsibility for the preparation of the annual Financial Statements set out on pages 67 to 133 and confirm that they give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



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

17 March, 2022



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



Kenneth Onwudinjo  
Finance Controller  
FRC/2012/ICAN/00000000312

## Statement of Corporate Responsibility for Financial Statements for the year ended 31 December 2021

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, 2021 and based on our knowledge

- i. 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. 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 officer by other officers of the companies, 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 we have identified for the Company's independent auditors any material weaknesses in internal controls; and
- ii. there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

### SIGNED BY:



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



Kenneth Onwudinjo  
Finance Controller  
FRC/2012/ICAN/00000000312



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

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

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

We confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. We have considered the independent auditors' post-audit report in respect of year ended 31 December, 2021 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/2021/002/00000023641	-Shareholders' Representative
3. Mr Kolawole Durojaiye FRC/2019/ICAN/00000019789	-Shareholders' Representative
4. Mrs Abiola Alabi FRC/2021/003/00000023136	-Non-Executive Director
5. Mr Chika Nwobi FRC/2021/003/00000023137	-Non-Executive Director

Dated this 16th March, 2022



**Mr David Oguntoye**

Chairman

FRC/2013/ANAN/00000002787





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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 2021;
- 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 *Auditors' 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.

**Disposal of Tea Business**

Refer to summary of significant accounting policies (Note 2.18) and discontinued operations note (Note 31) of these financial statements.

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**Partners:**

Adedigbo A. Oyelami	Ayodele H. Othman	Joseph O. Tighe	Olanki I. James	Tayo I. Ogunberrin
Adokunle A. Elobute	Bolani S. Afolabi	Kabi D. Okunla	Oluomi A. Babani	Temitope A. Olori
Adenle P. Adiyemi	Chibuzor N. Anwarachi	Lawrence C. Amadi	Olumide D. Olayinka	Tolulope A. Osakale
Adewale K. Ajayi	Chineme B. Nwagbo	Martina I. Anjo	Olusegun A. Sowande	Uzoenna G. Nwanneke
Afolabi O. Oloriola	Ejehi G. Olatunmbayo	Mohammed M. Adama	Oluwumi I. Ogunlowo	Victor U. Onyenkpa
Akinwami Aibade	Goodluck C. Obi	Nneka C. Eluma	Ousefemi O. Awosope	
Ayotami L. Salami	Ibiomi M. Adegboju	Olatunpa S. Afolabi	Ouwatoyin A. Gbagi	
Ayodele A. Solinka	Igora T. Erude-Egbo	Oladimeji I. Salaudeen	Oweme J. Obalode	



The Key Audit Matter	How the matter was addressed in our audit
<p>Effective 1 October 2021, the Company disposed of its Tea business to Unilever Tea MSO Nigeria Limited, a related party within the Unilever Group, based on an Asset Sale Agreement entered into by both parties. Further details of the disposal has been provided in Note 31.</p> <p>Subsequent to the disposal, the Company entered into a Transitional Service Agreement ("TSA" or "Agreement") with Unilever Tea MSO Nigeria Limited to assist in the manufacture and sale of tea products for a fee (the "TSA fee"). All proceeds from the sale are remitted to Unilever Tea MSO Nigeria Limited and all costs incurred are charged back to Unilever Tea MSO Nigeria Limited.</p> <p>This is considered a key audit matter as a result of its significance to the business as well as the critical accounting and audit considerations arising from the transaction.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the terms of the disposal and the Transitional Service Agreement by inspecting the key terms and conditions.</li> <li>- performed a process walk through to obtain an understanding of the Company's business operations in line with the terms of the Agreement.</li> <li>- evaluated the appropriateness of the Company's accounting for the disposal of the assets and subsequent TSA transactions based on the relevant agreement terms.</li> <li>- inspected management's adjusting entries to de-recognise the group of assets and liabilities, relating to tea from its financial statements.</li> <li>- observed the inventory count at year end to ascertain inventories owned relating to the Company and ensured that inventories for the tea business are not recognised in the financial statements.</li> <li>- checked the Company's property, plant and equipment register to ensure that assets relating to the tea business have been appropriately derecognized from the effective date of disposal.</li> <li>- re-computed the gain or loss on the disposal of the tea business.</li> <li>- re-computed the TSA fee recognized by the Company in line with the terms of the Agreement.</li> <li>- assessed the adequacy of the disclosures in the financial statements in line with the relevant accounting standards.</li> </ul>

**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 2021 Sustainability Report, Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2021, Statement of Corporate Responsibility for the Financial Statements for the year





ended 31 December 2021, Report of the Audit Committee to the members of Unilever Nigeria Plc and other National Disclosures 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 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, 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 IFRSs 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 determines 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 the 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 Board of Directors and 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Board of Directors and 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 Nwankwo, ACA**  
FR/2013/ICAN/0000000803  
For: KPMG Professional Services  
Chartered Accountants  
30 March 2022  
Lagos, Nigeria





## Statement of profit or loss and other comprehensive income for the year ended 31 December

		2021	2020
	Note	N'000	Restated* N'000
Revenue	4	70,523,695	52,211,267
Cost of sales	5	(50,161,784)	(41,136,845)
<b>Gross profit</b>		<u>20,361,911</u>	<u>11,074,422</u>
Selling and distribution expenses	5	(3,318,990)	(2,391,988)
Marketing and administrative expenses	5, 9(a)	(15,121,313)	(10,633,136)
Impairment loss on trade and intercompany receivables	17(vi)	(829,576)	(3,770,859)
Other income	6	37,352	66,013
<b>Operating profit/ (loss)</b>		<u>1,129,384</u>	<u>(5,655,548)</u>
Finance income	10	1,027,210	1,545,428
Finance cost	11	(95,742)	(294,993)
Net finance income		<u>931,468</u>	<u>1,250,435</u>
<b>Profit/ (loss) before minimum taxation</b>		2,060,852	(4,405,113)
Minimum tax	12(v)	(182,169)	(131,940)
<b>Profit/ (loss) before taxation</b>		<u>1,878,683</u>	<u>(4,537,053)</u>
Taxation	12(i)	(1,190,417)	779,163
<b>Profit/ (loss) from continuing operations</b>		<u>688,266</u>	<u>(3,757,890)</u>
<b>Discontinued operations</b>			
Profit/ (loss) from discontinued operations	31	2,720,908	(208,031)
<b>Profit/ (loss) for the year</b>		<u>3,409,174</u>	<u>(3,965,921)</u>

\* The prior year comparative figures have been restated to reflect the impact of discontinued operations as a single amount in the income statement [Note 33 (i)]

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

## Statement of profit or loss and other comprehensive income for the year ended 31 December (continued)

	Note	2021 N'000	2020 N'000
<b>Profit/ (loss) for the year</b>		3,409,174	(3,965,921)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations	22(vi)	330,555	(725,559)
Tax effect	12(ii)	(107,181)	232,179
<b>Other comprehensive income/ (loss), net of tax:</b>		223,374	(493,380)
<b>Total comprehensive income for the year</b>		3,632,548	(4,459,301)
<b>Earnings per share for profit attributable to equity holders:</b>			
Basic and diluted earnings per share (Naira)		0.59	(0.69)
Basic and diluted earnings per share (Naira) - continuing operations		0.12	(0.65)

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

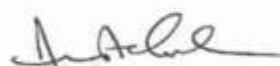


## Statement of financial position as at 31 December

	Note	2021 N'000	2020 N'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14(i)	22,376,287	27,370,607
Intangible assets	15	3,467	3,852
Deferred tax assets	21	-	163,101
		<u>22,379,754</u>	<u>27,537,560</u>
<b>Current assets</b>			
Inventories	16	14,956,331	13,659,427
Trade and other receivables	17(i)	14,992,655	12,957,466
Cash and cash equivalents	18	55,697,537	37,100,827
Assets held for sale	19	262,258	262,258
		<u>85,908,781</u>	<u>63,979,978</u>
<b>Total assets</b>		<u>108,288,535</u>	<u>91,517,538</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	39,739,074	27,422,359
Income tax	12(iii)	478,615	137,070
Loans and borrowings	29	-	239,428
		<u>40,217,689</u>	<u>27,798,857</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	21	1,063,404	-
Unfunded retirement benefit obligations	22(iv)	454,713	588,473
Retirement benefit obligations	22(v)	421,291	576,521
Long service award obligations	22(iv)	369,770	424,567
		<u>2,309,178</u>	<u>1,589,561</u>
<b>Total liabilities</b>		<u>42,526,867</u>	<u>29,388,418</u>
<b>Equity</b>			
Ordinary share capital	30	2,872,503	2,872,503
Share premium	30	56,812,810	56,812,810
Retained earnings		6,076,355	2,443,807
<b>Total equity</b>		<u>65,761,668</u>	<u>62,129,120</u>
<b>Total equity and liabilities</b>		<u>108,288,535</u>	<u>91,517,538</u>

## Statement of financial position as at 31 December (continued)

The financial statements were approved for issue by the Board of Directors on 23 March 2022 and signed on its behalf by:



His Majesty N.A. Achebe  
CFR, MNI  
Chairman  
FRC/2013/NIM/00000001568  
17 March, 2022



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



Kenneth Onwudinjo  
Finance Controller  
FRC/2012/ICAN/00000000312

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



## Statement of changes in equity for the year ended 31 December

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2020	2,872,503	56,812,810	6,843,037	66,528,350
<b>Total comprehensive loss for the year</b>				
Loss for the year	-	-	(3,965,921)	(3,965,921)
<b>Other comprehensive loss</b>				
Remeasurement of post employment benefit obligations (Note 22(vi))			(725,559)	(725,559)
Tax effect (Note 12(ii))			232,179	232,179
Remeasurement on post employment benefit obligations, net of tax			(493,380)	(493,380)
<b>Transactions with owners</b>				
Unclaimed dividend transferred to retained earnings (Note 20)	-	-	60,071	60,071
	-	-	60,071	60,071
At 31 December 2020	2,872,503	56,812,810	2,443,807	62,129,120
Balance at 1 January 2021	2,872,503	56,812,810	2,443,807	62,129,120
<b>Total comprehensive profit for the year</b>				
Profit for the year	-	-	3,409,174	3,409,174
<b>Other comprehensive income</b>				
Remeasurement of post employment benefit obligations (Note 22(vi))			330,555	330,555
Tax effect (Note 12(ii))			(107,181)	(107,181)
Remeasurement on post employment benefit obligations, net of tax			223,374	223,374
	-	-	3,632,548	3,632,548
At 31 December 2021	2,872,503	56,812,810	6,076,355	65,761,668

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

## Statement of cash flows for the year ended

	Note	2021 N'000	2020 N'000
Cash generated from operations	24	20,299,380	2,462,633
Retirement benefits paid	22(iv)	[46,673]	[40,347]
Long service award obligations paid	22(iv)	[39,170]	[21,270]
Tax paid	12(iii)	[123,584]	-
<b>Net cashflow generated from operating activities</b>		<u>20,089,953</u>	<u>2,401,016</u>
<b>Cash flows from investing activities</b>			
Interest received	10	590,607	209,121
Purchase of property, plant and equipment	14(i)	[1,622,462]	[1,046,550]
Proceeds from sale of property, plant and equipment		103,935	17,445
<b>Net cashflow used in investing activities</b>		<u>[927,920]</u>	<u>[819,984]</u>
<b>Cash flows from financing activities</b>			
Payment of lease	29(i)	[239,428]	[244,489]
Payment of interest on lease liability	29(i)	[41,824]	[84,534]
Interest expense	11	[26,162]	[29,186]
Dividend paid	20(ii)	[55,664]	[70,689]
<b>Net cash flow used in financing activities</b>		<u>[363,078]</u>	<u>[428,898]</u>
Net increase in cash and cash equivalents		18,798,955	1,152,134
Impact of foreign exchange movement on cash balance		[202,245]	490,141
Cash and cash equivalents at the beginning of the year		37,100,827	35,458,552
<b>Cash and cash equivalents at the end of the year</b>	18	<u>55,697,537</u>	<u>37,100,827</u>

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



## Notes to the financial statements

### 1 Basis of accounting

#### 1.1a Statement of compliance

The financial statements of Unilever Nigeria Plc ("Unilever" or "the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

These financial statements were authorised for issue by the Company's board of directors on 23 March 2022.

#### 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:"

<b>Items</b>	<b>Measurement basis</b>
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

Nothing has come to the attention of the directors to indicate that Unilever will not remain a going concern for at least twelve months from the date of approval of these financial statements.

#### 1.4 Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 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.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018-2020.
- 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 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.

##### (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 *	-	25%
Motor vehicles	-	25%

During 2021, the Company conducted a review of the useful life of its Office Furniture & Equipment including amongst others, chairs, tables, air conditioners, lockers, cabinets etc. Office Furniture & Equipment which management had previously depreciated for 14 years, is now expected to be used for 4 years as a result of frequency of usage, wear, and tear. The effect of these changes are on note 14(vii).

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.



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.1 Property, plant and equipment (continued)

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 recognised as an expense are not recognised as an asset in a subsequent period.

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.

#### 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.

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.3 Impairment of non-financial assets (continued)

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.

#### 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.

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 transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss. 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



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### *Financial assets - Subsequent measurement and gains and losses*

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

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

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.5 Financial instruments (continued)

##### 2.5.3 Derecognition (continued)

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.

##### - Trade finance obligations

Trade finance obligations are recognised when the Company enters into an agreement with a financial institution, where they agree to pay amounts the Company owes to its suppliers and the Company agrees to pay the financial institution at the same date as, or a date later than when the suppliers are paid. Trade finance obligations are financial liabilities that are disclosed as part of trade and other payables because the nature and function of the financial liability remain the same as those of other trade payables but disclose disaggregated amounts in the notes. All payables under the trade finance arrangement are classified as current as at 31 December 2021. Trade finance obligations are classified as cash flows from operating activities or cash flow from financing activities depending on the nature of the liabilities that are part of the arrangement i.e. for working capital purposes or for borrowings.

##### 2.5.4 Offsetting financial instruments

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

### 2.6 Impairment of financial assets

#### *Non-derivative financial assets*

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

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

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

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.



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.6 Impairment of financial assets (continued)

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

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

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

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

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

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

#### Measurement of ECLs

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

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

#### Credit-impaired financial assets

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

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

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

#### Presentation of allowance for ECL in the statement of financial position

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

#### 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.

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 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.

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 observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### 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 standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw materials and work in progress are stated at standard cost while cost of finished goods, engineering spares and other items of inventories is calculated using the weighted average method. Standard cost is reviewed periodically to ensure it consistently approximates historical cost. Net realisable value represents the estimated selling price less all estimated costs of selling expenses.

#### 2.9 Cash and cash equivalents

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

#### 2.10 Provisions

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

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Company has a detailed



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.10 Provisions (continued)

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.

#### 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 profit.

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

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

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

##### (iii) Minimum tax

The Company is subject to the Finance Act 2020 as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.25% [2020: 0.25%] of qualifying Company's turnover less franked investment income). Taxes based on

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.11 Income Tax (continued)

taxable profit are treated as income tax in line with IAS 12, whereas minimum tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of profit or loss. The liability is recognised under trade and other payables in the statement of financial position. Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax."

#### 2.12 Employee benefits

##### (a) Post-employment benefit plans

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

##### (i) Defined contribution scheme

The Company operates a defined contribution plan in line with the Pension Reform Act 2014. The contributions are recognised as employee benefit expenses when they are due. 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%

##### (iii) Defined benefit plans

The Company also operates both an unfunded defined benefit scheme and 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 for each plan 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.



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.12 Employee benefits (continued)

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

##### (b) Other long term employee benefits

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

##### (c) Short term employee benefits

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

#### 2.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue at a point in time when it transfers control over a product to a customer.

The Company 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

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.14 Leases

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

##### i As a lessee

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:— fixed payments, including in-substance fixed payments;— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;— 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.



## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.14 Leases (continued)

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.

##### *Short-term leases and leases of low-value assets*

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

#### 2.15 Dividend distribution

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

#### 2.16 Finance income and finance cost

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

Finance income includes interest received or receivable on balances and deposits with banks, exchange differences 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 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

## Notes to the financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.16 Finance income and finance cost (continued)

financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### 2.17 Share capital and share premium

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

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

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

#### 2.18 Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:– represents a separate major line of business or geographic area of operations;– is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or– is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

### 3 Critical accounting estimates and judgements

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

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 23(iv))



## Notes to the financial statements (continued)

### 3 Critical accounting estimates and judgements (continued)

#### Assumptions and estimation uncertainty

#### (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 26.1 (b))

#### (iv) Recognition and measurement of income tax (Note 12) and deferred taxes (Note 21)

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

### 4 Revenue

#### (a) Revenue for the year which arose from sales of goods comprise:

	2021 N'000	2020 N'000
Domestic (within Nigeria)	69,767,230	50,890,436
Export (outside Nigeria)	756,465	1,320,831
	<u>70,523,695</u>	<u>52,211,267</u>

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

The Company has 93 (2020: 102) key distributors, and one key distributor accounted for more than 10% of the Company's revenue.

All the Company's non-current assets are located in Nigeria.

#### (b) Right of Return

In line with the adoption of IFRS 15, a refund liability of N292.3 million (2020: N543.4 million) has been recognised for the right to return goods sold. Management has made an estimate based on historical trend of likely sales returns by customers subsequent to year end. The amount of revenue recognised is adjusted for expected returns. A refund liability (Note 20) and the right to recover returned goods asset have been recognised (Note 16).

## Notes to the financial statements (continued)

### 5 Expenses by nature

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

	2021 N'000	2020 N'000
Raw materials and consumables	37,972,099	28,526,274
Bought in products	2,267,243	820,800
Depreciation of property, plant and equipment (Note 14(ii))	3,535,385	5,135,811
Amortisation of intangible assets (Note 15)	385	222,081
Employee costs (Note 8)	9,222,695	9,315,793
Brand and marketing (Note 9(a))	4,816,559	2,726,762
Royalties and Service Fees (Note 9(a))	1,869,485	1,317,993
Handling charges	2,206,470	1,558,197
Auditors' remuneration	45,191	40,384
Professional service fees	359,055	203,725
Utilities	1,963,331	893,659
Business travel	487,305	214,084
IT costs	308,525	436,171
Consumer market research	446,846	258,258
Lease rental *	119,124	69,185
Repairs and maintenance cost	2,388,691	1,708,950
Insurance	72,453	82,064
Donations	122,305	243,709
Trainings and meals	288,690	343,551
Impairment loss (Note 17 (vi))	829,576	3,770,859
Office materials	110,251	44,518
Total cost of sales, selling and distribution, marketing and administrative expenses and impairment losses	<u>69,431,664</u>	<u>57,932,828</u>
Analysed as:		
Cost of sales	50,161,785	41,136,845
Selling and distribution expenses	3,318,990	2,391,988
Impairment loss (Note 17 (vi))	829,576	3,770,859
Marketing and administrative expenses	<u>15,121,313</u>	<u>10,633,136</u>
	<u>69,431,664</u>	<u>57,932,828</u>

\* Lease rentals recognised during the year relates to the expense of short term leases and low value items for which the Company has elected not to recognise right-of-use assets and lease liabilities.



## Notes to the financial statements (continued)

### 6 Other Income

	2021 N'000	2020 N'000
Loss on sale of property plant and equipment	-	[979]
Transitional Service Agreement income (i)	37,352	66,992
	<u>37,352</u>	<u>66,013</u>

- (i) Subsequent to the disposal of the Tea business during the year, Unilever entered into a Transitional Service Agreement ("the Agreement") with the new owner, Unilever Tea MSO Business. The Agreement will be in place for a period of 15 months, during which time Unilever would provide production and sales support to Unilever Tea MSO Business in exchange for a fee. Further details of the Agreement are disclosed in Note 28(iii)

### 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:

	2021 N'000	2020 N'000
(i) Short term benefits		
Non executive directors	73,357	73,357
Executive directors	476,364	510,994
Members of the Leadership team (excluding executive directors)	1,058,453	866,937
	<u>1,608,174</u>	<u>1,451,288</u>
(ii) Post-employment benefits:		
Executive directors	17,200	17,300
Members of the Leadership team (excluding executive directors)	52,424	44,819
	<u>69,624</u>	<u>62,119</u>
	<b>2021 N'000</b>	<b>2020 N'000</b>
(iii) The emoluments of the Chairman of Board of Directors	19,959	19,959
(iv) The emoluments of the highest paid director	231,565	245,000

### 8 Employee costs

	2021 N'000	2020 N'000
Salaries and wages	5,049,541	5,047,080
Pension contribution	526,033	509,644
Current service charge for unfunded retirement benefit obligation and long service awards (Note 22(vi))	50,504	[16,367]
Other employee allowances	3,596,617	3,775,436
	<u>9,222,695</u>	<u>9,315,793</u>

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:

	2021 Number	2020 Number
Administration	89	90
Technical and production	560	565
Sales and marketing	106	122
	<u>755</u>	<u>777</u>

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

	N		N	2021 Number	2020 Number
Below 1,750,000				13	-
1,750,001	-		2,000,000	3	11
2,000,001	-		2,250,000	0	39
2,250,001	-		2,500,000	3	88
2,500,001	-		2,750,000	11	113
2,750,001	-		5,000,000	482	270
5,000,001	-		10,000,000	110	112
10,000,001	-		15,000,000	56	61
15,000,001	-		20,000,000	17	24
20,000,001	-		30,000,000	36	33
30,000,001	-		40,000,000	8	11
40,000,001	-		60,000,000	4	5
60,000,001	-		80,000,000	5	6
Above 80,000,000				7	4
				<u>755</u>	<u>777</u>

### 9 Marketing and administrative expenses

(a) This is analysed as follows:

	2021 N'000	2020 N'000
Brand and marketing	4,816,559	2,726,762
Overheads	8,435,269	6,588,381
Royalties and Service Fees	1,869,485	1,317,993
	<u>15,121,313</u>	<u>10,633,136</u>

(b) Unilever Nigeria Plc has Technology & Trademark agreements with Unilever UK Plc to manufacture, distribute and market its international brands. In consideration for this, a royalty of 2% of net sales value and



## Notes to the financial statements (continued)

### 9 Marketing and administrative expenses (continued)

0.5% of net sales value is payable to Unilever Plc for technology and trademark licences respectively (Note 28). In line with the approval from the regulatory authority, National Office for Technology Acquisition and Promotion, the royalty payment for these agreements are capped at NGN 3.47 billion and NGN 0.87 billion respectively per annum.

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). In line with the approval from the regulatory authority, National Office for Technology Acquisition and Promotion, the royalty payment for central support and management services is capped at NGN 0.11 billion per annum.

### 10 Finance income

	2021 N'000	2020 N'000
Interest on call deposits and bank accounts	590,607	209,121
Net exchange gain on translation of foreign currency denominated balances	436,603	1,336,307
	1,027,210	1,545,428

### 11 Finance cost

	2021 N'000	2020 N'000
Interest expense on lease liabilities	37,068	29,455
Interest expense	26,162	29,186
Employee benefit charge	32,512	236,352
	95,742	294,993

### 12 Taxation

(i)	Income statement	2021 N'000	2020 N'000
	Tertiary education tax	70,999	46,298
	Nigeria Police Trust Fund	91	-
		71,090	46,298
	Deferred tax charge/ (credit) (Note 21)	1,119,327	(825,461)
	Tax charge to income statement - Continuing operations	1,190,417	(779,163)
	Tax charge to income statement - Discontinuing operations (Note 31)	394,039	2,497
	Total tax charge (Note 12(iv))	1,584,456	(776,666)

## Notes to the financial statements (continued)

### 12 Taxation (continued)

(ii)	Other comprehensive income	<b>2021 N'000</b>	<b>2020 N'000</b>
	Deferred tax on temporary differences	107,181	(232,179)
	Company income tax was not charged in current year as there was no taxable profit. Tertiary education tax charge is at 2.5% of assessable profits in accordance with Finance Act 2020.		
(iii)	The movement in current income tax liabilities is as follows:	<b>2021 N'000</b>	<b>2020 N'000</b>
	At 1 January:	137,070	88,375
	Charge for the year - continuing operations:		
	- Tertiary education tax	70,999	46,198
	- Nigeria Police Trust Fund	91	-
	Charge for the year - discontinuing operations:		
	- Tertiary education tax	117,871	2,497
	- Capital Gains tax	276,168	-
	Tax paid:		
	Cash	(123,584)	-
	At 31 December	478,615	137,070
(iv)	Reconciliation of effective tax to the statutory tax	<b>2021 N'000</b>	<b>2020 N'000</b>
	Profit/ (loss) before tax - continuing	2,060,852	(4,405,113)
	Profit/ (loss) before tax - discontinued	3,138,322	(181,163)
		5,199,174	(4,586,275)
	Tax calculated at the applicable statutory rate of 30% (2020: 30%)	1,559,752	(1,375,882)
	Tertiary education tax at 2.5% (2020: 2%)	129,979	(91,725)
	Tax effects of expenses not deductible for tax purposes	376,652	758,890
	Tax effects on tax incentives	38,229	(100,052)
	Effect of difference in tax rate	(520,156)	-
	Change in recognised deductible temporary differences	-	32,103
	Tax charge/ (credit) in income statement	1,584,456	(776,666)
(v)	Minimum tax in current year has been computed based on 0.25% (2020: 0.25%) of turnover in line with the Finance Act 2020 and this amounts to N182.2 million (2020: N131.9 million).		



## Notes to the financial statements (continued)

### 13 Earnings and declared dividend per share

**(a)** 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.

	2021 N'000	2020 N'000
Profit/ (loss) attributable to ordinary shareholders	3,409,174	(3,965,921)
Profit/ (loss) attributable to ordinary shareholders (continuing operations)	688,266	(3,757,890)
Weighted average number of ordinary shares	5,745,005	5,745,005
Basic and diluted earnings per share (Naira)	0.59	(0.69)
Basic and diluted earnings per share (Naira) - continuing operations	0.12	(0.65)

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.

### **(b) Dividend declared per share**

Dividend per ordinary share of 50 Kobo (2020: nil) was declared during the year, amounting to N2.87 billion (2020: nil).

Dividend declared is subject to withholding tax before payment to the recipients.

## Notes to the financial statement (continued)

### 14 Property, plant and equipment (PPE)

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

(i)	Capital work-in- progress	Lease- hold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	5,516,177	433,640	11,555,604	30,934,734	1,939,348	1,360,164	51,739,667
Additions	977,922	-	68,628	-	-	-	1,046,550
Transfers	(5,543,280)	-	1,517,196	3,925,062	90,720	10,302	-
Reclassification to assets held for sale	-	-	-	(1,021,000)	(11,745)	-	(1,032,745)
Write-offs	-	-	(348,152)	(3,857)	(3,733)	(36,666)	(392,408)
Disposals	-	-	(29,487)	(619,921)	(19,003)	(44,836)	(713,247)
<b>At 31 December 2020</b>	<b>950,819</b>	<b>433,640</b>	<b>12,763,789</b>	<b>33,215,018</b>	<b>1,995,587</b>	<b>1,288,964</b>	<b>50,647,817</b>
<b>Balance as at 1 January 2021</b>	<b>950,819</b>	<b>433,640</b>	<b>12,763,789</b>	<b>33,215,018</b>	<b>1,995,587</b>	<b>1,288,964</b>	<b>50,647,817</b>
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 off	-	-	-	(181,972)	(83,211)	-	(265,183)
<b>At 31 December 2021</b>	<b>955,640</b>	<b>433,640</b>	<b>12,757,446</b>	<b>27,599,939</b>	<b>1,437,201</b>	<b>1,503,790</b>	<b>44,687,656</b>
<b>Accumulated Depreciation / impairment</b>							
At 1 January 2020	-	3,190	2,243,776	15,983,759	724,972	826,550	19,782,247
Depreciation charge for the year	-	-	660,237	4,053,842	189,551	232,181	5,135,811



## Notes to the financial statement (continued)

### 14. Property, plant and equipment (PPE) (continued)

Reclassification to assets held for sale	-	-	-	(765,848)	(4,639)	-	(770,487)
Write-offs	-	-	(116,459)	(1,796)	(2,190)	(36,665)	(157,110)
Disposals	-	-	(29,487)	(619,921)	(19,003)	(44,836)	(713,247)
Reclassification between asset class	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	-	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 off	-	-	-	(1,382,941)	(82,025)	-	(1,464,966)
<b>At 31 December 2021</b>	-	3,190	3,809,215	16,609,454	1,035,057	854,453	22,311,369
Net book value:							
At 1 January 2020	5,516,177	430,450	9,311,828	14,950,975	1,214,376	533,614	31,957,420
At 31 December 2020	950,819	430,450	10,005,722	14,564,982	1,106,896	311,734	27,370,607
At 31 December 2021	955,640	430,450	8,948,231	10,990,486	402,143	649,337	22,376,287

- (ii) Included in building is right-of-use assets of N650 million and accumulated depreciation of N607 million related to leased properties that do not meet the definition of investment property (See Note 23(i)).
- (iii) In prior year, the Company retired some assets, and re-estimated the useful life to nil. As such, the net book value of these retired assets was written down to nil. The amount written off amounted to N1.1 billion and was recognised as depreciation in the year.
- (iv) Security  
As at 31 December 2021, no item of property, plant and equipment was pledged as security for liabilities (2020: nil).

## Notes to the financial statement (continued)

### 14. Property, plant and equipment (PPE) (continued)

(v) Capital work-in-progress

The capital work-in-progress of N955 million (2020: N950 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.

	<b>Land &amp; Building</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Capital work-in-progress	545,858	409,782	955,640

(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:

	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
Capital commitments	499,000	427,068

(vii) Change in estimates

During 2021, the Company conducted a review of the useful life of its Office Furniture & Equipment including amongst others, chairs, tables, air conditioners, lockers, cabinets etc. Office Furniture & Equipment which management had previously depreciated for 14 years, is now expected to be used for 4 years as a result of frequency of usage, wear, and tear. The effect of these changes on actual and expected depreciation expense, included in 'administrative expenses', was as follows:

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Later</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Increase in depreciation	163,160	(41,731)	(56,796)	(66,822)	(66,766)	(20,581,137)



## Notes to the financial statement (continued)

### 15 Intangible assets

Intangible assets comprise computer software

Cost:	N'000	N'000
At 1 January	2,192,460	2,192,460
At 31 December	2,192,460	2,192,460
Amortisation:		
At 1 January	2,188,608	1,966,527
Charge for the year	385	222,081
At 31 December	2,188,993	2,188,608
Net book value as at 31 December	3,467	3,852

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

### 16 Inventories

	2021	2020
	N'000	N'000
Raw and packaging materials	10,189,180	8,919,346
Work in progress	343,519	484,445
Goods in Transit	969,957	648,980
Finished goods	2,180,366	2,179,088
Engineering spares and other inventories	1,045,428	1,001,291
Right to recover returned goods *	227,881	426,277
	14,956,331	13,659,427

\* The right to recover returned goods represents the Company's right to recover products from customers where customers exercise their right of return under the Company's returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a year using expected value method. Refund liabilities for the right to recover returned goods is disclosed in Note 20.

The amount of inventories written down and included in cost of sales was N258.6 million (2020: N568.2 million). This represents allowance for slow-moving, obsolete, damaged and missing inventories.

The cost of inventories recognized as an expense and included in cost of sales amounted to N37.9 billion (2020: N28.5 billion).

## Notes to the financial statement (continued)

### 17 Trade and other receivables

(i) Trade and other receivables account is analysed as follows:	2021 N'000	2020 N'000
Trade receivables: gross	5,769,679	7,410,006
Less: rebate accruals	(1,019,156)	(2,616,594)
Less: impairment	(1,284,069)	(2,074,464)
Trade receivables: net	3,466,454	2,718,948
Advances and prepayments *	1,733,074	5,116,358
Derivative financial assets	-	22,036
Unclaimed dividend held with registrar	356,588	412,252
Interest receivable	67,585	9,398
Other receivables	259,018	447,575
Due from related parties (Note 28 (vi))	8,964,067	3,016,811
Deposit for imports (Note 17 (v))	145,869	1,214,088
	<u>14,992,655</u>	<u>12,957,466</u>

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

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

	2021 N'000	2020 N'000
Movement in trade and other receivables	(2,035,189)	11,173,560
Receivable for sale of tea business to Unilever Tea MSO Nigeria	5,373,971	-
Net impairment charge on receivables (Note 17(vi))	(829,576)	(3,770,859)
Movement in trade and other receivables per statement of cashflows	<u>2,509,207</u>	<u>7,402,701</u>

	2021 N'000	2020 N'000
(ii) Analysis for trade receivables:		
Carrying amount not past due	3,366,324	2,601,049
Carrying amount past due less than 3 months	96,458	98,584
Carrying amount past due 3 - 6 months	3,672	19,315
Carrying amount past due 6 months & above	-	-
	<u>3,466,454</u>	<u>2,718,948</u>



## Notes to the financial statement (continued)

### 17. Trade and other receivables (continued)

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

	2021 N'000	2020 N'000
(iii) Movement in allowance for trade receivables:		
At 1 January	2,074,464	1,389,939
Impairment loss [17 (vi)]	72,850	684,525
Bad debt written off	(863,245)	-
At 31 December	1,284,069	2,074,464
(iv) Analysis of related parties receivables:		
	2021 N'000	2020 N'000
Carrying amount not past due	8,589,696	152,055
Carrying amount past due less than 3 months	132,510	55,150
Carrying amount past due 3 - 6 months	35,824	112,866
Carrying amount past due 6 months & above	206,037	2,696,740
	8,964,067	3,016,811

Receivables from related parties arose from:

- Export sales and reimbursables for shared services which are payable within 90 days
- The services provided to Unilever Tea MSO in line with the terms of the Transitional Service Agreement which is payable within 20-85 days
- Purchase consideration in relation to the disposal of the tea business which is payable on demand.

Receivables have been subjected to impairment assessment in line with IFRS 9 and the appropriate impairment loss recognised in the statement of profit or loss. Information about the Company's exposure to credit risk and impairment losses for intercompany receivables is included in note 26.1(b)

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

## Notes to the financial statement (continued)

### 17. Trade and other receivables (continued)

(vi) Impairment loss on trade and intercompany receivables recognised in profit or loss	2021	2020
	N'000	N'000
Trade receivables (17 (iii))	72,850	684,525
Bad debt written (back)/ off *	[9,546]	396,305
Total impairment loss on trade receivables	63,304	1,080,830
Impairment loss on Intercompany receivables	766,271	2,690,029
Total impairment loss recognised in profit or loss (Note 5)	829,576	3,770,859

\* 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.

(v) Movement in rebate accruals	2021	2020
	N'000	N'000
Opening balance	2,616,594	828,164
Accrued in the year	3,772,970	8,231,864
Payout in the year	(4,845,537)	[6,371,489]
Excess reversed to income statement	(524,871)	[71,945]
Closing balance	1,019,156	2,616,594

### 18. Cash and cash equivalents

	2021	2020
	N'000	N'000
Cash at bank	40,629,495	30,248,366
Fixed deposit	15,068,042	6,852,461
	55,697,537	37,100,827

Included in cash and cash equivalents is restricted cash of N4.6bn (2020: N3.4bn) on unclaimed dividend held in a separate bank account, and letter of credit for the acquisition of inventories. N3.4bn of this amount was invested by the Company's registrar in line with SEC rules on dividend investment (2020: N3.4bn).



## Notes to the financial statement (continued)

### 19 Assets held for sale

In 2020, 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 asset held for sale at the carrying amount of N262 million.

In current year, management has had to carry out an overhaul on the facilities in line the terms of the sale agreement with the new owners. As such, the sale was not concluded during the year.

As at 31 December 2021, efforts to sell the part of this manufacturing facility have reached an advance stage, and the sale is expected to be concluded before 31 December 2022.

### 20 Trade and other payables

	2021 N'000	2020 N'000
Trade payables	11,205,275	6,653,534
Trade finance facility (Note (20i))	7,094,621	-
Amount due to related companies (Note 28 (vi))	5,515,920	5,048,375
Dividend payable (Note 20(ii))	6,413,241	6,468,906
Accrued liabilities	4,118,568	2,520,528
Accrued brand and marketing expenses	1,620,077	2,075,209
Accrued shipping and freight charges	1,719,901	1,690,222
Other payables	94,738	444,989
	<u>37,782,341</u>	<u>24,901,763</u>
<i>Other non-financial payables:</i>		
Refund liabilities	292,378	543,431
Minimum tax payable	222,206	171,728
Statutory deductions	1,264,616	874,556
Non trade payables	177,533	930,881
	<u>1,956,733</u>	<u>2,520,596</u>
<b>Total trade and other payables</b>	<u>39,739,074</u>	<u>27,422,359</u>

## Notes to the financial statement (continued)

### 20. Trade and other payables (continued)

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

	2021 N'000	2020 N'000
Movement in trade and other payables	12,316,716	(7,141,039)
Unclaimed dividend transferred to retained earnings	-	60,071
Dividend paid	55,664	-
Minimum tax charge	(205,544)	(156,311)
Foreign exchange difference*	202,245	(491,232)
Movement in trade and other payables per statement of cashflows	12,369,081	(7,728,511)

- (i) 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 approved by the banks as available for this in 2021 amounted to N41.7 billion and amounts 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 N7.1 billion.

- (ii) Dividend payable

	2021 N'000	2020 N'000
As at 1 January	6,468,905	6,599,665
Dividend paid	(55,664)	(70,689)
Unclaimed dividend transferred to retained earnings	-	(60,071)
As at 31 December	6,413,241	6,468,905

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 N2.8bn (2020: N2.8bn) due to Unilever Overseas Holding (Note (28(v))). As at 31 December 2021, N357 million (2020: N412 million) of the total dividend was held with the Company's Registrar, GTL Registrars Limited.



## Notes to the financial statement (continued)

### 21 Deferred tax liabilities/ (assets)

Deferred income tax is calculated using the statutory income tax rate of 32% (2020: 32%). The movement on the deferred tax account is as follows:

The movement in deferred tax is as follows:

Deferred tax (assets)/ liability:	<b>N'000</b>	<b>N'000</b>
At start of year	(163,101)	894,439
Changes during the year:		
- Charge / (credit) to income statement (Note 12(ii))	1,119,326	(825,361)
- Charge / (credit) to other comprehensive income	107,181	(232,179)
At end of year	<u>1,063,404</u>	<u>(163,101)</u>

The movement in the deferred tax account is as follows:

Deferred tax liabilities/(assets)	Property, plant and equipment	Employee benefit obligations	Other temporary differences*	Leases	Exchange difference	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	4,423,706	(392,535)	(2,219,039)	(225,831)	(691,862)	894,439
Charge/(credit) to income statement	(1,928,952)	116,054	(389,434)	181,093	1,195,879	(825,361)
Charge to other comprehensive income	-	(232,179)	-	-	-	(232,179)
At 31 December 2020 / 1 January 2021	<u>2,494,754</u>	<u>(508,660)</u>	<u>(2,608,473)</u>	<u>(44,738)</u>	<u>504,017</u>	<u>(163,101)</u>
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	<u>3,427,566</u>	<u>(404,876)</u>	<u>(2,362,172)</u>	<u>13,812</u>	<u>389,077</u>	<u>1,063,404</u>

\*Other temporary differences comprises provisions for trade receivables, inventories, and restructuring. Unrelieved loss amounted to nil (2020: N1.6bn).

## Notes to the financial statement (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

	2021 N'000	2020 N'000
Funded retirement benefit obligation (Note 22(v))	(1,867,087)	(2,386,244)
Fair value of plan assets (Note 22(v))	1,445,796	1,809,723
Retirement benefit obligations	(421,291)	(576,521)
Unfunded retirement benefit obligations (Note 22(iv))	(454,713)	(588,473)
Long service award obligations (Note 22(iv))	(369,770)	(424,567)
	<u>(1,245,774)</u>	<u>(1,589,561)</u>



## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

(iv) Reconciliation of change in liabilities

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

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations *	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000	2021 N'000	2020 N'000
At 1 January	(2,386,244)	(1,854,537)	(588,473)	(422,830)	(424,567)	(318,096)
<b>Included in income statement</b>						
Current service charge	-	-	(172)	(66)	(50,332)	16,433
Interest cost	(179,245)	(274,784)	(41,944)	(52,902)	(29,970)	(41,104)
Actuarial gain/ (losses) – change in assumptions	-	-	-	-	117,009	(120,176)
Actuarial (losses)/ gain – experience	-	-	-	-	(35,658)	17,106
	(179,245)	(274,784)	(42,116)	(52,968)	1,049	(127,741)
<b>Included in OCI</b>						
<b>Remeasurement (loss)/gain</b>						
Actuarial gain/ (losses) – change in assumptions	394,188	(524,510)	132,086	(193,267)	-	-
Actuarial gain/ (losses) – experience	26,240	(18,969)	(2,883) 0	40,245	-	-
	420,428	(543,479)	129,203	(153,022)	-	-
<b>Others</b>						
Benefits paid	277,974	286,556	46,673	40,347	39,170	21,270
Transfer to Unilever Tea MSO Nigeria Ltd					14,578	
	277,974	286,556	46,673	40,347	53,748	21,270
At 31 December	(1,867,087)	(2,386,244)	(454,713)	(588,473)	(369,770)	(424,567)

- \* As part of the disposal of the Tea business, Long service award obligations due to employees transferred to Unilever Tea MSO was transferred as at 1 October 2021. A valuation of the obligation was carried out as at 30 September 2021, and the total amount of N14.57 million was recognised by Tea business.

## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

#### (v) Reconciliation of change in assets

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

	2021 N'000	2020 N'000
At January 1	1,809,723	1,889,829
<b>Included in income statement</b>		
Interest income on plan assets	133,123	235,508
<b>Included in OCI</b>		
Remeasurements - actuarial (losses)/gains	(219,076)	(29,058)
<b>Others</b>		
Benefits paid	(277,974)	(286,556)
	(277,974)	(286,556)
At December 31	1,445,796	1,809,723
Less: funded retirement benefit obligations (Note 22(iv))	(1,867,087)	(2,386,244)
Retirement benefit obligation	(421,291)	(576,521)

## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

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

	2021			2020		
	Income Statement	OCI	OCI	Income Statement	OCI	OCI
	Current service charge*	Net interest cost	Actuarial losses	Current service charge*	Net interest cost	Actuarial losses
	N'000	N'000	N'000	N'000	N'000	N'000
Funded retirement benefit obligations	-	179,245	420,428	-	274,784	(543,479)
Plan assets	-	(133,123)	(219,076)	-	(235,508)	(29,058)
Unfunded retirement benefit obligations	172	41,944	129,203	66	52,902	(153,022)
Long service award obligations	50,332	(51,382)	-	(16,433)	144,174	-
	50,504	36,684	330,555	(16,367)	236,352	(725,559)

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

(vii) Actuarial assumptions

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligation		Long Service Award and Unfunded Retirement Benefit Obligation	
	2021	2020	2021	2020
Discount rate	12.8%	8.0%	12.7%/13%	7.5%
Inflation rate	12%	11%	12%	11%
Interest income rate	0%	15.5%	-	-
Future salary/pension increases			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.



## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

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

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

	2020 N'000	2021 N'000
<b>Government Securities:</b>		
FGN Bonds	928,934	1,084,100
Treasury bills	49,558	159,077
	<u>978,492</u>	<u>1,243,177</u>
<b>Fixed deposits/strict calls:</b>		
Uninvested Cash/Money on Call	46,053	78,077
Credit interest	-	29
Fixed deposits	426,611	462,295
Accrued Fees and Expenses	(5,360)	(5,878)
	<u>467,304</u>	<u>534,523</u>
<b>Corporate Bonds</b>	<u>-</u>	<u>32,023</u>
Net Asset Values	<u>1,445,796</u>	<u>1,809,723</u>

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 2021  
A 1% change in assumed rates will result in the following balances to the retirement benefit scheme.

## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

#### Sensitivity analysis on liability as at 31 December 2021

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	N'000	Impact (%)	N'000	Impact (%)
Base figures	454,713	-	1,867,087	-
Discount rate (-1%)	484,022	-6%	1,966,310	5%
Discount rate (+1%)	428,612	6%	1,777,439	-5%
Price escalation rate (-1%)	439,326	3%	-	-
Price escalation rate (+1%)	470,934	-4%	-	-
Mortality experience (-1 year)	426,024	6%	1,790,762	-4%
Mortality experience (+1 year)	484,304	-7%	1,942,987	4%

#### Sensitivity analysis on liability as at 31 December 2020

			Funded Retirement Benefit Obligations	
	N'000	Impact (%)	N'000	Impact (%)
Base figures	588,473	-	2,386,244	-
Discount rate (-1%)	639,098	-9%	2,553,978	7%
Discount rate (+1%)	544,778	7%	2,238,464	-6%
Price escalation rate (-1%)	563,981	4%	-	-
Price escalation rate (+1%)	614,639	-4%	-	-
Mortality experience (-1 year)	638,448	-8%	2,328,224	-2%
Mortality experience (+1 year)	541,930	8%	2,443,404	2%

## Notes to the financial statement (continued)

### 22. Retirement benefit obligations (continued)

	Long Service Award Obligations -2021		Long Service Award Obligations - 2020	
	N'000	Impact (%)	N'000	Impact (%)
Base figures	369,770		424,567	
Discount Rate (-1%)	388,197	-5%	453,268	-7%
Discount Rate (+1%)	352,966	5%	398,944	6%
Salary increase rate (-1%)	354,096	4%	400,984	6%
Salary increase rate (+1%)	386,732	-5%	450,505	-6%
Price escalation rate (-1%)	368,185	0%	422,913	0%
Price escalation rate (+1%)	371,404	-0%	426,287	-0%
Mortality experience (-1 year)	368,967	0%	425,550	-0%
Mortality experience (+1 year)	370,485	-0%	423,468	0%

#### Assumptions for sensitivity analysis

	Base rates 2021	Base rates 2020
Discount rate (funded retirement benefit obligation)	12.8%	8.0%
Discount rate (unfunded obligation)	13.0%	7.5%
Salary increase rate	12.0%	12.0%
Product/benefit inflation rate	5.5%	6.0%

The base figures used for the sensitivity analysis on liability is the funded retirement benefit obligation as at 31 December 2021 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2021.

The base figures used for the sensitivity analysis on liability is the funded retirement benefit obligation as at 31 December 2021 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2021.

The retirement benefits and long service award obligations are based upon independent actuarial valuation conducted by Ernst and Young (O.O. Okpaise, FRC/2012/NAS/00000000738).

### 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)).



## Notes to the financial statement (continued)

### 23 Leases (continued)

	2021	2020
	N'000	N'000
Balance as at 1 January	292,777	812,923
Additions to right of use asset	-	68,627
Derecognition of right of use asset	-	(231,693)
Depreciation for the year	(250,273)	(357,080)
Balance as at 31 December	42,504	292,777

	2021	2020
	N'000	N'000
<i>ii Amounts recognised in profit or loss</i>		
<b>Leases under IFRS 16</b>		
Interest on lease liabilities (Note [29(ii)])	41,824	84,534
Expense relating to short term leases and low value items (Note 5)	119,124	69,185

	2021	2020
	N'000	N'000
<i>iii Amounts recognised in statement of cash flows</i>		
Payment of lease principal	239,428	244,489
Payment of lease interest	41,824	84,534
	<b>281,252</b>	<b>329,023</b>

#### *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.

## Notes to the financial statement (continued)

### 24 Cash flows from operating activities

	2021 N'000	2020 N'000
Profit/ (loss) before tax	1,878,683	(4,537,053)
Profit/ (loss) before tax - discontinued operations (Note 31 (a))	3,114,947	(205,534)
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(ii))	3,535,385	5,135,811
- Loss on disposal of property, plant and equipment	350,596	217,851
- Amortisation of intangible assets (Note 15)	385	222,081
- Net impairment charge on receivables (Note 17(vi))	829,576	3,770,859
- Gain on sale of discontinued operations	(2,761,682)	-
- Interest income (Note 10)	(590,607)	(209,121)
- Interest expense (Note 11)	26,162	29,186
- Interest on lease liabilities (Note (29(ii)))	41,824	-
- Net charge in retirement benefit obligations	88,238	236,352
- Long service award obligations (Note 22(vii))	(1,049)	(16,367)
- Net derecognition of lease liability (Note (29(ii)))	-	(221,803)
- Minimum tax (Note 12(iv))	205,540	156,311
	<u>6,717,997</u>	<u>4,578,574</u>
Changes in working capital:		
- (Increase)/ decrease in trade and other receivables	2,509,207	7,402,701
- Increase in inventories	(1,296,904)	(1,790,132)
- Increase/ (decrease) in trade and other payables (Note 20)	12,369,081	(7,728,511)
Cash flows generated from operating activities	<u>20,299,380</u>	<u>2,462,633</u>

## Notes to the financial statement (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:

	2021			2020		
	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value
		N'000	N'000		N'000	N'000
Trade and related party receivables (Note 17(ii))	Level 2	12,430,521	12,430,521	Level 2	5,735,759	5,735,759
Cash and cash equivalent (Note 18)		55,697,537	55,697,537		37,100,827	37,100,827
		<u>68,128,058</u>	<u>68,128,058</u>		<u>42,836,586</u>	<u>42,836,586</u>
Trade and other payables (Note 20) *		37,782,341	37,782,341		26,579,099	26,579,099
Loans and borrowing (Note 29)		-	-		239,428	239,428
		<u>37,782,341</u>	<u>37,782,341</u>		<u>26,818,527</u>	<u>26,818,527</u>

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

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

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

Financial instruments in level 2 include the fair value of financial instruments that are not traded in an active market. 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 statement (continued)

### 25. Fair values, including valuation hierarchy and assumptions (continued)

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 Financial risk management

#### 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. The Company also utilised the foreign trade loan facilities availed by banks to settle its foreign liabilities.

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.

## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

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

#### 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)

#### 2020

In thousands of

	Euro	GBP	USD	ZAR
Trade and other receivables	12,940	-	-	-
Cash and Cash equivalent	14,934	5	15,389	
Trade and other payables	(18,258)	(123)	(2,299)	(1,810)
Net exposure	9,616	(118)	13,090	(1,810)

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
EURO	464	469	480	491
GBP	552	422	571	546
USD	409	382	424	400
ZAR	26	26	27	27

#### Sensitivity analysis

At 31 December 2021, if the Naira had weakened/strengthened by 8%\* against key currencies (Euro, USD, GBP and ZAR) to which the Company is exposed to, with all other variables held constant, post-tax profit for the year would have been N0.33 billion higher or lower (2020: N1.52 billion).

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

## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

##### (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 and 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 2021 was 14% (2020: 13%)

##### (b) Credit risk

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

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

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

	2021	2020
	N'000	N'000
Impairment loss on trade and intercompany receivables (Note 17(vi))	829,576	3,770,859

#### Trade receivables

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

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

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



## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

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

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

##### *Expected credit loss assessment for customers*

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

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
Balance at 1 January	2,074,464	1,389,939
Charged to income statement (17 (iii))	72,850	684,525
Bad debt written off (Note 17(iii))	(863,245)	-
Balance at 31 December	<u>1,284,069</u>	<u>2,074,464</u>

#### **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.

## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

##### **Intercompany receivables**

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

##### *Expected credit loss assessment for related entities*

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

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

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

## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

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

	2021				2020			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000			N'000	N'000	
Current (not past due)	2.1%	4,479,470	[93,992]	No	2.8%	2,442,600	[69,574]	No
Less than 3 months past due	3.4%	49,861	[1,674]	No	4.0%	111,395	[4,511]	No
3 - 6 months past due	22.9%	1,508	[346]	No	77.2%	103,050	[79,505]	No
More than 6 months past due	100%	629,781	[629,781]	Yes	100%	1,371,575	[1,371,576]	Yes
		<u>5,160,620</u>	<u>[725,793]</u>			<u>4,028,620</u>	<u>[1,525,166]</u>	

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.

	2021				2020			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000			N'000	N'000	
Current (not past due)	0%	-	-	No	1.5%	218,718	[3,223]	No
Less than 3 months past due	0%	50,371	[2,100]	No	-	-	-	No
3 - 6 months past due	0%	2,763	[253]	No	-	-	-	No
More than 6 months past due	100%	555,925	[555,925]	Yes	100%	546,074	[546,074]	Yes
		<u>609,059</u>	<u>[558,278]</u>			<u>764,792</u>	<u>[549,297]</u>	



## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

The following table provides information about the exposure to credit risk and ECLs for intercompany receivables as at 31 December.

	2021			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		N'000	N'000	
Current (not past due)	5.1%	9,053,697	[464,001]	No
Less than 3 months past due	44.8%	240,113	[107,603]	No
3 - 6 months past due	58.1%	85,444	[49,619]	No
More than 6 months past due	94%	3,688,459	[3,482,012]	Yes
		<u>13,067,713</u>	<u>[4,103,235]</u>	

In prior year, the Company applied a general approach in computing the expected credit loss (ECL) for intercompany receivables, based on limited historical information on default payments.

In current year, the Company applied the simplified approach in computing the expected credit loss (ECL) for intercompany receivables. Loss rates are based on actual historical credit loss trend over a two year period.

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

	2021	2020
	N'000	N'000
Balance at 1 January	3,336,964	646,933
Impairment loss	766,271	2,690,031
Balance at 31 December	<u>4,103,235</u>	<u>3,336,964</u>



## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

##### **Cash and cash equivalents**

The Company held cash and cash equivalents of N55.7bn as at 31 December 2021 (2020: N37.1bn). The cash and cash equivalents are held with banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

##### **Employee receivables**

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

#### *(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 N40.6 billion (2020: N30.2 billion). Unilever also had Nil overdraft (2020: Nil) and undrawn facilities of N13.6 billion (2020: N20.2 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.



## Notes to the financial statement (continued)

### 26. Financial risk management (continued)

#### 26.1 Financial risk factors (continued)

##### 26.1 Capital risk management

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

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

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 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
	<b>N'000</b>	<b>N'000</b>
Total liabilities	42,526,867	29,388,418
Total assets	108,288,535	91,517,538
Gearing ratio (%)	39%	32%

### 27 Segment reporting

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

Foods – including sales of tea and savoury products

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

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

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

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

## Notes to the financial statement (continued)

### 27. Segment reporting (continued)

	Food Products	Home and Personal Care	Total
2021	N'000	N'000	N'000
Revenue (Note 4)	31,012,911	39,510,783	70,523,694
Depreciation and amortisation	1,554,860	1,980,909	3,535,770
Segmental operating profit	496,648	632,735	1,129,38
Finance income (Note 10)	451,717	575,493	1,027,210
Finance cost (Note 11)	(42,103)	(53,639)	(95,742)
Profit before taxation	906,263	1,154,589	2,060,852
2021	Food Products	Home and Personal Care	Total
	N'000	N'000	N'000
Property, plant and equipment (Note 14)	9,840,009	12,536,278	22,376,287
Inventories (Note 16)	6,577,071	8,379,260	14,956,331
	16,417,080	20,915,538	37,332,618
Other non-current assets			3,467
Cash and bank balances (Note 18)			55,697,537
Other current assets			15,254,913
Trade and other payables (Note 20)			(1,956,733)
Income tax (Note 12(iii))			(1,956,733)
Deferred income			(478,615)
Loans and borrowings (Note 29)			-
Deferred tax liabilities (Note 21)			(1,063,404)
Retirement benefit obligations (Note 22(iii))			(454,713)
Retirement benefit deficit (Note 22(iii))			(421,291)
Long service obligations (Note 22(iii))			(369,770)
Net assets			103,544,008
Capital expenditure	713,480	908,982	1,622,462

## Notes to the financial statement (continued)

### 27. Segment reporting (continued)

	Food Products	Home and Personal Care	Total
2020	N'000	N'000	N'000
Revenue (Note 4)	34,109,914	27,849,764	61,959,678
Depreciation and amortisation	2,949,616	2,408,276	5,357,892
Segmental operating loss	(3,341,743)	(2,728,437)	(6,070,180)
Finance income (Note 10)	1,009,637	824,339	1,833,976
Finance cost (Note 11)	(192,721)	(157,351)	(350,072)
Profit before taxation	(2,524,827)	(2,061,449)	(4,586,276)

\* Includes continued and discontinued operations

	Food Products	Home and Personal Care	Total
2020	N'000	N'000	N'000
Property, plant and equipment (Note 14)	14,105,834	13,264,193	27,370,607
Inventories (Note 16)	7,519,760	6,139,667	13,659,427
	<u>21,625,594</u>	<u>19,403,860</u>	<u>41,030,034</u>
Other non-current assets			3,852
Cash and bank balances (Note 18)			37,100,827
Other current assets			13,219,724
Trade and other payables (Note 20)			(27,422,359)
Income tax (Note 12)			(137,070)
Loans and borrowings (Note 29)			(239,428)
Deferred tax assets (Note 21)			163,101
Retirement benefit obligations (Note 22(iii))			(588,473)
Retirement benefit deficit (Note 22(iii))			(576,521)
Long service obligations (Note 22(iii))			(424,567)
Net assets			<u>62,129,120</u>
Capital expenditure	<u>576,144</u>	<u>470,405</u>	<u>1,046,549</u>



## Notes to the financial statement (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 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. The royalty charged under these agreements for the year is N1,869 million (2020: N1,318 million). These agreements are covered by valid NOTAP approval.

#### (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 charged under this agreement in 2021 is N125 million. (2020: Nil). This agreement is covered by valid NOTAP approval.

#### (iii) Transitional Service Agreement

During the year, Unilever Nigeria Plc concluded the sale of the tea business as disclosed in Note 31 in the financial statements.

Subsequent to the disposal, the Company entered into a Transition Service Agreement ("Agreement") with Unilever Tea MSO to assist in the manufacture and sale of tea products for a fee (the "TSA fee"). All proceeds from the sale are remitted to Unilever Tea MSO and all costs incurred are charged back to same.

The Agreement will be in place for a period of 15 months during which time Unilever will provide production and sales support. Total TSA fees earned under this agreement for the year amounted to N37.35 million (2020:nil).

Transfer pricing implications of the disposal of the tea business and the fees charged for the buy-sell services provided to Unilever Tea MSO, a related company, have been considered.

## Notes to the financial statement (continued)

### 28. Related party transactions (continued)

#### (iv) Sale of finished goods to related parties

	2021 N'000	2020 N'000
Unilever Cote D'Ivoire	655,274	1,163,152
Unilever Ghana Ltd	101,190	157,679
	756,464	1,320,831

#### (v) Purchases of finished goods for resale from related parties

	2021 N'000	2020 N'000
Unilever Gulf Free Zone Establishment	-	11,526
	-	11,526

#### (vi) Outstanding related party balances as at 31 December were:

	2021 N'000	2020 N'000
Receivables from related parties:		
Unilever Cote D'Ivoire	2,805,030	4,024,080
Unilever Ghana Limited	1,872,003	2,320,096
Unilever Tea MSO	8,251,230	-
Other related parties (settlement of liabilities on behalf of related entities)	139,039	9,599
Gross receivables	13,067,302	6,353,775
Less impairment	(4,103,235)	(3,336,964)
Amount due from related companies (Note 17 (i))	8,964,067	3,016,811

	2021 N'000	2020 N'000
Payables to related parties:		
Unilever UK Plc	4,606,027	3,073,309
Unilever Asia Private	189,837	1,409,948
Unilever Cote D'Ivoire	435,936	263,274
Unilever Ghana Limited	152,604	71,424
Unilever NV	-	100,383

## Notes to the financial statement (continued)

### 28. Related party transactions (continued)

Other related parties (settlement of liabilities on behalf of the Company)	131,515	130,036
Amount due to related companies per note 20	5,515,920	5,048,375
Unilever Overseas Holding	2,796,534	2,796,534
Total amount due to related parties	8,312,455	7,844,909

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.

#### (vii) 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 NV	Immediate Parent
Unilever South Africa (Pty) Limited	Fellow subsidiary

### 29. Loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowing which are measured at amortised cost.

	2021	2020
<b>Non-current liability</b>		
Lease liabilities (Note 29(i))	-	-
<b>Current liability</b>		
Lease liabilities (Note 29(i))	-	239,428
<b>Total loans and borrowings</b>	-	239,428



## Notes to the financial statement (continued)

### 29. Loans and borrowings (continued)

#### (i) 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:

	2021 N'000	2020 N'000
Opening balance	239,428	705,720
Lease liability recognised	-	12,514
Interest on lease liability	41,824	84,534
Lease payment (Note 23(iii))	(239,428)	(244,489)
Lease interest payment (Note 23(iii))	(41,824)	(84,534)
Derecognition of lease liability	-	(234,317)
Closing balance	-	239,428

### 30 Share capital and share premium

	Number of ordinary shares N'000	Ordinary shares N'000	Share premium N'000
Balance as at 31 December 2020 and 31 December 2021	5,745,005	2,872,503	56,812,810

The authorised number of ordinary shares is 10,000,000,000 (2020: 10,000,000,000) with a par value of 50kobo per share. Of these, 5,745,005,417 (2020: 5,745,005,417) ordinary shares have been issued and fully paid.

### 31 Discontinued Operations

Effective 1 October 2021, the Company disposed of its Tea business to Unilever Tea MSO Limited ("Unilever Tea MSO"), a related party within the Unilever Group, based on an Asset Sale Agreement entered into by both parties.

The statement of profit or loss and OCI has been presented to show the discontinued operation separately from continuing operations.

#### a Results of discontinued operation

Income Statement	2021 N'000	2020 N'000
Turnover	9,049,237	9,748,411
Cost of sales	(6,980,511)	(8,022,825)
Gross Profit	2,068,726	1,725,586
Selling and Distribution expenses	(290,651)	(397,744)
Marketing and administrative expenses	(1,473,781)	(1,742,474)
Other income (Gain on sale)	2,761,682	-

## Notes to the financial statement (continued)

### 31 Discontinued Operations (continued)

#### a Results of discontinued Operations (continued)

	2021 N'000	2020 N'000
<b>Operating profit</b>	3,065,976	(414,631)
Net finance income	84,632	288,548
Finance cost	(12,285)	(55,079)
<b>Profit/ (loss) before minimum taxation</b>	3,138,322	(181,162)
Minimum tax	(23,375)	(24,371)
<b>Profit/ (loss) before taxation</b>	3,114,947	(205,533)
Taxation	(394,039)	(2,497)
<b>Profit/ (loss) for the year from discontinued operations</b>	2,720,908	(208,030)

The numbers reflect the results of the Tea business from the beginning of 2021 to its discontinuation in October 2021. The comparative figure represents the full year results of the tea business in 2020. The profit from the discontinued operation is attributable entirely to the owners of the Company.

#### b Effect of disposal on the financial position of the company

	2021 N'000
Property, plant and equipment	2,626,867
Long service award obligations	(14,578)
<b>Net Assets</b>	2,612,289
Consideration (Included in Unilever Tea MSO receivables)	5,373,971
Gain on disposal	<b>(2,761,682)</b>

### 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 2021 is N25.4 million (2020: N56million). 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.

The company is subject to ongoing tax audit by regulatory bodies. The audit is yet to be completed as at reporting date and any liability that may arise cannot be determined with sufficient reliability. The Directors are of the opinion that the Company will not suffer any significant financial loss from these audits.

Further disclosures are not provided in respect of these exposures because doing so may have unfavourable impacts on the Company's position.

## Notes to the financial statement (continued)

### 33 Changes in presentation and classification of comparatives

Certain changes were made to the presentation and classification of line items on the statement of profit or loss, and statement of financial position. The changes were made in order to achieve fair presentation. Further details are shown below:

#### i) Statements of profit or loss

	As reported	Reclassification/ Presentation	comparative re-presentation
For the year ended 31 December	2020		2020
	N'000	N'000	N'000
Revenue	61,959,678	9,748,411	52,211,267
Cost of sales	(49,159,670)	(8,022,825)	(41,136,845)
Gross profit	12,800,008	1,725,586	11,074,422
Selling and distribution expenses	12,800,008	(397,744)	(2,391,988)
Marketing and administrative expenses	(12,375,610)	(1,742,474)	(10,633,136)
Impairment loss on trade and intercompany	(2,789,732)	-	(3,770,859)
Receivables	66,013	-	66,013
Operating loss	(6,070,180)	(414,631)	(5,655,548)
Finance income	1,833,976	288,548	1,545,428
Finance cost	(350,072)	(55,080)	(294,993)
Net finance income	1,483,904	233,469	1,250,435
Loss before minimum taxation	(4,586,276)	(181,163)	(4,405,113)
Minimum tax	(156,311)	(24,371)	(131,940)
Loss before taxation	(4,742,587)	(181,163)	(4,405,113)
Taxation	776,666	(2,497)	779,163
Loss from continuing operations	(3,965,921)	(208,031)	(3,757,890)
<b>Discontinued operations</b>			
Loss from discontinued operations	-	208,031	(208,031)
Loss for the year	(3,965,921)	-	(3,965,921)

On 1 October 2021, Unilever Nigeria Plc concluded the sale of its Global Tea Business. The Tea business was not previously classified as Held for Sale or as a discontinued operation. The comparative statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. [Note 31]

### 34 Events after the reporting date

There are no events after the reporting date, which could have had a material effect on the state of affairs of the Company as at 31 December 2021 that have not been adequately provided for or disclosed in the financial statements.



## Other national disclosures

### Value added statement

	2021	%	2020	%
	N'000		N'000	
Revenue - continuing operations (Note 4)	70,523,695		52,211,267	
Revenue - discontinued operations	9,049,237		9,748,411	
<b>Bought in materials and services:</b>				
- local	(23,409,309)		(19,214,701)	
- imported	(39,368,064)		(33,765,137)	
	16,795,559		8,979,840	
Other income	37,352		66,013	
Interest income (Note 10)	1,027,210		1,833,976	
<b>Value added</b>	<b>17,860,121</b>	<b>100</b>	<b>10,879,829</b>	<b>100</b>

### Applied as follows:

#### To Government:

Income taxes (Note 12(iv)) *	1,584,456	9	(776,666)	[7]
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#### To Employees:

Employee costs (Note 8)	9,222,695	51	9,914,451	91
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#### To Providers of Finance:

Finance costs (Note 11, 32(a))	108,027	1	350,072	3
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#### Retained in the Business:

Depreciation and amortisation	3,535,770	20	5,357,892	49
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To deplete reserves	3,409,174	19	(3,965,921)	[36]
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	17,860,121	100	10,879,829	100
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\* 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

	2021 N'000	2020 N'000	2019 N'000	2018 * N'000	2017 N'000
<b>Financial performance</b>					
Revenue (Note 4)	70,523,695	52,211,267	60,486,835	95,244,404	90,771,306
Gross profit	20,361,911	11,074,422	4,749,825	28,788,122	28,943,264
Operating expenses	(19,269,879)	(16,795,983)	(16,599,343)	(19,653,194)	(15,975,515)
Other income/ (expense)	37,352	66,013	86,299	2,207,250	(18,026)
Net finance cost	931,468	1,250,435	2,008,946	3,510,544	(1,742,511)
Minimum tax expense (Note 12(iv))	(182,169)	(131,940)	(317,670)	-	-
Profit/ (loss) before taxation	1,878,684	(4,537,052)	(10,071,943)	14,852,722	11,207,212
Income tax credit/(expenses) (Note 12(ii))	(1,190,417)	779,163	2,652,269	(4,300,582)	(3,757,128)
Profit/ (loss) after Tax	688,267	(3,757,889)	(7,419,674)	10,552,140	7,450,084
Profit/ (loss) from discontinued operations	2,720,908	(208,031)			
Other comprehensive income	223,374	(493,380)	(224,011)	120,268	(680,171)
Total comprehensive income	3,632,548	(4,459,301)	(7,643,685)	10,672,408	6,769,913
Earnings per share (Basic and diluted) - Naira	0.59	(0.69)	(1.29)	1.84	1.78
<b>Capital employed</b>					
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	6,076,355	2,443,807	6,843,037	23,104,230	16,223,062
<b>Shareholders' funds</b>	65,761,668	62,129,120	66,528,350	82,789,543	75,908,375
<b>Employment of capital</b>					
Non-current assets	22,379,754	27,537,560	32,218,645	30,533,130	31,125,625
Net current assets	45,691,092	36,181,121	36,650,790	58,143,190	53,263,433
Non-current liabilities	(2,309,178)	(1,589,561)	(2,341,085)	(5,886,777)	(8,480,683)
	65,761,668	62,129,120	66,528,350	82,789,543	75,908,375
Net assets per share (Naira)	11.45	10.81	11.58	14.41	18.17

\* Includes continued and discontinued operations

## Shareholders Information

### UNILEVER NIGERIA PLC SHARE CAPITAL HISTORY

S/N	YEAR	BONUS RATIO	SHARE CAPITAL
1	1976	1:2	21,522,752
2	1977	3:2	53,806,880
3	1978	1:2	80,710,320
4	1979	1:4	100,887,900
5	1980	1:15	107,613,760
6	1981	NIL	107,613,760
7	1982	NIL	107,613,760
8	1983	NIL	107,613,760
9	1984	NIL	107,613,760
10	1985	1:4	134,517,200
11	1986	NIL	134,517,200
12	1987	NIL	134,517,200
13	1988	NIL	134,517,200
14	1989	1:2	201,775,800
15	1990	1:3	269,034,400
16	1991	NIL	269,034,400
17	1992	NIL	269,034,400
18	1993	1:3	358,712,533
19	1994	1:2	538,068,800
20	1995	1:4	672,586,000
21	1996	1:2	1,008,879,000
22	1997	NIL	1,008,879,000
23	1998	1:5	1,210,654,800
24	1999	NIL	1,210,654,800
25	2000	NIL	1,210,654,800
26	2001	NIL	1,210,654,800
27	2002	3:2	3,026,637,000
28	2003	NIL	3,026,637,000
29	2004	NIL	3,026,637,000
30	2005	NIL	3,026,637,000
31	2006	1:4	3,783,296,250
32	2007	NIL	3,783,296,250
33	2008	NIL	3,783,296,250
34	2009	NIL	3,783,296,250
35	2010	NIL	3,783,296,250
36	2011	NIL	3,783,296,250
37	2012	NIL	3,783,296,250
38	2013	NIL	3,783,296,250
39	2014	NIL	3,783,296,250
40	2015	NIL	3,783,296,250
41	2016	NIL	3,783,296,250
42	2017	RIGHTS ISSUE	5,745,005,417
43	2018	NIL	5,745,005,417
44	2019	NIL	5,745,005,417
45	2020	NIL	5,745,005,417
46	2021	NIL	5,745,005,417



## Shareholders Information

RANGE ANALYSIS AS AT DECEMBER 31, 2021

Share Range	Number Of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1-1,000	37,752	40.55	15,698,920	0.27
1,001-5,000	31,518	33.85	82,900,232	1.44
5,001-10,000	9,218	9.90	71,050,405	1.24
10,001-50,000	10,784	11.58	242,272,031	4.22
50,001-100,000	2,170	2.33	156,455,879	2.72
100,001-500,000	1,461	1.57	247,895,036	4.31
500,001-1,000,000	94	0.10	64,554,840	1.12
1,000,001 and Above	110	0.12	4,864,178,074	84.67
<b>TOTAL</b>	<b>93,107</b>	<b>100.00</b>	<b>5,745,005,417</b>	<b>100.00</b>

SHAREHOLDERS WITH SIGNIFICANT SHAREHOLDING VALUES AS AT DECEMBER 31, 2021

S/No	Shareholder Name	Shareholding	% Shareholding
1	Unilever Overseas Holdings B.V Holland	3,321,138,208	57.81
2	Unilever Overseas Holdings B.V	1,043,023,604	18.16
3	Stanbic Nominees Nigeria Ltd (Cumulative Holding)	244,443,025	4.25

## CIRCULAR TO SHAREHOLDERS SEEKING A GENERAL MANDATE AUTHORIZING TRANSACTIONS WITH RELATED PARTIES OF VALUE UP TO AND MORE THAN 5% OF UNILEVER NIGERIA PLC. NET TANGIBLE ASSETS

In accordance with Paragraph 20.8 of the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, Unilever Nigeria Plc. hereby seeks a general mandate from shareholders in general meeting, authorizing the Company to enter into recurrent transactions necessary for its day to day operations such as the purchase and sale of supplies and materials, procurement of goods and services, with its related parties to wit Unilever Overseas Holdings B.V., Unilever Plc, United Kingdom and other entities within the Unilever Group, up to transactions of a value equal to or more than 5% of Unilever Nigeria Plc's net tangible assets.

The following information is hereby provided in respect of the transactions for which the general mandate is sought:

- i. Class of interested persons with which the entity at risk will be transacting:
  - a Parent Company – Unilever Plc
  - b Other Companies within the Unilever Group
- ii. Nature of transactions contemplated under the mandate
  - a Import and export of raw materials and finished goods
  - b Import and export of materials
  - c Services – Cross charges of pension costs, international assignees costs and other services such as Trademark license, Technology License, Central Services and financial services.
- iii. Rationale for, and benefit to the entity
  - a Access to Unilever logo and trademarks, up to date technology and service expertise
  - b Competitive sourcing prices through negotiated transfer pricing
  - c Seamless reconciliation of transactions and balances on a line-item level
  - d Pro-active, managed dispute resolution process
  - e Full transparency of all intercompany differences
  - f Enforced compliance with internal intercompany processes and external regulations.
  - g Ensures adequate monitoring of receivables and payables
  - h Reduced financial risk
  - i Business continuity
- iv. Methods or procedures for determining transaction prices  
Transfer Pricing methods as follows:
  - a Comparable uncontrolled price.
  - b Resale price method.
  - c Cost plus method.
  - d Transactional net margin method.
- v. We have received Independent financial advisers' opinion which confirmed that our transfer pricing methods or procedures are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of Unilever Nigeria Plc. and its minority shareholders.
- vi. Unilever Nigeria Plc. shall obtain a fresh mandate from the shareholders if the transfer pricing methods or procedures become inappropriate; and

## CIRCULAR TO SHAREHOLDERS SEEKING A GENERAL MANDATE AUTHORIZING TRANSACTIONS WITH RELATED PARTIES OF VALUE UP TO AND MORE THAN 5% OF UNILEVER NIGERIA PLC. NET TANGIBLE ASSETS

- vii. Unilever Overseas Holdings B.V. and/or Unilever Plc, United Kingdom shall abstain and has undertaken to ensure that its associates shall abstain from voting on the Resolution approving the general mandate.

**Dated this 17 March, 2022**

**By order of the Board**



**Mrs Abidemi Ademola**

General Counsel WA & Company Secretary

FRC/2013/NBA/00000001646

Registered Office

1, Billings Way,

Oregun, Ikeja,

Lagos.



## EXPLANATORY MEMORANDUM FOR SHAREHOLDERS OF UNILEVER NIGERIA PLC ON THE PROPOSED REDUCTION OF SHARE CAPITAL

Item 9 on the Agenda for the Annual General Meeting scheduled to hold on Thursday, 5<sup>th</sup> May 2022

### (A) **PREAMBLE**

At the forthcoming Annual General Meeting ("**AGM**") of Unilever Nigeria PLC ("the "**Company**"), the directors of the Company (the "**Board**") have recommended for shareholders' approval, resolutions for the cancellation of Four Billion, Two Hundred and Fifty-Four Million, Nine Hundred and Ninety-Four Thousand, Five Hundred and Eighty-Three (4,254,994,583) unissued ordinary shares of 50 kobo each which comprise the total number of unissued shares in the share capital of the Company; (the "**Cancellation**"). The proposal is on the AGM agenda as item 7. This Explanatory Memorandum provides information on the rationale for, and proposed implementation of, the proposed Cancellation.

### (B) **RATIONALE FOR THE PROPOSED CANCELLATION**

- (i) The Corporate Affairs Commission ("**CAC**") by a notice titled 'Public Notice: Existing Companies and the Requirements of Issued Share Capital under the Companies and Allied Matters Act 2020' and dated April 16, 2021 (the "**CAC Notice**"), instructed all existing companies incorporated in Nigeria to comply with the provisions of the Companies and Allied Matters Act No. 3 of 2020 (as amended) ("**CAMA**") and the CAC Regulations 2021, by ensuring that there are no unissued shares existing in their share capital by December 31, 2022.
- (ii) In order to ensure compliance with the CAC Notice and thus avoid the non-recognition by the CAC of all unissued shares of the Company as well as the imposition of any penalties on the Company, the Board obtained considered the different options available to it vis a vis the Company's capital requirements and the impact of each option on the Company's distributable profits and retained earnings as well as the potential impact on the dividends per share in the future. In this regard, the Board resolved to cancel the shares and sought legal advice on the process for cancellation.
- (iii) In connection with the Cancellation, the Board was duly advised by external legal counsel as follows:
  - Whilst there is no specific provision of CAMA or the CAC Regulations 2021 that sets out a process for cancelling unissued shares of companies without more; (ostensibly because CAMA does not recognise unissued shares), there is no provision of Nigerian law which would preclude shareholders from effecting the cancellation of unissued shares by passing a resolution to that effect.
  - Section 868 of CAMA defines "share capital" as the "issued share capital of a company at any given time". Accordingly, to the extent that CAMA no longer recognises or acknowledges unissued shares as forming part of a company's share capital, the extinguishment of such unissued shares (by way of cancellation) does not result in a reduction of the company's said capital.

## EXPLANATORY MEMORANDUM FOR SHAREHOLDERS OF UNILEVER NIGERIA PLC ON THE PROPOSED REDUCTION OF SHARE CAPITAL

### (C) **IMPLEMENTATION OF THE PROPOSED CANCELLATION**

- (i) To implement the Cancellation, the following key authorisations and actions are required:
- board resolution recommending the Cancellation to the Company's shareholders – the Board has passed this resolution, at a meeting of the directors of the Company dated 17 March, 2022
  - shareholders' resolution approving the Cancellation and altering the Company's Memorandum and Articles of Association ("**MemArts**") to reflect the revised share capital of the Company;
  - making the relevant filings at the CAC recording the cancellation of the unissued shares and alteration of the Company's MemArts.
- (ii) Upon conclusion of the Cancellation:
- the Company will cease to have unissued shares in its share capital and would thus have complied with the requirements of the CAC Notice;
  - there shall be **no** change in the number of issued shares of the Company and/or the proportional shareholding held by each Shareholder; and
  - there shall be **no** financial, tax, legal and/or other obligations imposed on the Shareholders in connection with their respective shareholdings in the Company.

### ON BEHALF OF THE BOARD



ABIDEMI ADEMOLA  
COMPANY SECRETARY

new

# Pears

Pure, Mild & Gentle



OLIVE OIL

Endorsed by





Affix  
Current  
Passport  
Photograph

# E-DIVIDEND MANDATE ACTIVATION FORM

## Only Clearing Banks Are Acceptable

Date

DD

MM

YY

### Instructions

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

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

### Bank Mandate Information

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

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

### Shareholders Account Information

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

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







Knorr Natural seasoning cubes consumer sampling and engagement @FOODAHOLIC FESTIVAL



Knorr Natural seasoning cubes consumer sampling and engagement @VERVE LIFE





Knorr Unwrap & Win promo pictures



Waste Collection Drive



## Product Range

### BEAUTY AND PERSONAL CARE



## CLOSEUP

Closeup is the leading toothpaste brand in Nigeria, and it delivers superior freshness with its signature anti-germ formula. Closeup is passionate about helping young people keep their confidence by ensuring long lasting fresh breath, so they are not afraid to get closer. The three major variants of Closeup are Closeup Red Hot, Closeup Complete Fresh Protection and Closeup Herbal and they come in various pack sizes to meet our consumers' demands.



In 2021, Closeup launched the new Complete Fresh Protection variant in Nigeria eliciting rave reviews. This launch was executed in a coordinated campaign which included online and offline sampling activities which reached over ten thousand consumers in the last quarter of the year. A multichannel advertising campaign spread across the entire country to delight and inform our consumers of the new superior offering and creative digital engagements centered around Closeup's new variant. The new variants 5 benefits of deep cleaning, fresh breath, cavity protection, fights germs and strong teeth were also highlights of the campaign and year. The new Closeup complete fresh protection comes in a blue gel and well-designed blue pack.

There is no doubt that Closeup is a brand with a rich purpose and growth opportunities. We were able to get closer to our consumers in 2021, and will continue to work towards satisfying our consumers, consistently growing the brand as well as achieving business goals in 2022.

## Product Range

### BEAUTY AND PERSONAL CARE



## PEPSODENT

Pepsodent is an outstanding oral health brand that is dedicated to eradicating preventable oral care diseases so our consumers can unlock the power of their smiles. The brand has been on a mission to encourage good brushing habits through school programs, free dental check-ups and consistent communication of the simple but effective message which is to **brush day and night**.

Pepsodent has grown over the years and has three different variants and pack sizes aimed at meeting our consumers' needs. There are three variants within the brand are Pepsodent Triple Protection, Pepsodent Cavity Fighter and Pepsodent Sensitive Expert. They were all specially formulated to satisfy the various needs of the consumer and come in varying pack sizes.

#### Relaunch of Pepsodent Triple Protection and PEPSODENT WORLD ORAL HEALTH DAY (WOHD) ACTIVATION

The Key activities for Pepsodent in 2021 included the relaunch of the Pepsodent Triple Protection variant and World Oral Health Day celebrations where 500,000 children were given various samples of Pepsodent products across Nigeria; primarily in Lagos and the western region of the country. The brand increased its market share and distribution by 100BPS and 57BPS respectively, compared to 2020. In 2021, Pepsodent celebrated World Oral Health Day in grand style with a focus on educating children to set good examples for their parents by brushing twice daily so that their parents can do the same. Statistics show that 70% of children are less likely to brush twice daily when their parents do not brush. To further drive home these points, a press conference was hosted with dental professionals, brand influencers as well as young mothers to drive increased conversation online.

Due to the success of the World Oral Health Day celebration the program will be continued in 2022. Our focus on highlighting the oral care benefits and long lasting effects of Pepsodent will continue to be the focus of brand communications and activities.

#### All Year Communication and Offline promotions

Pepsodent is a consumer-centric brand with a desire to reach out and satisfy our consumers. To enable this, we ensured all year communication of brand benefits across television, radio, and digital platforms. We also deployed trade activations such as buy, display and win retail offers and key distributor sales representatives sales drive, all in a bid to grow the brand. We realized a USG of 69% from last year and a value share growth of 100 bps.

Pepsodent shall continue to position itself as a brand which solves the needs of its consumers throughout the coming year.





## Product Range

### BEAUTY AND PERSONAL CARE



In 2021, with the Lifebuoy brand, we continued to promote good hygiene and protection especially as the world still faced the Covid-19 pandemic. This was primarily through the Lifebuoy sanitizer, which is made of 70% alcohol and kills 99% of germs and bacteria.

The Lifebuoy sanitizer is affordable and produced in an easy-to-use pack while on the move. The sanitizer is available in 200ml and sold in stores across Nigeria.

In 2022, Lifebuoy will continue to expand its hygiene portfolio and promote safety and health practices to save and protect lives.

## LIFEBUOY



## PEARS

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

## Product Range

### BEAUTY AND PERSONAL CARE

and is formulated to leave babies smelling fresh throughout the day.

In 2021, Pears deployed assets across various digital platforms to promote optimal baby care and to remind Moms and Moms-to-be of important baby care information focusing on happy and comfortable childcare.



Throughout the year, Pears shared online articles on the brand website on baby care while also celebrating motherhood and the various aspects of childcare on social media. The Pears brand also partnered with the Lagos State Ministry of Health to provide free products to mothers and expectant mothers during the 2021 Maternal Health Week.

In 2022, Pears plans to consistently deliver high quality products for babies' tender skin all of which can be viewed at PearBaby.ng.





stay  
fresh &  
protected

WITH





## Product Range

### BEAUTY AND PERSONAL CARE



**VASELINE**



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

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

In 2021, Vaseline leveraged its traditional media assets and relevant digital campaigns aimed at recapturing the attention of lapsed users of the brand by reminding them of the healing power of Vaseline to further improve the brands market share. The campaigns were targeted at women focusing on celebrating female empowerment.



## Product Range

### BEAUTY AND PERSONAL CARE

Vaseline was focused on promoting the healing power of Vaseline during the harmattan season as well as an International Women's Day (IWD) campaign. The IWD campaign aimed at celebrating women in unique and primarily male dominated careers, to inspire the younger audience. The campaign was a success with a combined reach of over seven million across the different digital touch points.



In the second half of the year, the focus was on the Vaseline harmattan campaign which allowed us to take advantage of the season to promote the healing power of Vaseline. The campaign was rolled out across different touch points including radio, digital and e-commerce platforms to promote awareness of the brand.

We will continue to work towards positioning the brand to achieve growth in line with the business goals and achievements while ensuring superior quality for the consumer throughout 2022 and beyond.





## Product Range

### BEAUTY AND PERSONAL CARE



LUX

At the fore of the Lux brand is the promise to deliver beautiful, soft, and fragrant skin while inspiring women to live fully and unapologetically. Lux accomplishes this promise by providing a luxury bathing experience that inspires every woman to express more of herself while delivering beautiful, soft, glowing, and fragrant skin with its exciting core variants- Soft Caress and Even Complexion.

In 2021, the Lux brand continued the work on establishing the Lux Even Complexion offering with communication and brand effort focused behind it. Lux continued its consistent communication plan with television and radio spots as well as a focused digital campaign to drive engagement. Lux also drove activations to improve trial and household penetration of the brand in order to deliver an even better experience for the consumer.

In Q1, Lux started off the year with the deployment of assets on television and digital platforms led by the launch of the "Me First" online series aimed at reminding young women of the importance of self care. The series was linked to Valentine and highlighted the importance of well being as well as overall wellness. Consumers were rewarded with shopping vouchers amongst others.





## Product Range

### BEAUTY AND PERSONAL CARE

To improve sales and drive excitement, Lux deployed online ads and shoppers offers on e-commerce sites.



In Q4, Lux deployed its annual purpose campaign themed "More Than You Can See". The campaign was aimed at covering various self-care topics promoting awareness of mental and physical health as key factors for overall wellness. The campaign was a success with participation across the different digital platforms with views of over 1 million within a month.



Going into 2022, Lux will continue to drive the female empowerment conversation promoting self-care amongst young women while also driving business growth.

## Product Range

### HOME CARE



2021 started on a high with the introduction of the **Sunlight Multipurpose Washing Liquid** in a **Lavender** variant, following the successful launch of the **Lemon** variant in the 1<sup>st</sup> half of 2020. The lavender variant was introduced to offer loyal consumers multiple fragrance offerings in their beloved multipurpose cleaning liquid.

As 2021 progressed, Sunlight continued to push the brand purpose of **supporting entrepreneurial African women** in their desire to contribute more to their community and society at large.

The **Sunlight women empowerment** journey for 2021 included a partnership with the **#Under40sCEOs**, where we were able to get young and accomplished women in their various spheres of industry and spaces to share their stories of overcoming difficulties and the resultant success for a chance to win cash prizes.

A little further into the year saw the improvement of the **Sunlight detergent fragrances** to further improve our competitive advantage and offer our consumers more and more **bursts of uplifting Sunlight fragrances**.

## SUNLIGHT





## Product Range

### HOME CARE



In continuation of our women empowerment agenda, Sunlight started conversations to **Celebrate the Potential of the African Woman**. These conversations served as teasers and a segue into an empowerment packed second half of the year starting with our partnership with **Style House Files** to empower three designers in the fashion industry to curate and walk the Lagos fashion week for the first time with the **Sunlight Collection**.







Removes **Tough** stains



## Product Range

### HOME CARE

These designers got to dress notable personalities who attended the event to drive awareness for the brand and the designers thus driving business growth for the designers as well.



Sunlight Shakti program, the anchor of the Sunlight Women Empowerment program commenced in Q4 2021 with a total of 1,000 women empowered to start petty trade. Through the Sunlight Shakti Program, women in the rural communities are empowered with Unilever products, as petty loans payable over time, to start a business with the aim of contributing to their family income.

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

The Sunlight mission remains to help women entrepreneurs develop their businesses into sustainable, profitable and impactful ventures they can be proud of and 2022 promises to be even more exciting, and we look forward to sharing updates and results with you next year.

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

**#MoreThanYouExpect #StylebySunlight**

 Sunlight Nigeria

 Sunlight Nigeria

 @SunlightNigeria



## Product Range

### HOME CARE



OMO



The year started on a high for OMO as key, green-tested communication materials were deployed on TV, Radio, OOH and Digital platforms. This was immediately followed with direct sampling of the OMO Extra fresh variants with Nigerian consumers.

Over 60 years later, the OMO brand continues to position itself as a superior brand, tested and trusted by Nigerians. Staying true to our purpose OMO continued activities in the year by supporting the Aimee's Library Spelling Bee and Board Games competition. Through the competition, Nigerian children from different regions got the opportunity to compete and win amazing prizes including but not limited to cash prizes.



## Product Range

### HOME CARE



The OMO brand ended the year on a high note with the introduction of OMO Protect Antigerm Detergent Powder, specially formulated to help Nigerian parents protect themselves and their families from disease causing germs. This latest addition to the OMO family, much like other existing variants, deliver superior performance on oily stains while protecting clothes and colours. The variant is available in 1kg and 2kg packs with ingredients that are biodegradable.

During Black Friday OMO leveraged the fact the season is one of the most lucrative commercial periods, by sampling consumers with the OMO Auto 1kg pack via one of Nigeria's foremost e-commerce sites, Jumia.

The OMO brand has various exciting activities planned for 2022 which can be followed through the various OMO platforms Instagram: @OMOdetergentng and Facebook: @OMOdetergentng



## Product Range

### FOODS AND REFRESHMENT



## KNORR

REINVENTING FOOD FOR HUMANITY

Knorr's purpose is reinventing food for humanity. Knorr believes that cooking and eating sustainably, with a greater diversity of foods, is not only more enjoyable, but also has a positive impact on us and our planet. Knorr is on a mission to position consumers to change the world by changing what is on their plates and plans to achieve this by encouraging consumers to incorporate more plant-based meals into their diet through the "Eat for Good" Campaign. Knorr seasoning cubes are produced from locally sourced ingredients which have been naturally dried and expertly blended to create a mix of authentic flavours.

The brand's visual identity was refreshed to communicate naturalness and progressiveness and in 2021, this change was amplified across our digital platforms to reinforce the brand's message.

Knorr seasoning cubes are sold in 400g, 320g, 200g and 96g pack sizes and available in chicken and beef flavours. In the first quarter of 2021, Knorr continued to "own the season" by leveraging key calendar moments such as Valentine's Day and the International Women's Day. For the Valentine period, Knorr launched exciting campaigns like the #FoodOfLove to drive conversations with its target audience. For International Women's Month in March, Knorr sponsored shows to celebrate women in order to drive top of mind awareness amongst its target audience. One such program was tagged Knorr Women Round Power table providing an opportunity for young women in business to discuss their experiences while preparing nutritious meals that reinforced the brand's communication idea of "Eat for Good".





## Product Range

### FOODS AND REFRESHMENT

Knorr ran an exciting "Unwrap & Win" Consumer promotion from July 29<sup>th</sup> to October 17<sup>th</sup>, 2021. To participate, consumers had to submit; two empty packs of Knorr 400g or three empty packs of Knorr 320g or ten empty packs of Knorr 96g with loads of exciting prizes up for grabs and two lucky winners winning N500,000 weekly via a raffle draw.

Knorr also launched a new natural seasoning cube made with no added MSG, no preservatives, no artificial colors and enriched with natural flavours. The Knorr natural seasoning cube brings the taste of natural cooking and enhanced dishes with its delicious rich flavor. Adverts were deployed on our digital platforms to create awareness around the new launch, point of sales materials were also deployed, coupled with activations and consumer sampling in modern trade, events and via partnerships. The new range is sold in 200g packs and is available in chicken and beef flavours.

To wrap up the year, Knorr launched the #ShareTheGood Campaign to encourage consumers to "ShareTheGood" by gifting their family & friends the Knorr Christmas Box. The Knorr Christmas box contained the Knorr core skus, Knorr Natural seasoning powders and cubes and an instant gift of either a recipe book, an apron, or a branded notepad. In addition, Knorr was on the streets to gift Knorr christmas boxes to service men and women working during the holidays to thank them for their commitments to our communities.

In 2022, Knorr looks forward to amplifying the "Eat for Good" campaign message and inspire Nigerians to change the world by changing what is on their plate.

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In 2022, Knorr looks forward to amplifying the "Eat for Good" campaign message and inspire Nigerians to change the world by changing what is on their plate.





## Product Range

### FOODS AND REFRESHMENT



**ROYCO**  
"Original taste and Aroma"

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

Royco delivers consumer value by creating great and better-tasting authentic local dishes which uplifts the taste buds, nourishing the body and soul. Royco seasoning cubes are sold in 400g and 2kg pack sizes and available in beef flavor.

In the first half of 2021, Royco implemented a customized direct-to-consumer penetration drive in the North-West, North Central, North-East and Middlebelt regions. The aim of this initiative was to drive in-home penetration and reignite love for Royco in homes, as well as in other channels like Maisuyas restaurants and Maidanwake joints. Through this initiative, the brand reached and effectively engaged over 188,595 consumers.



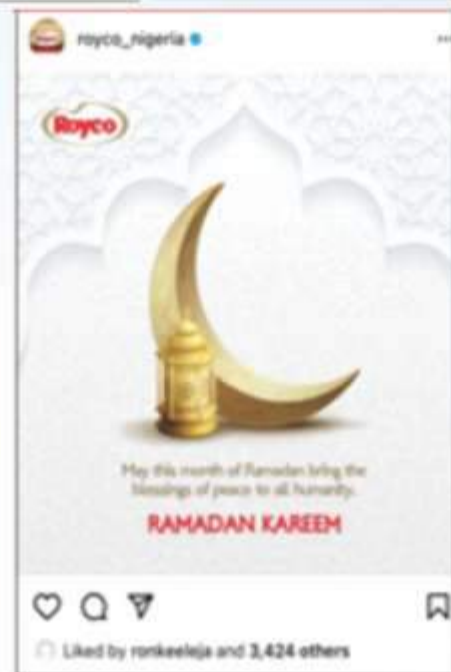
## Product Range

### FOODS AND REFRESHMENT

Royco continued to “own the season” by leveraging key calendar moments such as Valentine’s Day and Mother’s Day. In the spirit of Valentine, the Royco audience was asked to create a soup of love in order to win twenty thousand cash prizes, the activity garnered over twenty-five entries in two weeks. For Mother’s Day, a custom frame microsite was created where consumers were asked to upload pictures of their mothers and wish them a Happy Mother’s Day.

To celebrate Ramadan with Royco consumers, Royco ran a 30-day long engagement on social media, highlighting Iftar & Suhoor inspired recipes and Ramadan fasting tips. Royco also undertook a sampling activity and reached 15,000 consumers across thirty selected Mosques in Kano, Katsina, Sokoto, Kaduna, Zaria, Jos, Bauchi, Gombe, Yola and Maiduguri.

Royco is glad to be part of the great Nigerian story and looks forward to a rewarding 2022.





## Notes





## Notes



## Notes

## Proxy Form

<p><b>97<sup>th</sup> ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON THURSDAY 5 MAY, 2022 AT THE GRAND BANQUET HALL, CIVIC CENTRE, VICTORIA ISLAND, LAGOS</b></p> <p>I/WE ..... being a member/ Members of UNILEVER NIGERIA PLC. hereby appoint** ..... of .....or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 5 May, 2022 and at any adjournment thereof:</p> <p>Dated this ..... day of .....2022</p> <p>Shareholder's Signature.....</p>	<p><b>ORDINARY BUSINESS</b></p> <table border="1"> <thead> <tr> <th>RESOLUTION</th> <th>FOR</th> <th>AGAINST</th> <th>ABSTAIN</th> </tr> </thead> <tbody> <tr> <td>To declare Dividend</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To elect MRS FOLAKE OGUNDIPE as a Director</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To re-elect MR MUTIU SUNMONU as a Director</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To re-elect MRS ABIOLA ALABI as a Director</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To re-elect HIS MAJESTY NNAEMEKA A ACHEBE as a Director</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To authorise Directors to fix the Auditor's Remuneration</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To elect Shareholders' Representatives on the Audit Committee</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				RESOLUTION	FOR	AGAINST	ABSTAIN	To declare Dividend				To elect MRS FOLAKE OGUNDIPE as a Director				To re-elect MR MUTIU SUNMONU as a Director				To re-elect MRS ABIOLA ALABI as a Director				To re-elect HIS MAJESTY NNAEMEKA A ACHEBE as a Director				To authorise Directors to fix the Auditor's Remuneration				To elect Shareholders' Representatives on the Audit Committee			
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<p><b>NOTES</b></p> <p>i. Further to the directive of the Federal and State Governments on the restriction on mass gathering due to COVID-19 pandemic, the Corporate Affairs Commission has approved that the Annual General Meeting (AGM) be conducted by Members (Shareholders) of the Company through the use of proxies. Members are therefore advised that the attendance at the AGM shall only be by proxy.</p> <p>ii. Following the normal practice, the Chairman of the Company has been entered on the Form to ensure that someone will be at the Meeting to act as your proxy but if you wish you may insert in the blank space on the form [marked**] the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead.</p> <p>iii. Please sign this proxy form and send it to reach the address shown overleaf or e mail address <a href="mailto:proxy@gtlregistrars.com">proxy@gtlregistrars.com</a> not later than 10.00 a.m. on 4th May, 2022. If executed by a Corporation, the Proxy Form should be sealed with the Common Seal.</p> <p>iv. The Proxy must produce the Admission Form within the Annual Report and Financial Statements booklet to obtain entrance to the Meeting</p> <p>v. A Member voting in his own right as a member and also voting as proxy for another or other members should fill one voting paper for his own holding and a separate paper for each member he is representing</p>	<p><b>SPECIAL BUSINESS</b></p> <table border="1"> <thead> <tr> <th>RESOLUTION</th> <th>FOR</th> <th>AGAINST</th> <th>ABSTAIN</th> </tr> </thead> <tbody> <tr> <td>To fix the Directors' Remuneration</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To approve a general mandate authorizing the Company during the 2022 financial year and up to the date of the next AGM, to procure goods and services necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To pass the sub-joined Resolutions authorizing the Directors to cancel 4,254,994,583 unissued ordinary shares which comprise the total number of unissued shares in the share capital of the Company.</td> <td></td> <td></td> <td></td> </tr> <tr> <td>To pass the Special resolution amending the Memorandum and Articles of Association of the Company, replacing all references to authorized capital with issued share capital and modifying regulation 4 of the articles of association to state the company's share capital as N2,872,502,708.50 divided into 5,745,005,417 ordinary shares of 50 Kobo each.</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				RESOLUTION	FOR	AGAINST	ABSTAIN	To fix the Directors' Remuneration				To approve a general mandate authorizing the Company during the 2022 financial year and up to the date of the next AGM, to procure goods and services necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy				To pass the sub-joined Resolutions authorizing the Directors to cancel 4,254,994,583 unissued ordinary shares which comprise the total number of unissued shares in the share capital of the Company.				To pass the Special resolution amending the Memorandum and Articles of Association of the Company, replacing all references to authorized capital with issued share capital and modifying regulation 4 of the articles of association to state the company's share capital as N2,872,502,708.50 divided into 5,745,005,417 ordinary shares of 50 Kobo each.															
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Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

**List of Proposed Proxies**

- His Majesty N A Achebe - Mr Mutiu Sunmonu - Mr Michael Ikpoki  
 - Mr Felix Binwemadu - Sir Sunny Nwosu - Dr Anthony Omejola  
 - Mr Boniface Okezie - Chief Matthew Akinlade - Chief Timothy Adesiyun  
 - Mr Obenga Idowu - Mrs Adebisi Bakare - Mr Nernah Awoh  
 - Mr Bright Nwabuogwu - Mr Patrick Ajidua - Mrs Samiat Adebauke  
 Odunuga - Mrs Ganiat Adetutu Siyanbola - Mr Gafar Erinfotami  
 - Alhaja Sarata Balogun - Mrs E O Obideyi - Mr Samson Olagoke

For Company's use only	No. of Shares	
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Please  
affix  
postage  
stamp

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

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# Eat for Good

Get inspired to **Eat for Good** with delicious recipes at [knorr.com/ng](http://knorr.com/ng)



Unilever  
Future-fit,  
Purpose-led  
[www.unilevernigeria.com](http://www.unilevernigeria.com)

