

# 2022



## Sustainability Report



**“The Dangote Way”**

# Our Approach to Sustainability

We are passionate about building a sustainable future for our organization and key stakeholders. We bring this passion to life by harnessing innovative and sustainable business practices aimed at advancing economic, social and environmental well being in the market where we operate. Our purpose is not just to be the clear leader in sugar manufacturing in Nigeria but also an outstanding organization that delivers meaningful impact and value creation. As the world faces extraordinary challenges - from climate change to food insecurity, we understand that delivering on our responsible business purpose is more critical than ever before.

Dangote Sugar Refinery Plc’s sustainability approach is thus tactically aligned with the Dangote Industries Limited’s Sustainability Strategy, which is underpinned by the strategic 7 sustainability pillars that are designed to mainstream sustainability across our various departments and functions. Aptly termed “The Dangote Way”, it epitomizes our commitment to doing business responsibly by engraining best practices into every aspect and segment of our value chain. The 7 Sustainability Pillars provide the appropriate framework for embedding and continuously strengthening our corporate values and strategic objectives.

‘Sustainability Thinking’ enables us to balance our economic, social and environmental priorities with our financial, operational and institutional goals; while also ensuring that our practices safeguard the well-being of the present and future generations. We place high premium on maintaining our ethical values and respecting the local cultures in the markets where we do business.

**Our purpose is not just to be the clear leader in sugar manufacturing in Nigeria but also an outstanding organization that delivers meaningful impact and value creation**



## DANGOTE 7 SUSTAINABILITY PILLARS & THE TRIPLE BOTTOM-LINE



SN	Pillar Objective	
1.	<b>Cultural</b> 	Embody our core values in the way we do business, including fostering respect for cultural diversity both in our internal and external relations. To achieve this, we actively encourage teamwork, empowerment, inclusion, equal opportunities, mutual respect, integrity and meritocracy in our organisation.
2.	<b>Economic</b> 	Promote inclusive, sustainable economic growth, self-reliance, self-sufficiency, and industrialization across Nigeria; establishing efficient production facilities and developing resilient local economies in strategic locations and key markets where we play.
3.	<b>Operational</b> 	Serve and satisfy our markets by working together with partners to deliver the best products and services to our valued customers and stakeholders through continuous product improvement, new business development, employing state-of-the-art technologies and systems to constantly optimize our product value and cost-efficiencies.
4.	<b>Social</b> 	Create a learning environment and platform for our employees to grow and achieve their fullest potential, whilst adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect employment, skills transfer, local entrepreneurial development, social investments and corporate social responsibility best practices.
5.	<b>Environmental</b> 	Create sustainable environmental management practices, through a proactive approach to addressing the challenges and opportunities of climate change, while optimizing our performance in resource and energy efficiency, water management and emissions.
6.	<b>Institutional</b> 	Build a world-class institution centred on corporate governance best practices and sustainability principles that promote legal and regulatory compliance, transparency, effective internal controls, risk management and business continuity.
7.	<b>Financial</b> 	Achieve sustainable financial health through a business model that delivers strong returns to shareholders, whilst creating value in the economies where we operate, by producing and selling high-quality products at affordable prices supported by excellent customer service.

## OUR REPORTING PRACTICE

This Dangote Sugar Refinery (DSR) Sustainability Report, which is in accordance with the GRI Sustainability Reporting Standards, addresses our significant social, environmental, economic, and governance issues for the reporting year, which runs from January 1 to December 31, 2022. The Report covers activities carried out in our headquarters in Apapa, Lagos, Nigeria, and other locations such as our Backward Integration Projects (BIP) in Numan, Adamawa State; Tunga, Nasarawa State; Lau/Tau Project, Taraba State; Adamawa State; and Fleet operations, all in Nigeria. It provides our stakeholders with information about how we performed in these areas during the year under review as well as the strategies and processes we are using to make ongoing improvements. To advance our integrated and balanced scorecard reporting approach, this Sustainability Report is included in and supplements our 2022 Annual Financial Report, which primarily covers our financial and economic performance. As a result, the writing and organisation of this report follows the seven (7) Dangote Sustainability Pillars.

To ascertain the core concerns of our key stakeholders, we conducted comprehensive stakeholder engagement activities (involving employees, host communities, and supply chain) and a materiality assessment survey as part of the reporting process. To demonstrate transparency, this was carried out by a third-party sustainability expert (Dupht Consult Limited). The results of this exercise and our effects

on the economy, the environment, and society determined the material topics covered in this Report.

Following our parent company's (Dangote Industries Limited) membership requirements, this Report also acts as our yearly progress report to the United Nations Global Compact (UNGC). Thus, it appropriately summarizes our accomplishments in incorporating the UNGC's ten (10) sustainability principles into our business practices. Similarly, the Report satisfies our standards for the Nigerian Exchange Group's Sustainability Disclosure Guidelines (NGX-SDGs) because all essential indicators are likewise completely documented. Furthermore, this Report also explains our contributions to the United Nations Sustainable Development Goals (UN-SDGs) and the steps we are taking to help achieve the Goals.

We have cross-referenced and benchmarked our Report against the Securities and Exchange Commission (SEC) Code of Corporate Governance and the Financial Reporting Council of Nigeria Code of Corporate Governance (NCCG). The data for developing this Report was gathered in accordance with the 2021 GRI Sustainability Reporting Standards. The Report was presented for the GRI Content Index - Essentials Service to assess the correct application and reference of the GRI Standards. The Report was awarded the GRI Service Mark after the assessment exercise.

**Building on the milestone of last year, this 2022 report is Dangote Sugar Refinery Plc's second sustainability report in accordance with GRI Sustainability Reporting Standards.**

## 2022 DSR MATERIALITY ASSESSMENT AND STAKEHOLDERS' SURVEY - EMPLOYEES, COMMUNITIES AND SUPPLY CHAIN PARTNERS

Materiality assessment is the process of determining the sustainability/ESG issues that are both most important to the long-term success of any business and most important to its diverse internal and external stakeholders. This assessment gives an idea of where the greatest risks/opportunities are to the business and the welfare of its key stakeholders so the business can leverage the outcomes as tools for measuring the efficacy and maturity of their input on sustainability/ESG in general.

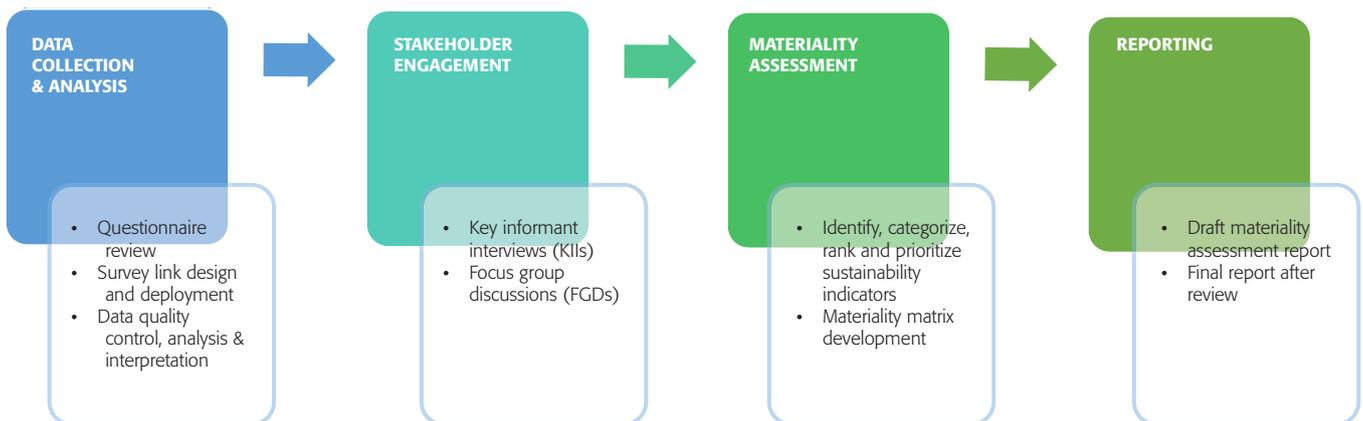
In light of the foregoing, we engaged Dupht Consults Limited (DCL), an independent sustainability consultant, to execute the 2022 stakeholders' survey analysis and materiality assessment to form part of our 2022 sustainability report and

provide key insights into the organisation's material sustainability issues for overall business practises and sustainability performance improvement.

This practice complies with the requirements of relevant global, local, and industry-specific sustainability framework and regulatory standards such as GRI Sustainability Reporting Standards in particular, the United Nations Sustainable Development Goals (UNSDGs), United Nations Global Compact (UNGC), Nigerian Exchange Group Sustainability Disclosure Guidelines (NGX-SDGs), Financial Reporting Council of Nigeria Code of Corporate Governance (FRC NCCG), amongst others.

### Materiality Assessment Process

The 2022 DSR materiality assessment was executed via a robust, seamless, and systematic approach with four (4) broad staged-process and specific actions as summarized below.



The survey questionnaires were digitally designed and deployed using an online, cloud-based solution that allowed stakeholders (employees, host communities, and supply chain partners) to respond in real-time from diverse locations across DSR operations and globally by clicking on a survey link or scanning a QR code. The online model allowed responses to be provided using electronic devices such as laptops, tabs, and cell phones. This allowed for electronic rather than face-to-face engagements, timely completion, guaranteed respondents' anonymity and confidentiality, and ease of data collation and analysis.

At the end of the survey deadline, the portal closed, and the raw data file was retrieved from the online, cloud-based

solution used to deploy the surveys and subjected to data quality control, quantitative analysis, and interpretation. The datasets were further transformed after analysis for easy visualization using different charts for a better understanding of the analysis.

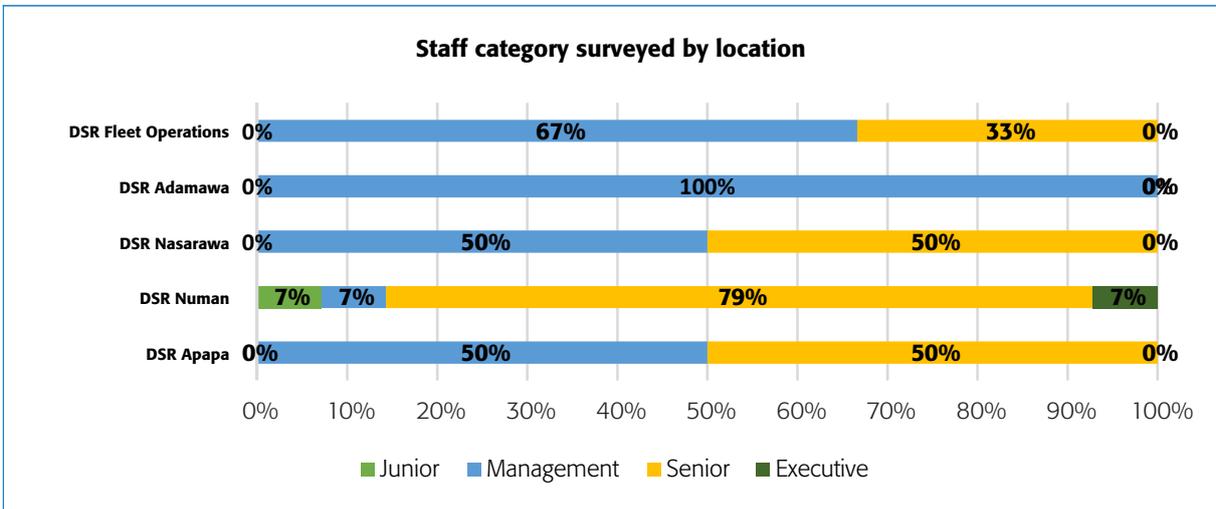
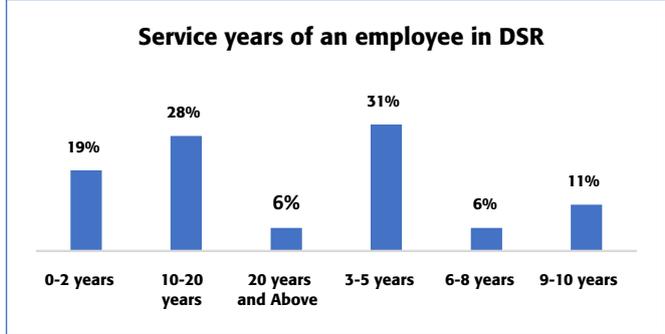
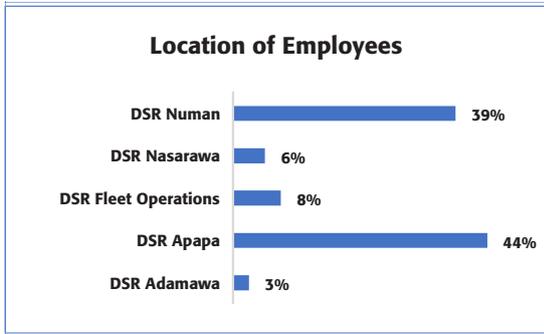
The overall materiality assessment process then concludes with material topics and sustainability indicators identification, categorization, ranking and prioritization, materiality matrices development, and reporting.



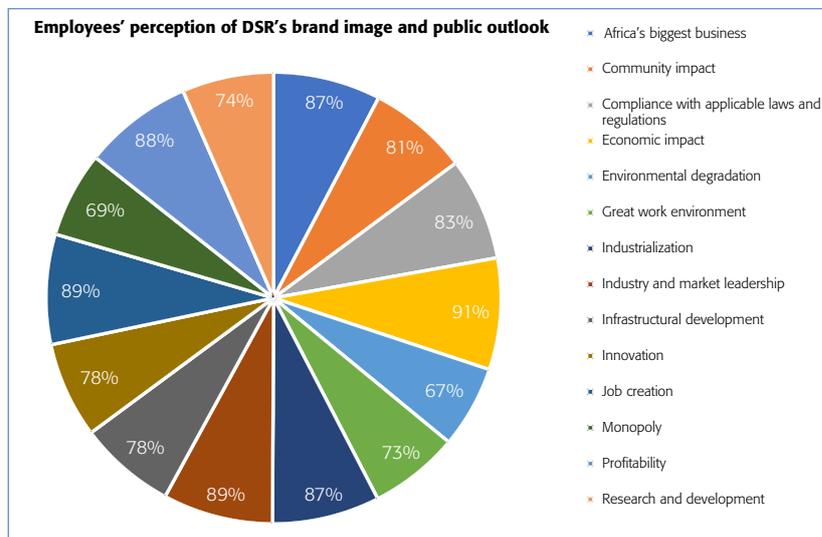
## Employees' survey

The 2022 employees' survey was conducted across five (5) DSR operations - DSR Apapa, DSR Numan, DSR Nasarawa, DSR Adamawa and DSR Fleet Operations. Of the 36 respondents, 8 (22%) were female and 28 (78%) were male.

Majority of the respondents (31%) have been in the service of DSR for 3-5 years, while 28%, 19%, 11% and 6% each have been employed for 10-20 years, 0-2 years, 9-10 years, 6-8 years and above 20 years respectively.



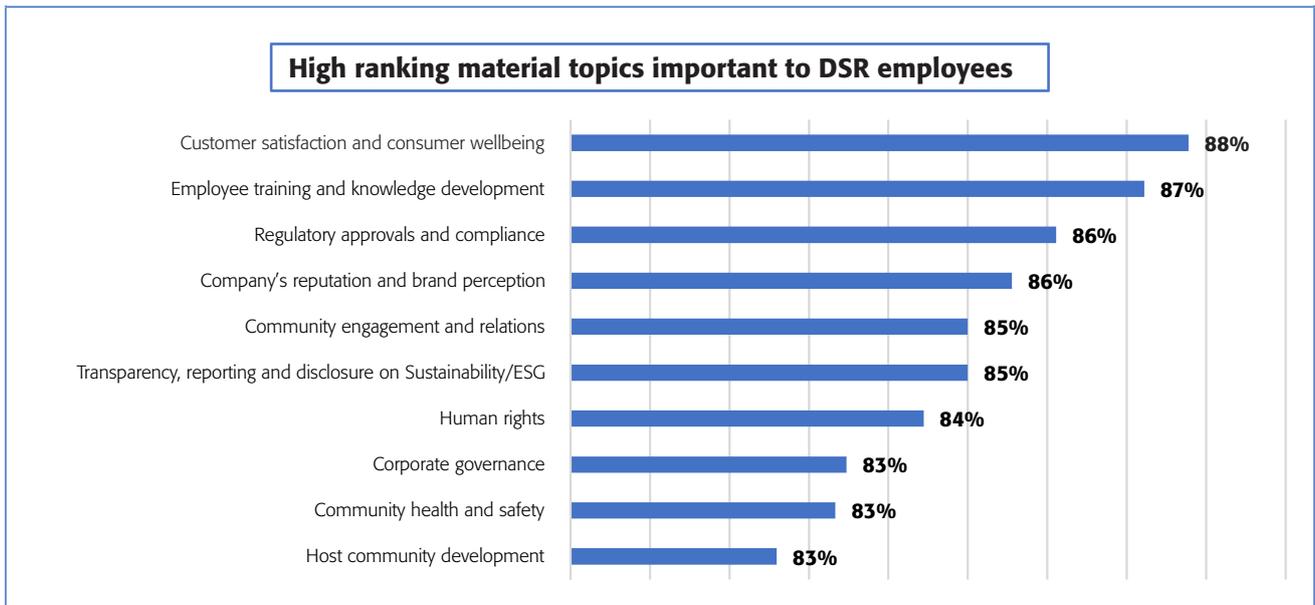
In terms of DSR's brand image perception and public outlook, the employees' top three (3) attributions to the company's brand are economic impact (91%), job creation (89%), and industry and market leadership (89%) while the least attribution is environmental degradation (69%).



Also, majority of the employees ranked compliance with legal and regulatory standards (89%), compliance with environmental standards (87%), financial performance (87%), CSR/host community development (85%) and community engagement (84%) as the issues or factors vital to the future and sustainability of the DSR brand.

ten high-ranking material topics that are important to employees. Of all the material topics in the employee materiality matrix, 12 material topics were most critical (High rank) to employees in terms of impacts on DSR operations, while 15 material topics were moderately critical (Medium rank).

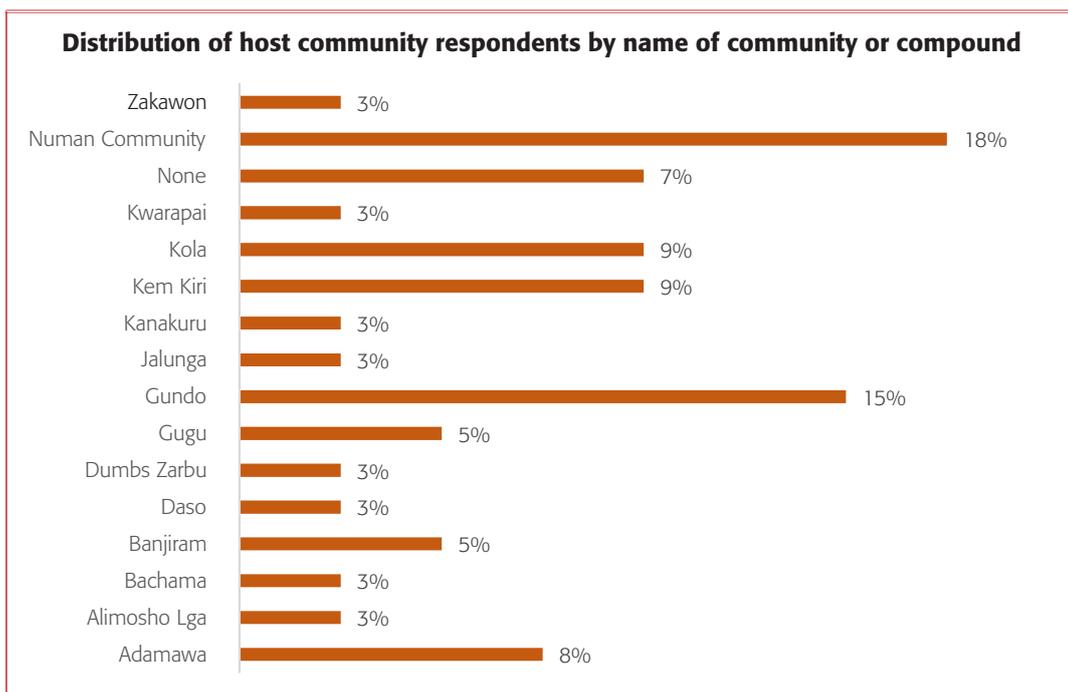
A total of 27 material topics were identified from the employees' perspectives. Below is the chart showing the top



## Communities survey

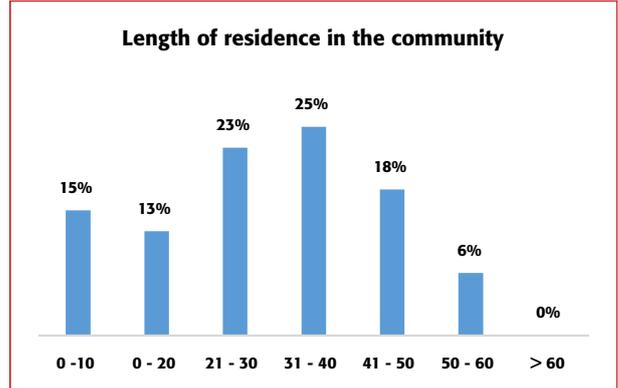
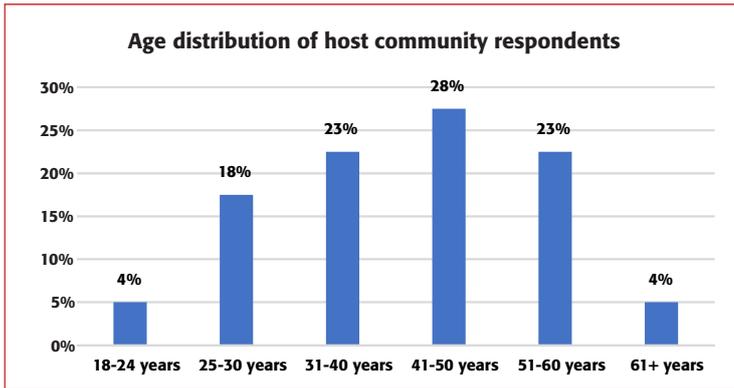
The host community survey was conducted on 40 respondents from the diverse local communities of DSR Numan (35, 88%), DSR Adamawa (4, 10%) and DSR Apapa (1, 3%). Numan Community (18%) and Gundo (15%) accounts for

majority of the respondents. The official titles of the community leaders differs e.g. "Village Head", "District Head" and "Community Head".



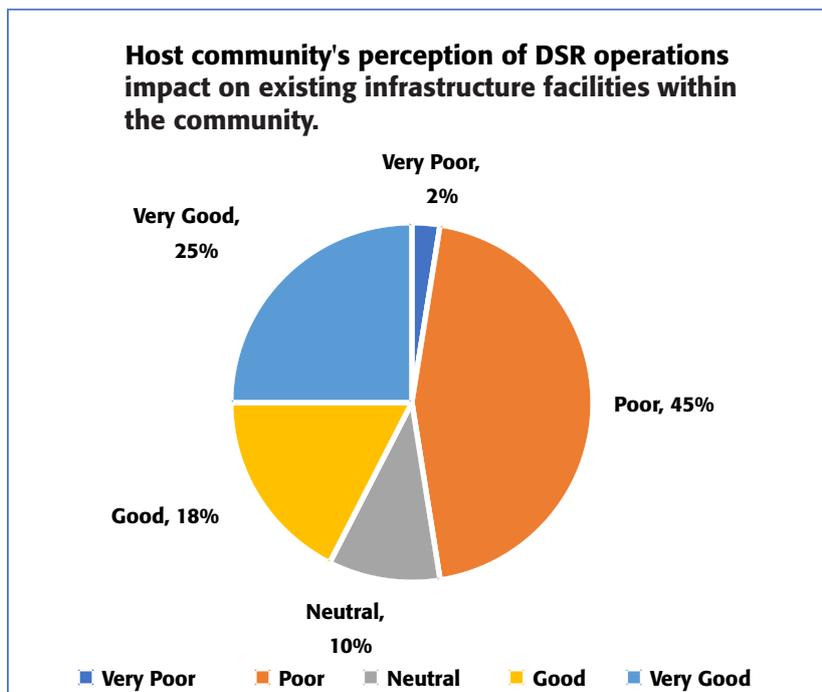
Of the 40 respondents, 15 (37%) were female and 25 (63%) male, with a mixture of married (73%), single (25%) and divorced (3%) as their marital status. Twenty nine (73%) practice Christianity religion while 10 (25%) practice Islam and 1 (3%) none. Twenty-one (53%) of the host community respondents have 0-5 dependents; 28% are aged 41-50 years old; and 23% each are aged 31-40 years and 51-60 years.

A larger portion of the respondents live farther from the DSR site and they indicated that they have lived between 21-30 years (23%) and 31-40 years (25%) in the community (35%). The host communities are ethnically diverse, with Longuda, Hausa, Kanakuru, Bwazza, Waja and Fulani being the major ethnic groups/tribes



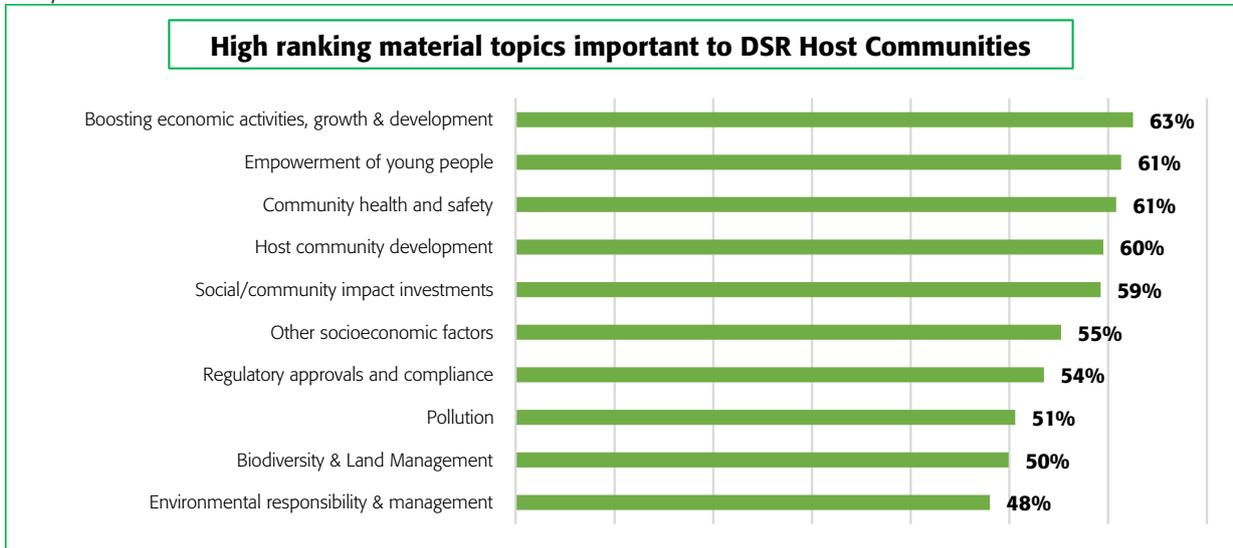
The respondents from DSR's host communities (in the Numan, Adamawa & Apapa operations) during the survey rated "poor" (30%), "good" (30%) and "neutral or indifferent" (25%) when asked about the impacts of DSR operations on their community in terms of social amenities and overall

development since commencement. Also, some believed DSR has done "poor" (45%) and others "very good" (25%) in terms of DSR's operations impact on existing infrastructure facilities such as roads, healthcare, schools, etc. within the community as shown in the chart below.

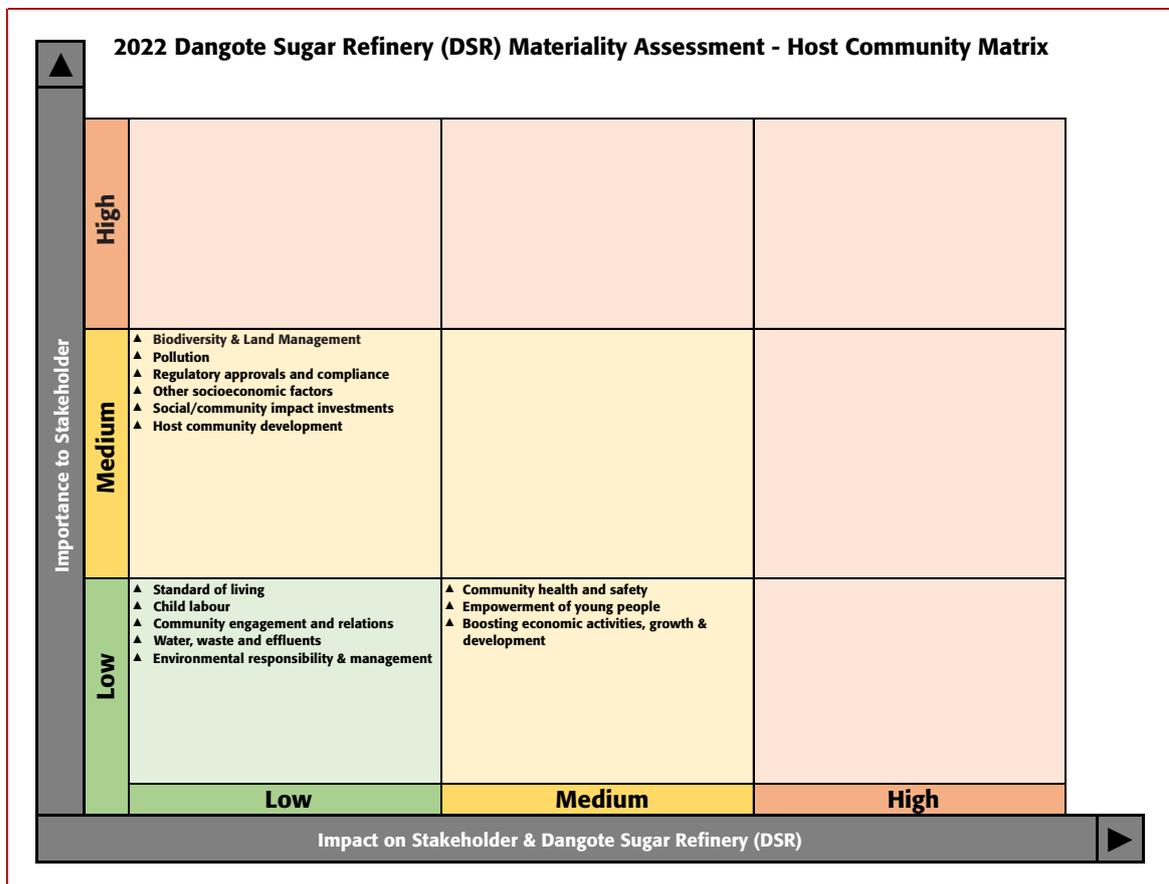


However, majority of the respondents gave DSR a “good” rating (33%) when asked to assess how DSR’s operations have affected the quality of life in the community. They also rated DSR “neutral or indifferent” (35%) on positively affecting the cost of living, while rating “good” (40%) regarding positive impact on standard of living in their community.

A total of 14 material topics were identified from the host community's perspectives. The top ten high-ranking material topics that are important to the host community are shown in the chart below.



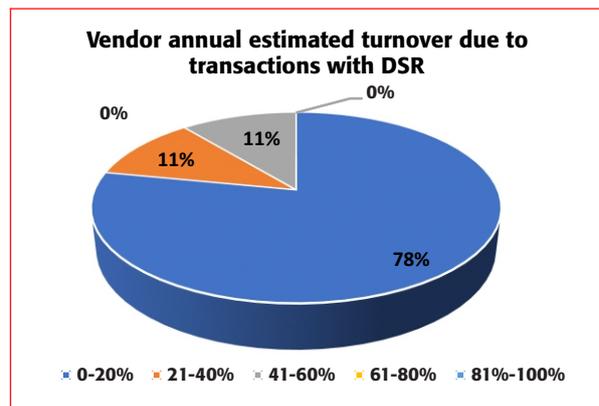
None of the material topics in the host community materiality matrix were most critical. Nine (9) of the 14 material topics were moderately critical (Medium rank) to the host community while the remaining five (5) were least critical (Low rank) to the host community in terms of impacts on themselves and DSR operations.



**Supply chain partners survey**

The core business areas of supply chain stakeholders who participated in the survey comprised engineering, construction, maintenance, consultancy services in environmental, technical, supply of engineering equipment, corporate branding, and general procurement.

Some of the surveyed suppliers have been providing services to DSR for above 10 years (28%), 0-2 years (23%) and 6-8 years (20%). The annual turnover of suppliers, vendors, and contractors ranges from N100,000 to over N10,000,000 with over 78% of the suppliers surveyed relying on DSR for up to 20% of their business turnover.

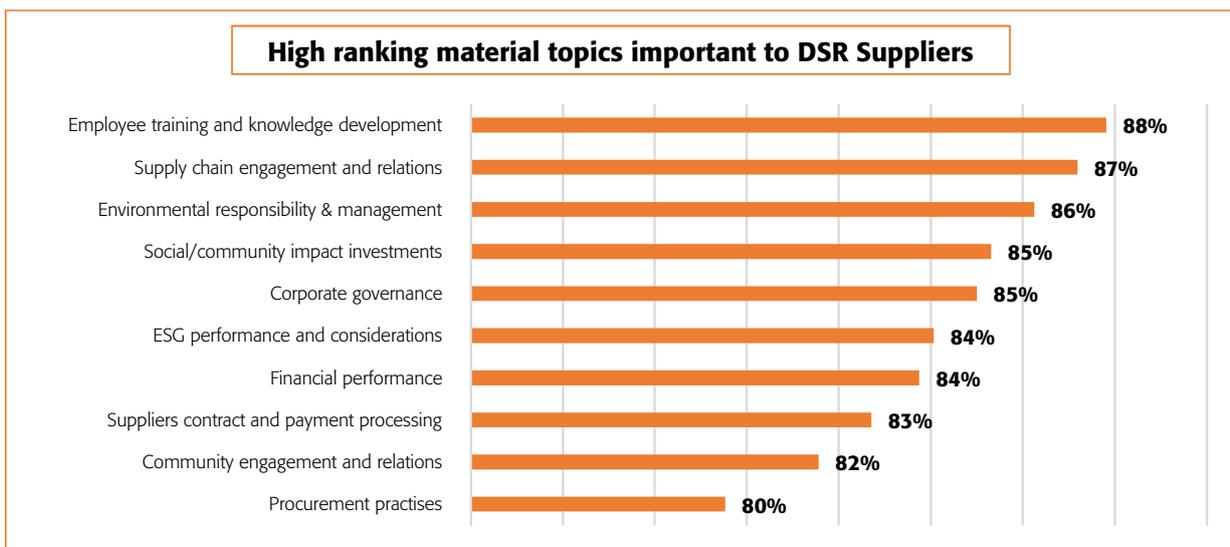


The suppliers, vendors, and contractors respondents indicated that on matters of contract signing and payment processing at DSR, it is "straightforward and timely" (42%). while others said they are "neutral/indifferent" (22%). Invoice processing time for the majority of the suppliers, vendors, and contractors typically takes 14-30 days (42%) and 31-60 days (41%)

that the top three (3) factors are research and development (91%), positive economic impact (90%) and market leader (88%).

The perception of the suppliers, vendors or contractors on the issues/factors that could impact the DSR's brand indicated

The suppliers, vendors and contractors that make up DSR's supply chain network, as surveyed, identified a total of 20 material topics from their perspectives. The top ten high-ranking material topics that are important to suppliers are shown in below.



Of all the material topics in the suppliers' materiality matrix, nine (9) material topics were the most critical to the suppliers in terms of impacts on their business vis-a-viz relationship with DSR operations, as follows: Employee training and knowledge development; Supply chain engagement and relations; Environmental responsibility & management; Social/community impact investments; Corporate governance; ESG performance and considerations; Financial performance; Suppliers' contracts and payment processing; and Community engagement and relations.

**DSR's 2022 Materiality Matrix**

Material topics from our stakeholders informed the consolidated matrix for DSR's operations. The topics shown in the materiality matrix figure are indicators that have been identified as material by the key stakeholders surveyed for

2022 (Employees, Host Communities, and Supply Chain partners). They also reflect indicators that DSR has identified as being material to its business sustainability. In line with the GRI Sustainability Reporting Standards reporting requirements, the identified material topics significantly influence the issues that are disclosed in this report.

At the end of the materiality matrix consolidation, a total of 36 material topics were identified, two (2) material topics were least critical (Low rank), 26 material topics were moderately critical (Medium rank) while eight (8) material topics were most critical (High rank) to all DSR stakeholder groups surveyed in 2022 as part of the materiality assessment.

**2022 Dangote Sugar Refinery (DSR) Plc Materiality Matrix (Consolidated)**

<b>Importance to Stakeholder</b>	<b>High</b>	Suppliers contract and payment processing Financial performance ESG performance and considerations Corporate governance Transparency, reporting and disclosure on Sustainability/ESG		
	<b>Medium</b>	Other socioeconomic factors	Regulatory approvals and compliance Community engagement and relations Empowerment of young people Host community development Environmental responsibility & management Community health and safety Anti-corruption policies and practices Circular economy Social/community impact investments Occupational health and safety Diversity, inclusion and equity Company's reputation and brand perception Executive pay and shareholders' dividends Career growth and progression Climate change, Emissions and Energy Employee engagement and relations Employee wellbeing and satisfaction Human rights Business strategy Employee compensation and benefits Procurement practises	
	<b>Low</b>	Standard of living Child labour	Boosting economic activities, growth & development Biodiversity & Land Management Water, waste and effluents Pollution	Supply chain engagement and relations Employee training and knowledge development Customer satisfaction and consumer wellbeing
		<b>Low</b>	<b>Medium</b>	<b>High</b>
		<b>Impact on Dangote Sugar Refinery (DSR)</b>		

Furthermore, the list of material topics applicable to us as an organisation was carefully discussed and addressed throughout this sustainability report in addition to those identified through the 2022 materiality assessments as indicated in the matrix above. Our material topics for 2022 across the GRI Sustainability Reporting Standards include the following: Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices, Anti-corruption, Anti-competitive Behaviour, Tax, Materials, Energy, Water and Effluents, Biodiversity, Emissions, Waste, Supplier

Environmental Assessment, Employment, Labour/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labour, Forced or Compulsory Labour, Security Practices, Rights of Indigenous Peoples, Local Communities, Supplier Social Assessment, Public Policy, Customer Health and Safety, Marketing and Labelling, and Customer Privacy.

## DSR STRATEGIC PRIORITY SDGS

The SDGs are a set of 169 targets and 17 interconnected goals that serve as a road map for attaining a better and more sustainable future for everybody by 2030. While the parent company of DSR, Dangote Industries Limited supports the achievement of all 17 SDGs, DSR has prioritized some SDGs that closely match its corporate goals, line of business, and sustainability agenda. By doing this, we intend to significantly advance the 2030 targets in each of our markets. We have made sure that these SDGs also support Nigeria's National Development Plan and Africa Agenda 2063. (2021-2025) demonstrating our support for sustainable development at the national and continental levels. Additionally, throughout all our activities, the Executive Management team and the Board Committee tasked with overseeing and managing

climate-related issues communicates to the company's Board of Directors along with all necessary recommendations for action.

To monitor our progress in the implementation of the prioritized SDGs (Goals 2, 4, 6, 8, 12, and 13), we developed an integration plan which was endorsed by the Executive Management. The integration plan in the table below shows DSR's specific, actionable plans, targets, and realistic timeframes for achieving them and will ensure that achievements in all priority SDGs are clearly documented and measured.

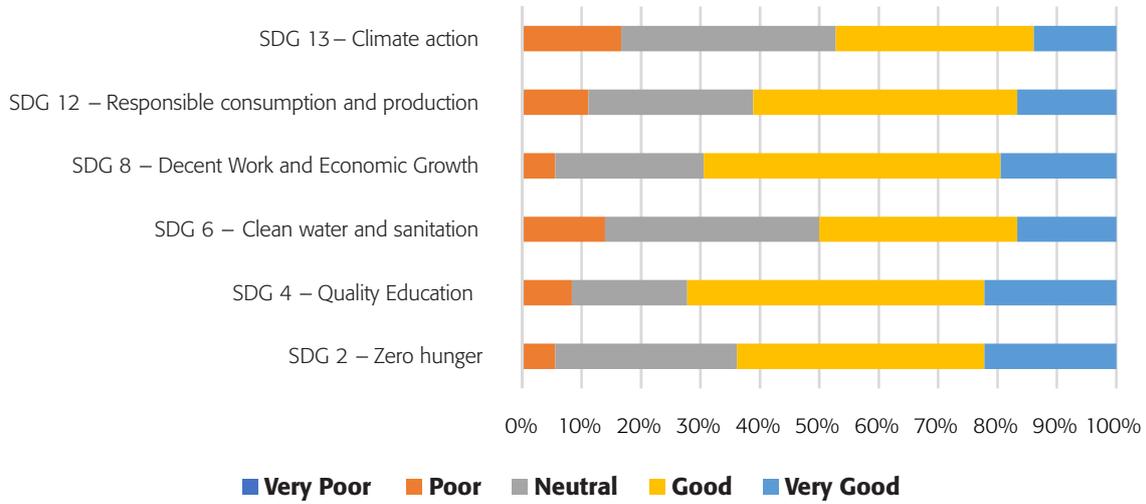


The Employees and the Host communities' surveys and engagements elicited feedback on the views of these stakeholders on the implementation, progress and impact of DSR Priority UN SDGs on them.

Most of the employees think DSR has implemented and made progress through the "good" rating majority of the respondents gave SDG 2 – Zero hunger (42%), SDG 4 –

Quality Education (50%), SDG 8 – Decent Work and Economic Growth (50%), and SDG 12 – Responsible consumption and production (44%), compared to SDG 6 – Clean water and sanitation (36%) and SDG 13 – Climate action (36%) where majority rated "neutral" based on their knowledge of activities and initiatives executed under each of the DSR priority SDGs.

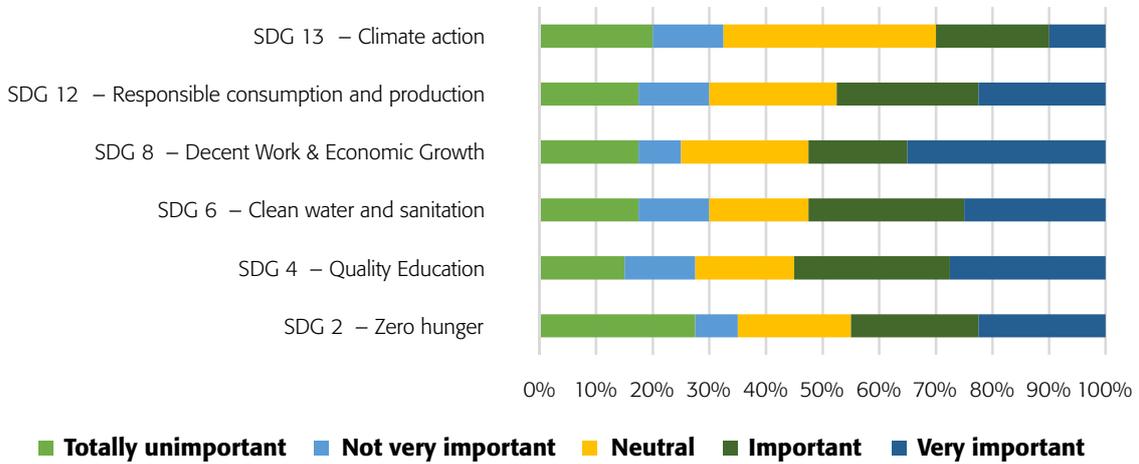
**Employees rating of DSR Priority SDGs implementation and progress**



While majority of the employees’ respondents think DSR should focus more on all the priority UN SDGs, majority of the host community respondents think DSR should focus more on SDG 4 (28% of respondents), SDG 8 (35% of respon-

dents) as it is rated “very important” while SDG 6 (28%) and SDG 12 (25%) were rated “important” as possible focus areas for 2023 and beyond.

**Host community suggested focus for DSR Priority SDGs in 2023 and beyond**



UN SDG & DSR Priority SDGs	SDG Agenda and Targets	Importance / Materiality to DSR	DSR progress in 2021 and 3years (2021 – 2023) targets through the priority SDGs
<p><b>Goal 2: Zero Hunger</b></p> 	<p><b>Target 2.1:</b> End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious, and sufficient food all year round.</p> <p><b>Target 2.3:</b> Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists, and fishers.</p> <p><b>Target 2.4:</b> Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>	<ul style="list-style-type: none"> <li>• Fighting hunger is a strong business opportunity for sugar businesses.</li> <li>• Fighting hunger boosts productivity for food related businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Dangote Sugar is fortified with Vitamin A which adds nourishment and as well bridge the gap of Vitamin A deficiency in consumers.</li> <li>• The out-growers scheme is in place avails local farmers with income to provide food for their households.</li> <li>• We have a target of employing 75,000 persons to work in the BIPs.</li> <li>• Currently, we have a staff strength of over 12,000 workers. The full capacity of 75,000 workers is our target for 2030.</li> <li>• We have also reached out to the Aliko Dangote Foundation (ADF) for the provision of soft loans to women in the host communities.</li> </ul>
<p><b>Goal 4: Quality Education</b></p> 	<ul style="list-style-type: none"> <li>• <b>Target 4.4:</b> Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality education, skills, capacity and entrepreneurship are important for self-development and economic empowerment, which increases the purchasing power of Dangote Sugar's potential customer base.</li> </ul>	<ul style="list-style-type: none"> <li>• We have embarked on a number of educational programmes to entrench agriculture and food security in young people as well built schools in our host communities. These are programmes include:             <ul style="list-style-type: none"> <li>• -Lagos State World Food Day (Schools Agric Quiz Competition).</li> <li>• -Home Economics (Baking) programme for students of Federal college of education Technical Staff school Akoka Lagos).</li> <li>• -DSR Numan Secondary Schools Quiz and Football Competitions</li> </ul> </li> <li>• We sponsored and promoted skills acquisition for women and young people in our host communities.</li> </ul>

UN SDG & DSR Priority SDGs	SDG Agenda and Targets	Importance / Materiality to DSR	DSR progress in 2021 and 3years (2021 – 2023) targets through the priority SDGs
<p><b>Goal 6: Clean Water and Sanitation</b></p> 	<ul style="list-style-type: none"> <li>• <b>Target 6.3:</b> Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</li> <li>• <b>Target 6.4:</b> Substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</li> </ul>	<ul style="list-style-type: none"> <li>• Sugar production is water intensive.</li> <li>• Synthetic pesticides, herbicides, fertilizer runoff and sedimentation contaminate water sources.</li> <li>• Land degradation, loss of biodiversity and water pollution are material sustainability issues in sugar harvesting.</li> </ul>	<ul style="list-style-type: none"> <li>• We have sank several boreholes producing clean potable water for our host communities.</li> <li>• We have set targets to reduce water consumption in the refinery to 180,000MT/month. This target has progressively reduced over the years.</li> <li>• There is an Effluent Treatment Plant (ETP) to ensure that only treated effluent that meets regulatory standards is released in the environment.</li> <li>• A monthly and quarterly environmental monitoring by an accredited environmental consultant is in place.</li> <li>• Conscious effort is made to ensure that chemicals, insecticides, and pesticides in use are environmentally friendly.</li> </ul>
<p><b>Goal 8: Decent Work and Economic Growth</b></p> 	<ul style="list-style-type: none"> <li>• <b>Target 8.2:</b> Achieve higher levels of economic productivity through technological upgrading and innovation, including through a focus on high value added.</li> <li>• <b>Target 8.4:</b> Improve resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.</li> <li>• <b>Target 8.5:</b> Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</li> </ul>	<ul style="list-style-type: none"> <li>• Child labour practice during cultivation by small holder farmers is a material sustainability issue in an agricultural based business.</li> <li>• Unfair payment of workers in sugarcane farms or supply chain.</li> <li>• Forced labour and modern slavery are common practice in agribusiness' supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>• DSR does not engage underage workers and currently have a Policy against Child Labour. There exist a Child Labour Abolition and Prevention at the Group level, which DSR complies with.</li> <li>• Remunerations and benefits are structured to remain highly competitive with the industry circles to attract skilled workforce</li> </ul>

UN SDG & DSR Priority SDGs	SDG Agenda and Targets	Importance / Materiality to DSR	DSR progress in 2021 and 3years (2021 – 2023) targets through the priority SDGs
<p><b>Goal 12: Responsible Consumption and Production</b></p> 	<ul style="list-style-type: none"> <li>• <b>Target 12.2:</b> Achieve the sustainable management and efficient use of natural resources.</li> <li>• <b>Target 12.3:</b> Reduce food losses along production and supply chains, including post-harvest losses.</li> <li>• <b>Target 12.5:</b> Substantially reduce waste generation through prevention, reduction, recycling, and reuse.</li> <li>• <b>Target 12.6:</b> Adopt sustainable practices and integrate sustainability information into the reporting cycle.</li> </ul>	<ul style="list-style-type: none"> <li>• Water consumption intensity, land degradation, and loss of biodiversity are material sustainability issues in sugar production.</li> <li>• Waste generation such as waste water and residue in operations and supply chain.</li> <li>• Plastic waste generation from packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>• Clear and achievable targets are set for reduction of waste generation. LAWMA accredited waste management agents are engaged for waste collection, recycling and disposal at approved sites. DSR independently audits the waste vendor to ensure cradle-to-grave stewardship</li> </ul>
<p><b>Goal 13: Climate Action</b></p> 	<ul style="list-style-type: none"> <li>• <b>Target 13.2:</b> Integrate climate change measures into policies, strategies, and planning</li> </ul>	<ul style="list-style-type: none"> <li>• Energy consumption intensity in sugar production, especially the use of gas and LPFO.</li> <li>• Running the boilers that power the refinery is the major energy consumption point.</li> <li>• Direct emission of greenhouse gases from sugar refining activities and possible deforestation outcomes in DSR backward integration projects (Nasarawa Sugar, Tunga and DSR Numan, Adamawa), etc., contribute to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Support climate action; develop CO2 reduction plan.</li> <li>• Reduce environmental footprints in all operations.</li> <li>• Develop a plan for gradually reducing the use of fossil fuels.</li> <li>• Integrate climate change mitigation considerations in key operational strategies and planning.</li> <li>• Improve energy efficiency to reduce the carbon intensity of the manufacturing process. This will also lower the production costs.</li> <li>• Develop a 5-year Pollution Reduction Plan (including Sugar Dust, Sweet Water, etc.).</li> <li>• Fully activate environmental impact assessment and management plan and ensure compliance with all environmental laws / regulations.</li> <li>• Monthly emissions tracking has been commenced to monitor GHG and overall carbon footprint.</li> </ul>



# CULTURAL PILLAR:

Building a culture of workplace empowerment and inclusion



## Cultural Standards

Our Cultural Pillar is the foundation upon which our organisational ethos is built. Through this pillar, we ensure that sustainability is embedded in our corporate culture. For us, it is an embodiment of ethical business, professionalism, brand loyalty, employee empowerment, mutual respect, inclusion, equal opportunities, and shared value.

We strive to ensure that every staff member across every hierarchy and every operational segment function work in tandem with these guiding principles. We are committed to building a workplace that is inclusive and accommodates the culture of all stakeholders without bias, stereotyping, or discrimination.

We encourage and reward teamwork, integrity, and meritocracy in our workplace.



## Our People

Being an equal opportunity employer is something we take great pleasure in, but we also strive hard to provide the greatest workplace in our sector. As a result, our employees work with us for a considerable amount of time and have rewarding careers. Our company's success has been based on our beliefs and the ongoing development of our workforce in alignment with global changes, which has allowed us to maintain employee performance and meet or exceed their career goals.

## The DSR Workforce

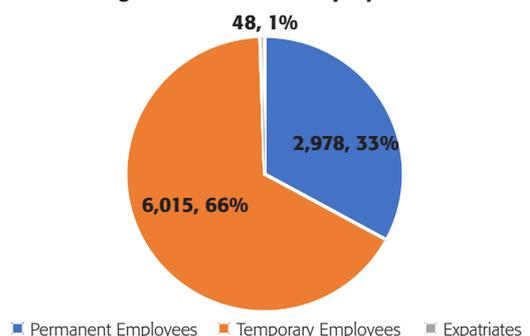
In 2022, the number of employees increased from 2,956 in 2021 to 9,041, a 206% increase. This is because the 2021 crop/production season started in January 2022, which reduced the number of temporary workers who are included in the staff strength, and the 2022 crop/production season started earlier in November 2022, which increased the total number of staff and temporary workers.

Total number of Employees per Year



Total employees comprise 2,978 (32.9%) permanent employees, 6,015 (66.5%) temporary employees, and 48 (0.5%) expatriates for 2022.

Percentage distribution of employees in 2022

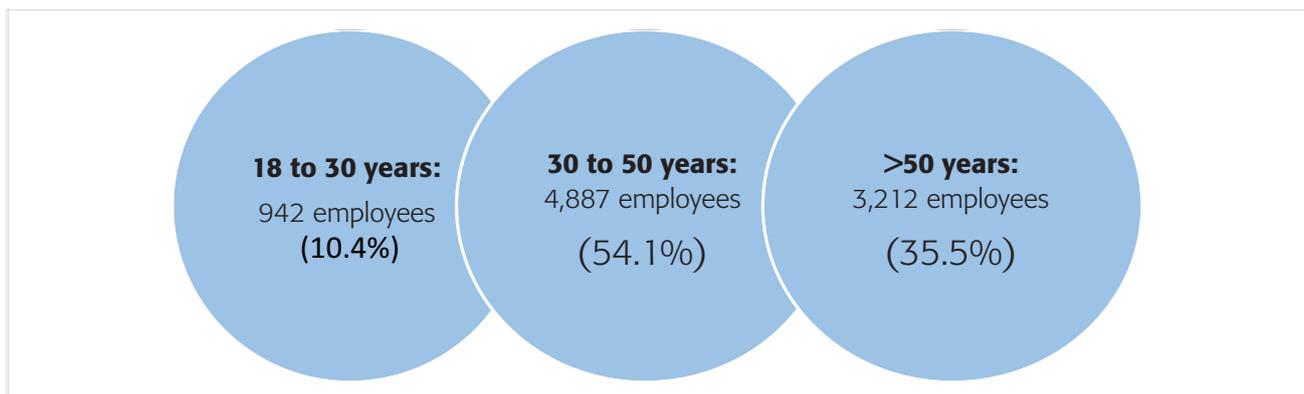
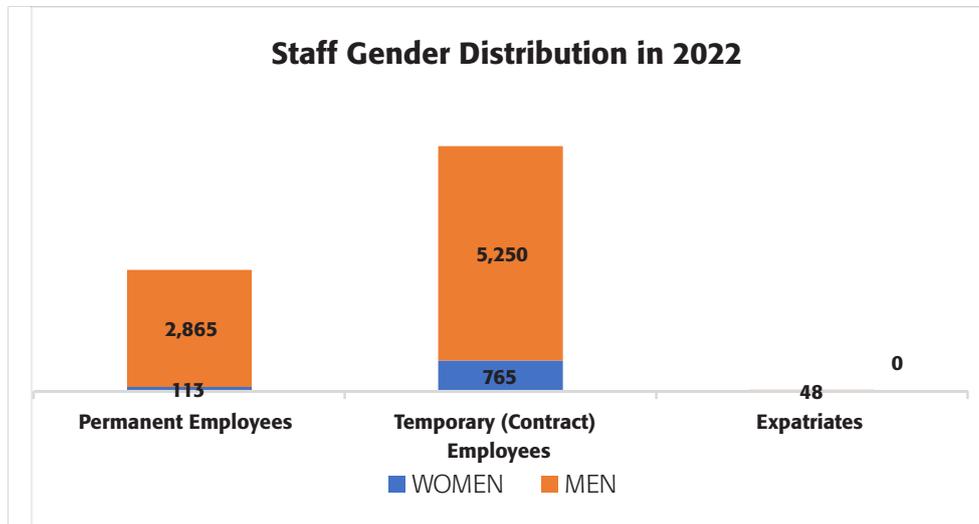




## CULTURAL PILLAR:

Out of the total number of employees, only 878 (9.7%) as compared to the previous year of 75 (3%) are female while 8,163 (90.3%) as compared to previous year of 2,881 (97%) are male. DSR is committed to improving gender

diversity within the organisation and will make deliberate efforts to increase the number of women in our workforce, especially in leadership positions.



LOCATION	Permanent Employees					
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
	18-30 YEARS OLD		31-50 YEARS OLD		OVER 50 YEARS OLD	
<b>DSR Apapa</b>	4	25	45	576	5	238
<b>DSR Numan</b>	6	60	37	665	4	436
<b>DSR Fleet Operations</b>	1	57	11	691	-	117
<b>TOTAL</b>	<b>11</b>	<b>142</b>	<b>93</b>	<b>1,932</b>	<b>9</b>	<b>791</b>
	Temporary (Contract) Employees					
<b>DSR Apapa</b>	-	-	-	-	-	5
<b>DSR Numan</b>	234	546	368	2,470	157	2,206
<b>DSR Fleet Operations</b>	1	8	5	13	-	2
<b>TOTAL</b>	<b>235</b>	<b>554</b>	<b>373</b>	<b>2,483</b>	<b>157</b>	<b>2,213</b>
	Expatriates					
<b>DSR Apapa</b>	-	-	-	6	-	12
<b>DSR Numan</b>	-	-	-	-	-	30
<b>DSR Fleet Operations</b>	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>42</b>



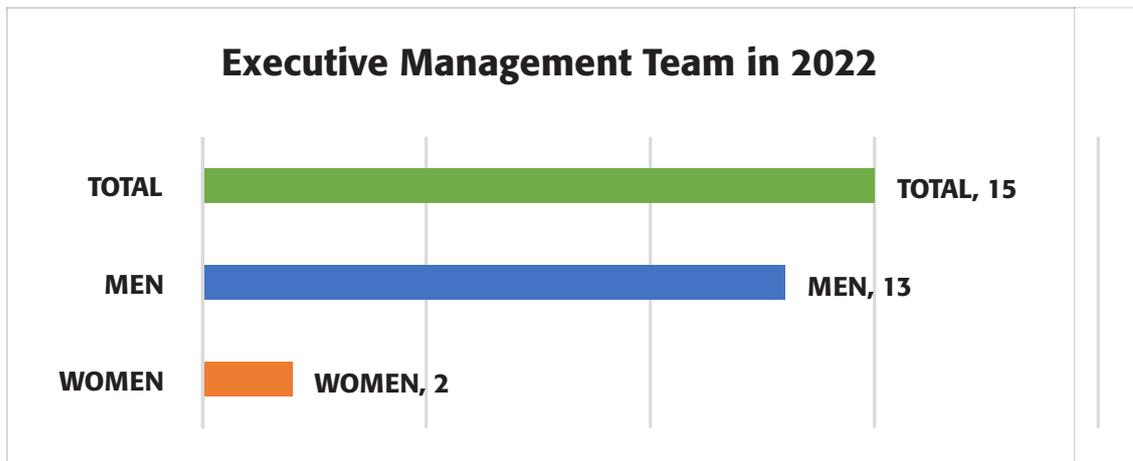
## CULTURAL PILLAR:

Furthermore, in 2022, we had a total of 205 senior management staff. The age and gender distribution of senior is provided below:

LOCATION	Number of Management Staff by Cadre, Age and Gender					
	Senior Management					
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
	18-30 YEARS OLD		31-50 YEARS OLD		OVER 50 YEARS OLD	
DSR Apapa	-	-	2	10	2	26
DSR Numan	-	-	-	3	-	9
DSR Fleet Operations	1	7	9	94		42
<b>TOTAL</b>	<b>1</b>	<b>7</b>	<b>11</b>	<b>107</b>	<b>2</b>	<b>77</b>

Our executive management's composition strives to have an appropriate balance of diversity to ensure robust governance, keen commercial decision-making, and strong technical inputs. The executive management staff is diverse in terms of age, gender, ethnicity, tenure, educational background, skills, experience, and knowledge, providing a fertile environment for good discussion, debate, input and challenge, and thoughtful outcomes.

The composition of the executive management team in 2022 is 15 staff (13 men and two women) from the previous year. The age categories of the executive management staff show five (5) employees (33%) are between the ages of 31 to 50 years and ten (10) employees (67%) are over 50 years in age. The average age of DSR executive management team is 53 years.



### Employee Growth and Turnover

The table and figure below give information on staff growth and attrition. While we want to keep and develop our personnel, we also recognize the socioeconomic realities of the nation and work hard to remain the preferred employer in the food and Beverage industry.

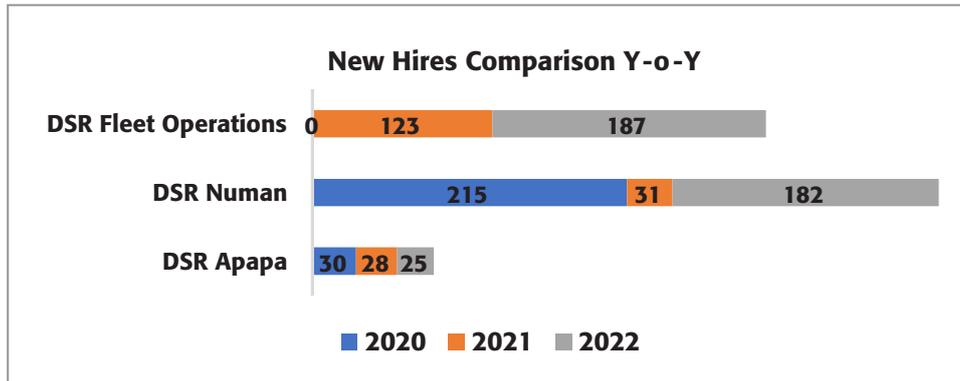


Overall, DSR recorded 394 new hires in 2022 and 210 staff exits from all locations, representing a 53.8% increase in new hires from 182 in 2021 and an 11.9% drop in staff departures from 235 in 2021.

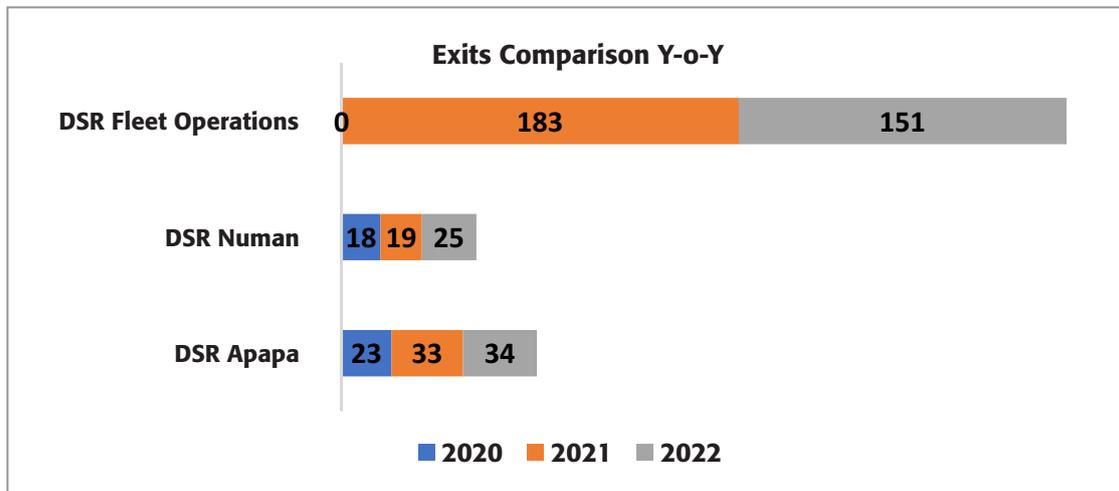
LOCATION	Employee Growth and Turnover by Location			
	2022 New Hire	% of Total	2022 Exits	% of Total
DSR Apapa	25	6.35	34	16.2
DSR Numan	182	46.19	25	11.9
DSR Fleet Operations	187	47.46	151	71.9
<b>TOTAL</b>	<b>394</b>	<b>100</b>	<b>210</b>	<b>100</b>



## CULTURAL PILLAR:



The DSR Fleet Operations had the most staff departures with 151 (71.9% of all departures), while the DSR Numan had the fewest (25, 11.9% of all departures), although overall employee retention has improved from 2021 (with a 11.9% drop in departures).



### Labour Practices and Benefits

We continually improve our systems for hiring, training, and engaging employees, process improvement and recognizing achievements, developing leaders and succession planning, and identifying the most vital jobs that individuals are most equipped to fill. They are crucial for continuing our expansion,

realizing our objectives, increasing shareholder returns, maximizing stakeholders value for all parties concerned, and ensuring the continuous welfare of our employees, all while ensuring our development and success. These are just a few benefits that DSR employees receive:

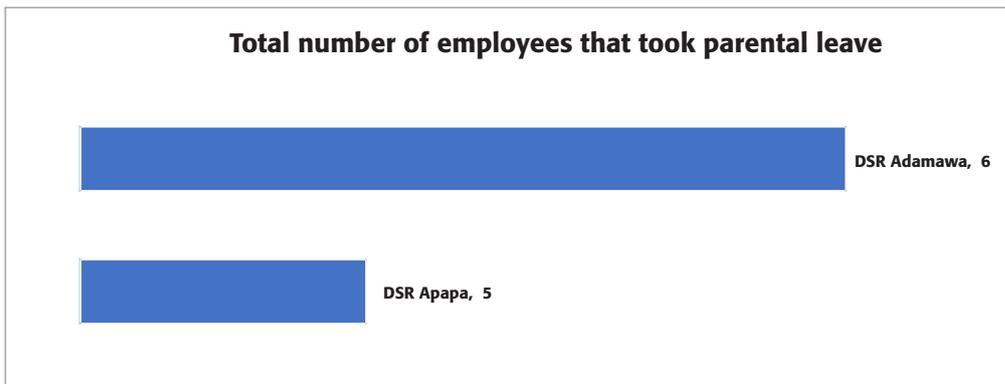
Group Life Insurance	Employee Spouse Group Life Insurance	Workmen's Comprehensive Insurance	
Paid Annual Leave	Parental Leave (Maternity Leave)	Examination Leave	Comprehensive Health Care
Birthday Present	Children Education Support Allowance	Long Service Awards	Professional Body Subscriptions
Paid Mourning Leave		Wedding Cash Gifts	

At DSR, our employees have a right to parental leave. The company provides paid maternity leave for 90 days to female employees, as well as paid time off to work six (6) hours each

day for an additional 90 days. In 2022, five (5) female employees benefited from this in DSR Apapa and another six (6) employees at the DSR Adamawa location.



## CULTURAL PILLAR:



Additionally, employee engagement in DSR is primarily governed by and in compliance with the provisions of the Labour Act (1990), the Pension Reform Act (2004), the Factories Act (1987), the Employee's Compensation Act (2010), the National Policy on Occupational Health and Safety (2020), among others. We adhere to the mandatory contributory pension scheme based on Nigeria Pension Reform Act (2014) and contribute 10% of the employee's salary, while the employee contributes 8% to their pension account. Also, our organization has a retirement age of 65 years. With management approval, a contract may be provided to such an individual subsequently. Before a certain age, retirement may also be voluntary.

To ensure compliance with the corporate culture we are creating—The Dangote Way—the employee handbook also gives guidelines on acceptable conducts, standards of behaviour, and rules of participation within our workplace.

The International Labour Organization (ILO) standards and the International Financial Corporation (IFC) Performance Standard (PS) 2 (Labour and Working Conditions), which we are committed to adhering to as a socially responsible organization, are both aligned with the instructions in the Handbook.

To promote extremely friendly workplace interactions, a variety of methods are employed to encourage employee involvement. These channels include one-on-one meetings, departmental town halls, quarterly and yearly management addresses, and staff engagements with their line managers and supervisors on issues that are particularly important to them.

The following is a summary of some significant engagements that took place in 2022:

### 2022 significant employee engagements

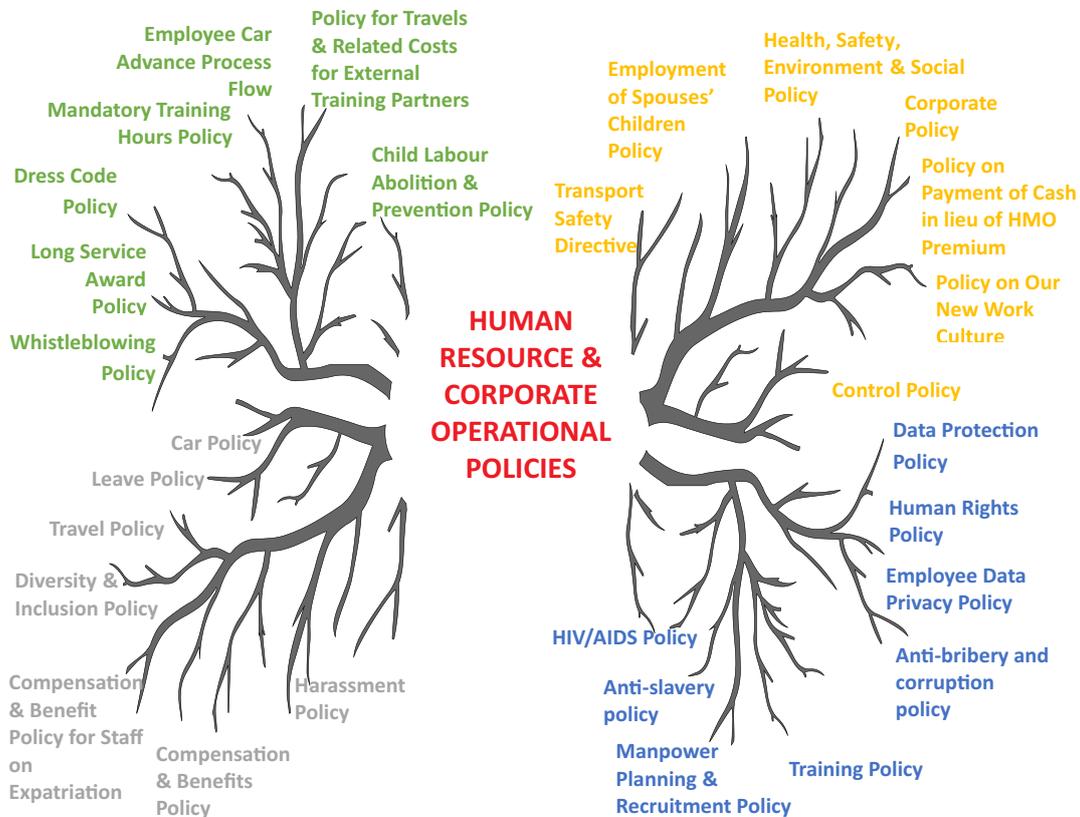
- Long Service Award (via HR)
- End of Year Gift to all employees (via HR)
- Annual medical check-up exercise for all staff
- Staff Long Service Award
- Workplace Learning Activities
- Sustainability week
- Quarterly Motivational Award
- Charity Work





## CULTURAL PILLAR:

Our effective human resources policies, which are detailed below, serve as the foundation for our working conditions and adherence to compliance.

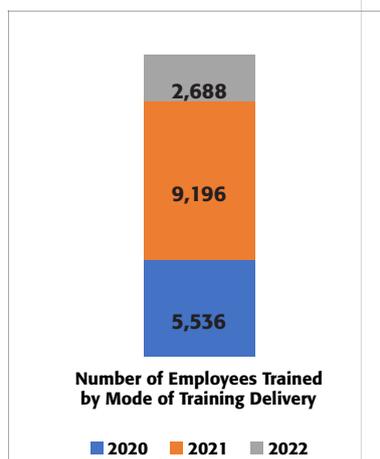
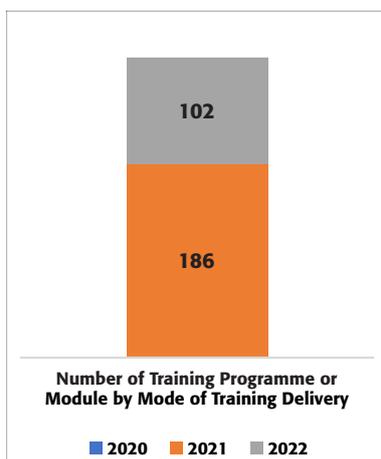


### Learning and Development

Our company has started several learning and development programs in an effort to provide workers with the knowledge and abilities they need to continue performing their jobs well. Also, we are refining the current systems and procedures for human resources, and we have created fresh technologies to enhance the entire learning environment for employees. Ultimately, we have a career evaluation process to make sure that workers' actions are in keeping with both their own personal and professional growth goals and our overall company strategy plan. Career reviews take place throughout

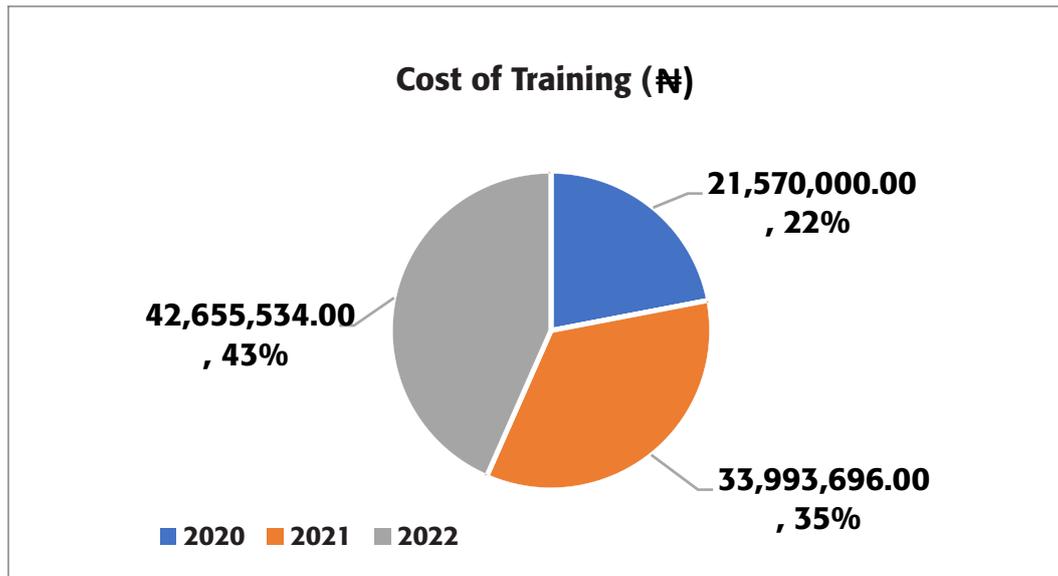
the year for all employees, and we ensured that for 2022, all employees received regular career development and performance reviews.

In 2022, 2,268 employees were trained in DSR and this amounts to a total of 18,724 training hours which is an average of 6.9 hours per employee. We conducted 102 training programmes and the trainings were in the mode of physical, virtual (Self-paced and Tutored) and different conferences.





## CULTURAL PILLAR:

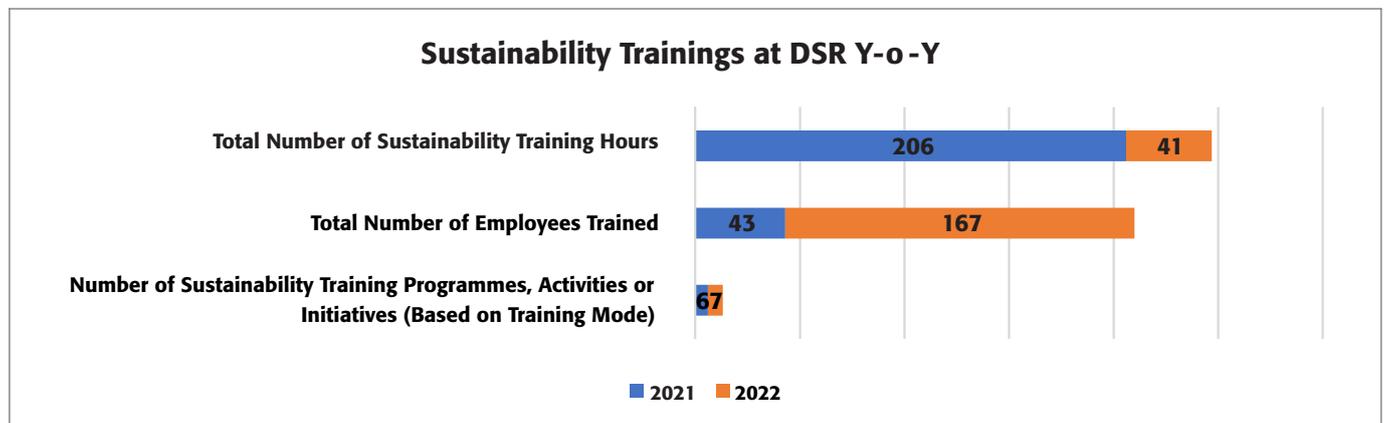


Our overall learning catalogue in 2022 covered a total of 102 different unique training titles, with sessions focused around SAP modules utilization, Equipment maintenance, Health & Safety, Critical Control Point (CCP) & Operational Prerequisite Programme (OPRP), Good Manufacturing Practice, Risk management, Fundamental Human Rights of an Employee, Ethics and Culture, Bribery and Corruption, Salesforce Effectiveness, International Organisation for Standardisation (ISO) 45001: 2018 Occupational Health and Safety, Project Management Professional (PMP), International Ship and

Ports Security (ISPS), amongst others.

### Sustainability Training

In 2022, seven (7) sustainability training sessions were attended by 167 workers, a remarkable increase of 288.4% from 43 (2021), clocking a total of 41 training hours at an average of 0.2 hours per person and costing a total of N423,000.



The table below lists the topics covered in the virtual training sessions, which were all linked to sustainability.

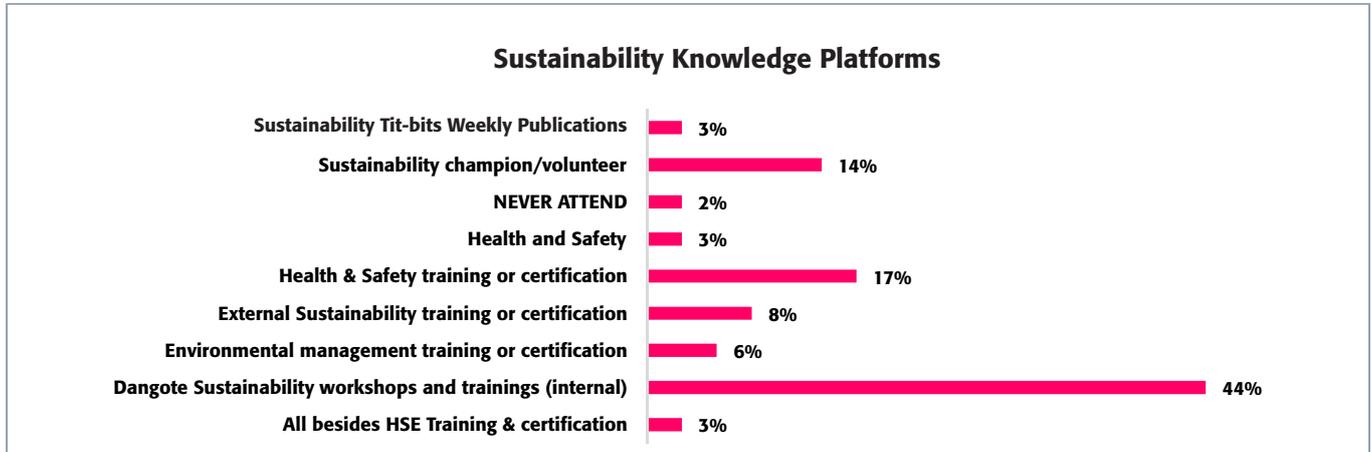
S/N	2022 Sustainability Training Sessions	Categories of Employees Trained
1	Building a Sustainable Business Culture	Management and Supervisors
2	Speed of Trust	Management
3	Good Manufacturing Practice	Process Team, Engineering, HSSE, QA, Supply Chain
4	Climate, Circularity, and the Future of Sustainability: Bridging the SDG Gap through Impact Investment	Sustainability Leads
5	Supplier LoCT: Scope 1 GHG Footprinting Tracking	Sustainability Leads, Supply Chain, Agric, HSSE
6	Supplier LoCT: Scope 2 GHG Footprinting Tracking	Sustainability Leads, Supply Chain, Agric, HSSE
7	Carbon Footprint Reduction	Management



## CULTURAL PILLAR:

Our employees survey revealed Dangote Sugar's commitment to sustainability education for employees. As a result, employees said their interest and engagement in sustainability were through the enhancement of their

sustainability knowledge through various platforms, especially via workshops/trainings and volunteering in DSR sustainability week.



### Employee volunteering: supporting our local communities - 2022 Sustainability Week

Employee Volunteering is part of DSR's Corporate Social Responsibility Initiative. Our employees are encouraged to participate in employee volunteering activities to create shared value in our host communities and as a way of driving sustainable impact in these communities. DSR employees alongside their counterparts in other Business Units within the Dangote Group participated in the 2022 Sustainability Week. The Sustainability Week is an annual event designed as an employee volunteering initiative to make a measurable impact in host communities and improve environmental, social, and economic wellbeing.

One hundred and five (105) DSR employees volunteered by utilising 330 volunteering hours on initiatives that benefitted 1,150 students, five (5) schools, thirteen (13) communities/villages, 2,500 community members, and 1,600 motor taximen & trailer men. The number of volunteers increased by 63% from 65 in 2021 to 105 in 2022. Similarly, the number of volunteering hours increased by 43% from 231 in 2021 to 330 in 2022. This further reiterates our commitment to continuously support our local communities through the direct intervention of our employees. From the feedback gathered, only a few of the respondents (25%) from DSR's host community at Numan, Adamawa and Apapa during the survey indicated that they are unaware of DSR Sustainability Week initiative, which is driven by employee volunteers. Also, 60% said there was "no" sustainability week initiative happened in the community while 23% said they are "not sure" and could not acknowledge these initiatives as

they thought it was a routine CSR initiative, thus majority (53%) could not assess the impacts and benefits gained from the sustainability week initiatives thereby giving DSR an average score of 1.9 out of 10.

We received this feedback as the need to improve the awareness of our external sustainability initiatives to host communities. Going forward, it will be an inclusive stakeholder engagement process from when initiatives are being conceptualised to the point of implementation as well as monitoring and evaluation. A concept note for each initiative will be developed which will include the roles and responsibilities of all stakeholders and the engagement /communication plan.

A few of the respondents mentioned that they benefitted from some activities/initiatives during the 2021 DSR Sustainability Week in their communities with majority (67%) saying they did not benefit at all.





## CULTURAL PILLAR:

DSR Sustainability Week activities/initiatives benefitted by host communities	Percentage of respondents
None	67%
I have no knowledge of such	3%
Employment	5%
Farm Cutting/Work	5%
Planting of trees	5%
Renovation of school	5%
Security	5%
Scholarship	5%
<b>Grand Total</b>	<b>100%</b>

*Source: DSR 2022 Stakeholders Survey*





# Economic Pillar

Contributing to Nigeria's economic growth and development



## Economic Standards

In line with the principles behind our Economic Pillar, we strive to promote inclusive, sustainable economic growth, self-reliance, self-sufficiency, and industrialisation across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.

As part of our economic sustainability strategies, we ensure that we sustain business profitability and give good return on investment to our esteemed shareholders. We endeavour to support industrialisation in all the economies where we operate and make meaningful economic impact in our host country.

We also support job creation and household income through the different activities across our value chain. We deliberately prioritise the patronage of local labour, suppliers, vendors and contractors as our way of building local capacity and wealth. We ensure transparency in the taxes that we pay and other statutory payments that we make to governments and public institutions.

## Sustaining Value: Our Functions in the Food Manufacturing Landscape and Involvement in Economic Progress

With the incidence of the war between Russia and Ukraine at the beginning of 2022, Nigeria was not spared in the significant rise in the cost of raw materials, energy, transportation, and intermediate products globally. Fuel price, cost of transportation, flight costs, food inflation is some of the issues that contributed to the decline in the already falling purchasing power of the average Nigerians. We would recall that Nigeria's inflation rate dropped to 15.6% in January 2022 and food inflation to 17.13% from 17.37% recorded in December 2021. It does not come as a surprise that the inflation rate increased to about 21.47% in November 2022. Despite all these global setbacks, we were able to pull off a significant increase of 46.1% in revenue year-on-year. This has reflected in a rise in the economic value dispersed in terms of taxes, purchases, wages, dividends, and operational costs. We also recorded a 169.06% increase in our local procurement expenses year-on-year from N26.8 billion in 2021 to N72.2 billion in 2022 despite the fluctuating inflation rates, restrictions on liveable foreign exchange, security issues, and the nation's debt.

Experts from abroad and at home have predicted that the Nigerian economy will expand majorly by robust commodities trade and dynamic consumer goods and services which will amount to about 3% in 2022. Our long-term goal of value creation and sustainable growth in Nigeria by working to get Nigeria on the World Sugar Production Map is supported by the fact that DSR is in a position to contribute this GDP target in 2023 given that the manufacturing sector contributes about 13% of GDP and the agricultural sector makes up about 24% of GDP. The Dangote Sugar Backward Integration Projects, which aims to produce 1.5 million metric tonnes of refined sugar annually from sugarcane plantations spanning more than 150,000 hectares of land in various parts of Nigeria will enable this.





## ECONOMIC PILLAR:

DSR will move from port-based refining to being a fully integrated sugar production entity in Nigeria. This audacious step will help the nation become self-sufficient with respect to sugar and creating over 100,000 new job opportunities while at it. This goal will also contribute to the sugar self-sufficiency ambitions in the Nigerian Sugar Master Plan (NSMP). The project will help maximize the extended value chain in a variety of industries, including the production of sugar, ethanol, power, and animal feeds. We made headway on the Project's first phase in 2021 by restoring and enlarging the integrated sugar estate at Numan and adding to our out-growers program.

### Contribution to Job Creation and Sustainable Income

At DSR, our economic and social sustainability pillars are built upon on fostering partnerships with our stakeholders that benefit all parties involved and promoting economic success in local communities. For the reporting year, we recorded a 206% surge (from about 2,900 to over 9,000) in the number of direct jobs. This, in addition to the multiplier impacts of our operations on household income, and the creation of indirect and induced jobs have collectively

improved our impact on the lives of people. Our indirect and induced employment includes workers who are employed by our vendors, contractors, farmers, distributors, and their value chains. Our business operations supported more than 60,000 jobs in 2022 (direct, indirect, and induced), according to a Social Accounting Multiplier Matrix calculation. Furthermore, employees between the ages of 18 and 50 made up 2,178 (73.13%) of our entire workforce, demonstrating our dedication to aiding in efforts by the government to tackle the rising rate of youth unemployment in the nation.

### Contribution to Household Income

Our direct household income contributions—salaries, wages, and dividends—amounted to N22.9 billion in 2022, down 15.5% from N27.1 billion in 2021. Our indirect household income contributions—taxes, local purchases, and social investments—totaled about N100.1 billion in 2022, up 59% from N41.1 billion in 2021.

Contribution to Household Income			
Parameters	2022	2021	2020
	N'000 (Thousand Naira)		
<b>Direct Contributions</b>			
Employee wages, salaries, and benefits	10,737,667	8,943,973	8,321,604
Dividend paid to shareholders	12,146,874	18,220,317	13,200,000
<b>Indirect contributions</b>			
Tax Expense	27,560,686	11,968,921	15,847,076
Local Procurements (All operations)	72,180,300	28,022,156	30,650,672
Social/Community Investments	324,928	1,151,789	910,640

### Indirect Economic Impact

DSR offers sustainable investments, infrastructure, and empowerment programs to assist local communities in thriving. We offer infrastructure in the host towns, such as power, water, and other socioeconomic conveniences. We promote diversity and local content in our market of operation by supporting neighbourhood businesses and obtaining high-quality production inputs from underserved communities nearby. This has aided in solidifying the bonds that already exist between DSR and its surrounding communities.

### The Out-growers' Scheme

The creation of a strong out-grower program for farmers in the communities where the Backward Integration Projects are located is a component of the Sugar Master Plan's employment generating, empowerment, and entrepreneurship push. We collaborate closely with the Nigerian Sugar Development Council (NSDC) and the local farmers to enhance the Cane Grower Development Programmes now in place in order to increase participation, produce a higher-quality crop, and raise farmers' income. We began with 415 out-growers to assure the success of this effort, and by 2021, that number had nearly doubled. Via the Special Independent



Sugarcane Out-growers' Development Programme (SIS OGD), we are currently expanding the land to over 8,000 hectares. By the year 2024, 5,500 more farmers will be participating in the programme.



## ECONOMIC PILLAR:

### Economic Performance: Economic Value Created and Distributed (EVC&D)

For our stakeholders, we at DSR continue to prioritize ensuring that we deliver sustainable returns. Year-on-year, our sales volume increased with the help of our 2022 consumer-centric activities and improved market penetration programs. Our gross revenue (economic value created) increased by

46.00% from N276.1 billion in 2021 to N403.25 billion in 2022. Also, the distribution of our economic value (operation costs, employee compensation and benefits, payments to capital providers, payments to government by country, and community initiatives) increased by 39.7% from N253.2 billion in 2021 to N353.8 billion in 2022.

Year	Direct, Indirect and induced economic value generated and distributed		
	2022	2021	2020
	<b>N'000 (Thousand Naira)</b>		
<b>Economic Value Created (EVC)</b>	<b>403,245,988</b>	<b>276,054,781</b>	<b>214,297,747</b>
Revenue	403,245,988	276,054,781	214,297,747
<b>Economic Value Distributed (EVD)</b>	<b>359,703,526</b>	<b>254,540,626</b>	<b>187,546,167</b>
Operating costs**	311,282,950	225,846,208	157,076,742
Employee wages, salaries and benefits	10,737,667	8,943,974	8,321,604
Payments to providers of capital	9,802,295	6,629,734	5,390,105
Tax expenses	27,560,686	11,968,921	15,847,076
Social/Community Investments	324,928	1,151,789	910,640
<b>Economic Value Retained (EVC - EVD)</b>	<b>43,537,462</b>	<b>21,514,155</b>	<b>16,751,580</b>
**Excluding administrative expensive			

### Dividend Payment History

DSR's dividend policy maintains appropriate levels of dividend pay out to shareholders while reflecting the Company's earnings and cash flow. Since our 2007 debut on the Nigerian Stock Exchange (now part of the Nigerian Exchange Group), we have maintained a history of dividend payments, and we have done so continuously. We make sure that the investments of our shareholders provide a healthy return. In accordance with legal requirements, we distribute dividends and update shareholders on our financial performance. We plan to provide N1.50 per share, or approximately N18.22 billion, to our stockholders as a dividend for FY2022. The graph below displays our history of dividend payments:

### Responsible Tax Payments

DSR is devoted to abiding by all legal specifications pertaining to tax payment and other statutory returns. We pay our taxes to the government annually as required by law. Our tax payments in 2022 totaled N27.56 billion, an increase of 130.2% over the tax payment in 2021 of N11.97 billion. The pertinent portions of this report contain further information concerning our 2022 tax returns.

### Anti-competitive behaviour, anti-trust, and monopoly practices

In 2022, DSR didn't incur any financial costs from associated litigations, fines/penalties due to anti-competitive behaviour, anti-trust, and monopoly practices. DSR remain a responsible business contributing its quota to national development as an industry leader and trailblazer.





# OPERATIONAL PILLAR:

## Modern, efficient factories producing the highest quality sugar



### Operational Standards

Our Operational Sustainability Pillar defines how we serve and satisfy our markets by working together with partners to deliver the best quality products and services to our valued customers. We also achieve this by leveraging continuous product improvement and innovation, new business development, and employment of state-of-the-art technologies to optimize cost-efficiencies and competitiveness.

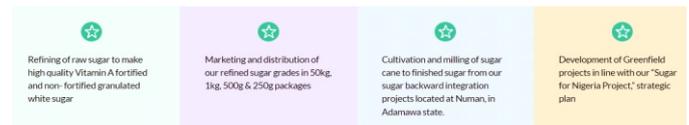
For us, driving operational efficiency means maintaining the highest standards in product responsibility, product quality, product information dissemination and labelling, efficient production processes, and service delivery that exceeds our esteemed customers' expectations. We endeavour to maintain operational standards that align with global best practices in occupational health and safety, making our work environment and project sites safe for internal and external stakeholders.

To foster operational sustainability, we continuously invest in innovative technologies and processes that promote our goal of utilizing available production capital optimally and resourcefully. We are committed to adopting the circular economy business model to ensure operational and cost efficiency, resource consumption minimization, and environmental responsibility. We implement the policy of continuous improvement in our production processes and invest in state-of-the-art production facilities that minimize the negative ecological and social impacts that could result from our business operations.

As a responsible brand, our focus on operational sustainability demands that we maximise value from raw materials and local resources and be mindful of occupational health and safety and our footprints on the physical environment.

### Our Strategic Value Chain

In the Nigerian food and beverage industry's sugar refining sector, DSR is a well-known brand. Our Apapa sugar refinery, with an installed capacity of 1.44 MT per year, is the biggest in Sub-Saharan Africa. Our key competencies are as follows:



Our company offers our customers a range of essential value-added support services, such as logistics, supply-chain management, credit, and risk advising, sales, and merchandising. More than 500 trucks transport our finished products to the market while being backed by strategically placed warehouses all around the nation. We have a plant with a capacity of 1.44 million tonnes per year in the Shed 20 NPA Apapa Wharf Complex in Apapa Wharf, Lagos. The facility, which was put into operation in 2000, was Nigeria's first sugar refinery. The refinery has 16 MW of internal power generation capacity and is effectively powered by gas and/or Low-Pour Fuel Oil (LPFO). DSR Apapa manufactures 45 ICUMSA (International Commission for Uniform Methods of Sugar Analysis) Vitamin A Fortified refined granulated free flowing crystal white sugar, which is packaged and sold in 50kg, 1kg, 500g, and 250g bags as well as 50kg bags of non-fortified granulated sugar. Also, we have DSR Numan, a 32,000 hectare brownfield sugar backward integration estate in Numan, Adamawa State.

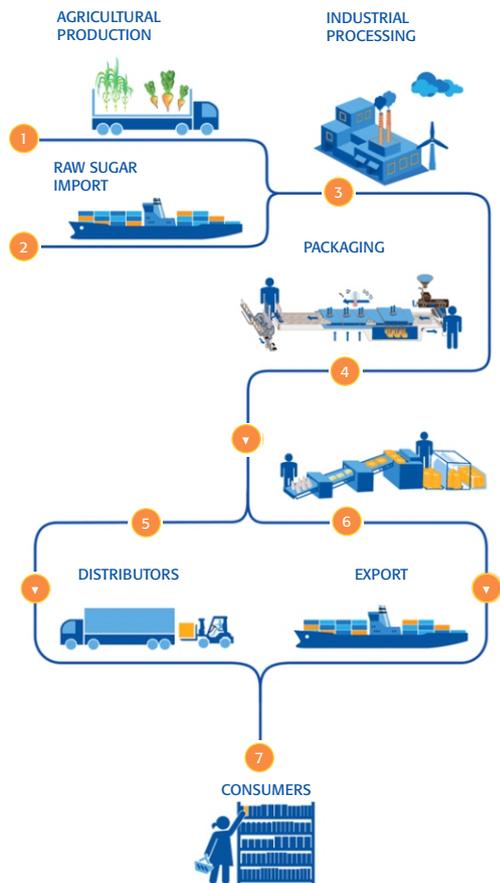


It currently produces more than 22,080 tonnes of refined, granulated white sugar for consumption from about 320,497 tonnes of its own grown sugarcane from more than 7,000 hectares, exceeding its installed milling capacity of 50,000 tonnes annually. This sugar is sold in the local markets throughout the area. Furthermore, we can fulfill customer requests for unique products and packaging because our facilities and production methods are run in accordance with legal requirements and international standards. DSR has obtained certifications for its QMS (ISO 9001:2008), FSMS (ISO 22000:2005), OHSMS (ISO 18001:2007), and FSSC 22000.



## OPERATIONAL PILLAR:

The following diagram depicts the value chain for our production:



1. Raw sugar can be purchased from our out growers or other local farmers
2. We import raw sugar from Brazil
3. Our industrial process involves the following steps
  - a) Storage
  - b) Pre-melting and melting
  - d) Filtration
  - e) Decolourization and More filtration
  - f) Evaporation and crystallization
  - g) Centrifugation and drying
  - h) Blending
  - l) Screening
  - j) Fortification and finished goods storage
4. Packaging is done in 50kg, 1kg, 500grams and 250grams sizes for fortified sugar 1000kg and 50kg bags for non-fortified sugar
5. local distribution through distributors, retailers, trade(50kg) customers and corporate customers
6. Export t other West African countries
7. Our customers enjoy our products

### Our Material Utilization Landscape

As much as possible, we strive to increase the use of recyclables in our production process especially during packaging. For production, we used 846,449 tons of renewable raw materials externally sourced while for packaging we used 15,685,531 50kg internally-sourced recyclable bags. During the production process, we utilised 1,880 m<sup>3</sup> of water of which 95% (1,786 m<sup>3</sup>) was recycled water and 1,790,903 tons of steam of which 59% (1,062,005 tons) was recycled.

### Operational Efficiency

DSR takes great pleasure in its production volumes and employs cutting-edge technology and manufacturing techniques to guarantee that we consistently meet our volume goals. DSR Apapa has a starting annual refining capacity of 600,000 tonnes when we first put it into service in 2000. The plant now generates 1.44 million tonnes of product annually, using LPFO for power generation, a talo-clarification process for purification, and an ion exchange resin for decolorization. The highest standards in product responsibility, product quality, product information dissemination and labelling, efficient production processes, and service delivery that surpasses the expectations of our respected clients are what we use to drive operational efficiency. The numerous products in our inventory are created to meet the quality and usability requirements of our customers. All these activities are carried out in extremely hygienic and clean environments

while adhering to the highest levels of international quality standards for food production. From 811,962 tonnes in 2021 to 806,093 tonnes in 2022, our output volume decreased by 1% mainly due to socioeconomic challenges (inflation and insecurity) in the country.

### Building a Sustainable Supply Chain

Due to our vertical integration and complete ownership of our product delivery system, we have established ourself as a market leader in the sugar refining sector. To increase local market share, improve efficiency, and sustainably add value to our operational environment, the company has used cutting-edge approaches in supply chain management. Our operation is focused on sustainably optimizing the raw materials and other resources required in our production processes, which includes sourcing of our raw and packaging materials from various vendors and ensuring that the safety of our product is foremost and critical in everything we do. We are supporting local content and are contributing to the local economies of the places where we operate. As such, we are currently mentoring two (2) vendors (SMEs) on supply chain sustainability.

Given the recent DSR's internal processes aimed at embedding sustainability obligations and practises into their procurement and supply chain procedures, majority of the suppliers, vendors, and contractors' respondents (84%) during the materiality survey agreed that every major business transac-



## OPERATIONAL PILLAR:

tion/contract should be guided by a Code of Conduct on ESG best practices. Also, 97% agreed that ethics and integrity consideration is vital in selecting supply chain partners in today's global and regulated business environment. They (91%) also agree that adopting the best environmental, social and corporate governance practices would help them build a strong, viable, regulatory compliant and respected business enterprise.

91% of the respondents affirmed that they do not engage the services of young children (under 18 years) in the execution of projects/contracts with DSR in any way or form, while 8% said they indulge in such practise which is a contravention to the company's child and forced/compulsory labour policy, and 2% said they weren't sure.

Finally, about 64% of respondents agreed that companies should report at least annually on their ESG performance as a way of encouraging continuous improvement in ESG practices while 28% said "maybe" with 8% saying it is not necessary.

### Procurement Practices

DSR's procurement process flow sets out the expectations for our suppliers. Our procurement flow process is shown below:

1. The procurement department receives approved Purchase Requisition from User Department through SAP.
2. The request is analysed by the buyer in charge of each category.
3. The Buyer sends out the Request for Quote (RFQ) to all the vendors in each category. The RFQ is sent to vendors registered on our ERP and categorised according to their competence.
4. The vendors submit their quotation based on our request before the deadline of submission.
5. The Quotation from the vendors are populated on a comparison table where various parameters such as Price, Delivery Time, and Payment Terms are analysed. This enables the Buyer to select the vendor with the best responsive quotes.
6. The comparison table is signed and approved by the HOP.
7. A Purchase Order (PO) is issued to the best responsive vendor.
8. Each Buyer expedites for delivery.
9. Item Delivered: The item delivered will be registered at security unit, where it will be inspected by the User

Department and certified OKAY. If the item is OKAY, the receiving store receives the item into store, if the item is not OKAY, It will be rejected.

10. GRN will be created for items accepted.
11. Follow up with payment.

We have communicated these processes to our suppliers and continue to ensure they are in strict compliance with issues bordering on code of business conduct, human rights, labour rights, safety and occupational health, and the environment. Suppliers are managed and controlled in such a way that their products or activities will have minimal effect on the environment. Where required, Material Safety Data Sheets are requested from relevant contractors to confirm the environment conformance of such items before purchase. The extent of control and management depends on the scope of the Supplier's activities, nature of suppliers and significance of such operation to the environment and the duration of Supplier's work scope within the premises or supplies to the company. Suppliers' environmental assessment is done using the following screening criteria:

- Environmental Policy
- HSSE statistics
- Certificate of registration with agency in connection with their area of specialization e.g. ISO 140001:2015, ISO 9001:2015, and ISO 450001:2018.
- Competence level

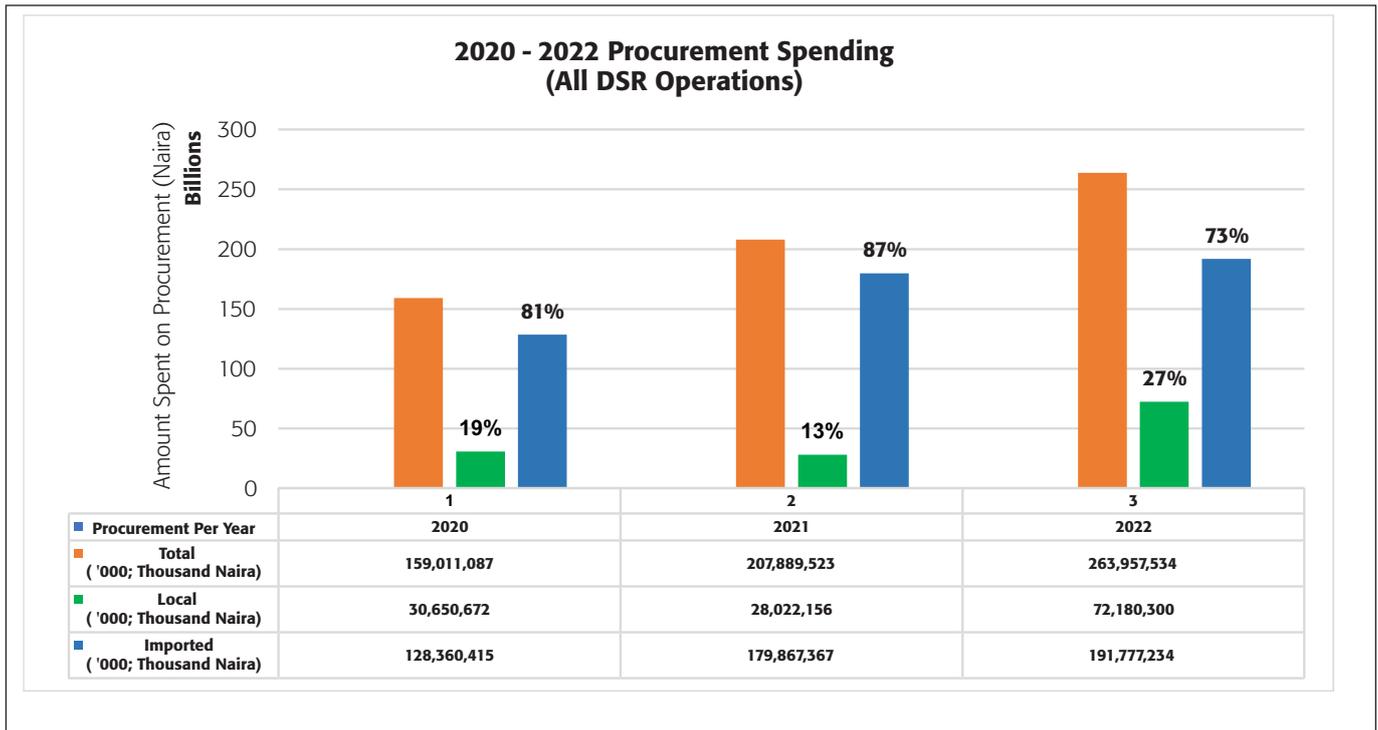
As we continue our sustainability journey, we will explore alignment to international standards on sustainable procurement ISO 20400:2017. The standard will help us in dictating clear guidelines on sustainable procurement such as risk management, transparency, human rights, and ethical practices.

### Promoting Local Content in our Procurement

The local businesses that provide us with goods and services frequently serve as the lynchpin of their respective communities' economies. We understand that doing business with them helps the Nigerian economy expand, reduces inequality, and boosts local purchasing power. Our expenditure on purchases from local vendors increased by 27% to N72.2 billion in 2022, from N28.0 billion in 2021. The following chart illustrates the increase in local procurement numbers year over year:



## OPERATIONAL PILLAR:



### Food Safety: Our Product Quality, Assurance, and Customer Responsibility Strategy

Product responsibility demonstrates our commitment to excellence in our production process and demonstrates our unwavering focus on product quality and client happiness. The DSR Food Safety Policy makes sure that the company's activities for producing refined granulated white sugar adhere to legal and consumer food safety criteria. We employ the best food-grade production facilities in hygienic settings, and we keep effective lines of communication open with stakeholders regarding food safety issues. The following goals guide the monitoring, evaluation, and measurement of compliance with the Company's Food Safety Policy:

- To provide wholesome and nutritious sugar that supports healthy living.
- To achieve 100% compliance with all relevant customers', statutory and regulatory food safety requirements.
- To ensure that all relevant parties in the food production chain are aware of; and comply with the company's food safety requirement.

DSR process is FSSC 22000 (Food Safety System Certification) certified. The FSSC 22000 system is based on ISO Standards recognized by the Global Food Safety Initiative (GFSI). The FSSC 22000 integrates with other management systems that the company has already achieved as part of a strategic initiative to meet the voluminous needs of its customers, maintain its leadership position in the food and beverage industry, and comply with generally accepted practices and standards.

As part of our campaigns & initiatives deployed during the year to boost product quality control, quality assurance and food safety, DSR food safety Internal auditors were re-trained. DSR migrated from FSSC 22000 version 5.0 to the latest FSSC 22000 version 5.1 requirements and was certified by SGS.

### Products

We refine granulated white sugar that has been fortified with vitamin A and is packaged in quantities of 50kg, 1kg, 500g, and 250g for direct consumption as well as an addition to baked goods, cereal sweetening, beverages, etc. Industrial sugar that is not fortified comes in sacks of 1000 kg and 50 kg. Pharmaceuticals, food and beverage companies, other industrial firms, etc. use this specifically processed sugar grade to assist them offer high-quality products to their markets with the desired sweetness generated from Dangote Sugar. The following is the product information for our fortified sugar:

<b>Raw Sugar Origin</b>	Brazil
<b>Specifications</b>	Vitamin A Fortified Refined Granulated White Sugar
<b>Polarization%</b>	Not Less Than 99.9
<b>Moisture % by wt</b>	0.04% max
<b>Granulation</b>	Fine. 100% Soluble Dry and Free Flowing
<b>Color</b>	Sarkling White, less than ICUMSA 45
<b>Odour and Taste</b>	Odourless, Sweet Pure Taste
<b>Packaging</b>	50Kg net, extended package sizes: 250g, 500g and 1kg. Durable polypropylene bags lined with polyethylene.



## OPERATIONAL PILLAR:

### Product Quality Control



In order to ensure the production of safe sugar and other goods derived from the sugar manufacturing process, Dangote Sugar is produced to high quality standards utilizing extensive quality management control systems. We are proactive when it comes to safety, upholding standards, and quality control, and we are strongly devoted to achieving sustainable quality standards throughout every step of our process. In addition to various quality control procedures used throughout our production processes, our refinery is run with quality management systems that must at least meet ISO 9000 requirements. Our quality control team's technical proficiency oversees ongoing investments in and advancements to our process technologies. Annual quality certification audits are performed, and where necessary, our global clients conduct validation audits. To maximize client satisfaction, the quality control team supports the sales department.

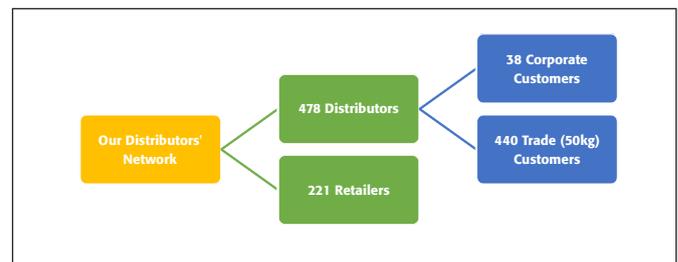
They collaborate to create and fulfil product requirements in accordance with requests, processes, and complaints from customers. To ensure that our quality and food safety criteria are always met, regular awareness sessions and audits of our quality standards are conducted among our quality control, purchasing, production, and sales departments, as well as our suppliers.

### Product Information and Labelling

To enable our consumers to make informed decisions, we give clarity and transparency about the ingredients in our products. All nutritional information is clearly displayed on our packaging in strict compliance with all applicable regulatory labelling formats. We ensure that the fortification logo, indicating that our sugar is fortified, is strategically placed in the label as required by the National Agency for Food and Drug Administration and Control (NAFDAC). Regarding the promotion, marketing, labelling, and sales of our products, we abide by all applicable rules and regulations. We also make sure that our communication is accurate, true, accurate, balanced, fair, thorough, and does not contain any misleading information. As a result, we did not receive any penalties for marketing and communication practices in 2022.

### Sales, Marketing, and Promotional Activities

Considering that our goal is to be the most dependable and high-quality supplier of refined sugar products on the market, we want to be as close to our clients as possible. This is achieved through our well-established and client-focused distribution network, which provides customers with specialized products anywhere in the world.



Furthermore, we use the customer care annual activities to increase awareness of our products and services, show appreciation for our internal and external customers, and report achievement and strategy to meet our goal via the customer care platform. We use this information to document our customer care performance for each previous year. In the table below, a summary of these have been highlighted:

Activity	Brief description
<b>2022 Customer Service Week</b> November 16th, 2022 - Virtual	Customer Service Week is an annual event celebrated globally to raise awareness of customer service and appreciate customers for their loyalty. We also appreciate staff for the role they play in delivering customer care service.
<b>Supplier's Forum</b>	Virtual Engagement of all Suppliers via Microsoft teams for 2 hours, discussing food safety and improved operational efficiency.
<b>Customer Satisfaction Survey</b>	Customer satisfaction survey aim to measure customer satisfaction in order retain customers and attract new ones. The feedback on customers' insights, helps us to improve. The survey is conducted twice a year.



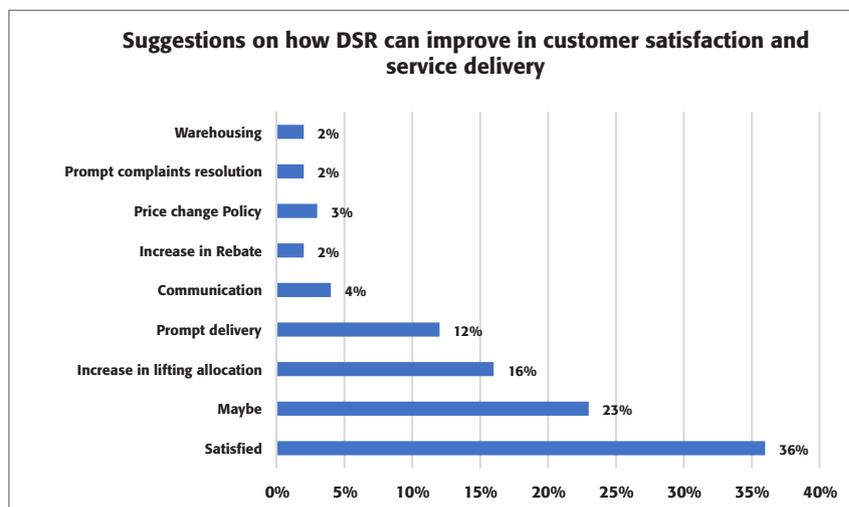
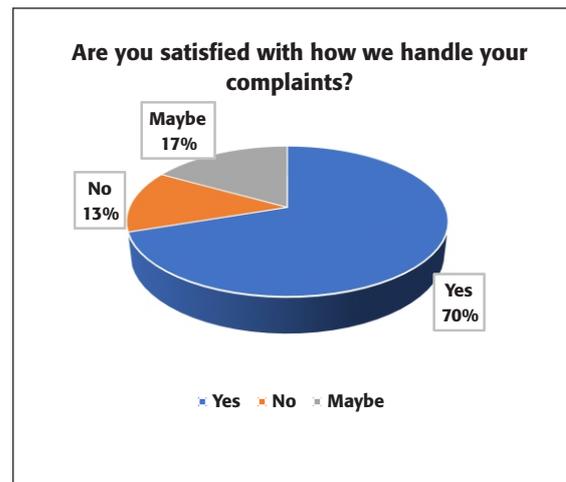
## OPERATIONAL PILLAR:



### 2022 Customer Satisfaction Survey Feedback

To keep current customers and draw in new ones, we execute an annual customer satisfaction survey which helps us gauge how satisfied our customers are. The findings from the annual customer survey help us do better.

In 2022, 426 customers were engaged, 243 questionnaires deployed with 66% (161) response rate. A summary of the feedback received are spotlighted below:



All complaints were resolved with adequate corrective actions and preventive actions identified to minimise the chances of a recurrence



# SOCIAL PILLAR:

Building social bridges across communities and markets



### Social Standards

Our Social Pillar centres around how we manage our social impact on stakeholders and the larger society, and how we ensure that we give back to the communities where we operate. In our host communities, we strive to support socio-economic well-being through direct and indirect employment, skills transfer and capacity building, local entrepreneurial development, and patronage of local vendors and contractors.

As our management approach, we also invest in social amenities and projects that are beneficial to local communities and improve the overall human capital development index. We believe in supporting development in local economies and assisting governments in providing access to quality water, education, healthcare, and public infrastructure.



### Community and Social Investments

Beyond our staff, we invest significant resources in promoting the growth of human capital in our host communities. We learn about the needs of our host communities, which we try to satisfy as much as is practical, through our on-field team, which serves as community relations engagement organs. We strive to have a significant impact on the social and economic lives of those in our community by making investments that offer both long-term rewards and business sustainability. This includes promoting community service among our staff members and assisting with projects that have observable and long-lasting effects. In 2022, we spent over N0.324 billion on community investment projects, representing about 0.59% of our 2022 profit after tax (PAT). This is a marked reduction from 2021 where we spent N1.152 billion which was 5.10% of 2021 PAT.

Year	Total community investment spending (N'000)	Profit After Tax (PAT) ( N'000; Thousand Naira)	Percentage of PAT as Total Social investment spending [Per Year]
2020	910,640	29,775,243	3.06%
2021	1,151,789	22,052,291	5.22%
2022	324,928	54,742,134	0.59%



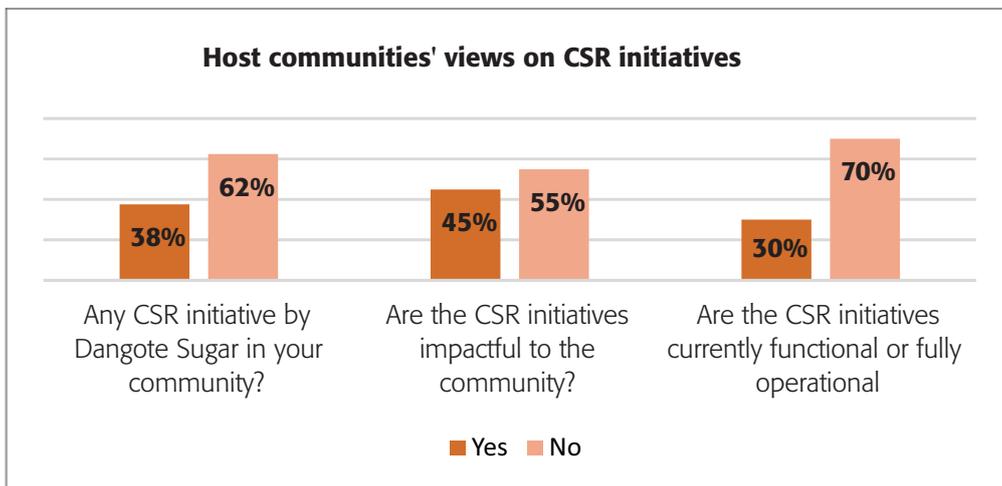
## SOCIAL PILLAR:



Our investment key focus was on local entrepreneurial development, donations and support to our host communities, education and scholarships, provision of portable water amongst others as shown in the table below.

Spending Category	Cost of project (N'000; Thousand Naira)	UN SDGs Alignment	Percentage of Total (For Each Spending Category)
Water/Sanitation	8,178	3,6	2.52
Economic/SME development	100,000	1,2,8,9	30.78
Education and scholarships	28,438	4,8,10,11,16	8.75
sports	12,184	3,11	3.75
Donations, support and grants to host communities	129,128	1,11,16,17	39.74
Donations and grants to government	20,200	11,16,17	6.22
Donations and grants to CSOs/NGOs and development bodies	23,000	17	7.08
Others	3,800	1,2,8,16,17	1.17
<b>Total Expenditure</b>	<b>324,928</b>	-	-

Minority (38%) of the host community respondents during the survey affirmed the contribution of DSR to the community's development via the execution of CSR initiatives. A few (45%) opined that the CSR initiatives were impactful to the community and only 30% claimed they are currently functional or fully operational.





## SOCIAL PILLAR:

### Anti-corruption, Grievance Mechanism and Whistleblowing

At DSR, we do not tolerate any form of bribery and corruption, and we are committed to complying with applicable anti-bribery and anti-corruption laws in all our operations as we pride ourselves on high ethical standards of doing business. Our implemented policy on this topic is well known to all our stakeholders as we make no compromise to build a very strong institution that pays zero-tolerance to corruption and illegal activities. We continuously communicate this to all our stakeholders through trainings, webinars, and awareness programmes. In 2022, we had 142 of our employees trained on anti-bribery and anti-corruption related programmes in our Apapa site. We also recorded no cases of bribery and corruption within our value chain.

### Whistle-Blowing

The Company has set up regulations to identify non-compliant events, as well as the implementation of a whistle blowing policy, which allows all employees and business partners to raise genuine concerns, in good faith, without fear of retaliation.

Guiding principles over the Whistle-Blowing process include ensuring that the confidentiality of the whistleblower is maintained and not disclosed without his/her formal consent. Furthermore, if the whistleblower raises a concern in good faith, he or she will not be held liable, should the whistleblower be proven to be incorrect thereafter.

To maintain the integrity of the Whistle-blowing process, a consultant was engaged in 2016 to receive whistleblower information or complaints. The consultant has continued to provide whistle bower complaints to identified individuals within the Company based on the category of persons involved in the whistle blowing complaint.

In addition, the company also set up a strong internal reporting process and create awareness to encourage speak-up on non – compliance situations.

The Internal Audit department has developed a process to carry out necessary investigations on relevant items and provide recommendations and reports to the Board Risk Management & Assurance Committee on the results of these investigations. In addition, the Internal Audit department continued to engage with various process owners in a proactive manner to further improve the control environment.

We have a whistle blowing policy that mandates all identified cases of fraud and corruption be reported to the relevant authority without fear of reprisals. Our whistle blowing policy is reviewed regularly and every employee is aware of the importance of and the need to report misconduct in any form or against any person irrespective of hierarchy. In the reporting year, we had no whistle blowing case reported through any of our channels or other channels.

Also, during the year under review, DSR did not make any political contribution or donations (financial and in-kind)

directly or indirectly to any political organization in all our operations.

### Host Community Engagement

We acknowledge our host communities as an important part of our operations as we depend on them for a conducive operating environment, resources, employees, suppliers, information, etc. It is therefore important to manage our relationships and support/empower our communities. In the reporting year of 2022, we had a total of 209 community stakeholder engagement activities.

The outcome of this engagement resulted in the completion of 18 community projects, two (2) at Apapa, twelve (12) at Numan and four (4) with our fleet operations. We recorded 12 cases of community grievances, three (3) cases of land access at Numan and nine (9) compensation cases with our fleet operations. The cases were properly addressed and successfully closed out. Also, we lost zero hours to social incidents even though there were four (4) cases on social incidents and disruption which was amicably resolved to avoid escalation.



### Health and Safety

The health and safety of employees is the bedrock of any successful business, that is why at DSR we develop and implement a robust occupational health and safety management system which aligns with national and international safety standards. A safe work environment is an obligation, and we strive to ensure that all employees are in the best possible physical and mental health to carry out their duties. Our approach to Health and safety has advanced beyond a mechanistic and systems-driven framework to a focus on entrenching a culture of safety that promotes ownership, empowerment, and safety leadership, driving positive behavioral changes in compliance to our HSSE Management System as embodied in the 15 Golden Rules. Every DSR employee, Contractor, and Service Provider in contact with DSR operations must strictly adhere to these HSSE expectations to maintain and promote incident-free and healthy working environment.

The table below shows some of the key initiatives implemented to advance safety in the workplace, plants, and our fleet operations.



## SOCIAL PILLAR:

Dangote Sugar Refinery (DSR) - Site Operations	Dangote Sugar Refinery (DSR) - Fleet/Transport Operations
<ol style="list-style-type: none"> <li>1. Conducted training on various safety topics.</li> <li>2. Root cause analysis for all critical incidents and high potential near misses</li> <li>3. Management review of incidents conducted.</li> <li>4. Sharing of learning's amongst Group.</li> <li>5. Development of HSE systems and Standard Operating Procedure (SOPs) for critical Safety Processes: Incident Reporting, PTW, Behavioral Safety Observation Process, Drug, Weapons and Alcohol Management Process, Improved Incident Investigation Process.</li> <li>6. Structured Management Review of Incidents.</li> <li>7. Tracking, follow up and Monthly review of all critical recommended actions from incident investigations.</li> <li>8. Periodic sharing of HSE statistics with employees and management to show trends and justify corrective action plans.</li> <li>9. Promotion of participation in Sustainability initiatives - tit-bit sharing, weekly quizzes, etc.</li> </ol>	<ol style="list-style-type: none"> <li>1. Visible and felt safety leadership and increasing the sphere of influence across the organization through regular meetings and communications on safety by executive leadership.</li> <li>2. Appointment of a dedicated Head of HSE to Fleet Operations to directly manage HSE operations.</li> <li>3. Application of positive and negative consequence management based on performance and compliance/noncompliance such as speed violation, harsh breaking, driving under the influence of substances etc.</li> <li>4. Structured incident investigation process to determine root cause of incidents as well as SMART recommendations to prevent recurrence. This included the use of specific Terms of Reference for each incident investigation, and sharing of lessons learned</li> <li>5. Training of Fleet CPMS and CPOs on Incident reporting, response to incidents, and incident investigation</li> <li>6. Installation of speed limiter and recalibration of speed limits on trucks to control speed</li> <li>7. Engagement of vendors to install in-can dually monitoring cameras on trucks to monitor truck activities and ensure accurate information for RCA in event of accidents</li> <li>8. Intensification of Pep talks for drivers and motor boys</li> <li>9. Structure Journey management Plans</li> <li>10. Improvement in Pre-trip Inspections - acquisition of needed space for truck inspections</li> </ol>

About 3,486 hours were spent on H&S training for 2,346 employees compared to last year where 2,640 employees were trained.

S/N	Specific & Targeted Health and Safety Awareness in 2022	Categories of Employees Trained
1	Chemical Handling	HSE Staff, Chemical Storemen, Supply Chain
2	NEBOSH IGC	HSE Officers
3	Incident/Accident Investigation Techniques and Report Writing	Supervisors, HSE Team
4	Risk Assessment Programme	Supervisors, HSE Team
5	ISO 14000: EMS Lead Auditors' Training and Certification	HSE Team QA, Internal Auditors
6	Emergency Response	ERT, Fire Team
7	Spill Prevention, Control, and Countermeasure Technique	HSE, Supply Chain, Factory staff
8	Effective Tool Handling	Engineering Team

S/N	List of Health and Safety Training in 2022 (Key Modules)	Categories of Employees Trained
1	Hazard Awareness	All Factory workers
2	Industrial House-Keeping	All Factory workers
3	Good Manufacturing Practice	HSE, Process, Engineering
4	Behavioural Safety Observation Process	All personnel
5	Health and Safety in the Workplace	All Workers



## SOCIAL PILLAR:

Unfortunately, in the reporting year of 2022, we recorded a fatality case in our Numan site as a staff of the electrical unit was electrocuted while attempting to remove cables from a cable tray. This event has been investigated and a corrective action plan has been implemented to avoid any possible

failure in the future. We regret this event as we always intend to work towards having zero fatality in our operations. Summary of our occupational health and safety performance for plant operations over the past three years is provided below:

Summary of health and safety performance (2020-2022)		DSR Site Operation			
Types of incidents	2020	2021	2022	Percentage Increase (+) or Decrease (-) [2021 vs 2022]	
Total Number of Work Hours	1,958,336	15,779,616	15,944,019	1%	↑
Total Number of Near Misses	5	33	30	-9%	↓
Total Number of First Aid Injuries	2	20	16	-20%	↓
Total Number of Medical Treatment	2	9	6	-33%	↓
Total Number of Lost Time Injuries (LTI)	6	11	2	-82%	↓
Total Number of Fatalities**	-	1	1	-	↔

\*\* Unfortunately, the fatality was a staff of the electrical unit (Numan) who was electrocuted while attempting to remove cables from a cable tray at height. The IP lost balance while pulling one of the cables and held onto the cable tray with his left hand. His right hand accidentally made contact with an exposed live 220vac lighting junction box and received an electric shock.

### Promoting Diversity, Equal Opportunity, and Women Empowerment in DSR

We take pride in our efforts to integrate diversity and inclusion into all facets of our business operations, including those of our board of directors, executive management team, and larger staff. We advocate for an inclusive workplace that respects the diversity of our workers. We support equal opportunity and abhor any types of harassment or discrimination based on gender, ethnic origin, nationality, social origin, religion, age, handicap, or any other traits that are legally protected.

DSR considers with utmost importance the welfare and rehabilitation of staff members who may unfortunately become disabled during the course of their duties and ensures that in addition to compensation and rehabilitation by the Company, the Nigeria Social Insurance Trust Fund (NSITF) pays a fair, guaranteed, and adequate compensation to employees in case of any injury, disease, disability, or death arising out of, or in the course of employment. Currently, we have 15 employees with physical disabilities such as partial stroke, amputated legs, hands, and hip dysfunction across our operations. This was an increase from 13 in 2021, and we plan to increase this number further in 2023. Employee recruitments, compensations, trainings, promotions, and transfers at DSR are based on merit with emphasis on qualification, performance, skills, and experience.



Dangote Sugar is aware of the gender imbalance within the workforce and remains committed to changing the status quo, starting with our internal operations and down to our entire value chain. Women are encouraged to play key roles across the business. Our efforts at fostering the growth of women in our company is further enabled by the Dangote Women Network which acts as a support platform for women in the entire Dangote Group. Additionally, in our supply chain the women distributors play a crucial role in ensuring that our products are available wherever they are needed.

Setting the tone for diversity starts at the top, DSR fosters our culture of inclusion by having a healthy mix of experienced individuals on our Board and senior leadership teams. These individuals represent several geographic regions and come from diverse backgrounds covering age, gender, race, and nationalities. For 2022, our senior management team consisted of 205 persons including 14 females and 191 males, representing 7% and 93%, respectively. In addition, our Board of Directors consisted of 2 females and 13 males, representing 13% and 87%, respectively. We will continue to



## SOCIAL PILLAR:

promote gender diversity in our leadership positions. The average age of our Board is 53 years while that of the senior management team is 47 years.

### Non-discrimination

We do not condole any act of discrimination, harassment, bullying, or abuse within our workforce and we strive to engage suppliers who subscribes to similar values in this regard. We emphasize the importance of treating individuals justly and in a non-discriminatory manner, in our recruitment activities, operations, and in all engagements with communities and other key stakeholders. In 2022, we recorded zero cases of discrimination in terms of employment, promotion, training, etc. within the workforce and supply chain.

### Freedom of Association and Collective Bargaining

It is a fundamental right for our employees to have freedom of association and collective bargaining. We recognize and respect the rights which our employees have under local laws to join a trade union or have employee representative of their choice, including, where applicable, the right of employees to collective bargaining. At DSR, our employees are free from any threat or any form of intimidation and neither are they subjected to any detriment because of their involvement in legitimate trade union activities. In the reporting year, 2,110 (1,208 DSR Numan and 902 in DSR Apapa) of our employees were covered under collective bargaining agreements.

### Child Labour and Forced or Compulsory Labour

We do not condone child labour in any of our operations and within our supply chain. We consider the use of child labour as a grievous offence because we understand the long-term negative effect on our society. We do not employ children to work in any of our operations and we do not engage suppliers and vendors that engage children as workers. We adhere to the UNGC principles on child labour and the International Labour Organisation's (ILO) Standards on child labour. In the same vein, we reject all forms of forced or compulsory labour resulting in servitude, bonded labour, or slavery, both in our operations and within our supply chain. We encourage our

employees and stakeholders to report all suspected cases. In the year under review, we did not record any reported case of child labour, forced or compulsory labour. We will remain vigilant in our operations to ensure that this status is maintained.

### Human Rights and Indigenous People's Rights

At DSR, we respect human rights and are committed to the principles set out by the UNGC and other international organisations such as:

- the Universal Declaration of Human Rights
- the International Labour Organisation's Declaration on the Four Fundamental Principles and Rights at Work
- the OECD Guidelines for Multinational Enterprises
- the UN Guiding Principles on Business and Human Rights
- the UN-SDGs

In our workplace and host communities, we regard human rights as a fundamental aspect of us conducting a sustainable business. We recorded zero cases of human rights and indigenous people rights violations across our operations in 2022. We hope to organize specific training sessions and introduce initiatives on human rights infringements to maintain our zero records of the reporting year and previous years and avert any possible human rights infringements in the future.





# ENVIRONMENTAL PILLAR:

## Continuously improving on our environmental footprints



### Environmental Standards

Our Environmental Pillar defines our ways of entrenching environmental sustainability by identifying, measuring, and mitigating actual and potential negative ecological footprints in all our operations. Our goal is to improve our performance on energy efficiency, waste management, water consumption, greenhouse gas emissions and leverage the opportunities in environmental stewardship, such as the medium to long term cost efficiencies offered by the circular economy business model.

We seek to improve on our operational efficiencies and optimize our impact on the natural environment while also benefiting from cost reductions. We endeavour to leverage improved business practices and processes that support host communities' protection, preservation of air and water quality, and efficiency in the utilization of energy and natural resources.

We strive to adhere to sustainability principles that drive continual improvement, and we support efforts at addressing environmental challenges such as global warming and climate change. We understand that there are sometimes negative environmental fallouts from our business operations, including sugar dusts, CO<sub>2</sub> emissions, and so on. We remain committed to continually improving our environmental stewardship.

### Environmental Performance

Following the signing of our parent firm, Dangote Industries Limited, to the UN Global Compact (UNGC), we have remained dedicated to upholding its three environmental principles. We have continually expressed our stewardship towards the environment by making sure our environmental impacts are well known and managed following the best available techniques without entailing excessive costs. We proactively manage the several kinds of pollutants that our operations generate. To reduce noise pollution at the refinery, we put silencers in the boiler plant. In all of our operations, we also try to keep the amount of soot, wastewater, and deforestation to a minimum. To recover minerals and water from the effluent from the process house, we have a brine recovery system in place. In order to identify the steps needed for ongoing improvement in 2022, we continued to evaluate our environmental performance.

### Energy Consumption

Year-on-year, reducing our carbon footprint has remained a priority. This has been the driving force behind the efforts we continually put into enhancing our production techniques. We have been able to do this through ongoing environmental monitoring and the adoption of steps to save energy. One of them is making sure that, even though our activities are run on natural gas and LPFO (Low Pour Fuel Oils) if the gas supply from the suppliers is shut off, the best and most efficient of the two boilers is employed for output. There was a drop in production from 811,962 tonnes (2021) to 784,277 tonnes (2022). There was a 55% increase in energy consumed year-on-year (8,594,880 GJ in 2022 from 5,545,085 GJ in 2021) across all our locations. This is followed by a 60.47% increase in energy intensity year-on-year (10.96 GJ/tonne in 2022 from 6.83 GJ/tonne in 2021) across same locations.

Year	Total Production (Tonnes of product)	Total Energy Consumption (GJ) Across all Locations	% +/- [Year-on-Year]	Energy Intensity (GJ/tonne)	% +/- [Year-on-Year]
2020	720,798	4,172,079	-	5.61	-
2021	811,962	5,545,085	32.91%	6.83	21.75
2022	784,277	8,594,880	55.00%	10.96	60.47



## ENVIRONMENTAL PILLAR:

The strategy to lessen our reliance on natural gas entered its transition phase in 2021. As a result, our energy mix has continued to vary since then. Natural gas accounted for 87.85% of the total energy consumption based on source. There was also an increase in the quantity (84%) of natural gas used in 2022 (7,550,513 GJ) year-on-year. For diesel, besides from it accounting for 8.94% of the total energy

consumption based on source, a sharp increase amounting to 209% in 2022 (767,965 GJ) year-on-year was recorded. We did not record any electricity use in 2021 however in 2022, energy from electricity took up 0.73% with 63,071 GJ. The share of LPFO in the energy mix reduced by 82% year-on-year from 1,187,178 GJ to 213,330 GJ.

Energy Source	% +/- [year-on-year]				
	2022 Total Energy Consumption (GJ) Based on Source	Percentage %	2021 Total Energy Consumption (GJ) Based on Source	Percentage %	
Natural gas	7,550,513	87.85%	4,109,547	74.11%	84
Diesel	767,965	8.94%	248,360	4.48%	209
Electricity	63,071	0.73%	-	-	-
LPFO	213,331	2.48%	1,187,178	21.41%	-82
<b>Total</b>	<b>8,594,880</b>	<b>100</b>	<b>5,545,085</b>	<b>100</b>	

### GHG emissions

Our most recent estimate of GHG emissions was created by directly converting the kind of fossil fuel and energy produced. In order to track machine efficiency and schedule maintenance, to report GHG emissions, and to record and report other fugitive emissions, we have started processes to compute emissions using the direct measurement from the machines. We also deployed oxygen analysers to consolidate the optimization of the efficiency of our boilers with two new

oxygen analysers costing 4 million Naira each. Scope 1 emissions are those produced by the use of fossil fuel-powered generators (natural gas, diesel, and gasoline). In 2022, there was a 94.61% increase (627,574 tons CO<sub>2</sub>) in our Scope 1 emissions year-on-year. Unlike 2021, we did use the national grid to get 0.73% of our energy, resulting a total of 27,419 tons CO<sub>2</sub> for Scope 2 emissions.

Year	Total Direct CO <sub>2</sub> Emissions (Tons CO <sub>2</sub> ) [Scope 1]	% +/- [Year-on-Year]	Total Indirect CO <sub>2</sub> Emissions (Tons CO <sub>2</sub> ) [Scope 2]	% +/- [Year-on-Year]
2020	222,017	-	-	-
2021	322,485	45.25%	-	-
2022	627,574	94.61%	27,419	-

Nonetheless, to track our emissions, we hired an accredited environmental consultant to conduct quarterly compliance reviews of our environmental performance in accordance with good international industry practices (GIIP). Our emissions tracking was extended to cover fugitive emissions and refrigerants. We ensure that our air-conditioning systems are run on ozone depleting substances (ODS). Environmental agencies from recognized national and state jurisdictions collaboratively analysed the compliance assessment report. In 2022, we found no instances of violation of the emission restrictions. The lack of ozone depleting substances (ODS) throughout our whole value chain strengthens our commitment to the environment. We do not import, export, or generate ODS as a by-product of our business.

In 2022, we produced 627,574 tonnes of CO<sub>2</sub> in total, with a GHG Emission Intensity of 800.19 kgCO<sub>2</sub>/ton of product, indicating a 117.69% increase year-on-year from the values recorded in 2021. These emissions came from manufacturing activities, captive power plants and energy generators, and fleet operations (Scope 1). Across our Apapa and Numan facilities, we recorded a total annual average of 304 mg/Nm<sup>3</sup> for NO<sub>x</sub>, 4,776 mg/Nm<sup>3</sup> for SO<sub>x</sub>, and 82 mg/Nm<sup>3</sup> for particulate matter. The increase in the GHG emission intensity is consistent with the 55% year-on-year increase in the total energy consumed during the reporting cycle.



## ENVIRONMENTAL PILLAR:

Year	Total Direct CO <sub>2</sub> Emission (Tonnes CO <sub>2</sub> ) [Scope 1]	Total Production (Tonnes of product)	GHG Emissions Intensity (kg CO <sub>2</sub> /tonne of product)	% +/- [Year-on-]
2020	222,017	743,858	300	-
2021	322,485	811,962	368	22.66%
2022	627,574	784,277	800.19	117.44%

### Sustaining Our Relationship with Water

Our supply chain and manufacturing process both depend heavily on water. At DSR, we only use groundwater that is extracted from our industrial boreholes. We use water in our production, cleaning and housekeeping activities, cooling towers, steam generation, and irrigation of our cane field. We also understand that our interactions with water will come with water-related impacts which we make provisions to address appropriately. The construction of irrigation canals and oxidation ponds are used to control flooding and surface run-offs. In addition to these, we have an effluent treatment plant (ETP) for the treatment of effluent and water to minimize the incidences of water-borne diseases. It is ensured that only treated effluent is released back into the environment.

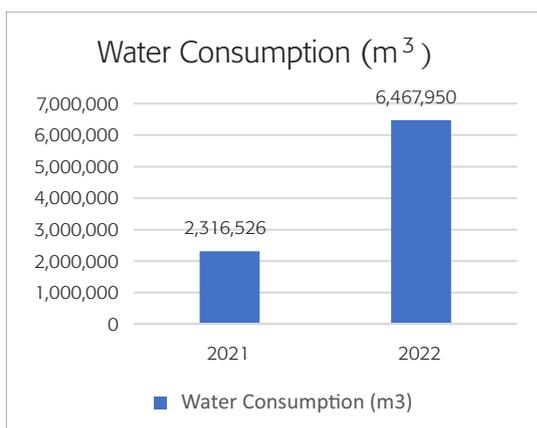
In order to preserve this natural resource for usage and availability in the future, given the devastating effects of a changing climate on access to water, we have continued to promote responsible water consumption and conservation in our activities. All production facilities and fleet operations used 6,467,950 m<sup>3</sup> of water in 2022, with the DSR Apapa accounting for 36% of the total water consumption and the DSR Numan accounting for the remaining 64%. The

179.21% increase in water consumption recorded for 2022 is because of the DSR Numan facility water consumption being reported for the first time. We recorded a water intensity of 8,247 litres/ton of product. As with continual improvement, efforts will be made to identify the actions or inactions responsible for this sharp increase recorded across our facilities.

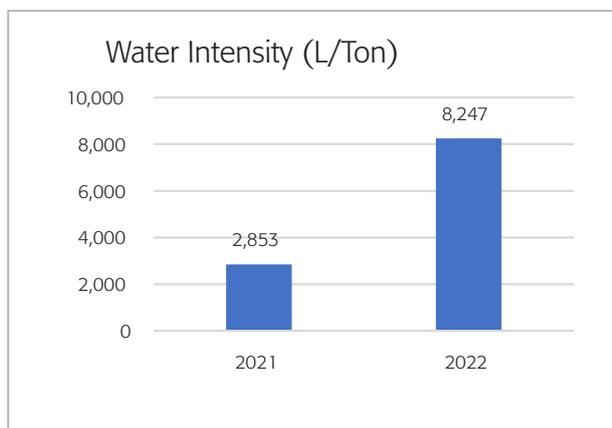
The Apapa facility recorded a 0.3% drop in water consumption year-on-year. We accomplished this by severe water conservation measures, which primarily entail the recovery of regeneration water during the manufacture and maintenance of fully functional flow meters. For our Apapa facility, we succeeded in not exceeding the 200,000 m<sup>3</sup> target with an average of 192,444 m<sup>3</sup> monthly. DSR supplies potable water to local communities. There is an effluent analysis and monitoring carried out by a National Environmental Standards and Regulations Enforcement Agency (NESREA)-accredited environmental consultant monthly and quarterly. This has helped us meet regulatory standards for most of the parameters monitored and we'll continue to work towards ensuring all parameters are compliant.

Location	2021 Total Water Consumption (m <sup>3</sup> ) [All sources]	2022 Total Water Consumption (m <sup>3</sup> ) [All sources]	Percentage of Total for each location
DSR Apapa		2,309,323	36
DSR Numan		4,158,627	64
Total Water Consumption (m <sup>3</sup> ) [All sources]	2,316,526	6,467,950	100

**179.21% Increase Year-on-Year**



**189.07% Increase Year-on-Year**

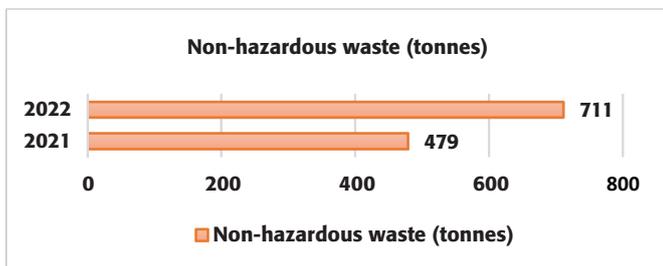




## ENVIRONMENTAL PILLAR:

### Implementing an efficient Waste Management System

As part of our commitment to environmental responsibility, we have familiarized ourselves with the applicable waste management regulations that cover our operations. The kinds of wastes generated by our operations have been categorized as non-hazardous for which we employ the services of waste disposal vendors accredited by the Lagos State Waste Management Authority. The type of waste determines what method will be deployed for disposal. In 2022, a total of 711 tonnes of wastes were generated up from 479 tonnes in 2021 indicating a 48.4% increase year-on-year. On significant spills, we recorded a spill of approximately 100 litres of LPFO during inter-tank transfers and another spill amounting to approximately 12,000 litres of molasses because of mechanical failures.



We were able to activate our contingency management plans to contain both situations swiftly with minimal impact on the environment. We continue to ensure that our approach to waste management is in tandem with the requirements of The Federal Ministry of the Environment (FMENV), the Lagos State Ministry of the Environment (LASMOE), the National Environmental Standards and Regulations Enforcement Agency (NESREA), and the Lagos State Environmental Protection Agency (LASEPA), as well as international standards like the International Finance Corporation (IFC) Performance Standard (PS) 3 are all met by our waste management system (Resource Efficiency and Pollution Prevention). We successfully ran a production year free from any non-compliance with the waste management regulations in 2022.

For effluents, we use our effluent treatment plant (ETP) to treat wastewater before discharge. However, before being sent to the ETP, the regenerated water is re-used multiple times. Treatment and discharge are done in line with regulations provided by LASEPA and NESREA.

### Biodiversity Assessment and Optimizing our Interaction

Our Apapa production facility is not situated on, next to, or adjacent to high conservation value (HCV) or protected areas. Likewise, the marine biodiversity where our effluent is released is not significantly impacted. Nonetheless, we are aware that the production of sugarcane as part of our supply chain may have a substantial impact on biodiversity. It is on this premise and more attention is being given to our facility at Numan where we have discovered that apart from the potential for contamination surface water with effluent, there is a chance for the destruction of flora and fauna because of

developing the cane field. In order to reduce our suppliers' impact on biodiversity, we constantly encourage them to integrate responsible business practices. We also actively seek out partnerships to advance biodiversity management advocacy using the IFC PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. Our facility in Apapa is located on a fully terrestrial land that is leased, and strictly for production activities. The Numan facility on the other hand is for extractive and production activities, fully and located on a terrestrial environment.



### Approach to Environmental Management

At the core of our approach to environmental management is the minimization of the detrimental effects associated with our operations on the environment and the protection of natural resources (such as water and sugarcane) for future generations. We continue to see to it that it addresses the effects of our business activities, as well as the usage and distribution of our products, while advancing sustainable business practices all throughout the value chain. Several integrated strategies are used to manage environmental impacts and improvements, including evaluations, audits, compliance monitoring exercises, increasing the effectiveness of our production process, awareness raising campaigns, and executive management and board level oversight. We have maintained our most important environmental management strategies which are:

- Environmental Compliance Monitoring by the team at DSR, Dangote Group HSSE team and the Nigeria Ports Authority (NPA) Environmental Monitoring team.
- Working towards ISO 14001:2015 Environmental Management System (EMS) Certification.
- Energy management savings initiatives on optimal/efficient use of the two boilers for production.
- Water saving initiatives which include recovery of regeneration water.
- Emissions monitoring and control aided by the optimization of our boilers.
- Monitoring and control of effluents with our ETP
- Process optimization leading to more efficient waste management.
- Management of noise pollution from refinery activities with the help of silencers and insulation.



## ENVIRONMENTAL PILLAR:

### Environmental Compliance

DSR remains dedicated to comprehending, accepting, upholding, and abiding by the environmental regulations in each place where we conduct business. We had no fines, penalties, or sanctions for environmental compliance in any of our industrial plants in 2022. In order to avoid penalties, we also work to guarantee that our licenses and permissions are renewed on a regular basis. We were successful in obtaining all five (100%) of the five permits and licenses needed for all production facilities in 2022. In addition to the LAWMA Special Dump Permit (Non-hazardous waste) acquired in 2022, the general licenses needed for DSR are the Chemical Import License, Raw Sugar Import License, Non-fortified Sugar License, Fortified and Non-fortified Sugar New Design License, and Retail Sugar Package Extension License. In 2021, we invested in certain new technological improvements and action plans which we have continued to optimize to best of our ability. They include:

- Full environmental monitoring
- Continuous optimization of the Effluent Treatment Plant (ETP).
- Implementation of the ISO 14001:2015 EMS.
- Construction of bund wall around molasses tanks.
- 25% increase of demineralized water throughput across the demineralised water plant.
- Reduction of regenerant chemicals in the demineralised water plant by 50%.
- Reduction of effluent water in the demineralised water plant by 50%.
- Eliminate effluent water or RO plant- sent to refinery cooling tower
- Emissions tracking

### Precautionary Approach

DSR recognizes the application of the precautionary principle in our business practices as a subsidiary of Dangote Industries Limited, a participant member of the UNGC. In order to effectively manage risks and uncertainties associated with environmental management within our operations, we are committed to investing in cutting-edge technologies, providing functional and sustainable solutions. Conducting environmental audits both internally and externally, monitoring environmental compliance, and performing environmental assessments are a few of these. We are aware of our obligation to take the necessary precautions to avoid substantial and irreparable environmental harm while we conduct our business, even before such harms may be conclusively proven or evaluated economically. We commenced air emissions tracking in 2022. We are also on the path to implementing the ISO 14001:2015 EMS that recognizes, evaluates, and manages the environmental risks and impacts linked to our operations. Air emissions tracking commenced in 2022.

### Understanding and Managing Our Carbon Footprint

DSR makes an effort to uphold sustainability ideals that will address regional and local environmental issues and lessen the harmful effects of climate change. To minimize our

influence on the environment, we work to increase operating efficiency. We are aware that CO<sub>2</sub> is the main GHG responsible for causing climate change and global warming. In an effort to achieve net-zero carbon emissions, we have put initiatives in place to reduce our carbon footprint as much as is practical. Among the important initiatives are:

- Installing silencers on our boilers
- Ensuring the use of natural instead of LFPO
- Controlling air/fuel ratio on boilers
- Planting 700 trees in schools and communities around DSR Numan and DSR Nasarawa, and 34 trees at the DSR Apapa Plant bringing the total number of trees planted to 1,434 during the 2022 Sustainability week.
- Monthly air quality monitoring at DSR Apapa and quarterly monitoring at DSR Numan
- Annual air quality audit at all plants.



We used 2021 as a baseline and having identified the following risk and opportunities, we will keep making climate change mitigation, adaptation, and resilience one of many significant lenses through which we evaluate business choices.

### Transition Risks

- New government policies that may address climate change or GHG emissions could restrict ours' and suppliers' operations.
- Changes in consumer behaviour for sugar and sugar-based products.
- Increase in cost of natural resources (other raw materials)
- Cost of transition to lower emissions technology within production and fleet operations.

### Physical Risks

- Significant changes to weather patterns within our supply chain markets could negatively impact raw materials and costs, which will lead to increase in production costs.

### Opportunities

- Limiting the emissions from the fleet division.
- Conversion of the newer trucks from being AGO powered to gas-powered.



# INSTITUTIONAL PILLAR:

Building a global brand that is driven by governance excellence



## Institutional Standards

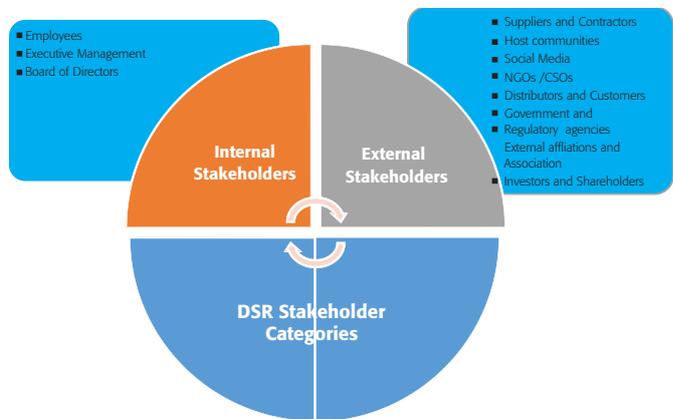
Our Institutional Pillar supports our drive to build a world-class institution centred around good corporate governance, proactive risk management and sustainability principles that promote legal and regulatory compliance, transparency, integrity, business continuity and purpose-driven leadership.

In line with the Company adoption of the 7 Dangote Sustainability Pillars, (institutional, social, economic, operational, environmental, financial and cultural sustainability), DSR is mainstreaming sustainability by ensuring that every aspect and function integrates the sustainable business model.

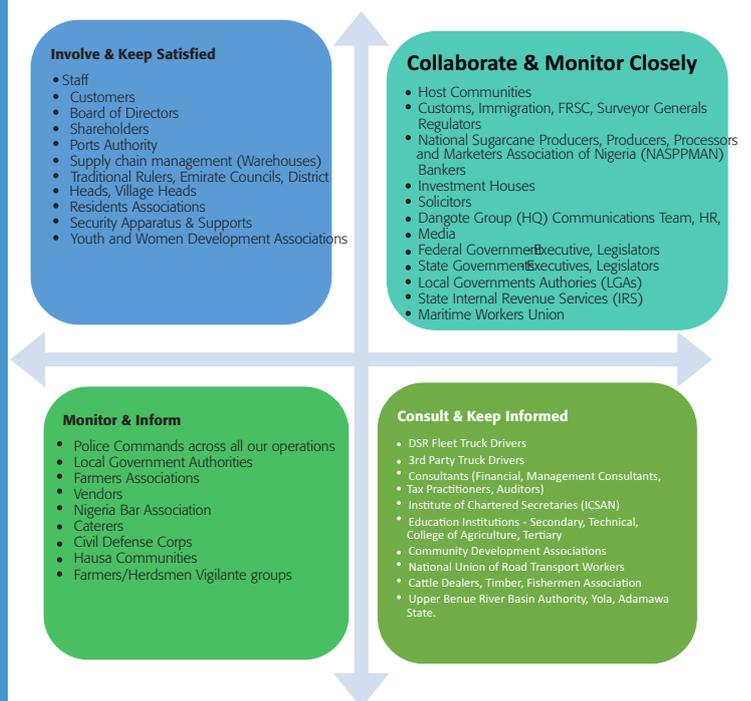
We endeavour to drive our sustainability goals and objectives from the Board and top management, to ensure enterprise-wide buy-in and ownership.

## Stakeholder Engagement

Our stakeholders are entities that are impacted by or impact our business directly or indirectly. So, taking into account their interests and concerns is crucial while making company decisions.



It is part of our business obligation to make sure they are actively involved and to develop partnerships with them that will be advantageous to both parties. The stakeholder mapping and influence level for 2022 are displayed below:





## INSTITUTIONAL PILLAR:

<b>Influence</b>	<b>High</b>	<b>Host Communities</b>		<b>Investors &amp; Shareholders</b>		<b>Government &amp; Regulatory Agencies</b>	
	<b>Medium</b>	<b>Competitors</b>	<b>Employees</b>	<b>Media</b>		<b>Customers &amp; Distributors</b>	
	<b>Low</b>	<b>External Affiliations &amp; Associations</b>		<b>Suppliers &amp; Contractors</b>	<b>Financial Institutions</b>	<b>NGOs/CSOs</b>	<b>High</b>
	<b>Low</b>		<b>Medium</b>			<b>High</b>	
<b>Interest</b>							

As stated in the table below, we have created a variety of platforms via which we may interact with our varied stakeholder base, such as town hall meetings, annual general meetings, management retreats, and other formal and informal sessions:

Stakeholder	Engagement Method	Frequency	Key Topics Raised
<b>Employees</b>	Meetings in small groups, one-on-one engagement, notice board, emails, newsletters, sustainability reporting, surveys, awards, recognition, HSE site meetings. etc.	Monthly, Quarterly, and as required	<ul style="list-style-type: none"> <li>• Career growth and development, compensation and benefits, Sustainability performance and reporting,</li> <li>• Equal opportunities for all employees, skills/ knowledge development, health and safety, etc.</li> <li>• Other thematic topics include DSR values, corporate goals and objectives; sustainability targets and expected outcomes; strategic Initiative &amp; BIP; DSR Priority SDGs;</li> <li>• Employee volunteerism initiative; brand consistency &amp; compliance; corporate communications &amp; other policies</li> </ul>
<b>Suppliers and contractors</b>	Emails, letters, meetings, one-on-one engagements, engagement by proxy via the Procurement Department.	Regular and as required	<ul style="list-style-type: none"> <li>• Requirements, products and service quality, workers' security, pricing, invoices and payments, aftersales support, and efficiency; brand consistency &amp; compliance.</li> </ul>
<b>Host communities</b>	One-on-one engagements, town hall meetings, Community engagement exercise, interest groups' communications, surveys, empowerment programs	Weekly and as required	<ul style="list-style-type: none"> <li>• Youth employment, social investments, environmental impacts, safety, scholarships, patronage of local vendors and suppliers.</li> </ul>



## INSTITUTIONAL PILLAR:

Stakeholder	Engagement Method	Frequency	Key Topics Raised
			<ul style="list-style-type: none"> <li>Impacts on existing infrastructure and skill acquisition, community needs &amp; projects, empowerment scheme, outgrowers schemes, sports, infrastructure development &amp; management, security of life &amp; property</li> </ul>
<b>Government/Regulatory agencies</b>	Official letters/emails, periodic assessments, compliance filing and reporting, annual financial report, sustainability report	As required	<ul style="list-style-type: none"> <li>Formal notices, applications, policies and regulations, compliance, interventions and applications, etc.</li> </ul>
<b>Social Media</b>	Press releases, media parley, sustainability report, annual financial report, conferences, notifications, seasonal messages, product information, corporate event	Weekly, Monthly, Quarterly, and as required	<ul style="list-style-type: none"> <li>Governance restructuring, Advertisement, public service announcements, social and environmental impacts.</li> <li>Company's strategic initiatives, new package design, product usage, seasonal greetings, corporate updates.</li> </ul>
<b>Financiers/Banks</b>	Annual financial report, sustainability report, meetings	As required	<ul style="list-style-type: none"> <li>Investments opportunities, loan financing, credit negotiations, interest rates</li> </ul>
<b>Labour Unions</b>	Meetings, emails, letters, sustainability report, courtesy Visits	As required	<ul style="list-style-type: none"> <li>Labour laws and regulations, productivity, employees' rights &amp; obligations, safe working conditions, compensations, and benefits.</li> </ul>
<b>External Affiliations/Associations</b>	Letters, meetings, sustainability report, workshops, other forums.	Monthly, biannually, annually and as required	<ul style="list-style-type: none"> <li>Membership subscriptions, partnerships, policy reviews</li> </ul>
<b>Investors/Shareholders</b>	Annual General Meetings, investors relations forum, quarterly and annual financial report, sustainability report, newsletters	Continuous	<ul style="list-style-type: none"> <li>Quality of leadership, business strategy and updates, financial performance, dividends, corporate governance,</li> <li>Board composition, external reporting, ESG compliance, company performance</li> </ul>



## INSTITUTIONAL PILLAR:

Stakeholder	Engagement Method	Frequency	Key Topics Raised
<b>Non-Governmental Organisations/CSOs</b>	Annual financial report, sustainability report, meetings, partnerships, courtesy Visits	As required	<ul style="list-style-type: none"> <li>Community development, environmental impacts, social initiatives, partnership for sustainable development and goals</li> </ul>

### DSR Stakeholder Management Initiative in 2022

In accordance with the adopted SDGs, there are specific yearly objectives and targets as well as KPIs for sustainability performance which are monitored daily, and management is informed weekly and monthly on the progress. The establishment of new initiatives, approach strategies, present goals and objectives, and knowledge obtained are all implemented. Engaging stakeholders through surveys and evaluations is one of the ways that may be used to disclose material needs, which are then given the proper priority and have appropriate measures performed to meet those demands, the company has procedures in place for identifying, prioritizing, and addressing material requirements through stakeholder interactions. In collaboration with the local community, programs and interventions are put into action to address identified consequences and their participation meets a demand for work and strengthens their sense of ownership of the sustainability projects.

Among the interventions DSR engaged in 2022 are those that provide basic necessities like drinkable water, boreholes, schools and learning facilities, flood control initiatives, effluent treatment facilities, roads, and infrastructure, providing people with job possibilities, using local suppliers of some raw materials and services, and supporting local companies, providing social amenities to local communities, empowering locals through financial assistance for local companies and schools, and educating them about economic growth. support for health improvement activities including those to combat malaria and the backward integration outgrowers programmes that promote skill development and economic circularity.

### Culture Based on Ethics and Integrity

DSR is steadfast in its commitment to upholding the highest moral principles, including honesty, openness, responsibility, equity, and respect for all people. We recognize their importance for our group's long-term performance and the viability of our company. By following guidelines and standards that are in line with international best practices and corporate governance, we strive to uphold high levels of professionalism and quality. 'We have a code of conduct that is applicable to all of the personnel working for us throughout all of our businesses, as well as to our authorized representatives and anybody else representing us. We take care to explain the terms of our rules using a variety of mediums, including our intranet, in-person meetings, posters, emails, internal publications, and via digital networks. We promote openness and accountability in all of our interactions with stakeholders. We also make an effort to provide our workers the tools they need to promote regulatory compliance and proactive risk management.

### ESG Compliance

As an ethical company, we are conscious that our business activities cannot be conducted at the expense of our stakeholders' and society's overall social and environmental health. Hence, we make an effort to abide by all applicable rules and regulations in the places where we operate. We at DSR had no penalties or non-compliance incidents during the year under review. Nonetheless, we will work to guarantee adherence to a number of ESG Principles, Guidelines, and Nigerian laws in which we operate.





## INSTITUTIONAL PILLAR:

The table below lists a few of these:

ESG Related Principles, Guidelines and Regulations
United Nations Global Compact (UNGC)
The United Nation's Sustainable Development Goals
GRI Sustainability Reporting Standards
The Nigerian Exchange Group's (NGX) Sustainability Disclosure Guidelines
SEC - Securities & Exchange Commission (Code of Corporate Governance)
NCCG - Nigerian Code of Corporate Governance
National Environmental Standards and Regulations Enforcement Agency (NESREA)
Federal & States Ministry of Environment
Federal & States Ministry of Agriculture and Rural Development
Federal & States Ministry of Labour and Productivity
Federal & States Environmental Protection Agencies (e.g., LASEPA)
Federal Road Safety Corps (FRSC)
Host Local Government Areas
Industrial Training Fund (ITF)
National Agency for Food and Drug Administration and Control (NAFDAC)
Standards Organisation of Nigeria (SON)
Manufacturers Association of Nigeria (MAN)
Nigerian Port Authority (NPA)
Global Food Safety Initiative (GFSI)
Nigerian Sugar Master Plan (NSMP) - Nigerian Sugar Development Council (NSDC)

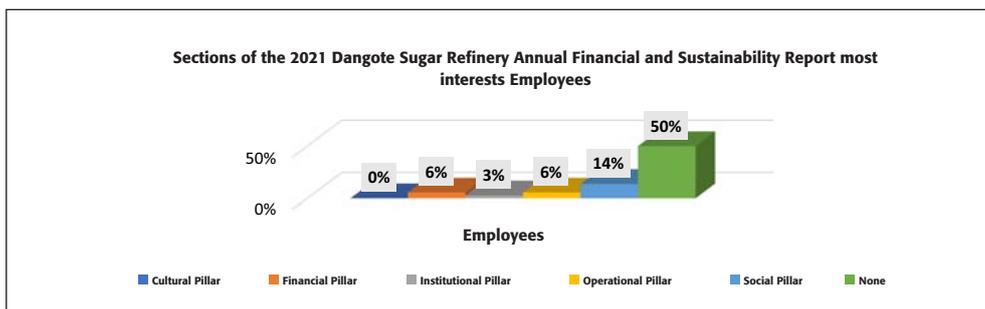
DSR also adheres strictly with our internal policies on governance matters (such as Anti-Bribery & Corruption Policy, Board Appointment Policy, Board Code of Conduct Policy, Board Succession Policy, Conflict of Interest Related Party Transactions Policy, Dividend Policy, Executive Management Succession Planning Policy, Board Training Policy, and Insider

Trading Policy) showing our compliance to SEC Code of Corporate Governance & NGX Sustainability Disclosure Guidelines.



From the DSR Employee survey, half (50%) of the employee respondents said they read the 2021 DSR Annual Financial and Sustainability Report; selected Social Pillar (14%) and Environmental Pillar (14%) as the top two (2) sections they are most interested in while reading the report. Also, 61% of employee respondents said they are aware Dangote

Industries Limited (DIL) (DSR's parent company) is a member of the United Nations Global Compact (UNGC) and that the company aligns with the UNGC Ten Principles.





## INSTITUTIONAL PILLAR:

### Association and Membership

DSR continues to use its alliances and membership in the Manufacturers Association of Nigeria (MAN) to promote modern operational efficiency and operationalization of sustainability in the sugar manufacturing sector/industry. We also indirectly support the UNGC and the World Economic Forum (WEF), as pledged by our parent firm, Dangote Industries Limited.

### List of Associations Joined in 2022

1. United Nations Global Compact (UNGC)
2. World Economic Forum (WEF)
3. Manufacturers Association of Nigeria (MAN)

### ESG Awards and Recognitions

In the Sustainability, Enterprise, and Responsibility Awards (SERAS) 2022 Africa Award, DSR emerged "Best Company

in Food Security" for 2022. The award was conferred in recognition of DSR's exceptional performance throughout the years in the manufacture and maintenance of high-quality refined granulated white sugar enhanced with vitamin A, and development of its Sugar Backward Integration Projects Master Plan.



## Sugar for Nigeria

The Board and Management of Dangote Sugar Refinery Plc (DSR) understand that effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business. We regularly face business uncertainties, and it is through a structured approach to risk management that we can proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. Despite ongoing challenges, such as the significant increase in energy costs, global inflationary trends and international supply chain disruptions, our performance continues to highlight the resilience of our people, our business model and our proven track record of delivery through uncertainty.

The Board is ultimately responsible for the management of risk and for setting the Group's risk appetite. The Board regularly reviews the principal and emerging risks facing Dangote Sugar Refinery Plc, and a robust risk management governance framework is in place which enables DSR to effectively prioritize and manage risks to within our risk appetite levels.

## Our Approach to Managing Risk

In line with the Dangote Group's risk management framework, at DSR, we have adopted a robust process that provides sufficient information, capability and tools to manage our key risks. Qualitative and quantitative tools deployed to manage this process effectively include the conduct of Risk and Control Self-Assessments, Key Risk Indicator Monitoring and Loss Incident Reporting are deployed to manage the process effectively. These processes are supplemented with ad-hoc, on-site assessments or incident assessments when unexpected high risks are envisaged or occur.

To this end, the following key processes have been developed to identify, quantify, manage and monitor the risk exposures.

**Risk Identification:** We believe that effective risk management starts with everyone. To ensure greater efficiency, risk identification has been embedded in our business process planning, change procedures and, development of new product lines or attempting to take on new markets. Risk identification is inherently an on-going process. To aid proper risk classification, all risks must be assigned into one of the following four risk types:

Risk Type	Definition
Business Continuity	The potential for serious incidents to affect critical operations of DSR and thus cause loss of business and/or reputational damage.
Operational Risk	The potential for risks arising from the failure of people, processes, or technology or the impact of external events.
Risk Type	Definition
Financial Risk	The potential losses arising from financial risks such as counterparty defaults, adverse market price movements, liquidity (funding) issues and taxation issues.
Business and Strategic Risk	The potential for damage to the franchise and loss of earnings resulting from stakeholders taking a negative view on DSR.



**Risk Analysis:** Once a risk has been identified, appropriate analysis must be undertaken and relevant stakeholders notified. What constitutes appropriate analysis will vary by risk type and policies, and these should be in place to specify the form the analysis should take. For instance, for credit risk, financial analysis of the counterparty (customer receiving credit, bank providing guarantee, owner of company, etc.), analysis of the structure of the transaction, and likely movements in exposure would be required to assess the risk.

**Risk Evaluation:** Once risks have been identified and analyzed, they must be evaluated to determine the degree of impact i.e. evaluated in view of their potential severity and likelihood of occurrence using a standardized approach. Management information systems are in place to allow the risk information to be used by those managing risk and business on a day-to-day basis and also, at a suitably aggregated level, for senior management to understand and challenge process owners. Management information presented to senior management enables the identification of concentrations and related activities that occur across our plants.

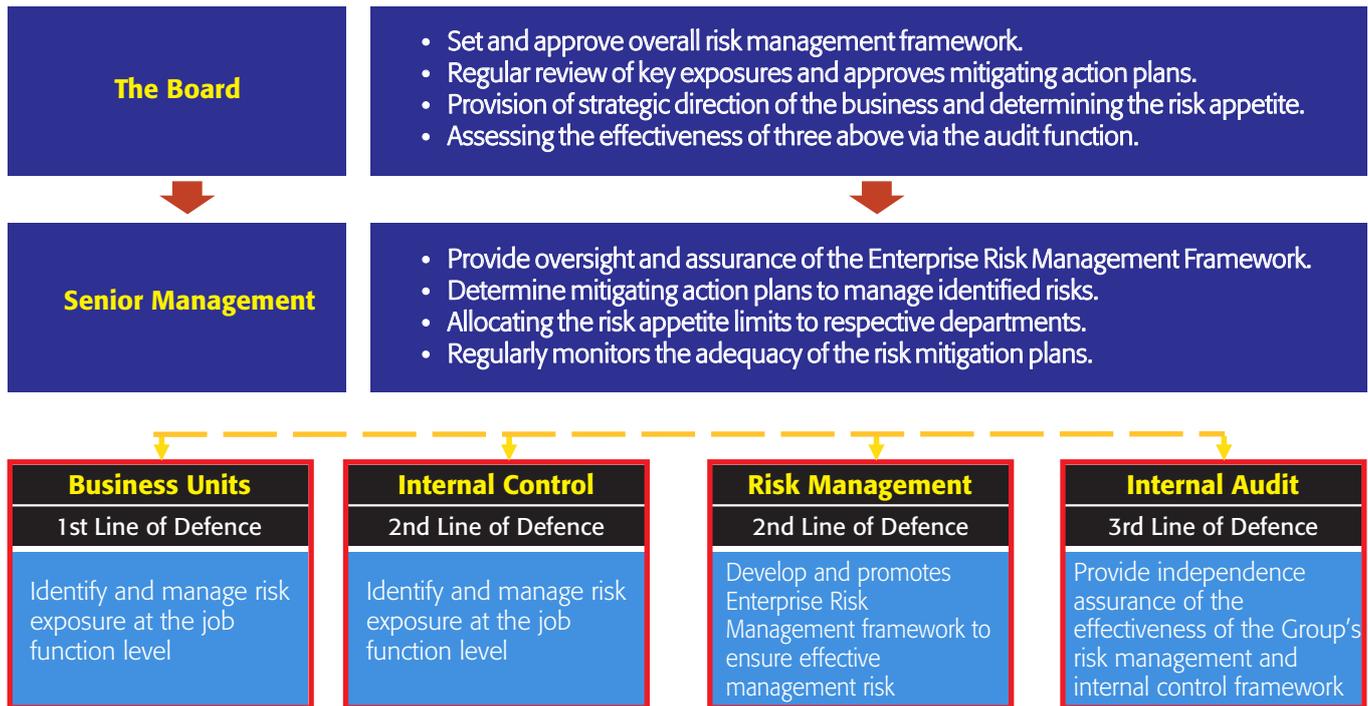
**Risk Treatment:** Upon evaluation of the risks, controls are implemented to ensure that these risks remain within our risk appetite. Controls usually take the form of limits on exposure or to riskier types of business activities.

**Risk Monitoring:** At DSR, to aid the effective monitoring of our exposures, we have developed a number of models alongside other quantitative monitoring tools, such as Key Risk Indicators (KRIs). These are monitored alongside related losses to ensure that implemented controls are providing effective mitigation of the identified risk.

**Risk Reporting:** The responsibilities of the Risk Management Department with respect to risk measurement and reporting are to provide independent risk measurement and reporting to aid transparency and the ability of the Executive Management and Board to perform its duties. These responsibilities include:

- Collating, consolidating, analysing and evaluating risk-related data from Plants and Support Units;
- Supplying financial data and related operational business information for regulatory, external, and internal reporting;
- Implementing:
  - Risk calculation and allocation methodologies for financial risks and
  - Other risk measurement methodologies for operational risks.
- Supplying a risk-specific reporting and tracking tool to also support the Risk Management processes.

## RISK MANAGEMENT Cont'd



### The DSR Accountability Matrix

Our approach to ensuring effective risk management accountability is a commonly used methodology for managing risk – “The 3 Lines of Defense”. The objective of the three lines of defense is to ensure that an independent system of checks and balances is in place to minimize unexpected losses (financial or otherwise). This is achieved by clearly defining roles and responsibilities for the management of risk between the Executive Management, Risk Management and Internal Control functions, with each of these working together but ultimately operating independently from each other.

### Risk Appetite

At DSR all decisions must balance risk and reward to ensure all activities are economically profitable after due consideration of risk. DSR's risk appetite is always considered when making such decisions. Our Board has responsibility for determining the level of risk that will be taken. The Board determines the overall strategic direction for the business and, as part of this process, determines the Group's risk appetite. The risk appetite of the organisation defines the level of risk we are willing to take as a business for the different risk types, whilst considering varying levels of financial and non-financial stress factors. Risk appetite is key for our decision-making process, including business planning, operations, new product reviews and approvals alongside business change initiatives. The year under review saw the Risk Management function commence the process of quantification of the risk appetite statement hinged on converting DSR's qualitative risk appetite statement to a series of metrics hence translating specific value drivers into a series of limits and tolerance levels for different levels of

impact classification ranging from Insignificant to Catastrophic.

### Risk Management Initiatives for the Year

At DSR, the entrenchment of Risk Management has enabled strategic planning and decision-making alongside the achievement of set corporate objectives. Nonetheless, it is still considered to be at a Mature stage rather than the Advanced stage required for an organization of our size. This is because the Risk Management process still employs manual processes for collation and consolidation of data and related information.

The mature stage attests to an entrenched risk aware culture, good governance, ownership and accountability for risk identification and control, and proper deployment and utilization of risk management tools in managing existing and emerging risk exposures as well timely risk remediation. To ensure we have an Advanced Risk Maturity profile with consistent implementation and interpretation of our Enterprise Risk Management framework, policies, principles, and procedures, the Governance, Risk & Compliance module of SAP is being configured for use.

With the implementation of the SAP GRC, we would not only progress to an Advanced level of risk maturity but also ensure the automation and consistent application of all Risk Management processes across the Group. This tool would enable the standardization of our risk management processes in relation to risk identification, assessment, monitoring and reporting functions. This would also ensure predictive risk trends are generated from organic risk loss data and key risk indicators.

## RISK MANAGEMENT Cont'd

S/N	Risks	Risk Description	Potential Impact	Mitigation Plan
1.	Possible Devaluation of The Naira	Inability of the Central Bank of Nigeria to continually defend the Naira against the USD	Devaluation would negatively impact profitability and asset quality.	<ul style="list-style-type: none"> <li>• Maintain all loans in local currency</li> <li>• Exploring further increasing FX revenue.</li> </ul>
2.	Production Shutdown	Risk of production shutdown considering Plant age arising from non-availability of spares due to lack of FX for Spares procurement	Loss of market share and brand confidence from possible low production output	<ul style="list-style-type: none"> <li>• Working closely with the in-country regulator of the financial services sector for the sourcing of FX to fund import requirements.</li> <li>• Constant engagement with Commercial Banks to fund import requirements through LC from their FX allocation</li> </ul>
3.	Political Risk Exposures	Political instability resulting from post-election resolutions, activities of insurgents in the North East and Niger Delta regions	Possible disruption of production and distribution of finished goods	<ul style="list-style-type: none"> <li>• Regular review of Business Interruption and GIT Cover</li> <li>• Regular review of distribution routes</li> <li>• On-going work on "Dangote Sugar Refinery Business Continuity and Crisis Management Systems"</li> </ul>
4.	Macro-Economic Risks	Possibility that the Nigerian economy would fall back into recession	Renewed downturn would have negative effects on disposable income of consumers	<ul style="list-style-type: none"> <li>• Continuous review of costs to ensure the ability to absorb market fluctuations.</li> </ul>
5.	Poor Market Growth	New businesses and proposed expansion do not hold their growth prospect or develop as predicted.	Negative impact on revenues, cash flows and profitability sustainability	<ul style="list-style-type: none"> <li>• Ensure a regular opportunity and portfolio financial review to monitor investment and cash allocation across our businesses</li> <li>• Target market leadership where we play</li> <li>• Focus on industries where reach is strong.</li> </ul>
6.	Loss of Market Share	Change in the business dynamic, whereby a competitor's product may lead to loss of competitive advantage.	Negative impact on revenues, cash flows and profitability sustainability. Inefficient distribution of physical, personnel and financial resources.	<ul style="list-style-type: none"> <li>• Leverage on customer feedback, balancing short-term improvements with longer-term solutions.</li> <li>• Promoting agility, benchmarking and quick market responses</li> </ul>
7.	Decline in Product Quality & Service Delivery	Technical requirements becoming more complex, and demanding with increase in customer base and preferred specifications.	Potential reputational damage Loss of market share.	<ul style="list-style-type: none"> <li>• Continuous review and stress testing of our refining process</li> <li>• Continuous customer engagement to ensure feedback is acknowledged and addressed.</li> </ul>

S/N	Risks	Risk Description	Potential Impact	Mitigation Plan
8.	Inability to Retain Best Talent	Inability to retain and motivate the best people with the right skills, at all levels of the organization due to activities of competition.	Inability to attract, develop and retain highly qualified management and suitably skilled employees, particularly to address our expansion initiatives. Shortage of appropriately skilled manpower.	<ul style="list-style-type: none"> <li>We have established a robust training, development, performance management and reward programmes to retain, develop and motivate our people.</li> <li>Development of Succession plan for senior management positions.</li> </ul>
9.	Health & Safety Risk	Exposures resulting from unsafe acts both within and outside the premises.	Increased insurance premiums Increased legal risk exposure	<ul style="list-style-type: none"> <li>procedures and standards in place to ensure compliance with legal obligations and industry standards.</li> <li>All Management meetings feature Health &amp; Safety updates</li> <li>Health &amp; Safety Performance indicators have been included for both production and non-production related roles</li> </ul>

### INTERNAL CONTROL AND OPERATING PROCEDURES

DSR internal control system relies on a solid foundation of autonomy and collaboration within the Group's teams, encouraging the alignment of goals, resources and the mechanisms deployed. It is based on the clear identification of goals and responsibilities, a human resources policy ensuring that resources and skill levels are sufficient, and that information systems and tools are adapted to each team and/or business unit. Although business units are responsible for implementing the relevant strategies to achieve these objectives, however, the monitoring of the internal control system and risk management is centralized at the corporate office.

#### The key parties involved in DSR internal control system are as follows:

**The Board of Directors:** Primarily define the policies governing the Company's business activities and ensure their application. It strives to examine the accounting and financial documents and to determine the risks in relation with the Company's internal controls. It ensures the efficiency of the mechanisms and procedures applied as part of the internal controls. To this end, it has access to all documents and reports required to perform this task. Each director may independently require additional information from the GMD, who is always available to provide relevant information and explanations to the Board of Directors.

#### The Group Managing Director/Chief Executive Officer (GMD/CEO):

Defines and directs the Group's strategy. He is responsible for establishing the procedures and mechanisms employed to ensure both the functioning and monitoring of the internal control system. He takes charge of the internal control system, more specifically as part of his duties as Chief Executive Officer with the Board of Directors and the assistance of the Internal Control department, the internal and external auditors.

**Executive Management:** In collaboration with senior management are collectively involved in setting the key accounting, finance, legal, tax, IT, and human resources policies, and supporting the business units with their implementation. Specific visits are made to the business units to carry out audits and training and to make recommendations so as to ensure that the internal control system is sufficient.

#### Control Activities

In addition to the risk management system, the Group has many control processes at all levels of the Company. Functional departments at head office play a critical role by ensuring that business unit's initiatives comply with Group guidelines, and by providing support for risk management, especially when local teams lack sufficient expertise. The centralized organization of these support functions enables consistent dissemination of the major policies and goals of the senior management:

**The financial control unit** monitors the Company's performance, using operational monitoring based on monthly reports from all Group business units. It also coordinates meetings between senior management and the operational and finance departments at which the various reporting indicators are reviewed, the differences between actual performance and budget forecasts are analyzed, and the interim and annual budgets can be fine-tuned on the basis of actual figures and the market outlook as received from business units and other operational teams. The financial controllers monitor the whole financial reporting cycle and constantly query subsidiaries on their performance levels, earnings, and business activity.

**The management accounts unit** draws up the Group's monthly consolidated accounts, centralizing all advice on their preparation and analysis. It publishes the accounting procedures applicable within the Group, particularly via the Group's accounting policies manual. It ensures compliance with applicable standards and regulations to provide a true picture of the Group's business activities and position.

**The treasury unit** arranges foreign-exchange contracts and coordinates cash flow management at corporate and business unit levels, by overseeing the dissemination of cash pooling solutions and cash flow forecasting. It checks the suitability and smooth interaction of exchange-rate and liquidity risk management policies, as well as the publication of financial information, and also manages off-balance sheet commitments (bank guarantees relating to purchase financing or L/Cs, comfort letters, share price guarantees, deposits, etc.). It centralizes and verifies the authorizations granted to a limited number of employees, who are exclusively authorized by senior management to handle certain financial transactions – subject to predefined thresholds and authorization procedures – and helps implement tools to ensure effective control (dual signature procedure, secure payment mechanisms, frequently updated authorization and signature system, controlled IT access, etc.).

**The Legal departments**, which are specialized in company law, contract law, litigation, and intellectual property, assist and advise the group and business units on legal matters (acquisitions, contracts, leases, stock market regulations, corporate governance, etc.). They coordinate joint studies or those of interest for the Group and support local entities on legislative issues so as to control risks in the various fields.

**The tax department** assists and advises the Group and business units within the companies with the analysis of the tax aspects of their projects and transactions. In coordination with the various internal departments, it ensures the Group's tax security by organizing risk prevention, identification, and management. It implements the Group's transfer price policy and ensures that this is applied correctly.

**The information systems department** is involved in selecting the Group's IT solutions and ensures their technical

and functional compatibility. One of its principal aims is integrating those solutions and it oversees changes to the ERP applications (SAP and other Applications) deployed in all the business units. It also regularly monitors IT projects and ensures that they are in line with the requirements identified by the functional teams and the budgets approved by management. The IT security unit is responsible for ensuring and organizing the protection of the company's information system as concerns the security of the various applications, server architecture, the premises, etc.

### **DSR Internal Control System**

The DSR internal control system is an ongoing process supported with a monthly process for monitoring key controls across the business units and key processes. A monthly control compliance test is performed and reported by the internal control department. This is in addition to the test of the internal control environment performed by internal audit during its review of key processes and that of the statutory auditors during their review and annual certification of the company's financial statements. Furthermore, the responses to internal control questionnaires and the risk and control self-assessment questionnaires serve as a basis for picking up useful signals of the group's control environment. Their goal is both to contribute to establishing and updating procedures and, above all, to help managers to pinpoint the fundamental issues regarding the effectiveness of the processes and controls in question.

### **Internal Audit**

At Dangote Sugar Refinery Plc., the approach to internal audit is centered on an Enterprise Risk Management (ERM) Framework and a Risk-Based Audit Approach, both of which strengthen and complement how we manage risk. This approach provides an assurance that the processes that manage risks to a level considered acceptable by the Board, are working effectively and efficiently, whilst focusing on key processes, governance and controls.

The Board of Directors of DSR Plc. recognizes the importance of internal auditing and has adopted the definition of internal auditing by the Institute of Internal Auditors. Consequently, the Board documented its operating model for carrying out internal audit activities within the Company in an Internal Audit Charter.

The Charter describes the objectives, scope, authority, and responsibility of the Internal Audit Function in achieving internal audit objectives within the Company and is adhered to strictly by both the Board Risk Management and Assurance Committee and the Internal Audit Function.

The Internal Audit department in DSR Plc. has been fully resourced consistent with the agreed manning level as approved by the Board Risk Management and Assurance Committee.

## Internal Audit Function Wheel



Dangote Sugar Refinery Plc.'s outlook for the future is based on an intentional and entrepreneurial vision for growth, sustainability, and value creation. As it continues to grow and expand its business, a more dynamic methodology would be employed in the management of the company risk profile.

### Whistle-Blowing

The Company has set up regulations to identify non-compliant events, as well as the implementation of a whistle blowing policy, which allows all employees and business partners to raise genuine concerns, in good faith, without fear of retaliation.

Guiding principles over the Whistle-Blowing process include ensuring that the confidentiality of the whistleblower is maintained and not disclosed without his/her formal consent. Furthermore, if the whistleblower raises a concern in good faith, he or she will not be held liable, should the whistleblower be proven to be incorrect thereafter.

To maintain the integrity of the Whistle-blowing process, a consultant was engaged in 2016 to receive whistleblower information or complaints. The consultant has continued to provide whistle blower complaints to identified individuals within the Company based on the category of persons involved in the whistle blowing complaint.

In addition, the company also set up a strong internal reporting process and create awareness to encourage speak-up on non – compliance situations.

The Internal Audit department has developed a process to carry out necessary investigations on relevant items and provide recommendations and reports to the Board Risk Management & Assurance Committee on the results of these investigations. In addition, the Internal Audit department continued to engage with various process owners in a proactive manner to further improve the control environment.



## FINANCIAL PILLAR: Delivering strong and sustainable returns



### Financial Standards

Our Financial Pillar Achieve sustainable financial health through a business model that delivers strong returns to shareholders, whilst creating value in the economies where we operate, by producing and selling high- quality products at affordable prices, supported by excellent customer service.





**Oscar Mbeche**  
Group Chief Finance Officer

**Sales volume grew by 10% complimented by higher prices, which contributed to revenue growth in 2022 by 46% from N276.1 billion to N403.2 billion.**

### Revenue Growth

The company recorded another impressive year of financial performance and achieved growth over 2021 financial performance. Sales volume grew by 10% complimented by higher prices, contributed to revenue growth in 2022 by 46% from N276.1 billion to N403.2 billion. The company continued to grow its supply chain footprint in Nigeria complimented by excellent customer care that sustained customer loyalty to sustain the revenue growth. The company's primary focus remains adding value to its customers with high quality sugar.

### Impact of further Naira Devaluation

The company remains heavily dependent on imports of raw

materials, spare parts, and critical chemicals to sustain its sugar production. This also possess a major risk to the company because of continued scarcity of foreign exchange to procure imports. The year 2022 witnessed further devaluation of the Naira against the USD and major currencies. The escalating costs of procuring foreign exchange have increased the conversion costs for the company, due to dependance on imported critical materials and refined fossil fuels. Production volume decreased by 1% in 2022 compared to 2021, but the cost of production rose by 38%. Consequently, to sustain operations, sales price increases have been applied when deemed necessary during the year. This has been influenced by the prevailing global macroeconomic factors affecting Nigeria and consequently DSR's operations.

### Focus on Nigeria Sugar Master Plan and BIP Performance

DSR's continued to support the development of the Nigerian Sugar Master Plan, DSR's backward integration (BIP) Numan operations saw the highest volumes of sugar processed since the inception of the company, increasing by 64 % over 2021 volume. However, significant impediments still need to be overcome, principally, the challenges of securing funds to import capital assets to support BIP development plans, poor infrastructure, for example, the bad conditions of the road networks presents logistical challenges which drive up supply chain costs, the increased timelines it takes to secure CBN approvals for LCs required to import critical spares and chemicals contribute to additional processing costs and delays that could otherwise be avoidable. These negatively impact the pace at which DSR can achieve further financial and performance efficiencies in the BIP operations.

### Strong Governance Framework

The company maintains a strong internal control environment and continued to increase the usage of its SAP ERP systems to automate critical processes and improve internal controls, that contribute to financial reporting and operational efficiency. In 2022, the company started the implementation of ICFR (Internal Controls Over Financial Reporting) governance project, in order to comply with the directives of the SEC, Investments and Securities Act, 2007 the Sections 60 to 63, for all listed companies in Nigeria which are required to implement relevant internal controls over financial reporting and Auditors are required to review the same and issue a statement on the existence, adequacy and effectiveness, by December 31, 2023. The successful completion of the ICFR project in DSR is a top governance priority for Management in 2023.

### Excellent Relationships with Banking and Financing Partners

Our financing and banking partners have played a commendable critical role of supporting DSR's financing needs and securing customers' collections. We purposely apply all available legal means to mitigate against costs increases, inflationary effects, to complement DSR's financial performance, by investing excess cash to earn interest. Interest income in 2022 rose by 349.5% over 2021 income.

However, finance costs in 2022 rose by 47.9% over 2021 costs. DSR reduced the low gearing it maintains by lowering debt to equity ratio to 0.31% from 0.59% in 2021.

## Profitability and Cashflow

The company improved its Operating Profit by 111% from N39.02 billion in 2021 to N82.4 billion, due to revenue growth and improved costs control. However, there is increasing pressure on DSR's cashflow and working capital emanating from the delays CBN takes to deliver foreign exchange required to defray existing FX denominated Payables, despite being Naira cash collateralised. The IFRS and FRCN regulations requires that FX denominated liabilities are translated at existing official CBN rates but disallow the booking of any provisions to proactively anticipate future FX costs as a result of CBN delays which will result in higher costs

than existing CBN rates. These will negatively impact cashflows when the obligations are eventually settled. This increased post-neg bank charges in 2022 and is expected to further escalate in the foreseeable future.

Being the market leader in the industry sector, with 55% market share, DSR will continue to strive for continuous improvements in all areas of its business. Our team and I remain cautiously confident about the company's future financial performance, and is ready to face the prospects 2023 presents.

Below are the 2022 financial performance summary highlights.

## FINANCIAL HIGHLIGHTS

### Sales Volume

Year ended	31st December 2022	31st December 2021
Volume sold	000 bags	000 bags
Lagos	7,315	7,075
North	7,559	6,323
West	1,464	1,416
East	709	613
<b>Total volume sold</b>	<b>17,047</b>	<b>15,427</b>

Volume increased by 10.5% from 15.43 million bags to 17.05 million bags driven by higher sales in the Northern region

### Revenue

Revenue	N'm	N'm
Lagos	173,040	126,605
North	178,812	113,153
West	34,623	25,331
East	16,771	10,966
<b>Total revenue</b>	<b>403,246</b>	<b>276,055</b>

Revenue increase by 46.1% from N276 billion to N403 billion driven by higher volume and price increase.

### Manufacturing and Operating costs

	N'm	N'm
Raw material	256,327	183,374
Direct labour cost	6,657	5,363
Direct overheads	26,354	20,780
Depreciation	5,465	5,427
Freight expenses	16,480	10,902

**Total manufacturing costs 311,283 225,846**

In general, manufacturing costs increased because of higher volume moving from N225.8 billion to N311.3 billion and also due to general inflation and foreign exchange impacts on USD denominated expenses majorly on raw sugar and spares imported. Consequently, the total group manufacturing costs increased by 37.8%

### Administration and Selling Expenses

Year ended	31st December 2022	31st December 2021
Administration and selling expenses	N'm	N'm
Administration expenses	10,310	10,631
Selling expenses	741	906
<b>Total Administration and Selling expenses</b>	<b>11,051</b>	<b>11,537</b>

Total Administration and Selling expenses decreased by 4.2% from N11.5 billion to N11.1 billion due to costs optimization and supply chain efficiency.

## GROUP CHIEF FINANCE OFFICER'S REPORT *Cont'd*

### Finance Income and Finance Costs

Year ended	31st December	31st December
	2022	2021
	N'm	N'm
<b>Interest and similar income/expenses</b>		
Interest income	6,379	1,419
Exchange loss	(1,889)	(1,992)
Finance cost on Letter of Credit	(7,670)	(4,317)
Interest on lease payments	(114)	(183)
Interest on bank loan	(129)	(138)
<b>Net finance income/(cost)</b>	<b>(3,423)</b>	<b>(5,211)</b>

Interest income increased by 349.5% mainly due to increased interest earnings on deposit placements.

The increase in finance cost on letter of credit by 78% is due to the longer time it takes to defray LC obligation because of FX scarcity in the financial market.

### PROFITABILITY

EBITDA by operating region	31st December	31st December
	2022	2021
	N'm	N'm
Lagos	40,962	22,245
North	42,329	19,881
West	8,196	4,451
East	3,970	1,927
<b>Total EBITDA</b>	<b>95,457</b>	<b>48,504</b>

Group earnings before interest, tax, depreciation, and amortization (EBITDA) for the year increased by 96.8% to N95.5 billion because of increased net sales revenue and gross margin.

Year ended	31st December	31st December
	2022	2021
	N'm	N'm
<b>Group EBITDA</b>	95,457	48,504
Depreciation, amortization, and impairment	(9,732)	(9,272)
<b>EBIT</b>	<b>85,725</b>	<b>39,232</b>

**EBITDA margin (%)** 24% 18%

Operating profit (N'm)	82,410	39,020
Profit before tax (N'm)*	82,303	34,021
Profit after tax (N'm)	54,742	22,052
<b>EPS(Kobo)</b>	<b>451</b>	<b>182</b>

\*Profit before tax is inclusive of 3,315 change in fair value of biological asset 212

The Groups profit after tax increased from N22 billion to N55 billion majorly because of increased net sales revenue and gross margin.

### Taxation

Year ended	31st December	31st December
	2022	2021
	N'm	N'm
Taxation	(27,561)	(11,969)
<b>Tax (charge)/credit</b>	<b>(27,561)</b>	<b>(11,969)</b>

Taxation comprises corporate income tax, tertiary education fund, police trust fund levy, and deferred tax.

### FINANCIAL POSITION

Year ended	31st December	31st December
	2022	2021
	N'm	N'm
Property, Plant and Equipment	157,762	144,678
<b>Total Non-Current Assets</b>	<b>157,762</b>	<b>144,678</b>
Current assets (excluding cash)	159,814	111,818
Cash and bank balances	174,858	103,010
<b>Total Current Assets</b>	<b>334,672</b>	<b>214,828</b>
<b>Total Assets</b>	<b>492,434</b>	<b>359,506</b>
<b>Non-current liabilities</b>	13,770	12,331
<b>Current liabilities</b>	307,438	218,544
<b>Total Liabilities</b>	<b>321,208</b>	<b>230,875</b>
<b>Equity</b>	<b>171,226</b>	<b>128,631</b>
<b>Total Equity and Liabilities</b>	<b>492,434</b>	<b>359,506</b>

**Capital Expenditure**

Year ended	31st December	31st December
	2022	2021
<b>Capital expenditure by region</b>	<b>N'm</b>	<b>N'm</b>
Lagos	333,318	212,241
North	159,117	147,265
<b>Capital Expenditure</b>	<b>492,435</b>	<b>359,506</b>

Capital expenditure comprised of assets procured to sustain and develop the Apapa sugar refinery operations in Lagos for production of refined sugar for sales; while the Northern capex comprised of assets procured for the expansion of the existing BIP operations in Numan, and capital works to sustain the development of BIP green field sites in Nasarawa State.

**Recommended Dividend**

The Board of Directors have recommended a dividend of N1.50 per share for approval at the Annual General Meeting.

**Going Concern**

The Management continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities.

**Working Capital**

The current working capital is sufficient for the Company's operations and the Directors continue to closely monitor the operations of the company to ensure that sound Working Capital strategies are applied by Management to generate cashflows to fund the Company's operations; and avail funds needed to support the ongoing development of BIP projects.



**Oscar Mbeche**  
Group Chief Finance Officer

## GRI CONTENT INDEX

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.



CONTENT INDEX  
ESSENTIALS SERVICE

2023

Statement of use	Dangote Sugar Refinery (DSR) Plc has reported in accordance with the GRI Standards for the period 1 <sup>st</sup> January 2022 to 31 <sup>st</sup> December 2022.
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGC	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
<b>GENERAL STANDARDS</b>						
GRI 2: General Disclosures 2021	2-1	Organizational details				7-8, 42, 113 -134
	2-2	Entities included in the organization's sustainability reporting				7-8, 42
	2-3	Reporting period, frequency and contact point				7-8, 42
	2-4	Restatements of information				No Restatements
	2-5	External assurance			4.3: Format of Report	Not available
	2-6	Activities, value chain and other business relationships				7-8, 42
	2-7	Employees	Goal 8			55-57
	2-8	Workers who are not employees	Goal 8			55-57
	2-9	Governance structure and composition			Principles 1 and 2: Governance	55-57, 113 -134
	2-10	Nomination and selection of the highest governance body			Principles 1 and 2: Governance	113-134
	2-11	Chair of the highest governance body			Principles 1 and 2: Governance	113-134
	2-12	Role of the highest governance body in overseeing the management of impacts			Principles 1 and 2: Governance	113-134
	2-13	Delegation of responsibility for managing impacts			Principles 1 and 2: Governance	113-134
	2-14	Role of the highest governance body in sustainability reporting			Principles 1 and 2: Governance	113-134

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
	2-15	Conflicts of interest				113 - 134
	2-16	Communication of critical concerns				58-60, 84-87, 113 - 134
	2-17	Collective knowledge of the highest governance body			Principles 1 and 2: Governance	113 - 134
	2-18	Evaluation of the performance of the highest governance body			Principles 1 and 2: Governance	113 - 134
	2-19	Remuneration policies				113 - 134
	2-20	Process to determine remuneration				113 - 134
	2-21	Annual total compensation ratio	Goal 10			113 - 134
	2-22	Statement on sustainable development strategy				14 - 17, 34 - 37,
	2-23	Policy commitments				58-60, 87-88
	2-24	Embedding policy commitments			Principle 3: Governance	58-60, 87-88
	2-25	Processes to remediate negative impacts		Principle 7: Environment	Principles 8 and 9: Social and Environment	58-60, 84-87
	2-26	Mechanisms for seeking advice and raising concerns				58-60, 84-87-88
	2-27	Compliance with laws and regulations	Goal 16			82-83, 87-88
	2-28	Membership associations	Goal 17			89
	2-29	Approach to stakeholder engagement				43-50, 84-87
	2-30	Collective bargaining agreements	Goals 8 and 10	Principle 3: Labour		Not available
GRI 3: Material Topics 2021	3-1	Process to determine material topics				43-50, 84-87
	3-2	List of material topics				49-50
<b>ECONOMIC STANDARDS</b>						
<b>Economic Performance</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				58-60, 66
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Goals 8 and 9			66
	201-2	Financial implications and other risks and opportunities due to climate change	Goal 13			66
	201-3	Defined benefit plan obligations and other retirement plans				58-60, 66
	201-4	Financial assistance received from government				66
<b>Market Presence</b>						

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
GRI 3: Material Topics 2021	3-3	Management of material topics				Not Applicable, 55-57
GRI 202: Market Presence 2016	202 -1	Ratios of standard entry level wage by gender compared to local minimum wage	Goals 1, 5 and 8			Not Applicable, 55-57
	202 -2	Proportion of senior management hired from the local community	Goal 8			Not Applicable, 55-57
<b>Indirect Economic Impacts</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				64-65
GRI 203: Indirect Economic Impacts 2016	203 -1	Infrastructure investments and services supported	Goal 5, 9, and 11			64-65
	203 -2	Significant indirect economic impacts	Goals 1, 3, and 8			64-65
<b>Procurement Practices</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				69-70
GRI 204: Procurement Practices 2016	204 -1	204-1 Proportion of spending on local suppliers	Goal 8			69-70
	204 -2	204-2 Proportion of spending on local suppliers				
<b>Anti - corruption</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				75
GRI 205: Anti - corruption 2016	205 -1	Operations assessed for risks related to corruption	Goal 16	Principle 10: Anti - corruption	Principles 1 and 2: Governance	75
	205 -2	Communication and training about anti - corruption policies and procedures	Goal 16	Principle 10: Anti - corruption	Principles 1 and 2: Governance	75
	205 -3	Confirmed incidents of corruption and actions taken	Goal 16	Principle 10: Anti - corruption	Principles 1 and 2: Governance	75
<b>Anti -competitive Behavior</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				66
GRI 206: Anti - competitive Behavior 2016	206 -1	Legal actions for anti - competitive behaviour, anti - trust, and monopoly practices	Goal 16		Principles 3 and 4: Economic	66
	206 -2	Legal actions for anti - competitive behaviour, anti - trust, and monopoly practices				
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				66
GRI 207: Tax 2019	207 -1	Approach to tax	Goals 1, 10 and 17			66
	207 -2	Tax governance, control, and risk management	Goals 1, 10 and 17		Principles 1 and 2: Governance	66
	207 -3	Stakeholder engagement and management of concerns related to tax	Goals 1, 10 and 17			66
	207 -4	Country -by-country reporting	Goals 1, 10 and 17			66
<b>ENVIRONMENTAL STANDARDS</b>						

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
<b>Materials</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				68
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Goals 8 and 12			68
	301-2	Recycled input materials used	Goals 8 and 12	Principle 8: Environment	Principles 3 and 9: Economic and Environment	68
	301-3	Reclaimed products and their packaging materials	Goals 8 and 12			Not Applicable, 68
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				79-80
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Goals 7, 8, 12 and 13	Principles 8 and 9: Environment	Principle 9: Environment	79-80
	302-2	Energy consumption outside of the organization	Goals 7, 8, 12 and 13	Principles 8 and 9: Environment	Principle 9: Environment	79-80
	302-3	Energy intensity	Goals 7, 8, 12 and 13	Principles 8 and 9: Environment	Principle 9: Environment	79-80
	302-4	Reduction of energy consumption	Goals 7, 8, 12 and 13	Principles 8 and 9: Environment	Principle 9: Environment	68
	302-5	Reductions in energy requirements of products and services	Goals 7, 8, 12 and 13	Principles 8 and 9: Environment	Principle 9: Environment	68
<b>Water and Effluents</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				81
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Goals 6 and 12	Principles 8 and 9: Environment	Principle 9: Environment	81
	303-2	Management of water discharge -related impacts	Goal 6	Principles 8 and 9: Environment	Principle 9: Environment	81
	303-3	Water withdrawal	Goal 6	Principles 8 and 9: Environment	Principle 9: Environment	81
	303-4	Water discharge	Goal 6	Principles 8 and 9: Environment	Principle 9: Environment	81
	303-5	Water consumption	Goal 6	Principles 8 and 9: Environment	Principle 9: Environment	81
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				82
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Goals 6, 14 and 15	Principle 7: Environment	Principle 9: Environment	82

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
	304-2	Significant impacts of activities, products and services on biodiversity	Goals 6, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	82
	304-3	Habitats protected or restored	Goals 6, 14 and 15	Principle 7: Environment	Principle 9: Environment	82
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Goals 6, 14 and 15	Principle 7: Environment	Principle 9: Environment	82
<b>Emissions</b>						
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics				80-83
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	Goals 3, 12, 13, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-81
	305-2	Energy indirect (Scope 2) GHG emissions	Goals 3, 12, 13, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-81
	305-3	Other indirect (Scope 3) GHG emissions	Goals 3, 12, 13, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-81
	305-4	GHG emissions intensity	Goals 13, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-81
	305-5	Reduction of GHG emissions	Goals 13, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-83
	305-6	Emissions of ozone -depleting substances (ODS)	Goals 3 and 12	Principles 8 and 9: Environment	Principle 9: Environment	80-81
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Goals 3, 12, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	80-81
<b>Waste</b>						
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics				82
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste related impacts	Goals 3, 6, 12 and 14	Principles 8 and 9: Environment	Principle 9: Environment	82
	306-2	Management of significant waste related impacts	Goals 3, 6 and 12	Principles 8 and 9: Environment	Principle 9: Environment	82
	306-3	Waste generated	Goals 3, 6, 12, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	82
	306-4	Waste diverted from disposal	Goals 3 and 12	Principles 8 and 9: Environment	Principle 9: Environment	82
	306-5	Waste directed to disposal	Goals 6, 14 and 15	Principles 8 and 9: Environment	Principle 9: Environment	82
<b>Supplier Environmental Assessment</b>						
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics				68-69

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria		Principle 7: Environment	Principles 3 and 9: Economic and Environment	68-69
	308-2	Negative environmental impacts in the supply chain and actions taken				68-69
<b>SOCIAL STANDARDS</b>						
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				57-58
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Goals 5, 8 and 10	Principles 4, 5 and 6: Labour	Principle 5: Social	57-58
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Goals 3, 5 and 8	Principles 4, 5 and 6: Labour	Principle 5: Social	57-58
	401-3	Parental Leave	Goals 5 and 8	Principles 4, 5 and 6: Labour	Principle 5: Social	57-58
<b>Labor/Management Relations</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				57-58
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Goal 8		Principle 5: Social	57-58
<b>Occupational Health and Safety</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				75-77
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-2	Hazard identification, risk assessment, and incident investigation	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-3	Occupational health services	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-4	Worker participation, consultation, and communication on occupational health and safety	Goals 8 and 16	Principle 6: Labour	Principle 5: Social	75-77
	403-5	Worker training on occupational health and safety	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-6	Promotion of worker health	Goal 3	Principle 6: Labour	Principle 5: Social	75-77

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-8	Workers covered by an occupational health and safety management system	Goal 8	Principle 6: Labour	Principle 5: Social	75-77
	403-9	Work -related injuries	Goals 3, 8 and 16	Principle 6: Labour	Principle 5: Social	75-77
	403-10	Work -related ill health	Goals 3, 8 and 16	Principle 6: Labour	Principle 5: Social	75-77
<b>Training and Education</b>						
GRI 3: Material Topics 2021 GRI 404: Training and Education 2016	3-3	Management of material topics				60-62
	404-1	Average hours of training per year per employee	Goals 4, 5, 8 and 10	Principle 6: Labour	Principle 6: Social	60-62
	404-2	Programs for upgrading employee skills and transition assistance programs	Goal 8	Principle 6: Labour	Principle 6: Social	60-62
	404-3	Percentage of employees receiving regular performance and career development reviews	Goals 8 and 10	Principle 6: Labour	Principle 6: Social	60-62
<b>Diversity and Equal Opportunity</b>						
GRI 3: Material Topics 2021 GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics				77-78
	405-1	Diversity of governance bodies and employees	Goals 5 and 8	Principle 6: Labour	Principles 5 and 6: Social	77-78
	405-2	Ratio of basic salary and remuneration of women to men	Goals 5, 8 and 10	Principle 6: Labour	Principles 5 and 6: Social	77-78
<b>Non-discrimination</b>						
GRI 3: Material Topics 2021 GRI 406: Non-discrimination 2016	3-3	Management of material topics				78
	406-1	Incidents of discrimination and corrective actions taken	Goals 5 and 8	Principle 6: Labour	Principle 6: Social	78
<b>Freedom of Association and Collective Bargaining</b>						
GRI 3: Material Topics 2021 GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics				78
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Goal 8	Principle 3: Labour		78
<b>Child Labor</b>						
GRI 3: Material Topics 2021 GRI 408: Child Labor 2016	3-3	Management of material topics				78
	408-1	Operations and suppliers at significant risk for incidents of child labour	Goals 8 and 16	Principle 5: Labour	Principle 5: Social	78
<b>Forced or Compulsory Labor</b>						

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
GRI 3: Material Topics 2021	3-3	Management of material topics				78
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Goal 8	Principle 4: Labour	Principle 5: Social	78
<b>Security Practices</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				78
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Goal 16	Principles 1 and 2: Human rights	Principle 7: Social	78
<b>Rights of Indigenous Peoples</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				78
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Goal 2			78
<b>Local Communities</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				62-63, 73-75
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs			Principle 8: Social	62-63, 73-75
	413-2	Operations with significant actual and potential negative impacts on local communities	Goals 1 and 2		Principle 8: Social	73-75
<b>Supplier Social Assessment</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				68-69
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Goals 5, 8 and 16	Principles 1 and 2: Human rights	Principles 3 and 7: Economic and Social	68-69
	414-2	Negative social impacts in the supply chain and actions taken	Goals 5, 8 and 16	Principles 1 and 2: Human rights	Principles 3 and 7: Economic and Social	68-69
<b>Public Policy</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				No contribution, 75
GRI 415: Public Policy 2016	415-1	Political contributions	Goal 16			No contribution, 75
<b>Customer Health and Safety</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				70-71
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories			Principles 3 and 4: Economic	70-71

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	UN SDGs	UNGC	NGX	PAGE NUMBER(S) AND/OR DIRECT ANSWER(S).
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Goal 16		Principles 3 and 4: Economic	70-71
<b>Marketing and Labeling</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				71-72
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	Goal 12			71-72
	417-2	Incidents of non-compliance concerning product and service information and labelling	Goal 16			71-72
	417-3	Incidents of non-compliance concerning marketing communications	Goal 16			71-72
<b>Customer Privacy</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics				71-72
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Goal 16			71-72

# 2022 SUSTAINABILITY WEEK CELEBRATION





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