

Sustainability Report

DANGOTE 7 SUSTAINABILITY PILLARS & THE TRIPLE BOTTOM-LINE



“The Dangote Way”

Our Approach to Sustainability







Our organization is dedicated to a sustainable future by utilizing innovative business practices to improve economic, social, and environmental well-being. We aim to be Nigeria's leading sugar manufacturer and create meaningful value, addressing global challenges like climate change and food insecurity.

Dangote Sugar Refinery Plc aligns with the Dangote Group Sustainability Strategy, based on seven (7) strategic pillars, aptly termed “The Dangote Way”. The Dangote Way promotes responsible business practices, embedding best practices into all aspects of the value chain.



| SN | Pillar Objective | |
|----|---|--|
| 1. | Cultural  | 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. | Economic  | 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. | Operational  | 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. | Social  | 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. | Environmental  | 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. | Institutional  | 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. | Financial  | 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 2023 MILESTONES AT A GLANCE

| Pillar | 2023 Milestones |
|---|--|
| Cultural  | <ul style="list-style-type: none"> ✓ 91.1% of workforce aged 18 to 50 years ✓ Increase in female workforce from 3% to 11% ✓ 79% reduction in staff exits ✓ 220 staff training programmes/sessions ✓ Average training hours per employee increased to 28.2 hours ✓ 166 employees volunteered 363 hours during 2023 Sustainability Week |
| Economic  | <ul style="list-style-type: none"> ✓ Economic value created increased by 8.7% ✓ Employees wages, benefits, and salaries increase by 17.7% ✓ Our Special Independent Sugarcane Out-growers' Development Programme (SIS OGD) currently supports 660 outgrowers over 782 hectares of land ✓ Economic value retained indicated a loss of over N82bn |
| Operational  | <ul style="list-style-type: none"> ✓ Decline in sugar production by 25% ✓ Increase in local procurement spending from 73% to 85% of total procurement ✓ DSR is certified to ISO 9001:2015 Quality Management System (QMS), ISO 22000:2018 Food Safety Management Systems (FSMS), ISO 45001:2018 Occupational Health and Safety Management System (OHSMS), and the Food Safety System Certification (FSSC 22000) ✓ Successful migration to the new FSSC 22000 requirements version 6.0 ✓ 706 (48% increase) Distributors and 348 (57% increase) Retailers |
| Social  | <ul style="list-style-type: none"> ✓ Spending on social investment projects decreased by 29.6% ✓ 203 community engagements and 54 completed projects (200% increase) ✓ 6,029 employees trained on health and safety ✓ Four (4) whistleblowing cases reported and resolved ✓ Fifteen (15) employees with physical disabilities ✓ Zero cases of discrimination and human rights abuse in our business operations |
| Environmental  | <ul style="list-style-type: none"> ✓ Energy consumption decreased by 21.15%; energy intensity increased by 4.72% ✓ Natural gas accounts for 51.6% of our fuel mix and bagasse accounts for 38.2% ✓ GHG emissions: Scope 1 decreased by 48%; Scope 2 was zero ✓ GHG emission intensity reduced by 31% ✓ Water intensity increased by 23% ✓ Zero environmental compliance fines, penalties, or sanctions for non-compliance |
| Institutional  | <ul style="list-style-type: none"> ✓ Executed stakeholders' survey and materiality assessment for Employees, Communities, Investors and Supply Chain Partners ✓ Progressed in the implementation of our prioritized SDGs (Goals 2, 3, 6, 12, and 13). ✓ We did not incur any fines/penalties for ESG (environment, social and governance) and regulatory non-compliance. ✓ Subscribed to Bonsucro for independent verification of sustainable agricultural and sugar production processes ✓ Improvement in CDP Scores: From D- for Water Security and Climate Change operations and disclosures to C for both |

OUR REPORTING PRACTICE

Our 2023 Sustainability Report addresses our significant social, environmental, economic, and governance issues for the 2023 financial year which runs from January 1 to December 31, 2023. The Report covers activities carried out in our headquarters in Apapa, Lagos, including locations of Backward Integration Projects (BIP) in Numan, Adamawa State; Tunga, Nasarawa State; and Lau/Tau Project, Taraba State; and Fleet operations, all in Nigeria.

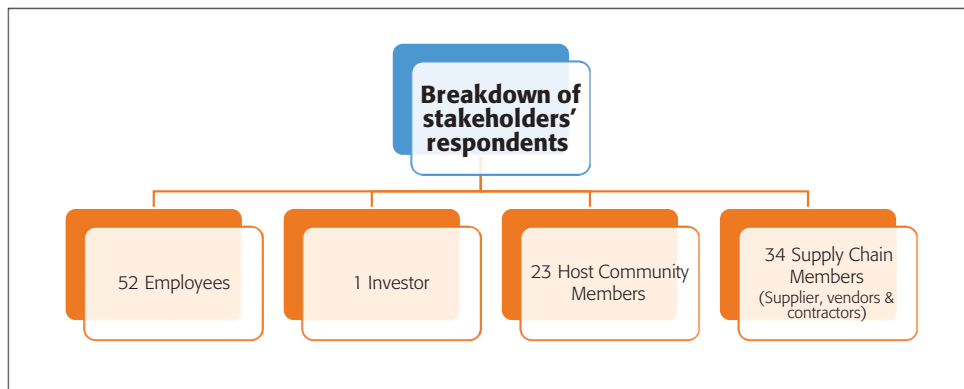
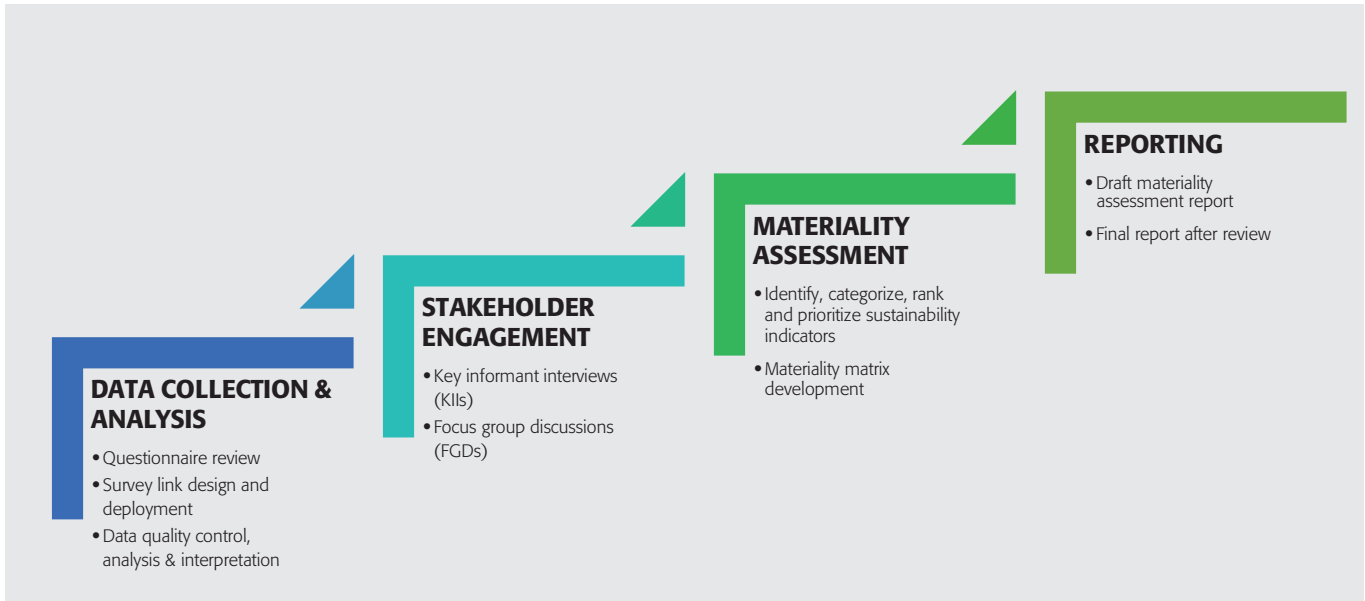
Furthermore, using a third-party sustainability expert (Dupht Consults Limited), we carried out materiality assessment surveys and stakeholder engagement activities with our key stakeholders (employees, host communities, and the supply chain) to determine their sustainability issues which, together with our business impact, guided the material topics disclosed in this Report.

This Report:

- is included in and supplements our 2023 Annual Report
- has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards
- aligns with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Guidelines S1 and S2
- summarizes our accomplishments in incorporating the ten (10) sustainability principles of the United Nations Global Compact (UNGC) into our business practices
- meets the requirements of the Nigerian Exchange Group's Sustainability Disclosure Guidelines (NGX-SDGs)
- showcases our contributions to the United Nations Sustainable Development Goals (UN-SDGs)
- abides by the Securities and Exchange Commission (SEC) Code of Corporate Governance
- complies with the Sustainability Principle in the Financial Reporting Council of Nigeria Code of Corporate Governance (NCCG)
- adheres to the SEC's Nigerian Sustainable Finance Principles for the Capital Market

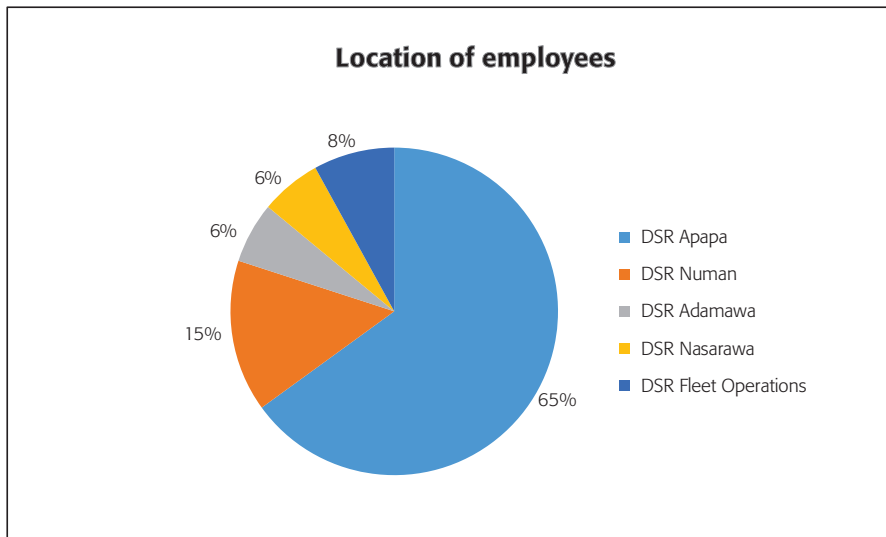
DSR'S MATERIALITY ASSESSMENT AND STAKEHOLDERS' SURVEY FOR 2023

Materiality Assessment Process

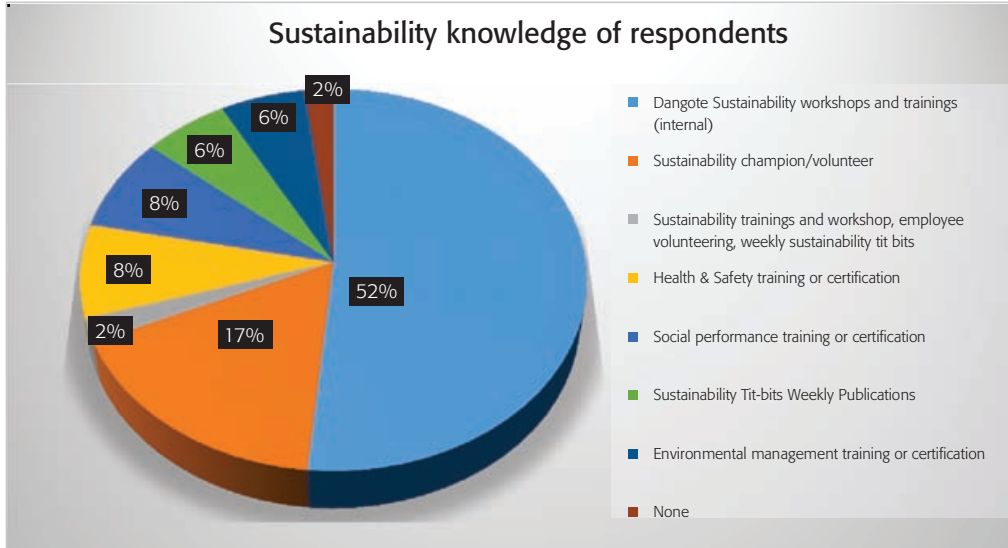


Employees' Survey

The respondents for the 2023 survey were selected across multiple operations and locations, the highest from DSR Apapa.



The sustainability knowledge of respondents was critical to the materiality assessment; only 2% of respondents had no knowledge of sustainability



Employees' sustainability awareness:

50%

perceived **compliance with environmental, legal and regulatory obligations** is the most important issue pertinent to the future and sustainability of the DSR brand.

50%

perceived **job creation** is the most important issue on the impact DSR has on the country and host communities.

48%

perceived **compliance with environmental regulations, water efficiency & management, and effluent & waste management** as the most relevant environmental issue as an employee of DSR

48%

perceived **health insurance and coverage** as the most relevant social and workplace issue as an employee of DSR.

48%

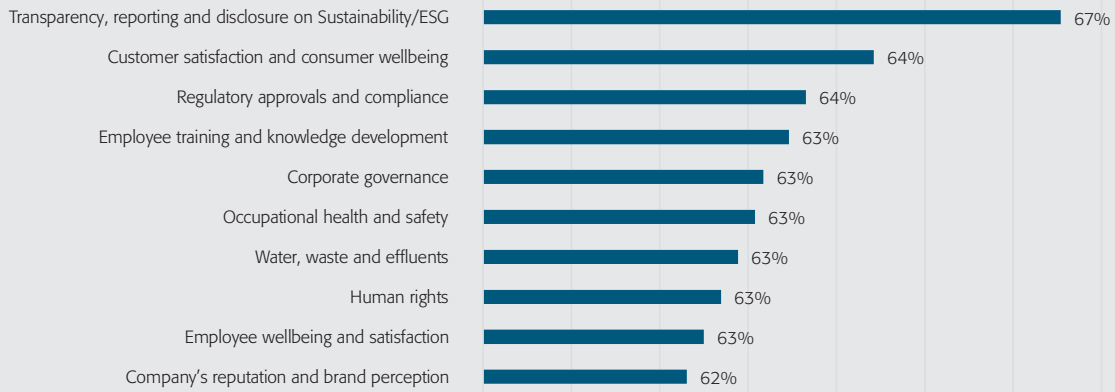
perceived **transparency** as the most relevant governance issue as an employee of DSR.

52%

perceived transparency as the most relevant governance issue as an employee of DSR.

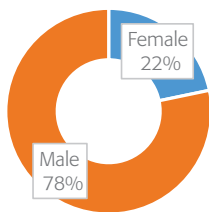
The highest-ranking material topic important to employees is "Transparency, Reporting, and Disclosure on Sustainability/ESG".

High ranking material topics important to DSR employees in 2023

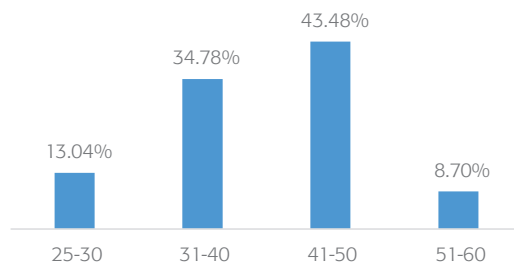


Communities Survey

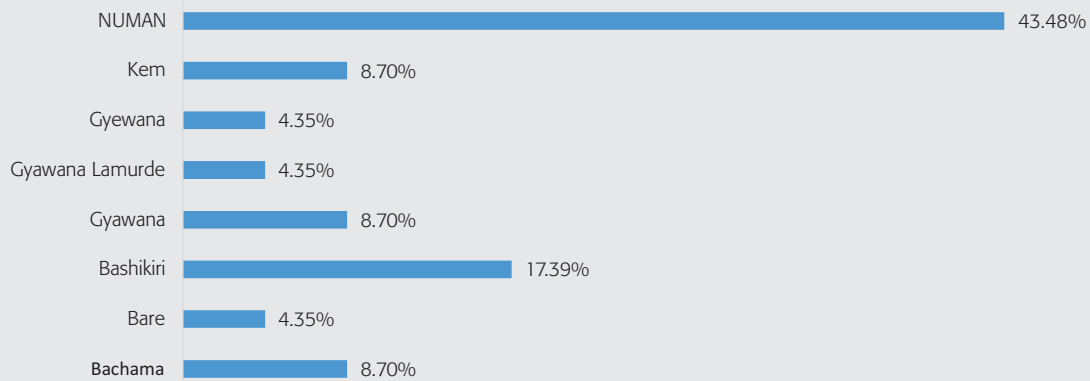
Respondents by Gender



Respondents by Age



Respondents by Communities

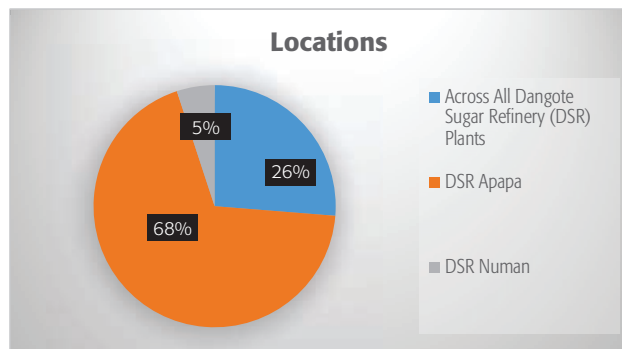


The highest-ranking material topics important to host communities are “Community Health and Safety” and “Social/Community Impact Investments”.

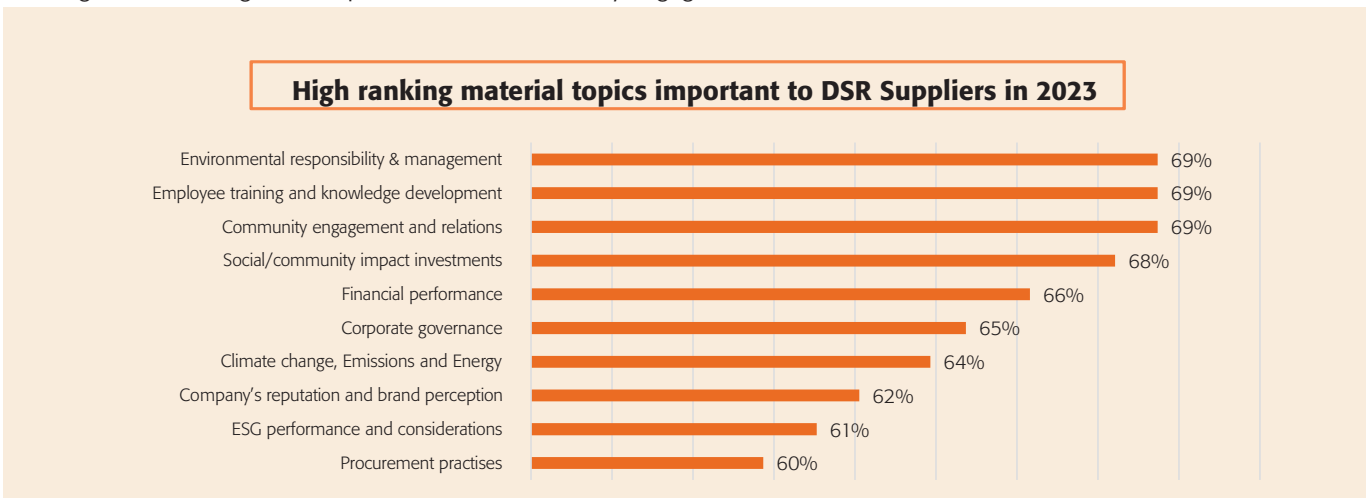


Supply Chain Partners Survey

The respondents for the 2023 survey were selected across multiple operations and locations, the highest from DSR Apapa.



The highest-ranking material topics important to suppliers are “Environmental Responsibility and Management”, “Employee Training and Knowledge Development”, and “Community Engagement and Relations”.



DSR’s 2023 Materiality Matrix

Material topics from our stakeholders informed the consolidated matrix for DSR’s operations. 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, three (3) material topics were least critical (Low rank) while 34 material topics were moderately critical (Medium rank), there were no High rank topics.

2023 Dangote Sugar Refinery (DSR) Plc Materiality Matrix (Consolidated)

| | | | | |
|--|--------|---|--|------|
| Importance to Stakeholder | High | | | |
| | Medium | <ul style="list-style-type: none"> ▶ Procurement practises ▶ Employee compensation and benefits ▶ Business strategy ▶ Career growth and progression ▶ Regulatory approvals and compliance ▶ Circular economy ▶ Supply chain engagement and relations ▶ Occupational health and safety ▶ Human rights ▶ Water, waste and effluents ▶ Community engagement and relations ▶ Diversity, inclusion and equity ▶ Suppliers contract and payment processing ▶ Executive pay and shareholders' dividends ▶ Pollution ▶ Biodiversity & Land Management ▶ Anti-corruption policies and practices | | |
| | Low | <ul style="list-style-type: none"> ▶ Boosting economic activities, growth & development ▶ Child labour ▶ Standard of living | <ul style="list-style-type: none"> ▶ Transparency, reporting and disclosure on Sustainability/ESG ▶ Employee training and knowledge development ▶ Community health and safety ▶ Financial performance ▶ Social/community impact investments ▶ Empowerment of young people ▶ Customer satisfaction and consumer wellbeing ▶ Corporate governance ▶ Employee wellbeing and satisfaction ▶ Host community development ▶ Other socioeconomic factors ▶ Company's reputation and brand perception ▶ Climate change, Emissions and Energy ▶ ESG performance and considerations ▶ Employee engagement and relations ▶ Environmental responsibility & management | |
| | | Low | Medium | High |
| Impact on Stakeholder & Dangote Sugar Refinery (DSR) | | | | |

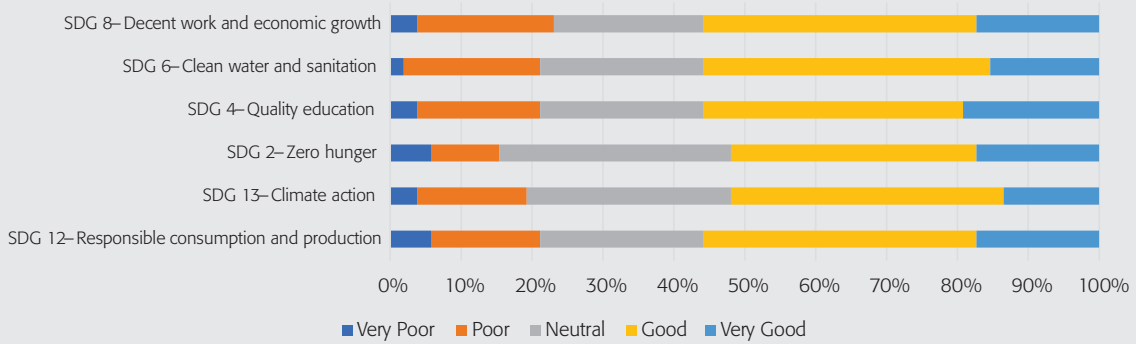
The list of material topics applicable to us as an organisation is carefully discussed and addressed throughout this sustainability report in addition to those identified through the 2023 materiality assessments as indicated in the matrix above.

OUR STRATEGIC PRIORITY SDGS



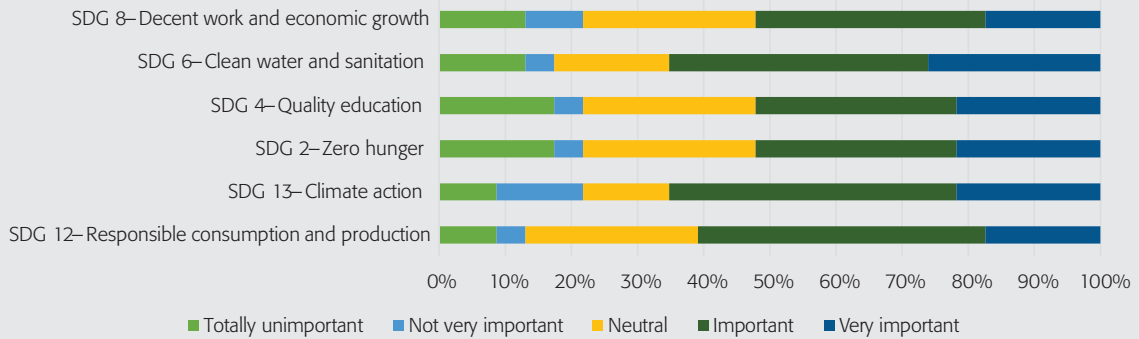
Through surveys and interactions, the Employees and the Host communities provided their opinions regarding the execution, progress, and impact of our Strategic Priority SDGs on them. Most of the employees think DSR has implemented and made the most progress in SDG 4 – Quality education (56%) from the 'good' and 'very good' ratings.



Employees rating of DSR Priority SDGs implementation and progress







Majority of the host community respondents (65%) think DSR should focus more on SDG 6 (Clean water and sanitation) as possible focus areas for 2024 based on the 'very important' and 'important' ratings.

Host community suggested focus for DSR Priority SDGs in 2024



| DSR progress in 2023 through our priority SDGs | | | |
|---|--|--|--|
| DSR Priority UN SDGs | SDG Agenda and Targets | Importance / Materiality to DSR | DSR progress in 2022 through our priority SDGs |
| <p>Goal 2: Zero Hunger</p>  | <ul style="list-style-type: none"> Target 2.1: 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. Target 2.3: Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists, and fishers. Target 2.4: 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. | <ul style="list-style-type: none"> Fighting hunger is a strong business opportunity for sugar businesses. Fighting hunger boosts productivity for food related businesses. | <ul style="list-style-type: none"> Dangote Sugar is fortified with Vitamin A which adds nourishment and as well bridge the gap of Vitamin A deficiency in consumers. The out-growers scheme is in place that avails local farmers with income to provide food for their households. We have a target of employing 75,000 persons to work in the BIPs. Currently, we have a staff strength of over 12,000 workers. The full capacity of 75,000 workers is our target for 2030. We have also reached out to ADF for the provision of soft loans to women in the host communities. |
| <p>Goal 4: Quality Education</p>  | <ul style="list-style-type: none"> Target 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. | <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> We have embarked on a number of educational programmes to entrench agriculture and food security in young people and as well build schools in our host communities. These are programmes as stated: Lagos State World Food Day (Schools Agric Quiz Competition). -Home Economics (Baking) programme for students at Federal college of education Technical Staff school Akoka Lagos). We sponsored and promoted skills acquisition for women and young people in our host communities. |

| DSR Priority UN SDGs | SDG Agenda and Targets | Importance / Materiality to DSR | DSR progress in 2022 through our priority SDGs |
|--|--|---|--|
| <p>Goal 6: Clean Water and Sanitation</p>  | <ul style="list-style-type: none"> Target 6.3: 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. Target 6.4: 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. | <ul style="list-style-type: none"> Sugar production is water intensive. Synthetic pesticides, herbicides, fertilizer runoff and sedimentation contaminate water sources. Land degradation, loss of biodiversity and water pollution are material sustainability issues in sugar harvesting. | <ul style="list-style-type: none"> We have sunk several boreholes producing clean potable water for our host communities. We have set targets to reduce water consumption in the refinery to 180,000MT/month. This target has progressively reduced over the years. here is an Effluent Treatment Plant (ETP) to ensure that only treated effluent that meets regulatory standards is released in the environment. A monthly and quarterly environmental monitoring by an accredited environmental consultant is in place. Conscious effort is made to ensure that Chemicals, Insecticides, and pesticides in use are environmentally friendly. |
| <p>Goal 4: Quality Education</p>  | <ul style="list-style-type: none"> Target 8.2: Achieve higher levels of economic productivity through technological upgrading and innovation, including through a focus on high value added. Target 8.4: Improve resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation. Target 8.5: 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. | <ul style="list-style-type: none"> Child labour practice during cultivation by small holder farmers is a material sustainability issue in an agriculturally based business. Unfair payment of workers in sugarcane farms or supply chain. Forced labour and modern slavery are common practice in agribusiness' supply chains. | <ul style="list-style-type: none"> DSR does not engage underage workers. Remunerations and benefits are structure to remain highly competitive with the industry circles to attract skilled workforce. |

| DSR Priority UN SDGs | SDG Agenda and Targets | Importance / Materiality to DSR | DSR progress in 2022 through our priority SDGs |
|---|---|---|---|
| <p>Goal 12: Consumption and Production</p>  | <ul style="list-style-type: none"> Target 12.2: Achieve the sustainable management and efficient use of natural resources. Target 12.3: Reduce food losses along production and supply chains, including post-harvest losses. Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse. Target 12.6: Adopt sustainable practices and integrate sustainability information into the reporting cycle. | <ul style="list-style-type: none"> Water consumption intensity, land degradation, and loss of biodiversity are material sustainability issues in sugar production. Waste generation such as wastewater and residue in operations and supply chain. Plastic waste generation from packaging materials. | <ul style="list-style-type: none"> Clear and achievable targets are set for reduction of waste generation. A LAWMA accredited waste management agents are engaged for waste collection, recycling, and disposal at approved sites in Lagos State. DSR independently audits the waste vendor to ensure cradle-to-grave stewardship. |
| <p>Goal 13: Climate Action</p>  | <ul style="list-style-type: none"> Target 13.2: Integrate climate change measures into policies, strategies, and planning. | <ul style="list-style-type: none"> Energy consumption intensity in sugar production, especially the use of gas and LPFO. Running the boilers that power the refinery is the major energy consumption point. Direct emission of greenhouse gases from sugar refining activities and possible deforestation outcomes in DSR backward integration projects (Nasarawa Sugar, Tunga and DSR Numa, Adamawa), etc., contribute to climate change. | <ul style="list-style-type: none"> Support climate action; develop CO2 reduction plan. Reduce environmental footprints in all operations. Develop a plan for gradually reducing the use of fossil fuels. Integrate climate change mitigation considerations in key operational strategies and planning. Improve energy efficiency to reduce the carbon intensity of the manufacturing process. This will also lower the production costs. Develop a 5-year Pollution Reduction Plan (including Sugar Dust, Sweet Water, etc.). Fully activate environmental impact assessment and management plan and ensure compliance with all environmental laws / regulations. Monthly emissions tracking has been commenced to monitor GHG and overall carbon footprint. |

CULTURAL PILLAR:

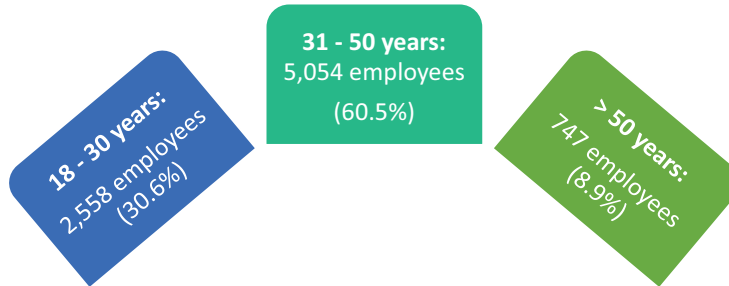
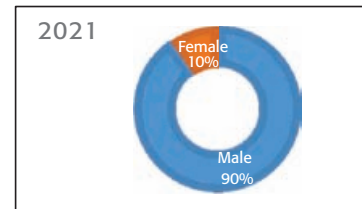
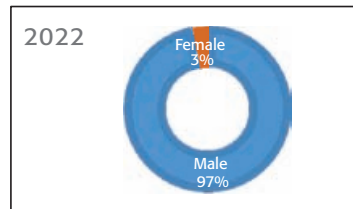
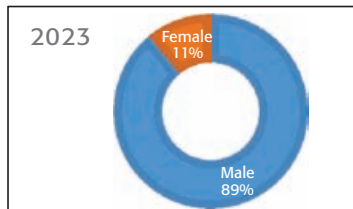
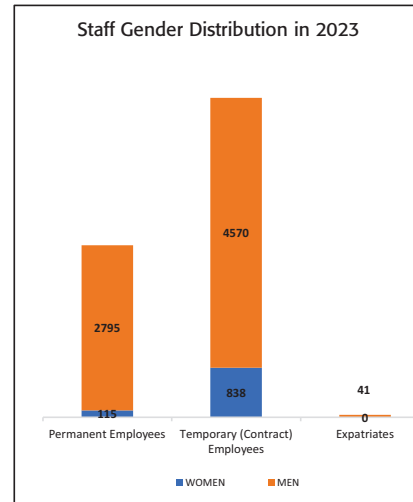
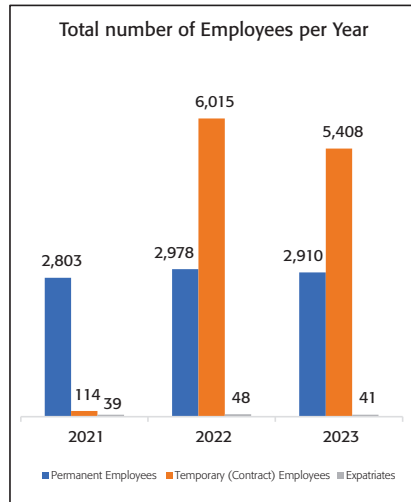
Building a culture of workplace empowerment and inclusion





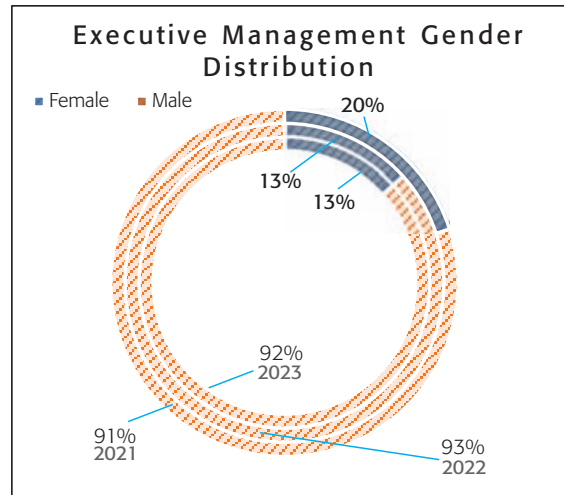
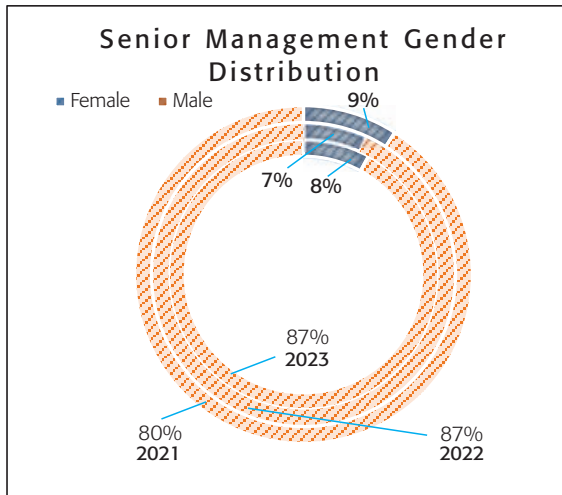
CULTURAL PILLAR:

DSR Workforce



Our employee categorization by age and gender per location is shown below:

| Location | Permanent Employees | | | | | |
|-------------------------|--------------------------------|--------------|---------------|--------------|---------------|------------|
| | 18 - 30 Years | | 31 - 50 Years | | Over 50 Years | |
| | Women | Men | Women | Men | Women | Men |
| DSR Apapa | 5 | 21 | 41 | 541 | 5 | 254 |
| DSR Numan | 8 | 58 | 40 | 724 | 2 | 356 |
| DSR Fleet Operations | 3 | 59 | 11 | 665 | - | 117 |
| TOTAL | 16 | 138 | 92 | 1,930 | 7 | 727 |
| | Temporary (Contract) Employees | | | | | |
| DSR Apapa | 3 | 40 | 1 | 41 | - | - |
| DSR Numan | 263 | 2,090 | 568 | 2,387 | - | - |
| DSR Fleet Operations | 1 | 7 | 2 | 5 | - | - |
| TOTAL | 267 | 2,137 | 571 | 2,433 | - | - |
| | Expatriates | | | | | |
| DSR Apapa | - | - | - | 28 | - | 13 |
| | Senior Management = 131 | | | | | |
| DSR Apapa | - | - | 7 | 29 | 3 | 48 |
| DSR Numan | - | - | - | 3 | - | 9 |
| DSR Fleet Operations | - | - | 1 | 16 | - | 15 |
| TOTAL | - | - | 8 | 48 | 3 | 72 |
| | Executive Management = 15 | | | | | |
| DSR HQ (All Operations) | - | - | 2 | 3 | - | 10 |



Employee Turnover



New Hires: 15



Exits: 44

Year-on- Year Comparison

| Year | New Hires | Exits |
|------|-----------|-------|
| 2023 | 15 ↓ | 44 ↓ |
| 2022 | 394 ↑ | 210 ↓ |
| 2021 | 182 ↓ | 235 ↑ |
| 2020 | 245 ↓ | 41 ↓ |

Overall, DSR recorded 15 new hires in 2023 and 44 staff exits from the DSR Apapa location only. All other operating locations including the fleet operations had zero new hire and zero exits for 2023.

Labour Practices and Benefits

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

| | | |
|--|---|---|
| Leave Policy | Education and Training Policy | Human Rights Policy |
| Travel Policy | Anti-bribery and corruption policy | Data Protection Policy |
| Harassment Policy | Anti-slavery policy | Malaria Prevention and Control Policy |
| Compensation and Benefits Policy | Car Policy | HIV AIDS Policy |
| Manpower Planning and Recruitment Policy | Employee Data Privacy Policy | Policy on Our New Work Culture |
| Child Labour Abolition & Prevention Policy | Policy for Travels and Related Costs for External Training Partners | Health & Safety Environment and Social Corporate Policy |
| Employment of Spouse and Children Policy | Mandatory Training Hours Policy | HSE Golden Rules & Consequences Management |
| Dress Code Policy | Generator Policy | Whistleblowing Policy |
| Employee Car Advance Process Flow | Long Service Award Policy | |

These policies are primarily governed by and in compliance with the provisions of the Labor 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), amongst others. We adhere to the mandatory contributory pension scheme based on Nigeria Pension Reform Act (2014) and contribute 11% of

the employee's salary, while the employee contributes 9% to their pension account. We continuously align our related policies with the International Labor Organization (ILO) standards and the International Financial Corporation (IFC) Performance Standard (PS) 2 (Labor and Working Conditions), which serves as our benchmark for best practices on employee responsibility.



CULTURAL PILLAR:

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

Our female employees have a right to maternity leave with the following benefits:

- Paid maternity leave for 90 days
- Working hours reduced to six (6) hours for an additional 90 days

Two (2) female employees benefited from this in DSR Apapa in 2023.

Furthermore, we are actively involved in the transition of our retirees. DSR's retirement age is 65 years or after 20 years'

service, after which such employee can be offered contract upon Executive Management approval. Retirement can also be voluntary before specified age.

We strive to ensure significant engagements between employees and management to serve as a medium of obtaining feedback on our labour-related policies and practices.

2023 EMPLOYEE ENGAGEMENTS

- Annual medical check-up exercise for all staff
- Charity Work
- End of Year Gift to all employees
- International Women's Day
- Long Service Award
- Monthly meetings by HODs with Workers' Forum
- Quarterly Motivational Award
- Staff Long Service Award
- Sustainability week
- Team Building



Learning and Development



In 2023, DSR trained employees with a total participation number of 14,065 spending a total of 81,325 training hours which is an average of 28.2 hours per employee (309% increase from 6.9 hours per employee in 2022). We conducted 220 training programmes (either physical or virtual) at a cost of N42,734,800.00.

| Year-on-Year Comparison | | | | | | | | | |
|-------------------------|---------------------|----------------|--------------------|----------------|----------------|----------------|---------|----------------|--|
| Year | Training programmes | | Training attendees | | Training hours | | Cost | | |
| | Number | % change (+/-) | Number | % change (+/-) | Hours | % change (+/-) | ₦ | % change (+/-) | |
| 2023 | 220 | +116% | 14,065 | +423% | 81,325 | +334% | 42.734m | +0.19% | |
| 2022 | 102 | -45% | 2,688 | -71% | 18,724 | -46% | 42.656m | +25% | |
| 2021 | 186 | | 9,196 | | 34,954 | | 33.994m | | |

Our overall learning catalogue in 2023 covered a total of 220 different unique training titles, with sessions focused around SAP modules utilization, Equipment maintenance, Critical Control Point & Operational Prerequisite Programme, Good Manufacturing Practice, Risk management, Employee Human Rights, 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. We also had specific training sessions for DSR Fleet such as Vehicle maintenance, Defensive driving, Drug and alcohol awareness, Project

management, amongst others.

Furthermore, we have a career evaluation process to make sure that workers' actions are in line with both their own personal and professional growth goals and our overall company strategy. Career reviews take place throughout the year for all employees, and we ensured that for 2023, all employees received regular career development and performance review.



CULTURAL PILLAR:

Sustainability Training

13

sessions (86% increase from 7 sessions in 2022)

- ✓ 8 physical sessions
- ✓ 5 virtual sessions
- ✓ 180 total attendees (8% increase from 167 employees in 2022)
- ✓ 46 training hours at an average of 0.26 hours per person
- ✓ 450,000.00 as total cost

| S/N | 2023 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 Foot printing Tracking | Sustainability Leads, Supply Chain, Agric, HSSE |
| 6 | Supplier LoCT: Scope 2 GHG Foot printing Tracking | Sustainability Leads, Supply Chain, Agric, HSSE |
| 7 | Carbon Footprint Reduction | Management |

Employee Volunteering: Supporting Our Local Communities – 2023 Sustainability Week



DSR employees alongside their counterparts in other Business Units within the Dangote Group participated in the 2023 Sustainability Week – an annual event designed as an employee volunteering initiative to make sustainable impact in host communities.



166 Employees Volunteered
58% increase from 105 in 2022



₦11,133,800.00 Spent
34% increase from ₦8,300,000.00 in 2022



1,550 Trees Planted
3% decline from 1,600 in 2022



363 Volunteered Hours
10% increase from 330 in 2022



Beneficiaries: 18 Communities @. 2,100 Community Members), 5 Schools (c. 1,200 Pupils), and 700 Motor Taxi Men and Trailer Men



6 Waste Management Related Projects, 4 Community Borehole Projects



Sustainability Week Initiatives feedback from host community members

13% indicated that they are unaware of the Sustainability Week initiatives compared to 25% in 2022

22% indicated that the Sustainability Week did not happen in their communities compared to 60% in 2022

5.7 out of 10 was the average impacts and benefits assessment score for the Sustainability Week compared to 1.9 out of 10 in 2022

We received the feedback to improve the awareness of our external sustainability initiatives to host communities in 2022 and this was acted upon in 2023. However, more inclusive stakeholder engagement process from when initiatives are being conceptualised to the point of implementation as well as monitoring and evaluation will still be improved upon for 2024 and beyond.





ECONOMIC PILLAR:

Contributing to Nigeria's economic growth and development

Contribution to Sustainable Job Creation

Due to changes in the political landscape (election year), increase in inflation, brain drain from emigration, and foreign exchange fluctuations, we recorded a 7.5% decrease in the number of direct jobs created from 9,041 in 2022 to 8,359 in 2023. Nonetheless, our business operations supported more than 55,000 jobs in 2023 (direct, indirect, and induced), using the Social Accounting Multiplier Matrix estimates.



Contribution to Household Income and Indirect Economic Impact

Increasing cost of imported raw sugar coupled with declining exchange rate led to increase in cost of raw materials for all players in the industry. For DSR, this resulted in the Company making a loss and being unable to pay dividends as outlined below:

| Parameters | 2023 | 2022 | 2021 |
|--|-------------------------|---------------|---------------|
| | ₦ '000 (Thousand Naira) | | |
| Direct Contributions | | | |
| Employee wages, salaries, and benefits | 12,649,536.00 | 10,737,667.00 | 8,943,973.00 |
| Dividend paid to shareholders | - | 12,146,874.00 | 18,220,317.00 |
| Indirect contributions | | | |
| Tax Payment | (35,161,798.00) | 27,560,686.00 | 11,968,921.00 |
| Local Procurements (All operations) | 54,727,915.86 | 72,180,299.93 | 26,826,406.06 |
| Social/Community Investments | 228,731.00 | 324,928.13 | 1,151,789.00 |



The Outgrowers' 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 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 by 2021, and via the support of the Special Independent Sugarcane Out-growers' Development Programme (SIS OGD), we have currently expanded the land to over 782 hectares, with a total of 660 outgrowers.

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

| Year | 2023 | 2022 | 2021 |
|---|--------------------------|-----------------------|-----------------------|
| | (N'000 (Thousand Naira)) | | |
| Economic Value Created (EVC) | 441,452,953.00 | 403,245,988.00 | 276,054,781.00 |
| Revenue | 441,452,953.00 | 403,245,988.00 | 276,054,781.00 |
| Economic Value Distributed (EVD) | 523,969,288.00 | 353,329,051.13 | 253,172,840.00 |
| Operating costs** | 355,149,111.00 | 311,282,950.00 | 225,846,208.00 |
| Employee wages, salaries and benefits | 12,649,536.00 | 10,737,667.00 | 8,943,973.00 |
| Payments to providers of capital | 191,103,708.00 | 3,422,820.00 | 5,210,541.00 |
| Tax Payment | (35,161,798.00) | 27,560,686.00 | 11,968,921.00 |
| Social/Community Investments | 228,731.00 | 324,928.13 | 1,151,789.00 |
| Economic Value Retained (EVC -EVD) | (82,516,335.00) | 49,916,936.87 | 22,881,941.00 |

** Excluding administrative expenses

Dividend Payment History

Since our 2007 debut on the Nigerian Stock Exchange (now part of the Nigerian Exchange Group), we have maintained a history of dividend payments. However, in 2023, as seen from the Economic Value Retained above, DSR made a loss mainly attributed to finance cost (exchange rate loss). Due to this reason, we were not able to pay dividends to shareholders for FY2023.

Responsible Tax Payments

DSR is devoted to abiding by all legal specifications pertaining to tax payment and other statutory returns. However, as a result of making a loss in FY 2023, we have a deferred tax payment of 35.2 billion. Our 2023 Audited Financial

Statement provides explanations and details on our tax returns.

Anti-competitive Behaviour, Anti-trust, and Monopoly Practices

In 2023, DSR did not incur any financial costs from associated litigations, fines/penalties due to anti-competitive behaviour, anti-trust, and monopoly practices. DSR remains 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

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:

| | | | |
|--|---|--|---|
|  <p>Refining of raw sugar to make high quality vitamin A fortified and non-fortified granulated white sugar</p> |  <p>Marketing and distribution of our refined sugar grades in 50kg, 1kg, 500g & 250g packages.</p> |  <p>Cultivation and milling of sugar cane to finished sugar from our sugar backward integration projects located at Numan in Adamawa state.</p> |  <p>Development of Greenfield projects in line with our "Sugar for Nigeria Project," strategic plan.</p> |
|--|---|--|---|

Our business provides a variety of crucial value-added support services to our clients, including credit and risk advice, supply-chain management, logistics, sales, and merchandising. Our finished goods are delivered to the market by more than 500 trucks, supported by strategically positioned warehouses around the country. We have a refinery in Shed 20 NPA Apapa Wharf Complex in Apapa Wharf, Lagos, with an annual capacity of 1.44 million tonnes. The refinery, which

was the first in Nigeria, was put into operation in 2000. The refinery has an internal power generation capability of 16 MW primarily fuelled by petrol and/or Low-Pour Fuel Oil (LPFO). The refinery manufactures non-fortified granulated sugar (packaged in 50kg bags) and 45 ICUMSA (International Commission for Uniform Methods of Sugar Analysis) Vitamin A Fortified refined granulated free flowing crystal white sugar (packaged in 50kg, 1kg, 500g, and 250g bags).

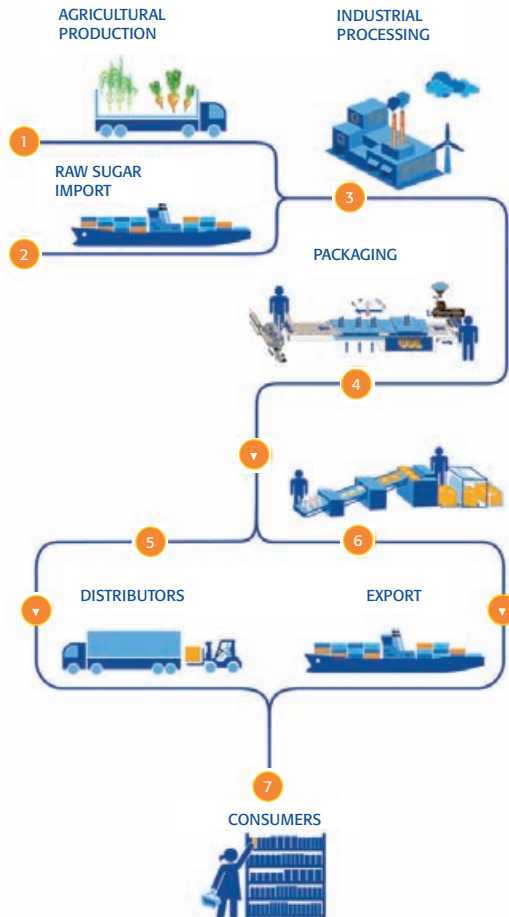


| Product Information | | |
|---------------------|--|---|
| Parameters | Fortified | Non-fortified |
| Raw sugar origin | Brazil | Brazil, Nigeria |
| Specification | Vitamin A fortified refined granulated white sugar | Refined granulated white sugar |
| Polarisation | Not less than 99.9% | Not less than 99.9% |
| Moisture | 0.04% of weight (max.) | 0.04% of weight (max.) |
| Granulation | Fine, 100% soluble and free flowing | Fine, 100% soluble, dry, and free flowing |
| Colour | Sparkling white, less than ICUMSA 45 | Sparkling white, less than ICUMSA 45 |
| Odour and taste | Odourless, sweet pure taste | Odourless, sweet pure taste |
| Packaging | 50kg, 1kg, 500g, and 250g | 50kg |



DSR has obtained certifications for its Quality Management System (QMS - ISO 9001:2015), Food Safety Management System (FSMS - ISO 22000:2018), Occupational Health and Safety Management System (OHSMS (ISO 45001:2018), and the Food Safety System Certification (FSSC 22000).

The following diagram depicts the value chain for our production:



1. Raw sugar can be purchased from our growers
2. We import raw sugar from Brazil
3. Our industrial process involves the following steps
 - a) Storage
 - b) Pre-melting and melting
 - c) Filtration
 - d) Decolourization and More filtration
 - e) Evaporation and crystallization
 - f) Centrifugation and drying
 - g) Blending
 - h) Screening
 - i) 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 to other West African countries
7. Our customers enjoy our products

Material Use and Production

As much as possible, we strive to increase the use of recyclables in our production process especially during packaging. For production, we used 638,649 tons of renewable raw materials externally sourced while for packaging we used 1,813,073 kg internally sourced recyclable bags. During the production process, we utilised 2,139,858 m³ of water of which 65 % (1,381,545 m³) was recycled water and 1,557,582 tons of steam of which 54 % (835,379 tons) was recycled. Our product output reduced by 25% from 784,276.55 tonnes in 2022 to 590,385.22 tonnes in 2023, mainly due to foreign exchange scarcity required to purchase imported raw sugar to meet the factory’s operational optimisation requirements.

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 6,700 hectares.





OPERATIONAL PILLAR

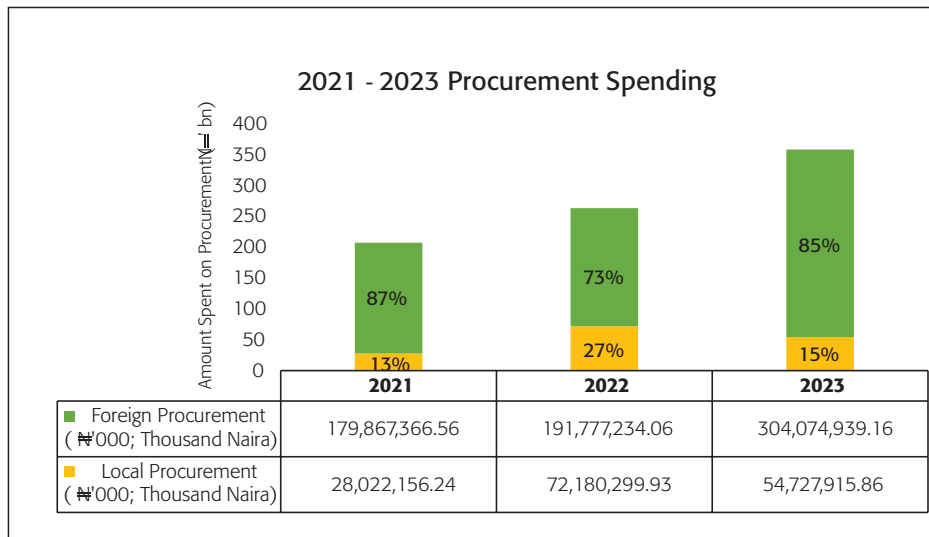
Supply Chain Screening

The DSR procurement process is structured along our Procure-To-Pay process for optimal transparency and value addition. We do not conduct rigorous environmental and social screening of our suppliers. However, we have commenced review of the procurement practices to align with the ISO 20400 Sustainable Procurement Guidelines. Currently, our 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

Promoting Local Procurement

Our spending on local businesses that provide us with goods and services often serves as a significant driver of economic activities in their respective communities' micro-economies. We understand that doing business with them helps the Nigerian economy expand by promoting productivity, reduces inequality, and boosts local purchasing power. Foreign exchange rate led to an increase in the amount paid for foreign procurement, thereby making the local procurement to drop significantly to 15% of total procurement.



Food Safety and Quality Control

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 (NIS ARS 58:2019).
- To ensure that all relevant parties in the Food production chain are aware of and comply with the company's food





The DSR production process is FSSC 22000 (Food Safety System Certification) certified and the FSSC 22000 system is based on ISO Standards recognized by the Global Food Safety Initiative (GFSI). As part of our campaigns and initiatives deployed during the year to boost product quality control, quality assurance, and food safety, our Food Safety Internal Auditors were trained on the new FSSC 22000 requirements as we migrated from version 5.1 to version 6.0.

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.

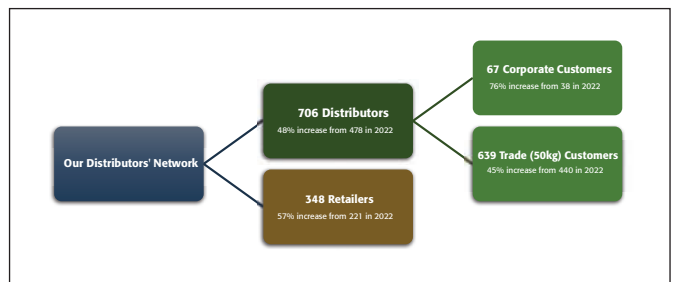
Product Information and Labelling

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 2023.

Sales and Marketing

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:



Unfortunately for 2023, we had no sales / marketing or consumer promotion campaigns was held in 2023. Also, our Customer Satisfaction Survey was delayed till Q4 2023 and therefore not available for this report. This will be communicated in our 2024 Sustainability Report.





SOCIAL PILLAR:

Building social bridges across communities and markets

Community and Social Investments

As a responsible organisation, we continue to learn about the needs of our host communities, which we try to satisfy as much as is practical with the aim of having a significant impact on the socio-economic development of the communities.

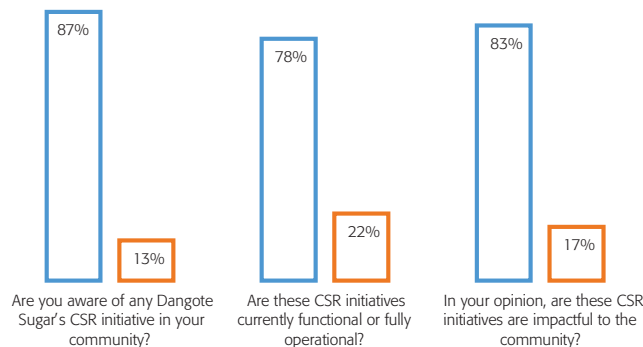


In 2023, we spent over N228.7 million on community investment projects, representing a 29.6% decline in our spending from 2022 mainly due to the loss the Company made in FY2023.

| Year | Total community investment spending (₦'000) | Profit After Tax (PAT) (₦'000) | % of PAT as total community investment spending (Per Year) |
|------|---|--------------------------------|--|
| 2021 | 1,151,789 | 22,052,291 | 5.10% |
| 2022 | 344,928 | 54,742,134 | 0.59% |
| 2023 | 228,731 | (73,760,308) | -0.31% |

| Investment Areas | Cost (₦'000) | UNSDGs Alignment | % of Total |
|--|--------------|------------------|------------|
| Health | 29,159 | 2, 11, 17 | 12.75 |
| Food and agriculture | 4,972 | 1, 2, 3, 14, 15 | 2.17 |
| Water/sanitation | 5,951 | 3, 6 | 2.60 |
| Economic/SME development | 25,500 | 1, 2, 8, 9 | 11.15 |
| Infrastructure (electricity, road, and drainage) | 5,811 | 9, 10, 11 | 2.54 |
| Education and scholarships | 53,526 | 4, 8, 10, 11, 16 | 23.40 |
| Sports | 450 | 3, 11 | 0.20 |
| Donations, support, and grants to host communities | 82,862 | 1, 11, 16, 17 | 36.23 |
| Donations and grants to CSOs/NGOs and development bodies | 20,500 | 17 | 8.96 |

Community feedback from CSR initiatives: ■ Yes ■ No





Our 2023 host community engagement chart is shown below:



| Location | Number of engagements | Number of completed projects | Number of social incident or disruption | Reported grievances | Grievances closed |
|---------------------|-----------------------|------------------------------|---|---------------------|-------------------|
| DSR Apapa | 55 | 3 | 0 | 0 | 0 |
| DSR Numan | 124 | 35 | 4 | 17 | 15 |
| DSR Nasarawa | 24 | 16 | 1 | 4 | 4 |
| 2023 Total | 203 | 54 | 5 | 21 | 19 |
| 2022 Numbers | 209 | 18 | 0 | 12 | 12 |
| Comparison | -3% | +200% | | | |

Also, we lost zero hours to social incidents even though there were five (5) cases on social incidents. The incidents were resolved amicably, avoiding escalation.

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. We continuously communicate this to all our stakeholders through trainings, webinars, and awareness programmes. We

recorded no cases of bribery and corruption within our value chain in 2023.

We have a publicly available 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 stakeholder is aware of the importance of and the need to report misconduct in any form or against any person. In the reporting year, we had four (4) whistle blowing cases reported and all were resolved.

| 2023 Whistle-blowing Cases | | | | | |
|----------------------------|---------------------------------|--------------------------|-------------------------|---|---|
| Location | Number of whistle blowing cases | Number of cases resolved | Number of cases ongoing | Description of whistle-blowing cases | Actions taken on confirmed cases of whistleblowing |
| DSR Apapa | 2 | 2 | 0 | i. Theft of AGO ii. Theft of raw sugar | Disciplinary action was taken in line with HR procedure |
| DSR Numan | 2 | 2 | 0 | i. Diversion of office furniture ii. Theft | Disciplinary action was taken in line with HR procedure |



SOCIAL PILLAR

DSR did not make any political contribution or donations (financial and in-kind) directly or indirectly to any political organization in all our operations.

Health and Safety

The health and safety of employees is the baseline of any successful business, that is why at DSR we develop and implement a robust occupational health and safety management system which complies with national and international

safety standards, and our inhouse 15 Golden Rules. Follow-up on improving awareness on the 15 Golden Rules continued in 2023 and this improved compliance compared to the previous year. Employees are further encouraged to report all incidents and are empowered to stop any unsafe act through the use of SAF-T Card and other available means.

Key initiatives taken to advance safety in the operational sites include:

| Operational Sites | Fleet |
|---|---|
| | |
| <input type="checkbox"/> Conducted training on various safety topics. | <input type="checkbox"/> Appointment of a dedicated Head of HSE to Fleet Operations to directly manage HSE operations |
| <input type="checkbox"/> Root cause analysis for all critical incidents and high potential near misses. | <input type="checkbox"/> Engagement of vendors to install in-car dual monitoring cameras on trucks to monitor truck activities and ensure accurate information for RCA in event of accidents. |
| <input type="checkbox"/> Management review of incidents conducted. | <input type="checkbox"/> Intensification of Pep talks for drivers and motor boys. |
| <input type="checkbox"/> Periodic sharing of HSE statistics with employees and management to show trends and justify corrective action plans. | <input type="checkbox"/> Structure Journey Management Plans. Improvement in Pre trip Inspections-acquisition of needed space for truck inspections. |
| <input type="checkbox"/> Promotion of participation in sustainability initiatives-tit-bit sharing, weekly quizzes, etc. | <input type="checkbox"/> Installation of speed limiter and recalibration of speed limits on trucks to control speed. |
| <input type="checkbox"/> Structured management review of incidents. | <input type="checkbox"/> Training of Fleet CPMS and CPOs on Incident reporting, response to incidents, and incident investigation |
| <input type="checkbox"/> Tracking, follow up and monthly review of all critical recommended actions from incident investigations. | <input type="checkbox"/> Visible and felt safety leadership by the executive via regular meetings and communications on safety |
| <input type="checkbox"/> Development of HSE systems and SOPs for critical safety processes. | <input type="checkbox"/> Structured incident investigation process to determine root cause of incidents as well as SMART recommendations to prevent recurrence which includes the use of specific Terms of Reference for each incident investigation, and sharing of lessons learned. |
| <input type="checkbox"/> Sharing of learnings within and amongst Group(s). | <input type="checkbox"/> Training of Fleet CPMS and CPOs on incident reporting, response to incidents, and incident investigation |
| | <input type="checkbox"/> 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. |

In 2023, about 3,015 hours were spent on health and safety training for 6,029 employees compared to last year where 1,786 employees (+238%) were trained.



The list of trainings and awareness sessions are displayed below:

| S/N | Health and Safety Training and Awareness in 2023 | Categories of Employees Trained |
|-----|---|--|
| 1. | Behavioural Safety Observation Process | All personnel |
| 2. | Chemical Handling | HSE Staff, Chemical Storemen, Supply Chain |
| 3. | Effective Tool Handling | Engineering Team |
| 4. | Emergency Response | ERT, Fire Team |
| 5. | Good Manufacturing Practice | HSE, Process, Engineering |
| 6. | Hazard Awareness | All Factory workers |
| 7. | Health and Safety in the Workplace | All Workers |
| 8. | Incident/Accident Investigation Techniques and Report Writing | Supervisors, HSE Team |
| 9. | Industrial Housekeeping | All Factory workers |
| 10. | ISO 14001 EMS Lead Auditors' Training and Certification | HSE Team QA, Internal Auditors |
| 11. | NEBOSH IGC | HSE Officers |
| 12. | Risk Assessment Programme | Supervisors, HSE Team |
| 13. | Spill Prevention, Control, and Countermeasure Technique | HSE, Supply Chain, Factory staff |

| Summary of Health and Safety Performance (2021-2023) | | | | |
|--|------------|------------|------------|--|
| Types of incidents | 2021 | 2022 | 2023 | Percentage Increase (+) or Decrease (-) [2022 vs 2023] |
| Total Number of Work Hours | 15,779,616 | 15,944,019 | 18,531,831 | 16% |
| Total Number of Near Misses | 33 | 30 | 20 | -33% |
| Total Number of First Aid Injuries | 20 | 16 | 23 | 44% |
| Total Number of Medical Treatment | 9 | 6 | 8 | 33% |
| Total Number of Lost Time Injuries (LTI) | 11 | 2 | 3 | 50% |
| Total Number of Fatalities** | 1 | 1 | 2 | 100% |



SOCIAL PILLAR

Promoting Diversity, Equal Opportunity, and Women Empowerment in DSR

We strive to incorporate diversity and inclusion into all aspects of our business operations, promoting an inclusive workplace that respects workers' diversity and opposes harassment or discrimination based on protected traits. At DSR, hiring decisions, pay scales, trainings, promotions, and transfers of employees are made on the basis of merit, with a focus on experience, performance, qualifications, and skills. We are aware of the gender imbalance within the workforce and remains committed to changing the status quo within our internal operations and value chain and encouraging women to play key roles across the business through a support platform - The Dangote Women Network.



Furthermore, the women distributors in our supply chain are essential to making sure that our products are accessible wherever they are required.

DSR places a high priority on the welfare and rehabilitation of employees who may, regrettably, become disabled while performing their job. We also make sure that, in addition to benefits and rehabilitation provided by the Company, the Nigeria Social Insurance Trust Fund (NSITF) provides workers with a just compensation in the event of an illness, injury, disability, or death that results from or occurs during employment. Currently, we have 15 employees with physical disabilities such as partial stroke, amputated legs, amputated hands, hip dysfunction and speech impairment across our operations with six (6) in DSR Apapa, four (4) in DSR Numan, and five (5) in DSR Fleet Operations. We are always improving our location infrastructure to ensure it is conducive for people living with disabilities (PWDs).

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. These individuals represent several geographic regions and come from diverse backgrounds covering age, gender, race, and nationalities. For 2023, our Board of Directors consisted of four (4) females (40%) and six (6) males (60%), representing a significant increase in female representation from 13% (only two [2] females) in 2022. The average age of our Board is 62 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 subscribe to similar values. 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 2023, 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

We currently have Junior Staff Union (NUBFTE) and Senior Staff (FOBTOB) Associations officially recognized by the Management. In the reporting year, we periodically meet with Junior and Senior Staff associations to discuss staff related issues and NJICs. Also, over 5,000 of our employees were covered under collective bargaining agreements.

Child Labour and Forced or Compulsory Labour

We recognise the long-term harm that child labour causes to our community, which is why we view it as a grave violation. We do not use child labour in any of our operations, and we do not deal with vendors or suppliers who do the same. We follow the International Labour Organization's (ILO) standards regarding child labour as well as the UNGC's tenets. DSR monitors this critically especially in child-labour prone operations – fleets and agriculture-based supply chain. Similarly, we oppose any kind of forced or compulsory employment that leads to bonded labour, slavery, or servitude in our supply chain as well as in our operations. We urge all our stakeholders and workers to report any suspected cases. We did not receive any reports of child labour, forced labour, or compulsory labour during the reviewed year.

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 ILO's Declaration on the Four Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the UN-SDGs. We recorded zero cases of human rights and indigenous people rights violations across our operations in 2023.

ENVIRONMENTAL PILLAR:

Continuously improving on our environmental footprints



Approach to Environmental Management

Our approach to environmental management is precautionary (in line with the UNGC Principles) and centred on minimising the negative environmental impacts of our operations and safeguarding natural resources (specifically sugarcane and water) for future generations.

Evaluations, audits, compliance monitoring exercises, improving the efficiency of our production process, awareness-raising campaigns, executive management, and board level oversight, are some of the integrated tactics utilised to manage environmental impacts and improvements.

In addition to ongoing initiatives on environmental management and new technologies of 2022, we have made the following improvements in 2023 as follows:

- Completed the molasses bund wall.
- Obtained ISO 14001:2015 certification.
- Commenced comprehensive environmental monitoring in the BIP project Numan.
- Conducted Environmental Audit of BIP operations.
- Completed Biodiversity Studies at BIP.
- Design and installation of a protective roof for the waste collection unit to prevent leaching when rainwater soaks the waste.

- Renovation of the dedicated waste van for internal collection of segregated waste.
- Partnering with Coca-Cola on capacity development on GHG Tracking and Science-Based Target Setting
- Subscribed to Bonsucro for independent verification of sustainable agricultural and sugar production processes.
- Embarked on pilot studies involving a 55-45% blend of AGO: Compressed Natural Gas for the DSR trucks.
- Replaced filament bulbs to brighter, low wattage eco lights.
- Worked on Power Factor (PF) correction to increase the active power and reduce the wattage or reactive power.
- Replacement of star delta starters with soft starter and Variable Frequency Drives (VFD) on all electric motors.

Energy Consumption

Reducing our carbon footprint has remained a priority and this has been the driving force behind the efforts we continually put into enhancing our operational efficiency. We have been able to do this through ongoing environmental monitoring and the adoption of steps to save energy all of which have been stated above.

Year-on-year comparison of total energy consumption across the factory locations

| Year | Total production (tonnes of product) | Total energy consumption (GJ) across factory locations | % +/- [Year-on-Year] | Energy Intensity (GJ/tonne) | % +/- [Year-on-Year] |
|------|--------------------------------------|--|----------------------|-----------------------------|----------------------|
| 2020 | 720,798 | 4,172,079 | - | 5.61 | - |
| 2021 | 798,934 | 5,545,086 | 32.91 | 6.83 | 21.76 |
| 2022 | 784,277 | 8,594,880 | 55.00 | 10.96 | 60.47 |
| 2023 | 590,375 | 6,777,387 | -21.15 | 11.48 | 4.75 |



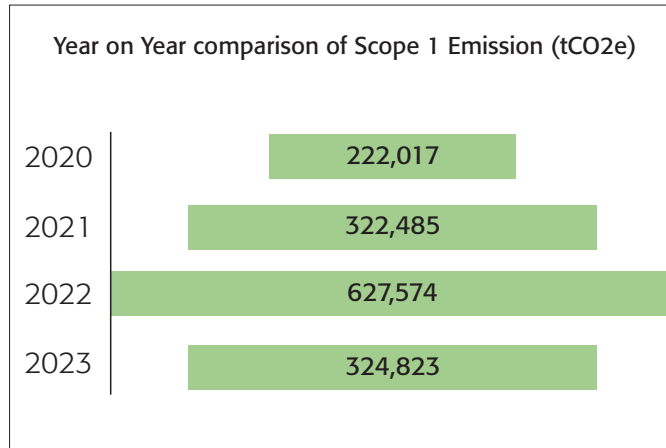
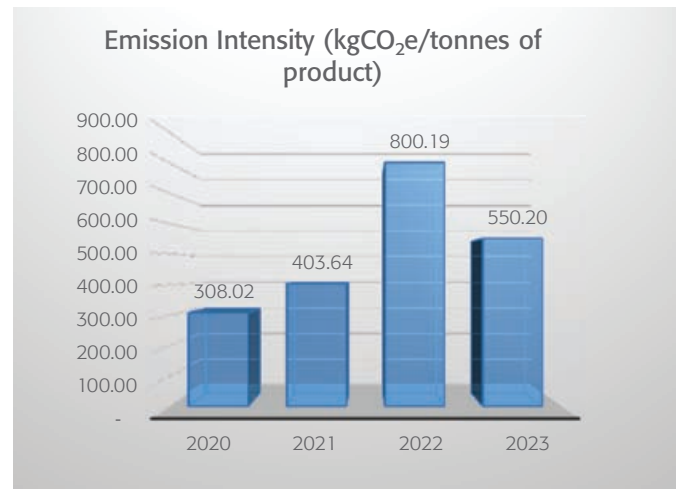
Year-on-year comparison of total energy consumption across the factory locations

| Energy Source | 2023 | | 2022 | | 2021 | | 2020 | |
|----------------------------|-------------|------|-------------|------|-------------|------|-------------|------|
| | Energy (GJ) | % | Energy (GJ) | % | Energy (GJ) | % | Energy (GJ) | % |
| Steam | 652,063 | 9.6 | - | - | - | - | - | - |
| Natural gas | 3,499,878 | 51.6 | 7,550,513 | 87.9 | 4,109,547 | 74.1 | 4,029,660 | 96.6 |
| Diesel | 682 | 0.1 | 767,965 | 8.9 | 248,360 | 4.5 | 29,200 | 0.7 |
| Electricity | - | - | 63,071 | 0.7 | - | - | 6,327 | 0.1 |
| LFPO | 36,537 | 0.5 | 213,330 | 2.5 | 1,187,179 | 21.4 | 106,829 | 2.6 |
| Alternative Fuel (Bagasse) | 2,588,226 | 38.2 | - | - | - | - | - | - |

Total energy consumed from DSR Fleet Operations was 42,887 GJ, out of which 72% (30,784 GJ) was from DSR Apapa and 28% (12,103) was from DSR Numan.

GHG Emissions

Our Scope 1 emissions are those produced using fossil fuel-powered generators (natural gas, diesel, and LFPO) while Scope 2 emissions are from electricity purchased from the national grid. In 2023, there was a 48% decrease in our Scope 1 emissions year-on-year which is attributed to reduction in total energy consumption, and our Scope 2 emissions was zero because we did not use electricity from the national grid the whole year.

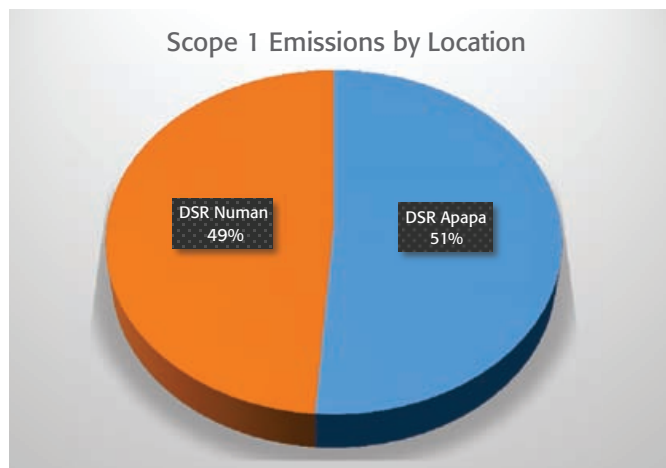


In DSR Apapa, we recorded a total annual average of 115 mg/Nm³ for NO_x and 126 mg/Nm³ for particulate matter while in DSR Numan we only recorded 12 mg/Nm³ for particulate matter. The SO_x levels in both locations were too low to detect. Also, we ensured that our air-conditioning systems and chillers do not run on any ozone depleting substances (ODS) and we do not import, export, or generate ODS as a byproduct of our business. In 2023, we had no instances of violation of the emission restrictions.

Climate Risk: Mitigation and Adaptation

We are aware that carbon dioxide, methane, water vapour (from steam) are GHGs from our operations that can contribute to global warming. In an effort to mitigate this, we have put initiatives in place to reduce our GHG footprint as much as is practical:

- Ensuring the use of natural gas with lesser emission factors instead of LFPO.
- Controlling air/fuel ratio on boilers to reduce energy consumption.
- Planting 1,550 trees in schools and communities around our facilities to absorb carbon.
- Use of a 55-45% blend of AGO: Compressed Natural Gas for the DSR trucks to reduce emissions.





From our climate risk assessment 2021 baseline, the following risk and opportunities on climate change mitigation, adaptation, and resilience are still significant:

Transition Risks

- New government policies that may address climate change or GHG emissions could restrict ours' and suppliers' operations.
- Increase in cost of fossil-based natural resources due to transitions to cleaner energy sources.
- Cost of transition to lower emissions technology within production and fleet operations.

Physical Risks

- Extreme heat and drought can have massive effect on our farming operations in DSR Numan increasing cost and reducing yield.
- 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.
- Construction of dams to mitigate the effects of heat and drought for farming operations.
- Driving public advocacy on polices related to GHG emissions and climate change.

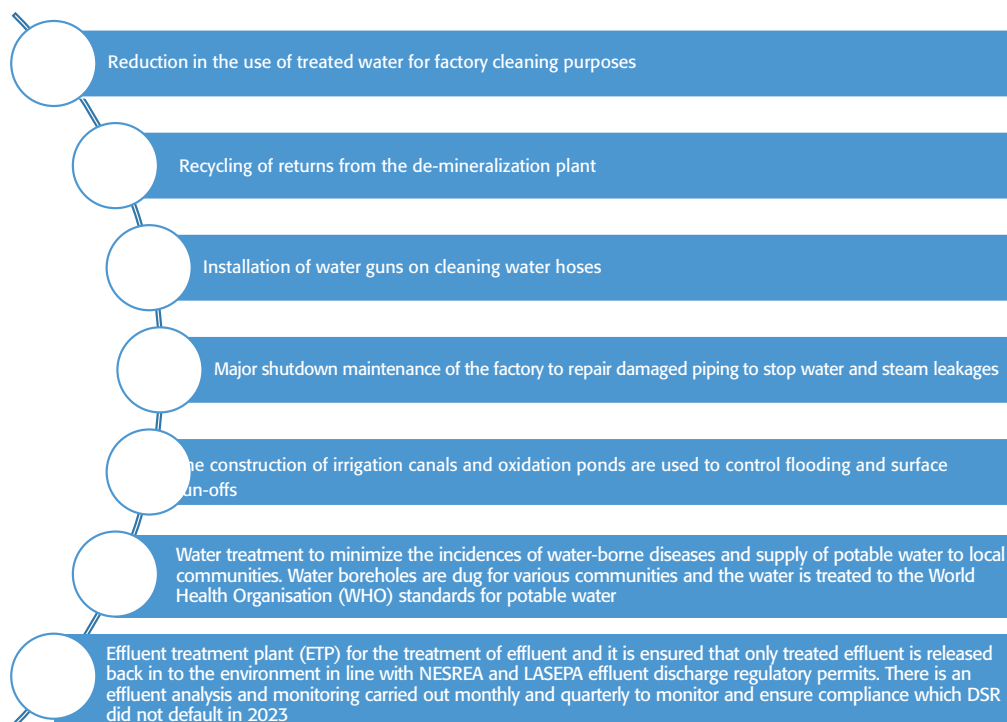
Sustaining Our Relationship with Water

Water is essential to both our production process and supply chain. At DSR Numan, water is used from a dam; at DSR Apapa, we solely use groundwater that is recovered from our industrial boreholes. We utilise water for irrigation of our cane field, steam generation, cooling towers, cleaning, and housekeeping tasks. We also recognise that the way we interact with water will have an impact on it, which is why we implemented the following water conservation and management initiatives in 2023.

All production facilities and farming operations used 137,301,600 m³ of water in 2023, with the DSR Apapa accounting for 2% (2,131,272 m³) and the DSR Numan accounting for the remaining 98% (135,170,328 m³). The over 2,000% increase in water consumption recorded for 2022 is because of the DSR Numan facility water consumption which now includes farming operations being reported for the first time. We recorded a water intensity of 3.6m³/tonne of product (23% increase) compared to the 2.9m³/tonne of product in 2022 due to the need to keep



ENVIRONMENTAL PILLAR



machines such as boilers running in the plant even when we had shortage of raw sugar as explained previously. Hence, we used more water even when we produced less sugar.

Implementing an Efficient Waste Management System

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. In 2023, a total of 563 tonnes of wastes were generated lower from 711 tonnes in 2022 indicating a 21% decrease. There were no significant spills recorded in 2023. We successfully ran a production year free from any non-compliance with the waste management regulations.

Biodiversity Assessment and Optimization

Strictly for production purposes, our Apapa facility is situated on 7.49 hectares of leased land totally on terrestrial ground. On the other hand, the 6,750-hectare Numan complex is dedicated to production and extractive activities, and it is situated in a terrestrial habitat. Both facilities are not located on, next to, or in close proximity to protected areas or high conservation values (HCV). Similarly, there is little to no effect on the marine biodiversity in the areas where our wastewater is discharged.

However, we are conscious that the cultivation of sugarcane as a component of our supply chain could significantly affect biodiversity. This is the basis for the increased focus on our Numan facility, where we have found that expanding the cane field has the potential to destroy the local flora and fauna in addition to contaminating surface water with effluent. We continuously push our suppliers to incorporate good business practices in order to lessen their impact on biodiversity. Utilising the IFC PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources, we also aggressively look for collaborations to further the cause of biodiversity management advocacy.

Environmental Compliance

We had no fines, penalties, or sanctions for environmental compliance in any of our operating areas in 2023. In order to avoid penalties, we also work to guarantee that our licenses and permissions are renewed on a regular basis. Of the eight applicable permits and certificates, we were successful in obtaining six (6) while two (2) are still in progress based on the length of their permit process which is often longer than a year.

Permits and licenses/certificates obtained

1. LAWMA Special Dump Permit (Non-hazardous waste)
2. Chemical Import License
3. Raw Sugar Import License
4. Non-fortified Sugar License
5. Fortified and Non-fortified Sugar New Design License
6. Retail Sugar Package Extension License

Permits and licenses/certificates with ongoing process

1. EIA Certificate for DSR
2. Provisional membership certificate with Bonsucro

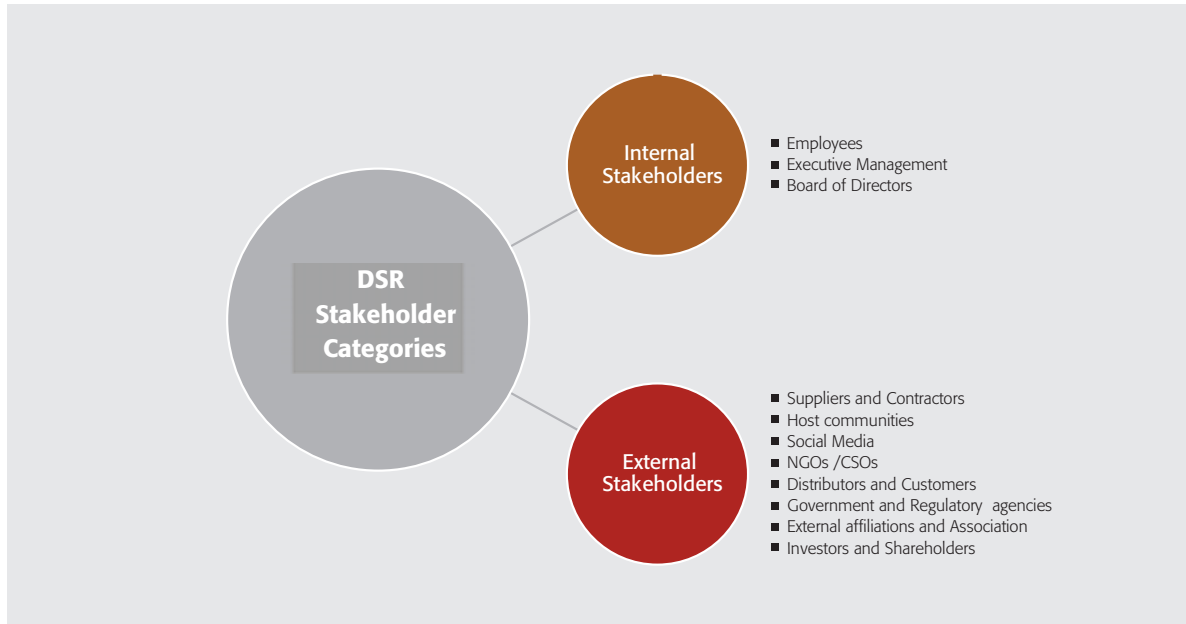
INSTITUTIONAL PILLAR:

Building a global brand that is driven by governance excellence



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. These are the primary stakeholder categories for DSR:



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 2023 are displayed below:



INSTITUTIONAL PILLAR



| | | | | | | |
|-----------|----------|--------------------------------------|-----------|--------------------------|----------------------------------|-----------|
| Influence | High | Host Communities | | Investors & Shareholders | Government & Regulatory Agencies | |
| | Medium | Competitors | Employees | Media | | |
| | Low | External Affiliations & Associations | | Suppliers & Contractors | Financial Institutions | NGOs/CSOs |
| | | Low | | Medium | | High |
| | Interest | | | | | |

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 |
|-------------------------------------|--|---|--|
| Employees | 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. | <p>Career growth and development, compensation and benefits, Sustainability performance and reporting, Equal opportunities for all employees, skills/ knowledge development, health and safety, etc.</p> <p>Other thematic topics include DSR values, corporate goals and objectives; sustainability targets and expected outcomes; strategic Initiative & BIP; DSR Priority SDGs.</p> <p>Employee volunteerism initiative; brand consistency & compliance; corporate communications & other policies.</p> |
| Suppliers and contractors | Emails, letters, meetings, one-on-one engagements, engagement by proxy via the Procurement Department. | Regular and as required | Requirements, products and service quality, workers' security, pricing, invoices and payments, aftersales support, and efficiency; brand consistency & compliance. |
| Distributors and customers | Emails, letters, visits/one-on-one engagements, meetings, customer service week. | As required | Meeting targets, value creation, ensuring production continuity, Credit line, distributors' award initiatives, customer experience, brand promise & equity. |
| Host communities | One-on-one engagements, town hall meetings, Community engagement exercise, interest groups' communications, surveys, empowerment programs. | Weekly and as required | <p>Youth employment, social investments, environmental impacts, safety, scholarships, patronage of local vendors and suppliers.</p> <p>Impacts on existing infrastructure and skill acquisition, community needs & projects, empowerment scheme, outgrowers schemes, sports, infrastructure development & management, security of life & property.</p> |
| Government/Regulatory agencies | Official letters/emails, periodic assessments, compliance filing and reporting, annual financial report, sustainability report. | As required | Formal notices, applications, policies and regulations, compliance, interventions and applications, etc. |
| Social Media | Press releases, media parley, sustainability report, annual financial report, conferences, notifications, seasonal messages, product information, corporate event. | Weekly, Monthly, Quarterly, and as required. | <p>Governance restructuring, Advertisement, public service announcements, social and environmental impacts.</p> <p>Company's strategic initiatives, new package design, product usage, seasonal greetings, corporate updates.</p> |
| Financiers/Banks | Annual financial report, sustainability report, meetings. | As required. | Investments opportunities, loan financing, credit negotiations, interest rates. |
| Labour Unions | Meetings, emails, letters, sustainability report, courtesy Visits. | As required. | Labour laws and regulations, productivity, employees' rights & obligations, safe working conditions, compensations, and benefits. |
| External Affiliations/Associations | Letters, meetings, sustainability report, workshops, other forums. | Monthly, biannually, annually, and as required. | Membership subscriptions, partnerships, policy reviews. |
| Investors/Shareholders | Annual General Meetings, investors relations forum, quarterly and annual financial report, sustainability report, newsletters. | Continuous. | Quality of leadership, business strategy and updates, financial performance, dividends, corporate governance, Board composition, external reporting, ESG compliance, company performance. |
| Non-Governmental Organisations/CSOs | Annual financial report, sustainability report, meetings, partnerships, courtesy Visits. | As required. | Community development, environmental impacts, social initiatives, partnership for sustainable development and goals. |



INSTITUTIONAL PILLAR



ESG Compliance

We had no penalties or non-compliance incidents during the year under review as we continue to adhere to the ESG Principles, Guidelines, and Nigerian laws in which we operate such as:

- 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)
- International Financial Reporting Standards (IFRS) on Sustainability (S1 – General Disclosures and S2 – Climate-related Disclosures)
- 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)





Furthermore, we ensure strict compliance 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, Insider Trading Policy, Whistle Blowing Policy, Communication Policy, IT Data Governance Framework, and the Enterprise Risk Management Framework.

Association and Membership

DSR continues to use its alliances and membership in the Manufacturers Association of Nigeria (MAN) and the National Sugar Development Council (NSDC) 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. In 2023, we became the first West African Sugar Refining company to commence the membership and certification

process for Bonsucro, the leading global sustainability platform and standard for sugarcane.

ESG Recognitions

In 2023, DSR was recognised by the Carbon Disclosure Project (CDP) for its improvement in Climate Change operations and disclosures and Water Security operations and disclosure, earning a "C" Score in Climate Change and a "C" Score in Water Security from score of "D-" for both aspects in 2022.

Dangote Sugar Refinery

Country/Area Nigeria

| Year | Program | Status | Score |
|------|---------------------|-----------|-------|
| 2023 | Climate Change 2023 | Submitted | C |
| 2023 | Water Security 2023 | Submitted | C |





FINANCIAL PILLAR:

Delivering strong and sustainable returns



Oscar Mbeche
Group Chief Finance Officer

Sales volume declined by 21% but was complimented by higher prices, which contributed to revenue growth in 2023 by 9.5% from N403.2 billion to N441.5 billion.



The company recorded a marginal revenue growth of 9.5% moving from N403.2 billion to N441.5 billion. Sales volume declined by 21% but was complimented by higher prices, which contributed to revenue growth in 2023 by 9.5% from N403.2 billion to N441.5 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

GROUP CHIEF FINANCE OFFICER'S REVIEW

remains adding value to its customers with high quality sugar, whilst striving to increase the use locally grown raw sugar through the company's BIP, backward integration program, that is more cost effective.

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 2023 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 dependence on imported critical materials and refined fossil fuels. Production volume decreased by 18.9% in 2023 compared to 2022, but the cost of sales rose by 14% while the exchange loss sustained as a result of the devaluation rose by an unprecedented amount of 9014% moving from N1.889 billion in 2022 to N172.2 billion in 2023. 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 27.3 % over 2022 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 (Central Bank of Nigeria) 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. This has been successfully completed by December 31, 2023 and the auditors have issued a clean and satisfactory report on the company's internal control adequacy. The successful completion of the ICFR project in DSR is a great milestone achievement.

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 2023 rose by 66% over 2022 income. However, finance costs in 2023 rose by 1957% over 2022 costs on account of FX devaluation, interest costs, and increased banking transaction charges.

Profitability and Cashflow

The company's Operating Profit declined by 12% from N91.96 billion in 2022 to N86.3 billion in 2023, majorly due to increased costs of raw materials by 15%. Consequently,

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 backed by Naira Cash collateral. 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. These increased post-neg bank interest charges in 2023 and is expected to further escalate in the foreseeable future.

Being the market leader in the industry sector, with 50% market share, DSR will continue to strive for continuous improvements in all areas of its business. DSR Management and I remain cautiously optimistic about the company's future financial performance and is ready to face the prospects 2024 presents.

Below are the 2023 financial performance summary highlights.

FINANCIAL HIGHLIGHTS

Sales Volume

| Year ended | 31st December 2023 | 31st December 2022 |
|--------------------------|--------------------|--------------------|
| Volume sold | 000 bags | 000 bags |
| Lagos | 5,545 | 7,315 |
| North | 4,952 | 7,559 |
| West | 1,045 | 1,464 |
| East | 425 | 709 |
| Total volume sold | 11,967 | 17,047 |

Volume decreased by 29.8% from 17.05 million bags to 11.97 million bags driven by higher sales in the Lagos region.

Revenue

| Year ended | 31st December 2023 | 31st December 2022 |
|----------------------|--------------------|--------------------|
| Revenue | N'm | N'm |
| Lagos | 204,537 | 173,040 |
| North | 182,682 | 178,812 |
| West | 38,564 | 34,623 |
| East | 15,670 | 16,771 |
| Total revenue | 441,453 | 403,246 |

Revenue increase by 9.5% from N403 billion in 2022 to N441.5 billion in 2023 driven by higher volume and price increase.

Manufacturing and Operating costs

| | N'm | N'm |
|----------------------------------|----------------|----------------|
| Raw material | 296,028 | 256,327 |
| Direct labour cost | 7,341 | 6,657 |
| Direct overheads | 29,776 | 26,354 |
| Depreciation | 5,908 | 5,465 |
| Freight expenses | 16,096 | 16,480 |
| Total manufacturing costs | 355,149 | 311,283 |

In general, manufacturing costs increased because of higher volume moving from N311.3 billion in 2022 to N355.1 billion in 2023 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 14% over that of 2022.

Administration and Selling Expenses

| Year ended | 31st December 2023 | 31st December 2022 |
|--|--------------------|--------------------|
| Administration and selling expenses | N'm | N'm |
| Administration expenses | 13,281 | 10,310 |
| Selling expenses | 644 | 741 |
| Total Administration and Selling expenses | 13,925 | 11,051 |

Total Administration and Selling expenses increased by 26% from N11.5 billion to N13.9 billion majorly due to costs of refinery repairs and expansions.



FINANCIAL PILLAR

Finance Income and Finance Costs

| Year ended | 31st December 2023 | 31st December 2022 |
|---|--------------------|--------------------|
| | N'm | N'm |
| Interest and similar income/expenses | | |
| Interest income | 10,560 | 6,379 |
| Exchange loss | (172,198) | (1,889) |
| Finance cost on Letter of Credit | (29,186) | (7,670) |
| Interest on lease payments | (51) | (114) |
| Interest on intercompany loan | (118) | - |
| Interest on bank loan | (111) | (129) |
| Net finance income/(cost) | (191,104) | (3,423) |

Interest income increased by 66% mainly due to increased interest earnings on deposit placements.

The increase in finance cost on letter of credit by 280% is due to the longer time it takes to defray LC obligation because of FX scarcity in the financial market.

PROFITABILITY

| | 31st December 2023 | 31st December 2022 |
|-----------------------------------|--------------------|--------------------|
| | N'm | N'm |
| EBITDA by operating region | | |
| Lagos | 40,927 | 46,984 |
| North | 26,113 | 36,174 |
| West | 6,276 | 7,655 |
| East | 1,993 | 3,175 |
| Total EBITDA | 75,309 | 93,988 |

Group earnings before interest, tax, depreciation, and amortization (EBITDA) for the year decreased by 19.9% to N75.3 billion because of increased cost of raw material.

| Year ended | 31st December 2023 | 31st December 2022 |
|--|--------------------|--------------------|
| | N'm | N'm |
| Group EBITDA | 75,309 | 93,988 |
| Depreciation, amortization, and impairment | (10,292) | 9,732) |
| EBIT | 65,017 | 84,256 |

EBITDA margin (%) 18.6% 21.3%

| | | |
|---------------------------------|------------|------------|
| Operating profit (N'm) | 72,686 | 82,410 |
| (Loss)/Profit before tax (N'm)* | (108,922) | 82,303 |
| (Loss)/Profit after tax (N'm) | (73,760) | 54,742 |
| EPS(Kobo) | 607 | 451 |

*Profit before tax is inclusive of change in fair value of biological asset

The Groups profit after tax decreased from a profit of N55 billion to a loss of N73.8 billion majorly because of devaluation of foreign exchange.

Taxation

| Year ended | 31st December 2023 | 31st December 2022 |
|----------------------------|--------------------|--------------------|
| | N'm | N'm |
| Taxation | 35,162 | (27,561) |
| Tax (charge)/credit | 35,162 | (27,561) |

Taxation comprises

FINANCIAL POSITION

| Year ended | 31st December 2023 | 31st December 2022 |
|---------------------------------|--------------------|--------------------|
| | N'm | N'm |
| Property, Plant and Equipment | 167,083 | 157,762 |
| Other non-current assets | 33,145 | - |
| Intangible assets | - | - |
| Total Non-Current Assets | 200,228 | 157,762 |

| | | |
|---------------------------------|----------------|----------------|
| Current assets (excluding cash) | 195,799 | 159,814 |
| Cash and bank balances | 204,763 | 174,858 |
| Total Current Assets | 400,562 | 334,672 |
| Total Assets | 600,790 | 492,434 |

| | | |
|-------------------------------------|----------------|----------------|
| Non-current liabilities | 330 | 13,770 |
| Current liabilities | 521,214 | 307,438 |
| Total Liabilities | 521,544 | 321,208 |
| Equity | 79,246 | 171,226 |
| Total Equity and Liabilities | 600,790 | 492,434 |

Capital Expenditure

| Year ended | 31st December 2023 | 31st December 2022 |
|-------------------------------|--------------------|--------------------|
| | N'm | N'm |
| Capital expenditure by region | | |
| Lagos | 419,905 | 333,318 |
| North | 180,885 | 159,116 |
| Capital Expenditure | 600,790 | 492,434 |

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.

**Dividend**

The Board of Directors has not recommended dividend payment at the Annual General Meeting in view of the need to maintain increased liquidity to purchase the required foreign exchange used to procure critical raw sugar, chemicals, and spare parts.

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 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. The Board approved the company's working capital raise in 2024 through the issuance of Commercial Paper and a Bond issue.

Mr. Oscar Mbeche
Group Chief Finance Officer

Risk Management

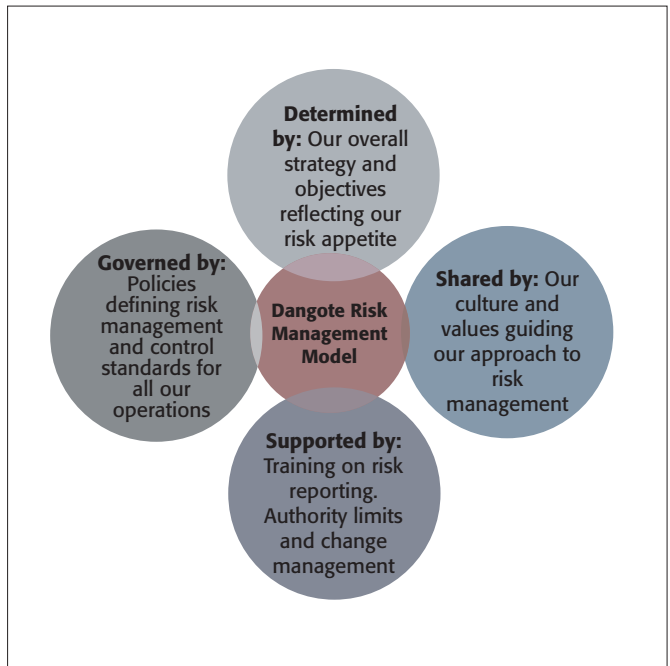
At DSR, we recognize that navigating business uncertainties is inherent to our operations, and it is through a structured approach to risk management that we can safeguard our strategic objectives and drive sustainable growth. Despite facing ongoing challenges, including the significant increase in energy costs, global inflationary trends, multiple currency devaluations, and international supply chain disruptions, our performance underscores the resilience embedded within our people, business model, and track record of delivery through uncertainty.

Under the oversight of the Board, which holds ultimate responsibility for risk management and setting the Group's risk appetite, DSR has implemented a robust risk management governance framework. This framework enables us to systematically identify, assess, and prioritize both principal and emerging risks. Through proactive risk mitigation strategies, we ensure that risks are managed within our defined appetite levels, thereby safeguarding the interests of our stakeholders, and enhancing the long-term sustainability of our business.

Our Approach to Managing Risk

In alignment with the risk management framework of the Dangote Group, DSR has instituted a comprehensive process equipped with the requisite information, capabilities, and tools to effectively manage our key risks. Our approach incorporates qualitative and quantitative methodologies, including Risk and Control Self-Assessments, Key Risk Indicator Monitoring, and Loss Incident Reporting, to diligently oversee our risk landscape. Furthermore, we conduct ad-hoc, on-site assessments or incident evaluations in response to unexpected high-risk scenarios.

To facilitate the identification, quantification, management, and monitoring of risk exposures, we have established key processes: Risk Identification: We firmly believe that effective risk management is a collective effort. Thus, risk identification is ingrained within our business process planning, change procedures, and development of new product lines or market expansions. This iterative process ensures continuous vigilance. All identified risks are categorized into four types to aid proper risk classification



| 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. |
| 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:** Upon identification, thorough analysis is conducted, and relevant stakeholders are promptly informed. The nature of analysis varies depending on the risk type and applicable policies. For example, assessing credit risk involves financial analysis of counterparties, transaction structure analysis, and forecasting exposure movements.
- **Risk Evaluation:** Once risks have been Identified and analysed, they must be evaluated to determine the degree of impact i.e. evaluated in view of their potential

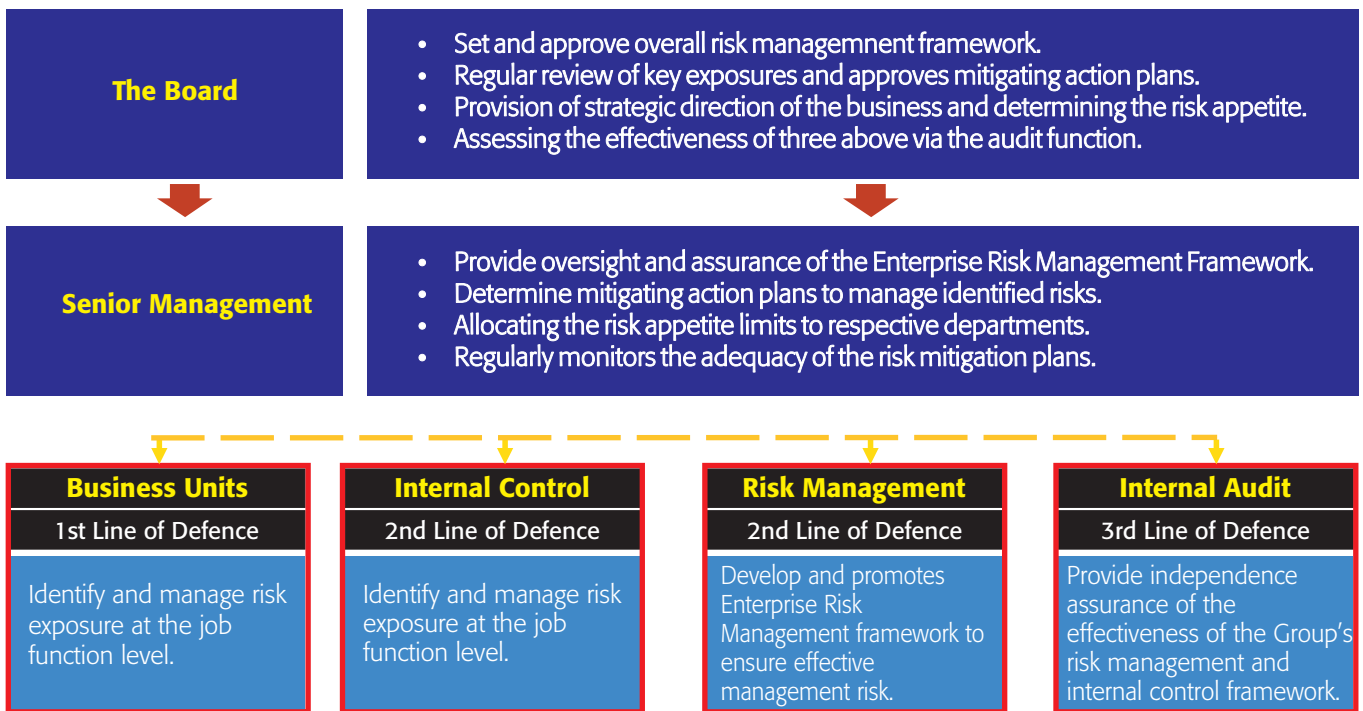
- severity and likelihood of occurrence using a standardized approach. Management information systems are in place to allow the risk information to be used by those managing risk and business on a day-to-day basis and, at a suitably aggregated level, for senior management to understand and challenge 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:** To ensure effective oversight of our exposures, we utilize various quantitative monitoring tools, including models and Key Risk Indicators (KRIs). These tools are closely monitored alongside associated losses, ensuring the efficacy of implemented controls in mitigating identified risks.
- **Risk Reporting:** The Risk Management Department plays a pivotal role in providing independent risk measurement and reporting to ensure transparency and support the Executive Management and Board in fulfilling their duties effectively. This encompasses the following responsibilities:
 - o Collating, consolidating, analysing, and evaluating risk-related data sourced from Plants and Support Units.
 - o Providing financial data and pertinent operational

- business information for regulatory, external, and internal reporting purposes.
- o Implementing risk calculation and allocation methodologies for financial risks, alongside other risk measurement methodologies for operational risks.
- o Offering a dedicated risk-specific reporting and tracking tool to augment the Risk Management processes.

Our approach to ensuring effective risk management accountability is a commonly used methodology for managing risk – “The 3 Lines of Defence”. The objective of the three lines of defence 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 risk specific value drivers into a series of limits and tolerance levels for different levels of impact classification ranging from Insignificant to Catastrophic.

Continuous Development Initiatives

At DSR, every decision undergoes rigorous evaluation to balance risks and rewards, ensuring economic profitability

while accounting for potential risks. Our risk appetite is a cornerstone in this decision-making process, guiding us in determining the acceptable level of risk across various aspects of our operations. The Board holds the responsibility for establishing the organization's risk tolerance, aligning it with the overall strategic direction set for the business.

The determination of our risk appetite involves careful consideration of both financial and non-financial stress factors, reflecting our commitment to prudent risk management. This framework informs decision-making across the spectrum of our activities, from business planning and day-to-day operations to evaluating new products and implementing business change initiatives.

In the past year, we continued our resolve in the quantification of our risk appetite statement, marking a significant milestone for our Risk Management function. This involved translating our qualitative risk appetite statement into tangible metrics, enabling us to precisely gauge our risk exposure. By defining specific limits and tolerance levels for different levels of impact classification, ranging from Insignificant to Catastrophic, we enhance our ability to proactively manage risks and optimize performance across the organization. This structured approach ensures that risk management remains an integral part of our business strategy, driving sustainable growth and value creation for our stakeholders.

Principal Risks

The Risk Management process at DSR plays a vital role in identifying and prioritizing risks through collaborative

discussions and workshops involving Executive Management and business leaders, facilitated by the Risk Management function. Throughout the year, significant risks undergo comprehensive review through a dual approach, encompassing both bottom-up and top-down assessments at the business unit and location levels, ensuring comprehensive awareness and appropriate prioritization.

Risks deemed capable of significantly impacting the performance, prospects, or reputation of the Group are classified as principal risks. These risks are meticulously aligned with the Group's strategic objectives, emphasizing their criticality to our overarching goals. Detailed documentation of DSR's principal risks is meticulously maintained in the risk register of the business, ensuring transparency and accessibility for all stakeholders.

The Board Audit Compliance and Risk Management Committee conducts quarterly reviews of each principal risk, ensuring ongoing vigilance and proactive mitigation measures. In addition to our inherent business risks such as foreign exchange, interest rates, and liquidity risks, we have identified and outlined nine principal risks that have the potential to significantly affect DSR. Proactive measures have been implemented to mitigate each of these risks, safeguarding the interests of our stakeholders and fortifying our resilience in the face of uncertainties.

| S/N | Risks | Risk Description | Potential Impact | Mitigation Plan |
|-----|--------------------------|--|--|--|
| 1. | Devaluation of The Naira | The downward adjustment in the value of the Naira, relative to other foreign currencies. | Adversely impacting the profitability of businesses reliant on imported goods or foreign currency-denominated transactions, potentially affecting revenue streams, margins, and overall financial performance. | Implementing hedging mechanisms Enhancing cost efficiencies. Diversifying currency exposures Closely monitoring macroeconomic indicators and government policies |
| 2. | Production Shutdown | Risk of production shutdown 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. | Working closely with the in-country regulator of the financial services sector for the sourcing of FX to fund import requirements. Constant engagement with Commercial Banks to fund import requirements through LC from their FX allocation. |
| 3. | Political Risk Exposures | Vulnerabilities or threats that could compromise the safety, integrity, confidentiality, or availability of an organization's assets, including physical assets, information, data, personnel, and reputation. | Possible disruption of production and distribution of finished goods. | Regular review of Business Interruption and GIT Cover Regular review of distribution routes |
| 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. | Continuous review of costs to ensure the ability to absorb market fluctuations. |
| 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 | Ensure a regular opportunity and portfolio financial review to monitor investment and cash allocation across our businesses Target market leadership where we play. Focus on industries where reach is strong. |
| 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. | Leverage on customer feedback, balancing short-term improvements with longer term solutions. Promoting agility, benchmarking, and quick market responses. |

| S/N | Risks | Risk Description | Potential Impact | Mitigation Plan |
|-----|---|---|--|--|
| 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. | Continuous review and stress testing of our refining process. Continuous customer engagement to ensure feedback is acknowledged and addressed. |
| 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. | We have established a robust training, development, performance management and reward programmes to retain, develop and motivate our people. Development of Succession plan for senior management positions. |
| 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"> DSR has instituted policies, procedures, and standards in place to ensure compliance with legal obligations and industry standards. All Management meetings feature Health & Safety updates. Health & Safety Performance indicators have been included for both production and non-production related roles. |

Internal Control and Operating Procedures

Management of DSR is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Firm's principal executive and principal financial officers, or persons performing similar functions, and effected by DSR's Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally acceptable accounting principles (GAAP).

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 Group Managing Director/Chief Executive Officer (GMD/CEO), who is always available to provide relevant information and explanations to the Board of Directors.
- **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 CEO 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 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 analysed, and the interim and annual budgets can be fine-tuned based on 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 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 to control the 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.

Internal Control System

The DSR internal control system is an ongoing process supported by a programme that ensures the testing, evaluation, and monitoring of key controls across the business units, key processes, and functions. Continuous test of design adequacy and operating effectiveness is performed and reported by the internal control department for insights and risk remediation. 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.

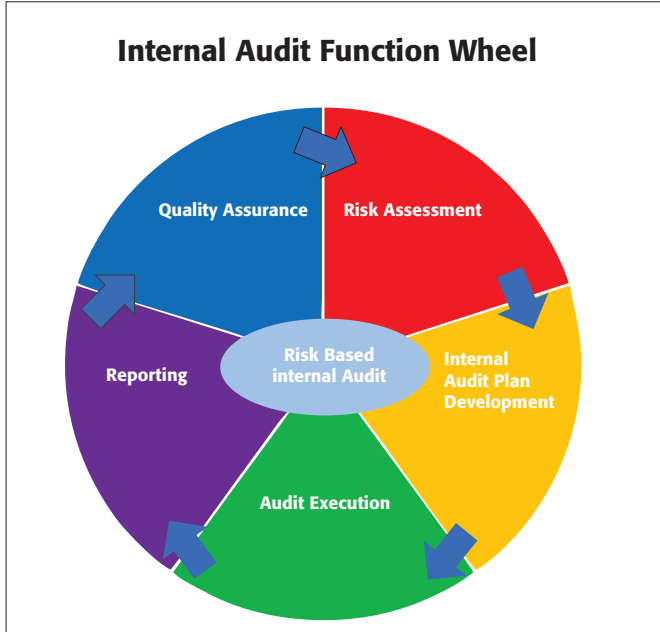
Limitations: However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has completed an assessment of the effectiveness of the Firm's internal control over financial reporting as of December 31, 2023. In making the assessment, management used the "Internal Control – Integrated Framework" ("COSO 2013") promulgated by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Internal Audit

At DSR, the approach to internal audit is centred 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 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 Assurance Committee, Statutory Audit 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.

DSR'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 noncompliant 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.

GRI CONTENT INDEX

| | |
|--|---|
| Statement of use | Dangote Sugar Refinery (DSR) Plc has reported in accordance with the GRI Standards for the period 1st January 2023 to 31st December 2023. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not applicable |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGCC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) |
|---------------------------------|------------|--|---------|--------------------------|--|---|--|
| GENERAL STANDARDS | | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 | Organizational details | | | | | |
| | 2-2 | Entities included in the organization's sustainability reporting | | | | | |
| | 2-3 | Reporting period, frequency and contact point | | | | | |
| | 2-4 | Restatements of information | | | | | No Restatements |
| | 2-5 | External assurance | | | 4.3: Format of Report | | |
| | 2-6 | Activities, value chain and other business relationships | | | | | |
| | 2-7 | Employees | Goal 8 | | | | |
| | 2-8 | Workers who are not employees | Goal 8 | | | | |
| | 2-9 | Governance structure and composition | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-10 | Nomination and selection of the highest governance body | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-11 | Chair of the highest governance body | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-12 | Role of the highest governance body in overseeing the management of impact | | | Principles 1 and 2: Governance | IFRS S1-Governance IFRS S1-Strategy | |
| | 2-13 | Delegation of responsibility for managing impacts | | | Principles 1 and 2: Governance | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-14 | Role of the highest governance body in sustainability reporting | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-15 | Conflicts of interest | | | | IFRS S1-Governance | |
| | 2-16 | Communication of critical concerns | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-17 | Collective knowledge of the highest governance body | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-18 | Evaluation of the performance of the highest governance body | | | Principles 1 and 2: Governance | IFRS S1-Governance | |
| | 2-19 | Remuneration policies | | | | IFRS S1-Governance | |
| | 2-20 | Process to determine remuneration | | | | IFRS S1-Governance IFRS S1-Strategy | |
| | 2-21 | Annual total compensation ratio | Goal 10 | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-22 | Statement on sustainable development strategy | | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-23 | Policy commitments | | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-24 | Embedding policy commitments | | | Principle 3: Governance | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-25 | Processes to remediate negative impacts | | Principle 7: Environment | Principles 8 and 9: Social and Environment | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-27 | Compliance with laws and regulations | Goal 16 | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |
| | 2-28 | Membership associations | Goal 17 | | | IFRS S1-Governance IFRS S1-Strategy IFRS S1-Risk Management | |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) | |
|---|---|--|--------------------|--|--|---|--|--|
| GRI 3: Material Topics 2021 | 2-29 | Approach to stakeholder engagement | | | | | | |
| | 2-30 | Collective bargaining agreements | Goals 8 and 10 | Principle 3: Labour | | | | |
| | 3-1 | Process to determine material topics | | | | IFRS S1- Risk Management IFRS S1- Materiality | | |
| | 3-2 | List of material topics | | | | IFRS S1- Risk Management IFRS S1- Materiality | | |
| ECONOMIC STANDARDS | | | | | | | | |
| Financial performance; Transparency, reporting and disclosure on Sustainability/ESG; International financial risk management; Monetary policy and capital markets; Regulatory approvals and compliance | | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | | |
| | GRI 201: Economic Performance 2016 | Direct economic value generated and distributed | Goals 8 and 9 | | | IFRS S2 Governance IFRS S2 Strategy | | |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | Goal 13 | | | | | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | | | | | | |
| Market Presence in Community; Community engagement and relations; Host community development | 201-4 | Financial assistance received from government | | | | | | |
| | GRI 3: Material Topics 2021 | Management of material topics | | | | | | |
| | GRI 202: Market Presence 2016 | Ratios of standard entry level wage by gender compared to local minimum wage | Goals 1, 5 and 8 | | | | | |
| | 2022 | Proportion of senior management hired from the local community | Goal 8 | | | | | |
| Investor engagement and relations; Sustainable Development Goals; Transparency, reporting and disclosure on Sustainability/ESG; ESG performance and considerations | 3-3 | Management of material topics | | | | | | |
| | GRI 203: Indirect Economic Impacts 2016 | Infrastructure investments and services supported | Goal 5,9, and 11 | | | | | |
| | 203-2 | Significant indirect economic impacts | Goals 1, 3, and 8 | | | | | |
| | Procurement practices; Suppliers contract and payment processing; Supply chain engagement and relations | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | | |
| | GRI 204: Procurement Practices 2016 | 204:1 Proportion of spending on local suppliers | Goal 8 | | | | | |
| | Anti-corruption policies and practices | | | | | | | |
| | GRI 3: Material Topics 2021 | Management of material topics | | | | | | |
| GRI 205: Anti corruption 2016 | 205-1 | Operations assessed for risks related to corruption | Goal 16 | Principle 10: Anti-corruption Governance | Principles 1 and 2: Governance | | | |
| | 205-2 | Communication and training about anti corruption policies and procedures | Goal 16 | Principle 10: Anti-corruption Governance | Principles 1 and 2: Governance | | | |
| | 205-3 | Confirmed incidents of corruption and actions taken | Goal 16 | Principle 10: Anti-corruption Governance | Principles 1 and 2: Governance | | | |
| | Business strategy; Corporate governance; Transparency, reporting and disclosure on Sustainability/ESG; Company's reputation and brand perception; International financial risk management; Monetary policy and capital markets | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | | |
| | GRI 206: Anti competitive Behavior 2016 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | Goal 16 | Principles 3 and 4: Economic | | | | |
| | Financial performance; Business strategy | | | | | | | |
| | GRI 3: Material Topics 2021 | Management of material topics | | | | | | |
| GRI 207: Tax 2019 | 207-1 | Approach to tax | Goals 1, 10 and 17 | | | | | |
| | 207-2 | Tax governance, control, and risk management | Goals 1, 10 and 17 | Principles 1 and 2: Governance | | | | |
| | 207-3 | Stakeholder engagement and management of concerns related to tax | Goals 1, 10 and 17 | | | | | |
| | 207-4 | Country-by-country reporting | Goals 1, 10 and 17 | | | | | |
| ENVIRONMENTAL STANDARDS | | | | | | | | |
| Circular economy and Resource Utilization | | | | | | | | |
| GRI 301: Materials 2016 | 3-3 | Management of material topics | | | | | | |
| | 301-1 | Materials used by weight or volume | Goals 8 and 12 | | | IFRS S2 Governance IFRS S2 Strategy | | |
| | 301-2 | Recycled input materials used | Goals 8 and 12 | Principle 8: Environment | Principles 3 and 9: Economic and Environment | | | |
| | 301-3 | Reclaimed products and their packaging materials | Goals 8 and 12 | | | | | |
| Climatechange, Emissions and Energy; Environmental responsibility & management | | | | | | | | |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) | |
|--|---|--|---|---------------------------------|---------------------------------|---|--|--|
| GRI 3: Material Topics 2021 GRI 302: Energy 2016 | 3-3 302-1 | Management of material topics Energy consumption within the organization | Goals 7, 8, 12 and 13 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Energy Management | | |
| | 302-2 | Energy consumption outside of the organization | Goals 7, 8, 12 and 13 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Energy Management | | |
| | 302-3 | Energy intensity | Goals 7, 8, 12 and 13 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Energy Management | | |
| | 302-4 | Reduction of energy consumption | Goals 7, 8, 12 and 13 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Energy Management | | |
| | 302-5 | Reductions in energy requirements of products and services | Goals 7, 8, 12 and 13 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Energy Management | | |
| | Water, waste and effluents: Environmental responsibility & management | | | | | | | |
| GRI 3: Material Topics 2021 GRI 303: Water and Effluents 2016 | 3-3 303-1 | Management of material topics Interactions with water as a shared resource | Goals 6 and 12 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Water Management | | |
| | 303-2 | Management of water discharge related impacts | Goal 6 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Water Management | | |
| | 303-3 | Water withdrawal | Goal 6 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Water Management | | |
| | 303-4 | Water discharge | Goal 6 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Water Management | | |
| | 303-5 | Water consumption | Goal 6 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Water Management | | |
| | Biodiversity & Land Management | | | | | | | |
| GRI 3: Material Topics 2021 GRI 304: Biodiversity 2016 | 3-3 304-1 | Management of material topics 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 | | | |
| | 304-2 | Significant impacts of activities, products and services on biodiversity | Goals 6, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | | | |
| | 304-3 | Habitats protected or restored | Goals 6, 14 and 15 | Principle 7: Environment | Principle 9: Environment | | | |
| | 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 | | | |
| | Climate change, Emissions and Energy: Pollution; Environmental responsibility & management | | | | | | | |
| | GRI 3: Material Topics 2021 GRI 305: Emissions 2016 | 3-3 305-1 | Management of material topics Direct (Scope 1) GHG emissions | Goals 3, 12, 13, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Greenhouse Gases Emissions | |
| 305-2 | | Energy indirect (Scope 2) GHG emissions | Goals 3, 12, 13, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Greenhouse Gases Emissions | | |
| 305-3 | | Other indirect (Scope 3) GHG emissions | Goals 3, 12, 13, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Greenhouse Gases Emissions | | |
| 305-4 | | GHG emissions intensity | Goals 13, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Industry-based Climate related Metrics & Targets: Greenhouse Gases Emissions | | |
| 305-5 | | Reduction of GHG emissions | Goals 13, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | IFRS S2 Strategy IFRS S2 Risk Management IFRS S2 Industry-based Climate related Metrics & Targets: Climate Resilience | | |
| 305-6 | | Emissions of ozone depleting substances (ODS) | Goals 3 and 12 | Principles 8 and 9: Environment | Principle 9: Environment | | | |
| 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 | | | | |
| Water, waste and effluents: Environmental responsibility & management | | | | | | | | |
| GRI 3: Material Topics 2021 GRI 306: Waste 2020 | 3-3 306-1 | Management of material topics Waste generation and significant waste related impacts | Goals 3, 6, 12 and 14 | Principles 8 and 9: Environment | Principle 9: Environment | | | |
| | 306-2 | Management of significant wastelated impacts | Goals 3, 6 and 12 | Principles 8 and 9: Environment | Principle 9: Environment | | | |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) |
|--|------------|---|---------------------------|---------------------------------|--|---|--|
| | 306-3 | Waste generated | Goals 3, 6, 12, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | | |
| | 306-4 | Waste diverted from disposal | Goals 3 and 12 | Principles 8 and 9: Environment | Principle 9: Environment | | |
| | 306-5 | Waste directed to disposal | Goals 6, 14 and 15 | Principles 8 and 9: Environment | Principle 9: Environment | | |
| Procurement practices | | | | | | | |
| GRI 3: Material Topics 2021 | 308-1 | Management of material topics | | Principle 7: Environment | Principles 3 and 9: Economic and Environment | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-2 | New suppliers that were screened using environmental criteria | | | | IFRS S2 Strategy IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| | | Negative environmental impacts in the supply chain and actions taken | | | | | |
| SOCIAL STANDARDS | | | | | | | |
| Career growth and progression; Employee wellbeing and satisfaction) | | | | | | | |
| GRI 3: Material Topics 2021 | 308-1 | Management of material topics | Goals 5, 8 and 10 | Principles 4, 5 and 6: Labour | Principle 5: Social | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | Goals 3, 5 and 8 | Principles 4, 5 and 6: Labour | Principle 5: Social | | |
| | 401-2 | Benefits provided to full time employees that are not provided to temporary or parttime employees | Goals 5 and 8 | Principles 4, 5 and 6: Labour | Principle 5: Social | | |
| | 401-3 | Parental Leave | | | | | |
| Employee compensation and benefits | | | | | | | |
| GRI 3: Material Topics 2021 | 402-1 | Management of material topics | Goal 8 | | Principle 5: Social | | |
| GRI 402: Labor/Management Relations 2016 | | Minimum notice periods regarding operational changes | | | | | |
| Occupational health and safety; Community health and safety | | | | | | | |
| GRI 3: Material Topics 2021 | 403-1 | Management of material topics | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | | | | | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| | 403-3 | Occupational health services | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Goals 8 and 16 | Principle 6: Labour | Principle 5: Social | | |
| | 403-5 | Worker training on occupational health and safety | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| | 403-6 | Promotion of worker health | Goal 3 | Principle 6: Labour | Principle 5: Social | | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| | 403-8 | Workers covered by an occupational health and safety management system | Goal 8 | Principle 6: Labour | Principle 5: Social | | |
| | 403-9 | Work-related injuries | Goals 3, 8 and 16 | Principle 6: Labour | Principle 5: Social | | |
| | 403-10 | Work-related ill health | Goals 3, 8 and 16 | Principle 6: Labour | Principle 5: Social | | |
| Employee training and knowledge development; Employee engagement and relations | | | | | | | |
| GRI 3: Material Topics 2021 | 404-1 | Management of material topics | Goals 4, 5, 8 and 10 | Principle 6: Labour | Principle 6: Social | | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | | | | | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Goal 8 | Principle 6: Labour | Principle 6: Social | | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | Goals 8 and 10 | Principle 6: Labour | Principle 6: Social | | |
| Diversity, inclusion and equity; Executive pay and shareholders' dividends; Quality of management | | | | | | | |
| GRI 3: Material Topics 2021 | 405-1 | Management of material topics | Goals 5 and 8 | Principle 6: Labour | Principles 5 and 6: Social | | |
| GRI 405: Diversity and Equal Opportunity 2016 | | Diversity of governance bodies and employees | | | | | |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) |
|--|------------|--|-------------------|----------------------------------|--|--|--|
| | 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 | | |
| Human rights | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 406: Nondiscrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | Goals 5 and 8 | Principle 6: Labour | Principle 6: Social | | |
| Employee engagement and relations; Employee compensation and benefits | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 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 | | IFRS S1- Risk Management IFRS S2 Strategy IFRS S2 Risk Management IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| Child Labour | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labour | Goals 8 and 16 | Principle 5: Labour | Principle 5: Social | IFRS S1- Risk Management IFRS S2 Strategy IFRS S2 Risk Management IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| Child labour; Human rights | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| 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 | IFRS S1- Risk Management IFRS S2 Strategy IFRS S2 Risk Management IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| Human rights | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| 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 | | |
| Community engagement and relations; Host community development; Social/community impact investments; Standard of living; Other socioeconomic factors | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples | Goal 2 | | | | |
| Community engagement and relations; Host community development; Social/community impact investments; Standard of living; Other socioeconomic factors; Empowerment of young people | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | | | Principle 8: Social | | |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | Goals 1 and 2 | | Principle 8: Social | IFRS S1- Strategy IFRS S1- Risk Management | |
| Procurement practices; Supply chain engagement and relations | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| 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 | IFRS S1- Risk Management IFRS S2 Strategy IFRS S2 Risk Management IFRS S2 Industry-based Climate related Metrics & Targets: Supply Chain Management & Food Sourcing | |
| | 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 | | |
| Transparency, reporting and disclosure on Sustainability/ESG; Company's reputation and brand perception; International financial risk management; Monetary policy and capital markets | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 415: Public Policy 2016 | 415-1 | Political contributions | Goal 16 | | | | |
| Customer satisfaction and consumer wellbeing | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service category impacts of products and services | Goal 16 | | Principles 3 and 4: Economic Principles 3 and 4: Economic | | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | | | | |
| Company's reputation and brand perception; Customer satisfaction and consumer wellbeing | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 417: Marketing and Labeling | 417-1 | Requirements for product and service information and labelling | Goal 12 | | | | |

| GRI Standard | Disclosure | Disclosure Title | UN SDGs | UNGC | NGX | IFRS Sustainability Disclosure Standard (S1 & S2) | Page Number(s) and/or Direct Answer(S) |
|---|------------|--|---------|------|-----|---|--|
| 2016 | 417-2 | Incidents of non compliance concerning product and service information and labelling | Goal 16 | | | | |
| | 417-3 | Incidents of non compliance concerning marketing communications | Goal 16 | | | | |
| Customer satisfaction and consumer wellbeing | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | | | | | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Goal 16 | | | | |



HEAD OFFICE:

3rd Floor, GDNL Administrative Building, Terminal E Shed 20
NPA Wharf Complex, Apapa, Lagos
Tel: + 234 8150983259
Email: sugar@dangote.com
Website: sugar.dangote.com

FACTORY/REFINERY:

Shed 20, Apapa Wharf, Lagos