



SUSTAINABILITY
**FROM
GRAIN
TO GLASS**

2016 SUSTAINABILITY REPORT



2.	CEO Foreword
4.	About this report
7.	Who we are
10.	Our Material Matters
12.	Our Strategic Sustainability Objectives
13.	Economic Impact
	How We are Managed
16.	Governance
18.	Risk Management
	Stakeholder Engagement
22.	Stakeholder Engagement
25.	Our Sustainable Development Strategy
	Our Environment
30.	Reducing Our Environmental Impact
41.	Sustainable Packaging
43.	Sustainable Sourcing
	Health & Wellbeing
50.	Responsible Drinking
54.	Responsible Marketing
	Community Engagement
60.	Building Thriving Communities
60.	Water of Life Scheme
63.	Learning for Life Programmes
66.	Social Impact Programmes
67.	Healthcare Programmes
69.	Supporting The NYSC's Rural Dwellers' Health Initiative
	People & Policies
72.	Human Resources
74.	Valuing Diversity
75.	Safety
77.	Human Rights
78.	Child Labour
79.	Code of Business Conduct
81.	Bribery and Corruption
82.	General Standard Disclosures: GRI Profile
84.	External Assurance Statement

CONTENTS

CEO FOREWORD



I am delighted to introduce this edition of Guinness Nigeria's sustainability report. This report comes on the heels of two historic milestones that have underscored a renewed global focus on sustainable development. First, at the United Nations Sustainable Development Summit which held on 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030.

This Summit was closely followed by the 2015 United Nations Climate Change Conference which held in Paris, France, from 30 November to 12 December 2015. At this Summit, representatives of 195 nations reached a landmark accord that will, for the first time, commit nearly every country to lowering planet-warming greenhouse gas emissions to help stave off the most drastic effects of climate change.

The commitments nations made at these two historic events though challenging, should inspire everyone - governments, corporate organizations, NGOs and even individuals to join the global movement to advance sustainable development. As a business, Guinness Nigeria stands ready to play its part towards ensuring that Nigeria meets its set targets. We will therefore sustain our ongoing drive to fully embed sustainability into our business operations. We recognize that our manufacturing activities generate carbon, waste and other effluents that could have a negative impact on the environment if not controlled. We also acknowledge that we depend on natural resources like water for our production. We have therefore developed a sustainability strategy that will help us reduce our environmental impact while increasing our positive social impact in the society.

Every year, we set ourselves stretching targets that will guide us as we work to reduce our negative impact on the environment. We also strive to increase our positive social impact by delivering transformational social investments in communities where we operate. This report captures our achievements in the 2016 financial year.

This year we recorded a 5% reduction in our water use versus 2015. Our waste to landfill however increased by 21% versus the previous year and our relative CO2 emissions increased by 1% during this period. Looking to the future, we will continue to drive initiatives that will help us improve across all the areas we measure. Importantly, we will continue to work towards achieving our zero waste to landfill 2020 targets. To actualise these targets, we will accelerate the implementation of our 4R waste management strategy which focuses on waste – REDUCTION, REUSE, RECOVERY and RECYCLING.

We will also continue to drive schemes that reduce our CO2 emission through initiatives like recovery of waste heat (which is reused as an energy source for manufacturing). We will also continue to drive initiatives that improve our packaging efficiency.

More broadly, in the medium and long term, we will sustain our efforts towards realizing our 2020 Sustainability & Responsibility strategy which comprises three key pillars: Leadership in Alcohol in Society, Building Thriving Communities and Reducing our Environmental Impact. Delivering these goals is an integral part of our long term business strategy and our commitment to making a real difference in communities where we operate. Our Sustainability and Responsibility targets for 2020 focus on the areas that are most material to our business and will contribute to our long term impact and success. These areas include: water, energy, effluents & waste, occupational health and safety, diversity and equal opportunity, human rights, anti- corruption and responsible drinking.

I am delighted that this year, we delivered responsible drinking programmes that have helped us to promote the responsible consumption of alcohol and to discourage consumption by underage persons. Furthermore, we strengthened our signature water project—the Water of Life Scheme by partnering two leading NGOs – WaterAid and OXFAM to deliver Water, Sanitation and Hygiene (WASH) programmes that reach 40,000 Nigerians. Details of these interventions and our other social investments are outlined in this report.

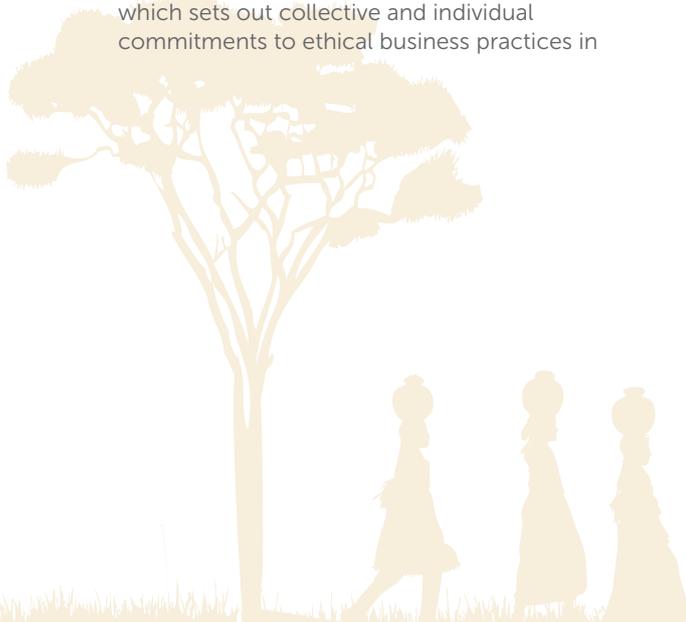
Also, in this report we underscore our strict adherence to our Code of Business Principles which sets out collective and individual commitments to ethical business practices in

line with Diageo's global policies, relevant laws, regulations and industry standards. The Code is applicable to all employees, directors and business partners of the Company. Furthermore, we highlighted the key stakeholders whose contributions support our business operations and the key issues we engage these stakeholders on. Looking to the future, we will continue to take steps to meaningfully strengthen our relationship with these stakeholders. We will also forge new partnerships we could leverage to extend the impact of our social investments while reducing our environmental impact.

While we have captured our key sustainability achievements in this report, we recognize that there are still tremendous opportunities to further embed sustainability into our business operations. We are committed to maximizing these opportunities. Through our advocacy programmes we will also play our part in creating a society that embraces sustainable living and understands how crucial it is for humanity to meet its present needs without compromising the ability of future generation to meet theirs.



Peter Ndegwa
Managing Director/Chief Executive Officer



ABOUT THIS REPORT

OUR APPROACH

Introduction

This Sustainability report covers our performance in the reporting year July 2015 to June, 2016, and primarily focuses on material issues critical to the sustainability of our business. We consider an issue material if it could potentially have a significant impact on our business performance or our business leadership position. The report also captures the strategy we will be leveraging to achieve the Sustainability goals we have set out to attain. The key aspects of these goals are also covered in this report. Furthermore, this report outlines the stakeholders who are key to our business operations as well as issues we engage these stakeholders on. We have compiled this report in accordance with the core criteria of the G4 reporting guidelines of the Global Reporting Initiative (GRI). Information provided in this report reflect the company's position for the period under review.

Identifying material issues

Guinness Nigeria engages its key stakeholders through a variety of platforms. Through our engagement with these stakeholders we identify the key issues that are of concern to them. We then take necessary steps to address identified issues.

Our material issues

We have analysed the feedback received through our engagement with our key stakeholders, and identified our material issues for 2016. We have also reported on these issues based on ECONOMIC, SOCIAL and ENVIRONMENTAL impact areas.



ECONOMIC

Guinness Nigeria makes notable contributions to Nigeria's economy. We employ about 1,000 people directly and generate thousands of other jobs across our value chain as well as in related sectors involved in the production, sales and marketing of our beverages. Other economic contributions include payments we make to the government. This includes: corporate income tax, excise duties, employee taxes and VAT. Our direct and indirect economic contributions have made

a positive impact on the livelihoods of many Nigerians. We are proud of the contributions we are making and will continue to grow our business in a way that increases our positive social impact as well as our contributions to Nigeria's economy.



SOCIAL

Occupational Health & Safety

Creating and maintaining a safe working environment for all our employees is absolutely fundamental to the way we work in Guinness Nigeria. Our safety agenda is underpinned by Diageo's global zero harm programme which is premised on four pillars: Prevention, Compliance, Capability and Culture. Our zero harm philosophy is aimed at eliminating workplace accidents while ensuring that all our people go home safely, everyday.

Diversity and Equal Opportunity

Our diversity and inclusion practices are a competitive advantage to our business. We always aim to provide equal opportunities that will enable all our employees to learn, grow and build successful careers for themselves. We ensure that all our employees are treated fairly, and with respect regardless of their nationality, tribe, sexual orientation or religious beliefs.

Human Rights

In our workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is fundamental. We recognize that we are responsible for the impact of our operations on our employees, on workers in our supply chain, on consumers of our products, and on the communities in which we operate.

Local Communities

Our business can only operate successfully if we play a part in developing the communities where we operate. An essential part of our contribution to the wider communities that enable our business to flourish and grow is our investment in long-term, actively managed programmes that help serve critical local needs, such as access to clean water and developing skills through scholarship schemes.

ABOUT THIS REPORT

Compliance

In 2015 we refreshed our Code which sets the standard that is expected of everyone working for Guinness Nigeria, and from which our other policies and standards flow. We have a risk and compliance team which provides rigorous oversight of our risk management, internal controls & compliance and ethics programmes across our business. Our overriding aim is to encourage integrity in every part of our business. We expect our employees to act with exemplary conduct in all their business interactions and truly embody our value of being proud of what we do.

Bribery and Corruption

We do not tolerate bribery or corruption in any form. We are proud of our reputation as a trusted and respected business. We do not tolerate any form of corruption whether directly by employees or indirectly through business partners who act on our behalf.

Child labour and forced labour

We do not permit exploitation of children or involuntary servitude for our employees, suppliers or business partners. We do not employ anyone under the age of 16. Employees under the age of 18 do not perform any hazardous work. We respect all relevant local laws regarding voluntary employment and minimum age for employment.



ENVIRONMENTAL

Water:

We recognize that we will only become one of the best performing, most trusted and respected companies in the world if we responsibly manage all our material environmental impacts, particularly water. Water is a resource that is absolutely essential for our operations as it makes up a significant percentage of our beers and spirits. We also use water to clean, cool, lubricate, convey, heat, pasteurise, germinate and steep during production. Water management is therefore fundamental to the future success

of our business. Building on our tradition of promoting sustainable water stewardship, we have continued to increase our efforts to address the global water challenge along our value chain – in our sourcing of raw materials, within our own operations, in the communities where we operate, and through advocacy.

Carbon Emission

We believe that energy sources of the future are the low-carbon sources such as wind, hydro and solar. We are also committed to taking necessary steps to reduce our carbon emissions. This helps us advance our ambition to reduce our impact on the environment but also challenges us to explore cleaner energy sources that will help ensure long term energy sustainability for our organization.

Waste/Effluent

We recognize that our business generates a significant amount of waste. We have therefore continued to pursue our ambition to completely eliminate our waste to landfill by 2020. To realise this goal, we strive to continuously improve our waste management system through the adoption of a 4R strategy. This strategy focuses on waste – REDUCTION, REUSE, RECOVERY and RECYCLING.

MANAGEMENT RESPONSIBILITY

The company's Corporate Relations department is responsible for the preparation of this report in accordance with Sustainability Reporting Guidelines (vol.4) of the Global Reporting Initiative (GRI).

ASSURANCE

We have engaged Ernst & Young(EY) to review environmental sustainability disclosures made in this report and provide assurance on their validity.

FEEDBACK

We welcome feedback from the public on disclosures made in this report. Please send all feedback to: info.gn@diageo.com





WHO WE ARE

Guinness Nigeria is a member of Diageo Group. Diageo is the world's leading premium drinks company and operates in 180 countries.

Guinness Nigeria has operating facilities in Lagos, Benin and Aba. Guinness Nigeria's first brewery - built in Ikeja in 1962 - was the first Guinness brewery outside the British Isles and the third globally. From then till date we have been operating in Nigeria. Guinness Nigeria is listed on the Nigerian Stock Exchange with over 70,000 Nigerian shareholders owning 46% of the company. It was one of the first listed companies in Nigeria when it listed in 1965. It is also one of the largest companies on the stock exchange by market capitalization. Four years ago, Guinness Nigeria invested N52 billion into capacity expansion. This was the largest single investment by Diageo anywhere in the world at the time. The company currently has a combined installed capacity of 8millionEUS annually.

In December 2015, we announced the integration of Diageo Brands Nigeria Limited; a wholly owned Nigerian subsidiary of Diageo Plc with Guinness Nigeria. Consequently, Guinness Nigeria Plc became the first Total Beverage Alcohol (TBA) in Nigeria from 1st January 2016.

Our portfolio includes acclaimed brands as Guinness Foreign Extra Stout, Guinness Extra

DIAGEO



70,000

Nigerian Shareholders
owning

46%

 of the company

N52b

 largest single investment in capacity expansion

8millionEUS

annual combined installed capacity



WHO WE ARE

Smooth, Guinness Africa Special, Malta Guinness, Malta Guinness Low Sugar, Malta Guinness Herbs Lite, Dubic Malt, Harp Lager beer, Smirnoff Ice, Smirnoff Ice Double Black with Guarana, Snapp, Satzenbrau Pilsner, Dubic Lager Beer, Orijin Spirit Mixed drink, Orijin Bitters, Orijin Zero, Johnny Walker, Baileys, Ciroc Vodka, Smirnoff Vodka, Tanqueray, Captain Morgan, Gordon's Dry Gin, Royal Challenge Whiskey, Mc Dowell's Whiskey, J&B and Jose Cuervo.

Guinness Nigeria's corporate headquarters is situated at 24 Oba Akran Avenue, Ikeja Lagos. Our business consists of a number of operating sales divisions including: Lagos Division, West Division, Central Division, North Division & East Division. Through these divisions, we make our products available to Nigerians in all parts of the country. We however take steps to ensure that our alcoholic beverages are only sold to persons aged 18 years and above.

Our Vision:

To be the best performing, most trusted and respected consumer products company in Nigeria.

Our values:

Our values are a critical element of our corporate strategy – influencing the way we work, every day and everywhere.

We are passionate about our customers and consumers – our curiosity and consumer insights drive our growth.

We cherish our brands - we are creative and courageous in pursuing their full potential. We are innovative, constantly searching for new ideas.

We value each other - we seek and benefit from diverse people and perspectives. We strive to create mutually fulfilling relationships and partnerships.

We give ourselves the freedom to succeed – we trust each other, we are open and seek challenge, and we respond quickly to the opportunities this creates.

We are proud of what we do and how we do it – we behave responsibly with the highest standards of integrity.

We strive to be the best – we are always learning, always improving. We set high standards, we stretch to exceed them and we celebrate success.





OUR MATERIAL MATTERS

At Guinness Nigeria we strive to continuously identify and address issues that are most relevant to our business and key stakeholders. This provides us with a unique opportunity to deliver interventions that are tailored to address the issues considered a priority by our stakeholders while mitigating risks that could potentially affect our business adversely.

We define issues to be material to our business based on:

- i. The degree to which the issue is aligned with our vision and purpose
- ii. The potential impact to our business operations; and
- iii. The importance of the issue to our key stakeholders

We adopted a three-pronged approach in selecting the issues to spotlight in this report. Firstly, we considered the feedback received through sustained engagement with our stakeholders through a variety of channels. Our channels and methods for engaging with these stakeholders are outlined in the "stakeholder engagement" section of this report.

Secondly, we examined findings of our most-recent stakeholder "Trust Tracker" survey which highlighted the issues our various stakeholders deem a priority, as well as their perception of our organization.

Finally, for our internal stakeholders - employees, we analysed feedback gotten from an employee survey we conduct annually. These annual surveys also enable us track the progress we have made on identified issues by making year-on-year comparisons.

Through our engagement with stakeholders we identified the following material issues:



- Need to manage our environmental impact (energy, water, emissions, agricultural sourcing);
- Need to deliver tangible social investments in communities where we operate;
- Need to promote responsible consumption of alcohol and prevent underage drinking; and
- Job creation.

Our consumers indicated that product quality and innovation are important to them while feedback from our investors and shareholders showed that they considered ethics & integrity as well as profitability & growth crucial .



- RM = Responsible Marketing;
- ET = Ethics & Integrity;
- WA = Water;
- AS = Agricultural Sourcing;
- PQ = Product Quality & Ingredients;
- GA = Governance and Accountability
- EN = Energy;
- EM = Emissions;
- SI = Social Investments in Communities;
- RI = Responsible Marketing;
- PG = Profitability and Growth;
- OHS= Occupational Health and Safety

OUR MATERIAL MATTERS

Diageo's sustainable development strategy is oriented towards addressing the above issues. Our strategy is underpinned by three main pillars:

- i. Leadership in Alcohol in society: We help create a positive role for alcohol in society through partnerships and programmes which tackle misuse.
- ii. Building thriving communities: We play a part in enabling people particularly women, to have

the skills and resources they need to build a better future for themselves

- iii. Reducing environmental impact: We are taking steps to make our products and business operations more environmentally sustainable.

The material aspects addressed in this report fall under "Economic", "Environmental" and "Social" categories.

Material Aspects	Relevant Stakeholders
Economic	
Economic performance	Investor and Shareholders
Indirect economic impacts	Host Communities, Suppliers
Environmental	
Energy	Regulators, Host Communities, NGOs, Media
Water	Regulators, Host Communities, NGOs, Media
Emissions	Regulators, Host Communities, NGOs, Media
Effluents & Waste	Regulators, Host Communities, NGOs, Media
Social	
Occupational Health and Safety	Employees
Diversity and Equal Opportunity	Employees, NGOs
Forced or Compulsory Labour	Consumers, Regulators, NGOs
Human Rights Grievance Mechanisms	Employees, Regulators, NGOs
Local Communities, Anti-Corruption	Employees, Regulators, Suppliers, Shareholders
Compliance	Regulators, Investors
Marketing Communications	Consumers, Regulators

Operating Results

The following is a summary of the Company's Operating results for the period under review

	2016 N'000	2015 N'000
Revenue	101,973,030	118,495,882
Operating profit	4,415,623	15,667,379
Net finance costs	(6,762,864)	(4,872,277)
(Loss)/profit before taxation	(2,347,241)	10,795,102
Tax credit/(expense)	331,355	(3,000,203)
(Loss)/profit for the year	(2,015,886)	7,794,899
Other comprehensive (loss)/income, net of tax	172,539	32,115
Total comprehensive (loss)/income for the year	(1,843,347)	7,827,014
Total Equity	41,660,605	
Non-Current Liabilities	14,034,546	
Loans & Borrowings	22,195,374	

OUR STRATEGIC SUSTAINABILITY OBJECTIVES

Based on our material matters, we have identified a number of strategic objectives that are in line with our corporate strategy.

By achieving these objectives we would be better placed to serve the key stakeholders whose contributions are critical to the success of our business. Attaining these objectives would also help us strengthen our corporate reputation and build a sustainable business.

Material Matters	Strategic Sustainability Objectives
Business Performance	Optimize return on investment for our investors and shareholders through good corporate governance and by implementing the plans that underpin our performance ambition
Product Quality	Sustain our commitment to providing our consumers with beverages that meet the highest standard of quality
Innovation	Ensure that we continue leveraging our world class innovation platforms to create high quality products for our consumers
Our employees	Maintain an enabling work environment
Our business partners	Promote sustainable practices within our business ecosystem
Responsible Marketing/ Responsible Drinking	Sustain initiatives that promote responsible consumption of alcohol and prevent underage drinking; also ensure strict adherence to the principles of the Diageo Marketing Code which applies to all activities intended to market our beverage brands.
Regulatory Issues	Maintain our engagement with our regulators and ensure continued regulatory compliance
Ethics and Values	Ensure strict adherence to our code of business conduct; uphold ethical principles and good corporate governance at all times.
Environmental Performance	Ensure that our products, processes and operations are safe for the environment
Social investments and Job Creation	Sustain our social investments that impact lives positively and enhance livelihoods

ECONOMIC IMPACT

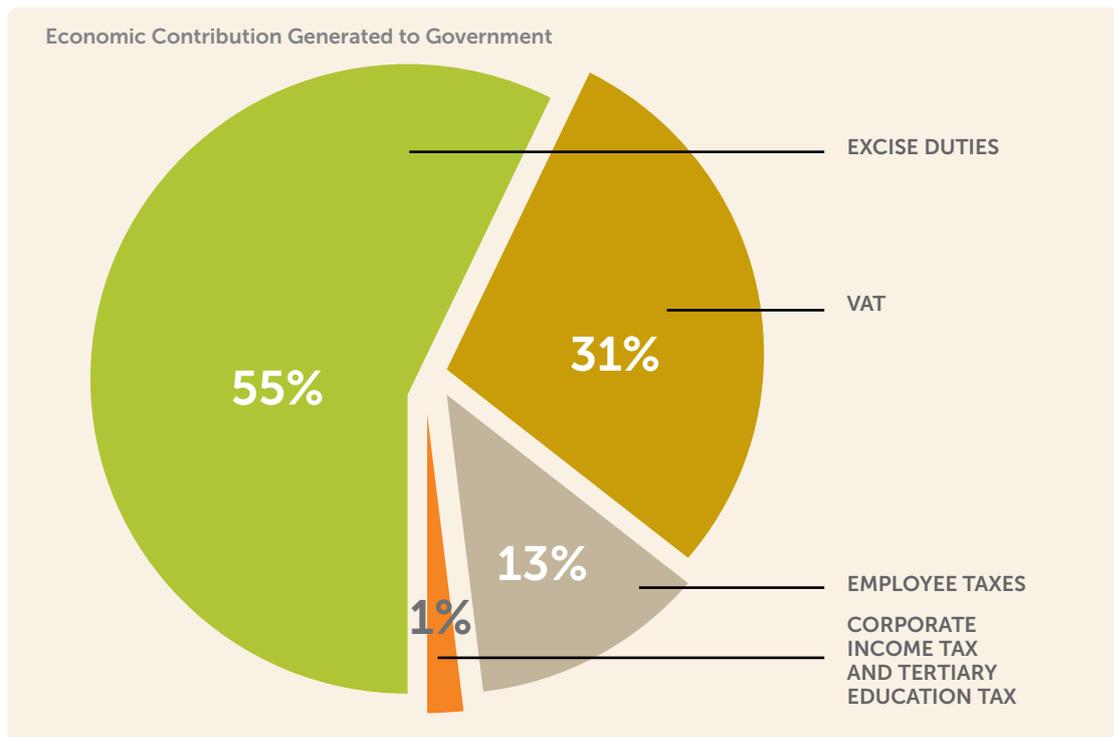
Guinness Nigeria has continued to make notable economic impact in Nigeria. The economic value we generate consists of many different aspects including excise duties and other taxes, employee wages, pensions, benefits and goods purchased from suppliers.

Our business directly employs over 1,000 employees. In addition these direct employees, the company also provides jobs for over 10,000 persons working with our distributors and suppliers. Our value chain provides thousands of indirect jobs for various stakeholders who support our value chain. This includes thousands of farmers who grow the grains we use for production. Our indirect and induced contribution to job creation is also driven by purchases in industries such as agriculture, packaging and logistics as well as induced employment in hospitality and retail sectors.

We also generate significant economic contributions for the government. In our 2016 financial year we paid over N13 billion in taxes. This figure includes VAT, employee taxes, corporate income tax, excise duties and other taxes.

Our direct and indirect economic contributions have also supported other businesses. In 2016, we had a total of 966 active vendors. Payments made to these vendors during the year is in excess of N40 billion.

We are proud of these contributions we have made to the Nigerian economy, and positive that as we grow our business, we will be able to extend our economic impact even further.







HOW WE ARE MANAGED

GOVERNANCE

At Guinness Nigeria our actions and interactions with our consumers, customers, employees, government officials, suppliers, shareholders and other stakeholders reflects our values, beliefs and principles. Our business is largely self-regulated and we pride ourselves as leading our peers in the industry and Nigeria in this regard.

In addition to self-regulation we are committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria and the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria.

To further sustain our commitment to ethical business standards, values of integrity, honesty and fairness, as well as good corporate governance, Guinness Nigeria Plc signed up to the Convention on Business Integrity in September 2011. The Company also complied with corporate governance requirements during the year under review.

1. Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks. Furthermore, the board evaluates and directs the implementation of controls and procedures including, in particular, maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The board meets at least 4 times in each fiscal year.

2. Composition of the Board of Directors and Procedure for Board Appointments

The Board consists of the Chairman, 10 Non-Executive Directors and 3 Executive Directors. The Non- Executive Directors are independent of management and are free from any constraints which may materially affect the exercise of their judgement as Directors of the Company. All Directors are selected on the basis of certain core competencies including experience in marketing, general operations, strategy, human resources, technology, media or public relations, finance or accounting, retail, consumer products, international business/ markets, logistics, product design, merchandising or experience as a Chief Executive Officer or Chief Financial Officer. In addition to having one or more of these core

competencies, candidates for appointment as Directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand the Company's business.

3. Separation of the positions of Chairman and Managing Director

The positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and the Managing Director is responsible for the implementation of the Company's business strategy and the day-to-day management of the business.

4. Schedule of Matters Reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

a. Strategy and Management

- Input into the development of the long-term objectives and overall commercial strategy for the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

b. Structure and capital

- Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- Major changes to the Company's corporate structure.

GOVERNANCE

- Changes to the Company's management and control structure.
- Any changes to the Company's listing or its status as a plc.

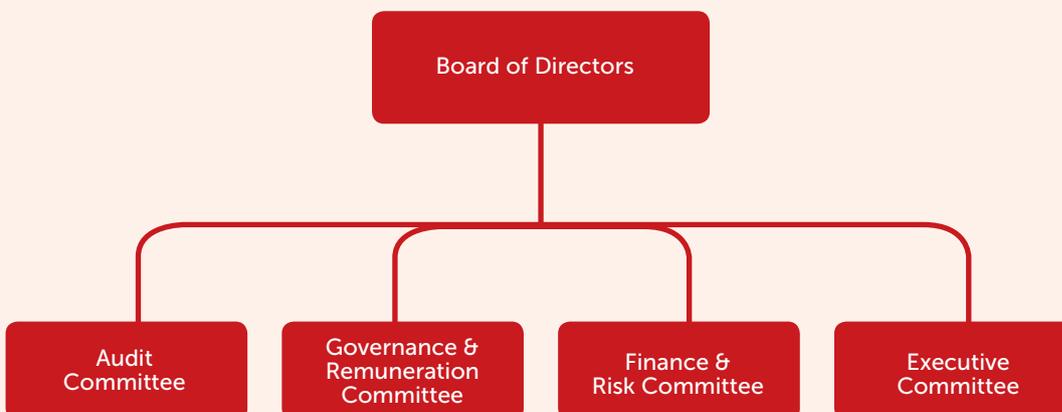
c. Financial reporting and controls

- Approval of preliminary announcements of interim and final results.
- Approval of the annual report and accounts, including the corporate governance statement.
- Approval of the dividend policy.
- Declaration of interim dividend and recommendation of final dividend.
- Approval of any significant changes in accounting policies or practices.
- Approval of treasury policies including foreign currency exposure.

d. Internal controls

- Ensuring maintenance of a sound system of internal control and risk management including:
 - receiving reports from the Finance and Risk Committee on the Company's risks and reviewing the effectiveness of the processes to support its strategy and objectives in mitigating the risks;

- undertaking an annual assessment of these processes through the Finance and Risk Committee; and
- approving an appropriate statement for inclusion in the annual report.



RISK MANAGEMENT

Our approach

Our business has a strong culture of risk management as well as a robust risk framework which sets the standard for risk management in our organization and helps our business to proactively identify and manage risks.

Risk management is both the responsibility of our leadership team and the various business functions. Functions are required to manage risks directly and then report on risks and their management to Guinness Nigeria's Risk Management Committee. The various types of risks our business faces and the ways in which they are managed are reported on a quarterly basis to the Finance and Risk committee of the Board. Below are the main risks known to Guinness Nigeria which could hinder our business from achieving its strategic and financial objectives. This risk overview however does not include all risks that could affect our business. We have focused mainly on material risks that could have a major impact on our business.

ECONOMIC AND POLITICAL CHANGE

Risk

Significant local volatility or upheaval, or failure to react quickly enough to increasing volatility.

Impact

- Social unrest, liquidity issues, inflationary pressures, changes to tax systems causing loss of consumer confidence or impacting: our people's safety, security of our assets and business forecasting/performance.

How we mitigate

- Use of appropriate and updated risk information
- Support from global functions including Group Treasury and Group Strategy
- Contingency planning

NON-COMPLIANCE WITH LAWS AND REGULATIONS

Risk

Non-compliance with local laws or regulations, breach of our internal global policies and standards and/or significant internal control breakdown.

Impact

- Severe damage to our corporate reputation and/or significant financial penalty.

How we mitigate

- Conducting periodic employee refresher training focusing on our code of business conduct and global policies.
- Internal control assurance programme with local management accountability.
- Strong tone from the top, anchored by our performance ambition of 'most trusted and respected'.
- We have implemented an automated tool to improve the efficiency of aspects of our anti-bribery & corruption and third party due diligence programmes.
- Conducting internal reviews and engaging professional firms to review our regulatory compliance systems

TALENT

Risk

Inability to recruit, retain and develop key talent.

Impact

- Failure to achieve our growth plans.

How we mitigate

- Implementing a robust learning and development strategy across the business.
- Working with Global Diageo Talent team to ensure we have the talent pipeline to fill critical leadership roles, supported by a bigger focus on succession planning and external recruitment.

CURRENCY RISK

Risk

Forex restriction and availability affects our production ability to meet consumer needs.

Impact

- Increased cost of imported raw and packaging

RISK MANAGEMENT

materials due to increased exchange rate and high pressure on cash flow

How we mitigate

- Partner and support development of local suppliers with the objective of reducing imports.
- Continuous review of impact of devaluation on individual materials and proposing specific mitigations on controlling the overall inflation effects.
- Implementing actions from feedback and insights from engagement with local stakeholders (Finance & Risk Committee of the Board, Group Treasury, banks etc) .
- Leveraging Diageo Group Treasury and Group Procurement for engagement with foreign vendors.

BUSINESS DISRUPTIONS DUE TO SECURITY ISSUES (CIVIL UNREST, TERRORISM ETC)

Risk

Security risks arising from civil unrest and terrorism.

Impact

- Guinness Nigeria employees, sites or supply chain threatened and/or harmed.
- Our ability to optimally operate in key areas is disrupted.

How we mitigate

- Monitoring of local security situation.
- Guinness Nigeria's security managers oversee people, security, physical security and business continuity programmes.
- Conducting mandatory travel and security training for employees in vulnerable areas.
- Formulating standardized security threat levels to provide clarity for site response to threats.

CYBER THREAT

Risk

Theft, loss and misappropriation of Guinness Nigeria's most important digital assets.

Impact

- Financial loss, operational disruption and reputational damage.

How we mitigate

- Employees trained on information management and cyber security.
- Crisis response exercises held to test and build resilience to cyber attacks.
- Strengthening of data protection systems.

RESPONSIBLE ALCOHOL PROMOTION AND CONSUMPTION

Risk

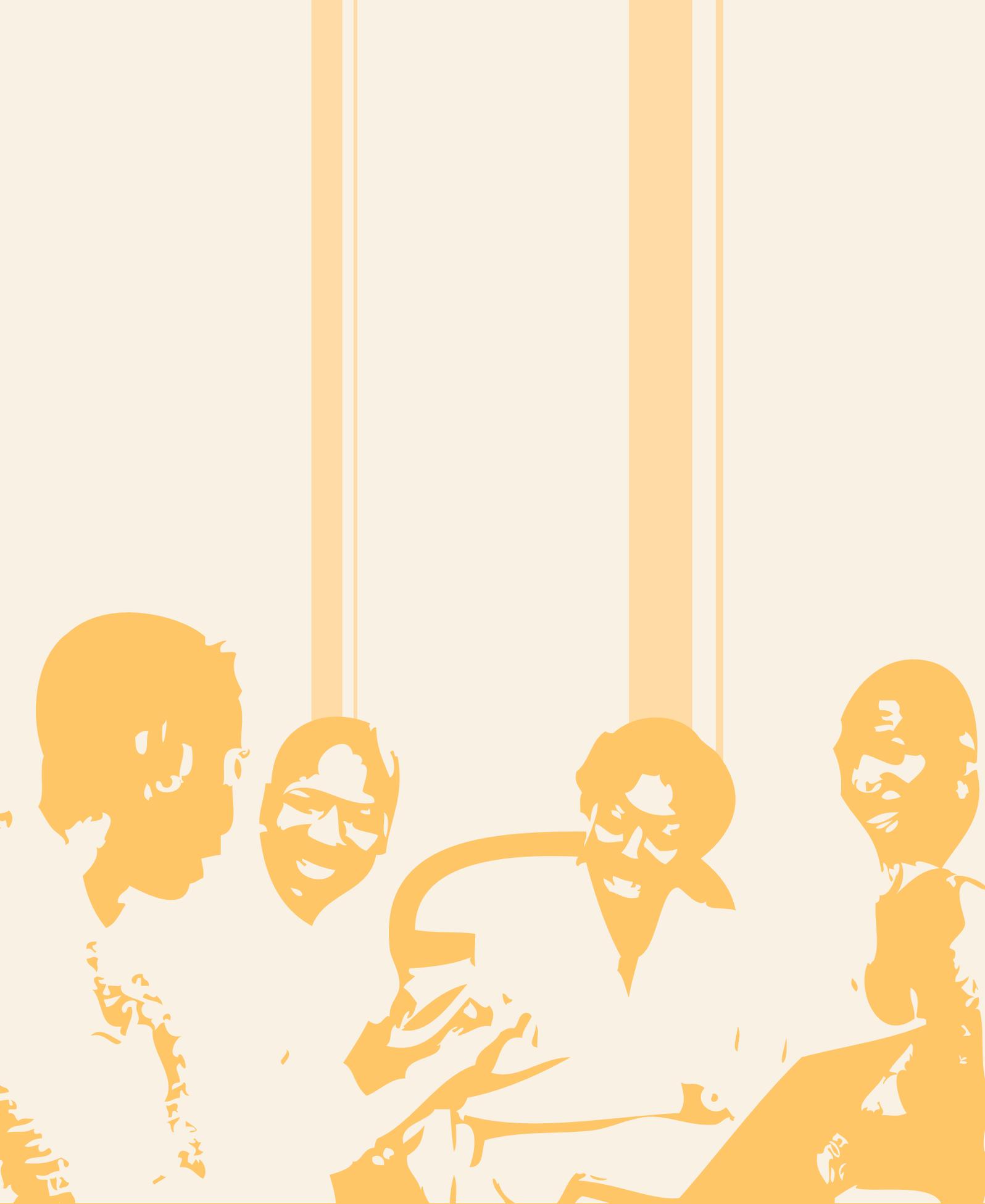
Failure to address the concerns of multiple stakeholders about the promotion and consumption of alcohol.

Impact

- Government imposes restrictions on access and/or increase tax and/or duty.
- Damage to our corporate reputation.

How we mitigate

- Clear strategy on tackling alcohol misuse.
- New Alcohol in Society targets including implementation of Global Producers' Commitments to Reduce Harmful Drinking and increased focus on responsible drinking programmes with measurable outcomes.
- Increase knowledge about alcohol among stakeholders and consumers through the provision of information on packaging, online and via training courses.





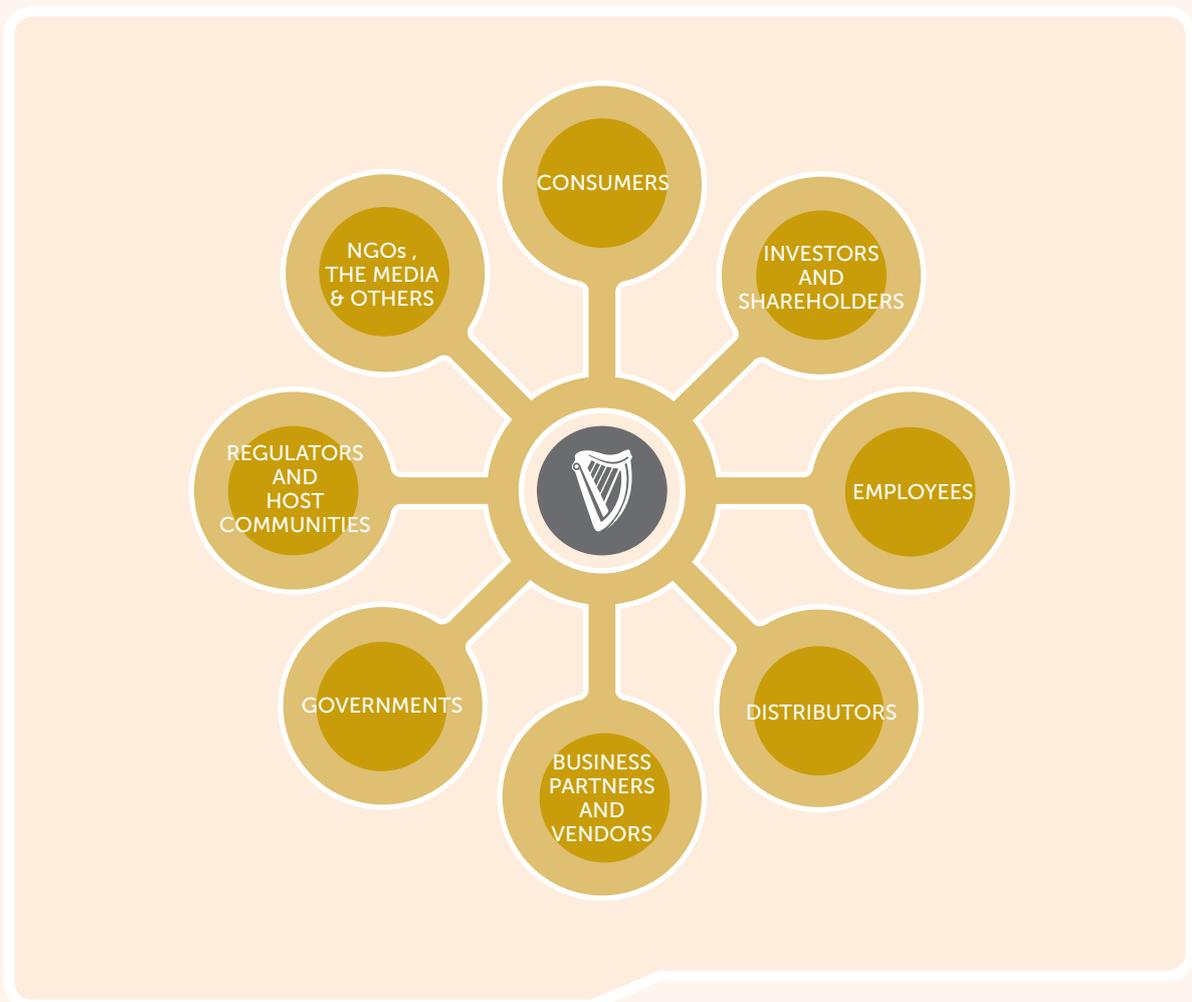
STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

We recognize that the success of our business is to a large extent due to the beneficial relationships we have forged with key stakeholders who support our operations. We therefore strive to maintain constant channels of communication with these stakeholders.

By staying engaged with our stakeholders we are able to gain valuable feedback that pertain to various areas of our operations. Effective stakeholder engagement also helps us manage risks and identify new opportunities for our business.

Our key stakeholders include our consumers, our investors and shareholders, employees, distributors, business partners and vendors, governments, regulators and host communities. Other stakeholders we consider important partners of our business include NGOs and the media. These identified stakeholders play a critical role in ensuring the continuity of our business.



STAKEHOLDER ENGAGEMENT

The table below provides details of our engagement with our key stakeholders.

Name of Stakeholder	Basis of identification	Key issues on which we engage	Engagement Methods	Principal issues and concerns
Consumers	<ul style="list-style-type: none"> - The success of our business depends on how well our products meet the needs of our consumers - By staying close to our consumers, we are better placed to deliver successful innovations that meet their needs. 	<ul style="list-style-type: none"> - Enquiries about promotional activities/ redemption of prizes - Enquiries about sales outlets where products could be purchased. - Confirmation of product price points - Suggestions on product improvement or introduction of new variants 	<ul style="list-style-type: none"> - Social media - Consumer care line - 08001759175 - Interaction with consumers at points of sale – bars etc. - Periodic trade visits and bar calls - Feedback from inbar promoters 	<ul style="list-style-type: none"> - Affordability of products - Availability of products - Underage drinking - Responsible consumption of alcohol - Redemption of promo incentives
Employees	<ul style="list-style-type: none"> - Our employees are pivotal to the attainment of our ambition to become one of the best performing, most trusted and respected consumer products companies in the world 	<ul style="list-style-type: none"> - Health and Safety: We organize health & Safety inductions for all new hires. Periodically we also send safety updates to employees. - People Policies: We engage with employees on company policies. Periodically, we also deliver campaigns that focus on various aspects of our employee policies. - Business Performance: On a quarterly basis we engage with employees on the company's business performance. Quarterly Employee Town halls are held for this purpose. These Townhalls also present a platform for the entire leadership team to have a face-to-face interaction with employees. - Innovations: Our employees are the primary ambassadors of our brands. We therefore ensure that employees are adequately engaged before our new products go to market. We organize a variety of internal events and activities where employees learn about our new products. 	<ul style="list-style-type: none"> - Surveys - Townhalls - Team meetings - Performance review sessions - Communication with union representatives - Quarterly electronic newsletters - Corporate Social network - Intranet - Internal launch campaigns 	<ul style="list-style-type: none"> - Reward and Recognition - Working conditions - Career growth Opportunities - Health and Safety - Talent Development and Training - Ethics and Transparency
Distributors	<ul style="list-style-type: none"> - Our distributors are important partners that help make our products available in all parts of the country. 	<ul style="list-style-type: none"> - Stock replenishment - Customer Service - Logistics 	<ul style="list-style-type: none"> - Annual meetings with key distributors - Dedicated Customer care lines/email addresses - Periodic visits by Guinness Nigeria liaison officers 	<ul style="list-style-type: none"> - Delivering requests - Trade rejects - Empties evacuation - Promo related matters

Name of Stakeholder	Basis of identification	Key issues on which we engage	Engagement Methods	Principal issues and concerns
Business Partners (Suppliers, vendors, customers, consultants, etc)	<ul style="list-style-type: none"> - Our business partners provide vital raw materials, services and other inputs we need for our operations. 	<ul style="list-style-type: none"> - Supplier Code of Conduct - Expected standards of behavior including delivery time lines, quality standards, health and safety standards, ethics etc 	<ul style="list-style-type: none"> - Surveys - Regular meetings and correspondence as required - Supplier forums are held when required - 'Know-Your Business-Partner' process 	<ul style="list-style-type: none"> - Terms and conditions - Procurement procedures - Payment related enquiries - Health and Safety
Investors and Shareholders	<ul style="list-style-type: none"> - We owe our sustenance as a business to the investments of our shareholders and investors. We therefore strive to deliver exceptional value to our esteemed shareholders by producing and selling drinks that are of world class standards. 	<ul style="list-style-type: none"> - Return on investment (Dividends etc) - Business Performance 	<ul style="list-style-type: none"> - Meetings with representatives of shareholder groups as required - Annual General Meetings and Extraordinary General meetings (when necessary) - Formal correspondence with shareholders as required - Website information - Investors forums - Investor Calls - Media announcements 	<ul style="list-style-type: none"> - Return on Investment - Growth opportunities - Governance - Suggestions relating to products (advertising & promotions, distribution, pricing etc)
Host Communities	<ul style="list-style-type: none"> - The success of our business has been in no small part due to the cordial relationship we have had with our host communities in Lagos, Edo and Abia states 	<ul style="list-style-type: none"> - Social investments in host communities – award of scholarships to indigenes, provision of infrastructure (roads, potable water etc) - Issues relating to our business operations in their communities - Employment of indigenes 	<ul style="list-style-type: none"> - Quarterly meetings with community leaders - Extraordinary meetings with community leaders when necessary. - Regular engagement through a community relations liaison officer - Correspondence as required. 	<ul style="list-style-type: none"> - Social investments in host communities - Access to jobs and vendor opportunities - Issues relating to safety and environment
Regulators	<ul style="list-style-type: none"> - Compliance with regulatory requirements is critical to our business operations 	<ul style="list-style-type: none"> - Product registration and approval - Food safety - Plant inspections - Product quality - Advert control and approval - New product testing 	<ul style="list-style-type: none"> - Regular Face-to-Face meetings with Regulatory Affairs Manager - Meetings with business leadership when necessary - Correspondence as required 	<ul style="list-style-type: none"> - Compliance with regulatory requirements - Consumer safety - Adherence to standards - Quality standards
Government	<ul style="list-style-type: none"> - Government policies could have an impact on our business. - Relevant government agencies also facilitate outcomes that support business growth. 	<ul style="list-style-type: none"> - Issues relating to Trade, and Tax - Tariffs, Excise duties etc. - Product quality and standards 	<ul style="list-style-type: none"> - Face to face meetings with relevant government officials as required - Participating in government consultations. - Correspondence as required 	<ul style="list-style-type: none"> - Investments - Job creation - Revenue generation through taxes etc - Product quality - Standards maintenance

OUR SUSTAINABLE DEVELOPMENT STRATEGY

At Guinness Nigeria we firmly believe that businesses should be a force for good in the society. Since we commenced operations in Nigeria, Guinness Nigeria has delivered many social interventions that have touched millions of lives.

Our notable social investments include - **Guinness Eye Hospitals**, our flagship **Water of Life scheme** and our **Undergraduate Scholarship scheme** which has opened doors of opportunity to many young Nigerians. Looking to the future we will continue to make positive contributions to society and create value wherever we work.

Our ambition is to be recognized as one of the best performing, most trusted and respected companies in Nigeria. To realise this ambition, we recognize that delivering our sustainable development goals and making a positive impact

in Nigerian communities should be an integral part of our business strategy. We have therefore articulated a Sustainable Development Strategy that will help us achieve our 2020 sustainability and responsibility targets.

Guinness Nigeria's Sustainable Development strategy aligns with Diageo's global strategy. This strategy is underpinned by three main pillars: Leadership in Alcohol in Society, Building Thriving Communities and Reducing Environmental Impact.



LEADERSHIP IN ALCOHOL IN SOCIETY

Create a positive role for alcohol in society through partnerships and programmes which impact misuse

INDUSTRY COLLABORATION

IMPACTFUL PROGRAMMES

TRAINING



BUILDING THRIVING COMMUNITIES

Enable people, particularly women, to have the skills and resources to build a better future for themselves

OUR PEOPLE

COMMUNITIES

SUPPLY CHAINS



REDUCING OUR ENVIRONMENTAL IMPACT

Make our products and business operations more environmentally sustainable

WATER

CARBON

PACKAGING

WASTE

SD STRATEGY



10% reduction of harmful use of alcohol by 2025

INDUSTRY COLLABORATION

Implement global alcohol industry commitments to expand and increase efforts on:

- Reducing underage drinking
- Strengthening and expanding marketing codes of practice
- Providing consumer information and responsible product innovation
- Reducing drink driving
- Enlisting the support of retailers to reduce harmful drinking.



Leadership in Alcohol in Society

At Guinness Nigeria we believe in celebrating life, every day, everywhere, and we want to promote a positive role for alcohol in society – a culture in which adults who choose to drink do so responsibly and in which harmful drinking is minimised.

In order to achieve this, we market our brands responsibly, help people make informed decisions about drinking (or not drinking) and support programmes to reduce harmful drinking.

We are proud of the approach we have taken over decades, to help tackle harmful drinking, from underage drinking, drink driving to excessive drinking. We take this responsibility seriously. We always have and we always will. Key to our approach is to work in partnership with government, society, individuals, NGOs and other companies to put in place programmes with quantifiable outcomes.

Our new targets focus on measuring and monitoring the impact of our projects. We share the goal of the World Health Organisation (WHO) to reduce harmful use of alcohol by 10% by 2025. We fully support the Global Beer, Wine and Spirits Producers' Commitments, a co-ordinated industry response to support the WHO's Global Strategy to Reduce the Harmful Use of Alcohol.

We also collaborate with other alcoholic beverage companies (under the umbrella of Nigeria's Beer Sectoral Group and the Spirits & Wines Association of Nigeria) to promote responsible consumption. We will continue to drive initiatives that promote responsible drinking and inspire Nigerians to become advocates of responsible consumption.



Building Thriving Communities

We understand that our breweries are at the very heart of the communities in which we work, that we have a responsibility to create shared value – for our shareholders, our people who work so hard to make our business successful, and for the wider society that enables our business to flourish and grow.

We take great pride in developing the skills of our people, and just as much pride in delivering water, sanitation and hygiene programmes that impact lives in Nigerian communities. We will therefore continue to strengthen our established programmes which focus on the three important areas of providing safe drinking water and sanitation (Water of Life), scholarship schemes for young Nigerians and providing quality eye care to Nigerians through our Eye Hospitals.

We also believe in creating an environment for our people that will stretch, challenge and enable them to grow themselves and the business.



Reducing our environmental impact.

As a business that uses water, we take care to use this valuable natural resource responsibly, especially in areas where water is scarce. We will manage water responsibly by improving water efficiency, reducing water pollution, replenishing water in water stressed areas and encouraging more sustainable agriculture strategies.

Reducing our carbon footprint and driving operational efficiencies also remains a key focus for our business. Our targets therefore address carbon, waste, packaging and deforestation to protect the natural resources that our businesses and communities rely on.





OUR ENVIRONMENT



REDUCING OUR ENVIRONMENTAL IMPACT

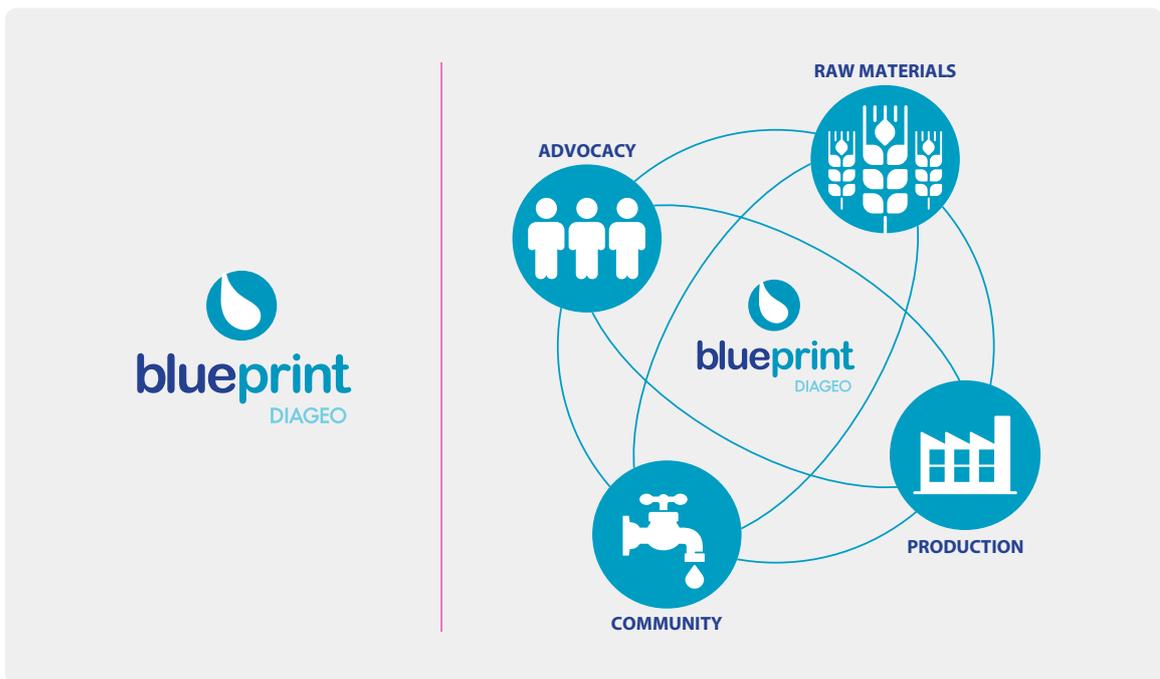
We recognize that the success of our business is dependent on many natural resources, some of which are becoming increasingly constrained as rising demand and climate change place them under pressure. We therefore take proactive steps to optimize resource use and minimize our environmental impact across our operations.

Our environmental strategy embodies our aspiration to be a business which does not materially deplete natural resources, reduces our impact on climate change, causes no lasting damage to species, habitats, or biodiversity – and where possible, improves the environment we operate in.

Every year, we set ourselves a series of challenging targets in the areas of water, carbon emissions, and waste. These targets have catalyzed significant improvements in the above areas, and have been the basis for various sustainability initiatives that will have long-lasting benefits for our business and the environment. In the last three years, we have made significant progress and significantly reduced our

environmental impact during a period when our total production and operational footprint have increased. We have not met all of our stretching targets, but we have made significant improvements, particularly in the areas of water conservation.

Looking to the future, we remain committed to accelerating our efforts to reduce our environmental impacts, within our direct operations and in the wider supply chain, with a set of goals that genuinely stretch and challenge our business. We will continue to prioritize water stewardship and work to reduce our carbon emission and waste.



WATER STEWARDSHIP

Water is vital and fundamental to all forms of life. As a drinks company, we understand that water is an essential resource, and therefore its careful management is one of the most material aspects of our environment strategy. The **Diageo Water Blueprint** launched in April 2015 defines our strategic approach to water stewardship. This blueprint is an integrated approach based on four core areas where we will increase our efforts: in the sourcing of raw materials; in our own operations; in the communities in which we operate; and through local and global advocacy for best practice in Water Stewardship.

Leveraging our flagship **'Water of Life'** scheme, Guinness Nigeria has delivered 33 water facilities in water scarce communities across Nigeria. Through these water schemes, we have helped numerous Nigerians access clean drinking water and improve their hygiene and sanitation.

To enhance the reach and impact of our water, sanitation and Hygiene programmes, we have also forged strategic partnerships with leading NGOs and social entrepreneurs.

The Safe Water for Africa Partnership

At the 2011 World Economic Forum on Africa, Diageo Plc, The Coca Cola Africa Foundation, Water Health International and the International Finance Corporation (a member of the World Bank Group) announced **'The Safe Water for Africa'** partnership. This partnership aimed to provide safe drinking water to 2 million Africans by constructing Water Health Centres in selected African communities. A Water Health Centre comprises a borehole and modular structures that house ultramodern water purification equipment.

This purification equipment treats locally available water through its 6 step purification procedure that includes: sedimentation, pre-filtration, and Ultra Violet technology. Water Health Centres produce World Health Organization quality water that is free of contamination and disease-causing pathogens. Under the aegis of the 'Safe Water for Africa' partnership, Diageo Plc and Guinness Nigeria have funded the construction of 3 Water Health Centres in the following localities: Sabo-Ikorodu in Lagos State; Ijebu Ode in Ogun State and Adigbe (near Abeokuta) in Ogun State.

33  **WATER OF LIFE**
water facilities delivered in water scarce communities across Nigeria

SAFE WATER FOR AFRICA  **2 million**
target number of Africans to get safe drinking water
water health

11,064
number of people with year-round safe drinking water in rural communities in Cross River State through SWISH



ENVIRONMENT



The 'Safe Water and Improved Sanitation and Hygiene' (SWISH) Programme

The 'Safe Water and Improved Sanitation and Hygiene' (SWISH) project constructed 10 boreholes in rural communities in Cross River State's Abi, Bekwarra, and Obanliku Local Government Areas (LGAs). This project has enabled at least 11,064 people including 1,217 under-five children to have year-round access to safe drinking water.

To help tackle the menace of open defecation, Safe water was delivered to communities that have remained open defecation free (ODF) for

at least six months. Access to and availability of potable water in an ODF environment with high hygiene awareness will have a positive long-term health impact in participating communities, especially among children. Many other positive impacts will follow from the provision of safe water, including the considerable time saved fetching water, translating into school attendance and increased economic activity. In all, 120 Water, Sanitation, and Hygiene Committee (WASHCOM) members were trained to oversee the operation and maintenance (O&M) of boreholes and to continue promoting improvements in sanitation and hygiene, ensuring the sustainability of SWISH's outcomes. The success of the SWISH Phase I programme was recognized by the Advertisers' Association of Nigeria (ADVAN). At ADVAN's 2015 Awards ceremony, the SWISH programme clinched the second place award for 'CSR Programme of the Year'.

Partnership with OXFAM

- Providing safe water and sanitation facilities in water scarce communities of Benue state, Nigeria.

In February 2016, Guinness Nigeria announced a 'Water Sanitation and Hygiene' partnership with OXFAM Nigeria. Under the aegis of this partnership Guinness Nigeria delivered a self-sustaining water scheme in Tyowanye community in Buruku LGA of Benue State. Tyowanye is a water scarce community that relies on shallow

wells, ponds and seasonal streams and rainwater harvesting for water supply. The project in Tyowannye comprises a deep motorized (solar powered) borehole and a VIP Toilet. This water project which will benefit a minimum of 1500 households (10,500 people), will be run by a management committee comprising female entrepreneurs selected from existing organised village savings and loans associations (VSLA).

Partnership with Water Aid - Improving access to Water and Sanitation in Gwam Community, Bauchi State, Nigeria

Guinness Nigeria also partnered WaterAid to deliver a Water, Sanitation and Hygiene programme in Gwam, a community in Ningi LGA of Bauchi state, Nigeria. The following facilities were provided for the community as part of this programme - 2 new solar-powered boreholes and water kiosks and one each of boys' and girls' friendly latrines in a school. Artisans from the community were also trained on operations and maintenance of provided WASH facilities. Behavioural change outreach programmes (that sensitize the population on proper hygiene practices) will also be delivered as part of this programme. This WASH programme is currently benefitting about 10,300 people.

Touching Lives Through Employee-led Water Schemes

Inspired by Guinness Nigeria's commitment to improving access to clean drinking water, our employees have also begun to fund schemes that provide clean drinking water in communities close to our breweries. In March 2016 employees in our Finance & Strategy function raised funds and delivered a new borehole at Keke Senior High School Ifako, Ijaiye Lagos. The new borehole came at an auspicious time for students and teachers of the school who did not have a consistent supply of clean drinking water.

11,064

number of people including 1,217 under-five children that will have year-round access to safe drinking water in rural Cross River as a result of the SWISH projects

1,500



average number of households in water scarce Buruku, Benue who benefit from project partnership with Oxfam



WaterAid

10,300

average number of people in Gwam community in Bauchi who benefit from the WASH partnership with WaterAid

ENVIRONMENT





ENSURING EFFICIENT WATER USE IN OUR MANUFACTURING PROCESSES.

For many years, we have invested in our own operations and in technology to carefully manage our water use, as well as in supporting communities where we work. Our aim is to protect scarce natural resources and enable a sustainable future for everybody. As a leading drinks company, we strive to consistently improve our water efficiency while encouraging others to act.

Over the last four years, we have consistently improved our water efficiency, and reduced our absolute water withdrawals. Our relative water consumption improved from 6.73l/l in 2013 to 5.56l/l in 2014 (21% decrease), and 5.18l/l in 2015 (7% decrease). From 2015 to 2016, our relative water consumption also improved from 5.18l/l⁺ to 4.97 l/l⁺ (5% decrease). These achievements were recorded through initiatives that helped us enhance our efficiency. Some of these initiatives include:

- Installation of water guns to reduce water flow rate.
- Installation of flow meters for effective data capturing, monitoring & controls.
- Various water recovery projects that have improved the efficiency of our machines.

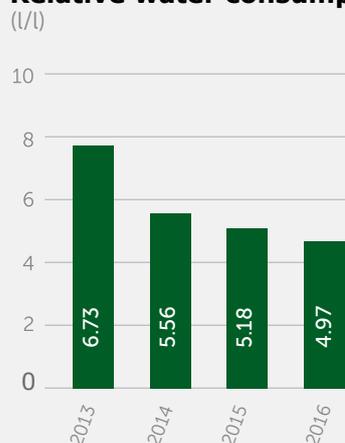
To ensure that effluents from our factory do not degrade the environment, we first pass our waste water through an Effluent Treatment Plant before disposal⁺. We also monitor the polluting power of our waste, measured in biochemical oxygen demand (BOD) to ensure that it is below the threshold set by Nigeria's environment regulators.

⁺: verified by independent assurer, Ernst & Young

WATER USE IN OUR MANUFACTURING PROCESS



Relative water consumption



ENVIRONMENT



ADVOCACY FOR WATER STEWARDSHIP

Guinness Nigeria marked the **2016 World Water Day** by organizing a special symposium in conjunction with the Lagos Business School. The symposium featured many distinguished speakers including: Mr. Peter Ndegwa, Managing Director of Guinness Nigeria, Professor Pat Utomi, (who delivered the Keynote speech), Dr. Grace Oloukoi, an environment expert at Lead City University Nigeria, Mr. Oluoyomi Banjo an environment expert at the United Nations Industrial Development Organisation (UNIDO), Mr. Afolabi Imoukhuede, Senior Special Adviser to the President on Job Creation/Youth Employment, Mr. Tim Connell, Country Director, Concern Universal Nigeria and Mr. Krishna Mohan, Chief Technical Officer, WaterHealth West Africa.

These speakers shared insightful perspectives (on water stewardship) at two separate panel discussion sessions. The first session was themed ***“Jobs and Entrepreneurship Opportunities Within & Beyond the Water Value Chain”*** while the second session focused on ***“Transforming Livelihoods Through Water, Sanitation and Health (WASH) Initiatives”***. A communique was issued after the symposium highlighting practical steps that will help promote efficient water management in Nigeria and also make the resource available in communities facing severe water shortage.

ENVIRONMENT





recorded marginal increase in emissions up from 136.71kgCo2/l in 2015

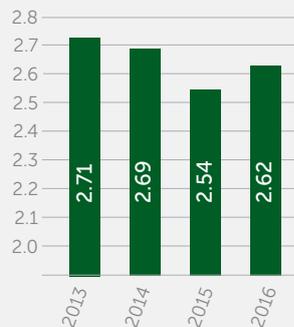
143.32
kgCo2/l⁺

marginal increase in energy consumption in 2016 from 2.54MJ/L in 2015

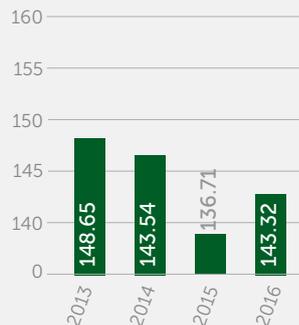


2.62mj/l⁺

Relative energy consumption
mj/l



Relative CO₂ emissions¹
kgCO₂/l



CARBON EMISSIONS

We recognise that we can only reduce our impact on climate change by sustaining our efforts to reduce our energy consumption and increase our use of cleaner sources, thereby lowering our CO₂ emissions. We therefore remain committed to improving our energy efficiency through various initiatives that reduce our energy consumption and our CO₂ emissions; these initiatives include:

- The use of gas-powered generators across our sites (gas powered generators have significantly lower CO₂ emissions compared to diesel powered ones).
- Installation of waste heat boilers on our generators.
- Use of economizers on our boilers and compressors.

The above initiatives have helped us improve our energy efficiency. From 2013 to 2014 our total relative energy consumption however reduced from 2.71 mj/l to 2.69 mj/l (1% decrease). In 2015, we further reduced our total relative energy consumption to 2.54mj/l⁺ (6% decrease). In 2016 however, our total relative energy consumption increased to 2.62mj/l⁺ (3% increase).

In the last three years, we have also recorded a progressive reduction in our CO₂ emission (except in 2016). Our total relative CO₂ emissions reduced from 148.65kgCo₂/l in 2013 to 143.54kgCo₂/l in 2014 (4% decrease). In 2015, our emission dropped further to 136.71kgCo₂/l⁺ (5% decrease). In 2016 however, CO₂ emission increased to 143.32kgCo₂/l⁺ (5% increase).

Although there has been some improvement to our energy efficiency and Co₂ emissions, we still see scope for improvement, and we will continue to implement measures that will help us enhance our efficiency and reduce our impact on the environment.

WASTE AND BY-PRODUCTS

Eliminating waste to landfill remains one of our targets for 2020. To realise this goal, we strive to continuously improve our waste management system through the adoption of a 4R strategy. This strategy focuses on waste – REDUCTION, REUSE, RECOVERY and RECYCLING.

Reduction

We take proactive steps to reduce waste produced as part of our manufacturing process. By ensuring that we limit the waste we create, we reduce the volume of waste we have to Reuse, Recover or Recycle.

Reuse

After processing raw materials to finished products, waste generated is segregated into various waste streams. This process enables us to collect reusable waste which we then transfer to our partner waste merchants. For instance, our ETP sludge is reused for the production of organic manure in the compost industry. Our Brewer's Surplus Yeast (spent yeast) is also reused as a raw material in composting. Food waste generated from our manufacturing plants are collected by farmers who use them as animal feed.

Recovery

We recover waste heat generated as part of our manufacturing process. Recovered heat is used to generate part of the energy we use for manufacturing.

Recycling

We currently recycle 90% of our solid waste and 100%+ of all broken bottles (cullets) recovered from our packaging lines. We also recover and recycle our waste labels+. These labels are ultimately converted to materials for making ceiling boards and fuel blocks for Kilns in cement factories. In 2016 we recovered and recycled over 500 tons of waste labels. Waste cartons and plastic bags are also sent to our recycling partners for conversion into egg trays and plastic materials.

Over the past three years we have had mixed waste-to-landfill results. From 2013 to 2014, our waste-to-landfill decreased significantly from 11.03g/l to 1.72g/l (541% decrease). In 2015 and 2016 however, our waste-to-landfill figures increased to 2.18g/l+ and 2.63g/l+ respectively (27% and 21% increases). We recognize that although we have made significant progress in reducing our waste-to-landfill (from 54.49g/l in 2007 to 2.63g/l in 2016 – a 1,971% increase), there still exists an opportunity to keep improving and ultimately achieve our goal to completely eliminate the waste that ends up in the landfill by 2020.

Summary

Year	BOD (g/l)	GHG (kgCo2/l)	Energy (MJ/l)	WTL (g/l)	Water (L/L)
F07	8.36	259.64	3.71	54.49	12.31
F13	7.51	148.65	2.71	11.03	6.73
F14	3.51	143.54	2.69	1.72	5.56
F15	0.16	136.71	2.54	2.18	5.18
F16	0.2651	143.32	2.62	2.63	4.97

In 2016 we recovered and recycled over 500 tonnes of waste labels+. Other types of waste are also sent to our recycling partners for conversion



ENVIRONMENT

As we work to improve our performance on environmental sustainability, we have set ambitious targets that will help us improve our performance (across all indices) in 2017. The table below outlines our 2017 environment-focused targets.

Biochemical Oxygen Demand (mg/l)	50
Greenhouse Gases (te)	54,500
Energy (MJ/L) Gas	2.38
Energy (MJ/L) Diesel	2.52
Waste-to-Landfill (te)	750
Water(L/L)	4.7



SUSTAINABLE PACKAGING

At Guinness Nigeria we believe that our packaging design should aim to not only add value to our products and brands but also reduce our impact on the environment. We define sustainable packaging as the packaging design with the lowest possible environmental footprint while ensuring the required functionality to protect, deliver and present our products and brands.

Our Sustainability & Responsibility Strategy lies at the heart of our commitment to sustainable packaging. Our goal is to minimise the environmental impact of our packaging by advancing a sustainable packaging strategy whereby our packaging is seen as optimally designed for use by the consumer whilst minimising its impact on the environment. Our vision is to have packaging that is both premium and sustainable.

Our Approach

Guinness Nigeria's strategy for improving the sustainability of packaging aims to start with the use of leading edge design to minimize packaging materials. This involves an environmental assessment as part of new packaging design upgrades and ensuring the principles of Reduce, Reuse and Recycle are advanced.

Our strategy for improving the sustainability of our packaging is based on three principles:

- We optimise packaging material use to derive the smallest possible environmental footprint where practical.
- We design packaging with full consideration to the whole lifecycle – cradle to cradle.
- We use leading edge technologies and design techniques where practical to minimize packaging materials and optimise the use of recyclable materials.

We have also established a sustainable packaging framework, implementation plan and targets to deliver where practical, the smallest possible environmental footprint.

Our Footprint

The packaging materials we currently use include glass, paper, board, plastic and aluminium.



ENVIRONMENT

100%

of our packaging designs to be reusable, recyclable or suitable for waste management practices



REDUCE

Optimising the amount of material and energy we use in our packaging is a core principle of our sustainable packaging goals and we are constantly exploring new opportunities to improve our pack designs with less material while assuring quality and presentation. Leading edge design techniques are deployed where appropriate to minimise packaging materials and apply new lightweight technologies. We also believe that while lightweighting packaging is often the right thing to do, 'rightweighting' is even more essential. This way we don't, for example, increase the number of breakages in transport because the packaging is too fragile. In fact if our packaging can have a second life and be re-used we may even consider 'heavyweighting' in certain circumstances.



REUSE

Our focus on lifecycle has sustained our use of high value recyclable materials. The majority,

of our beverage volume is delivered in primary packaging made from glass and aluminium and steel and these materials are 100% recyclable. Glass accounts for majority of our packaging material and can be recycled indefinitely. We rely more heavily on refillable glass bottles for delivering our packaged beer volumes, providing greater affordability to consumers and avoiding waste. We continue to promote low carbon packaging options such as refillable bottles, while also encouraging new low carbon materials.

Our goal is to ensure 100% of our packaging designs are reusable, recyclable or suitable for waste management practices. We will actively pursue and implement biodegradable or lower environmental impact components as alternatives to existing material combinations, where these combinations limit options to recycle, for example closures and outer cartons. We continue to explore new ways to simplify the number and combination of materials we use or replace, where there are viable alternatives, and overall to ensure packaging is designed with the least possible environmental impact.



RECYCLE

We recycle all our 'cullet' (broken glass). This reduces the amount of energy required to make new glass, reduces the amount of carbon dioxide emissions and minimises the amount of raw materials needed to be quarried. We send our cullet to our glass manufacturer who uses them for manufacturing glass. We also send our old crates to plastic industries where they are used to manufacture new crates and other plastic products such as pallets.

Our goal is to further advance the use of recycled content and sustainably sourced virgin materials in our packaging, through greater collaboration with our suppliers and advancing technologies that enable heightened amounts of recycled content to be effectively used.

SUSTAINABLE SOURCING



Our Corporate Social Responsibility strategy lies at the heart of our commitment to sustainable sourcing. This strategy, in turn, is rooted in Guinness Nigeria's core values, key of which are: being proud of what we do, to be the best, and to value each other. We aim to act with the highest standards of integrity and social responsibility and strive to create mutually fulfilling relationships and partnerships

In a world of growing food insecurity, climate change, water scarcity and unsustainable farming practices, businesses such as ours that are reliant on complex food supply chains, have a responsibility to work towards more sustainable sourcing practices. We have therefore developed a comprehensive but flexible process for identifying, assessing and managing social and ethical risks in our supply chain: an initial screening; a prequalification questionnaire which covers social and ethical risks; a qualification process in which potentially risky suppliers are required to register with SEDEX; and independent audits of suppliers who represent the highest risk. This allows us to focus on the areas of greatest risk and greatest potential benefit, and to work co-operatively with our suppliers to mitigate the risk and maximise the benefits.

We rely on our suppliers to work with us, and to match our commitment to creating top quality products in a sustainable and ethical manner. We recognise that every stage of our supply chain, from farming and manufacturing through to distribution and merchandising, has impacts on our employees, the environment, local communities and other stakeholders. We are therefore focused on integrating sound social and environmental standards at every stage. Protecting human rights, minimising environmental impacts, providing safe places to work and ensuring the sustainability of business operations are also at the forefront of our minds when we choose and work with our suppliers. By working together on these issues we can create strong business relationships and ensure we have a positive impact on the people and communities we work with and depend upon. We believe it will

ENVIRONMENT

also strengthen both Diageo and our partners' businesses by building a sustainable bottom line.

In December 2014, we launched ambitious targets for 2020 for our most material issues, which build on our achievements to date, and are aligned with the emerging UN Sustainable Development Goals.



In line with these targets we aim to:

- Establish partnerships with farmers to develop sustainable agricultural supplies of key raw materials.
- Source 80% of our agricultural raw materials locally by 2020.
- Deliver our responsible sourcing commitments with suppliers to improve labour standards and human rights in our supply chains.
- Act in accordance with the UN Guiding Principles on Business and Human Rights.

OUR FOCUS AREAS

Our five focus areas of engagement with our suppliers are:



BUSINESS INTEGRITY AND ETHICAL STANDARDS:

We expect our suppliers to adopt clear commitments on ethical business in line with our code of business conduct, and we have minimum standards in the following areas:

- **Laws, regulations, and trade controls:** We expect our suppliers to comply with all applicable laws and regulations in Nigeria.
- **Bribery and corruption:** Guinness Nigeria has zero tolerance for bribery and corruption in any form, anywhere we operate. A bribe is considered to be the offer or receipt of anything of value or other advantage to or from any person to encourage someone to do something which is dishonest, illegal or a breach of trust in the performance of their role. Corruption is the abuse of entrusted power for private gain, which can take many forms and vary in degree from the minor use of influence to institutionalised bribery.

At a minimum, we expect our suppliers to:

- comply with Nigeria's anti-corruption laws, regulations and industry standards;
- never offer or accept anything of value where there is an intention of improperly influencing a business decision, or where the person may not be permitted by their employer or local law to receive it;
- disclose to Guinness Nigeria where they or their associates may have any connections with government officials; and
- report any concerns in relating to bribery or corruption to Guinness Nigeria's Ethics and Compliance team.

Competition and anti-trust

We expect our suppliers to comply with all competition and anti-trust laws which apply to their business, and to ours.

HUMAN RIGHTS AND LABOUR STANDARDS

We want to make a positive contribution to human rights and society. We are committed to promoting and respecting human rights throughout our supply chain, and expect the same from all our suppliers.

We are committed to acting in accordance with the UN Guiding Principles on Business and Human Rights, and the international standards set out by the eight core International

SUSTAINABLE SOURCING



Labour Organisation (ILO) conventions and recommendations. We expect our suppliers to act in accordance with these principles and commitments, and we have minimum standards in the following areas:

Child labour

We expect our suppliers to strictly prohibit the employment of young persons below the age of 15 (subject to exceptions permitted by national law or the ILO); and protect and promote the special interests of employees under 18 by allowing them access to education, limiting employment during typical resting hours and ensuring no exposure to working conditions that are likely to jeopardise their health and safety or morals.

Forced labour

We expect our suppliers to strictly prohibit the use of forced labour, whether in the form of slave labour, indentured labour, bonded labour or any other forms.

Abuse of labour

We expect our suppliers to strictly prohibit harassment, abuse, or coercion of any employee through threat of physical punishment, disciplinary action, sexual abuse or any other form of intimidation.

Freedom of association and collective bargaining

We expect our suppliers to allow employees the freedom of association and collective bargaining in accordance with all applicable laws and regulations.

Discrimination

We expect our suppliers to treat employees fairly and not discriminate on the grounds of race, gender, colour, caste, religion, sexual orientation, disability, age, marital status, health, pregnancy, union membership, political affiliation, or national origin.

Wages and benefits

We expect our suppliers to ensure employees are paid a fair wage, according to at least the legal minimum standards or appropriate industry standards, whichever is higher.

Working hours

We expect our suppliers to ensure employees do not work excessive hours, in accordance with national laws, collective agreements and the provisions of the relevant ILO standards on working time. In the absence of applicable laws or collective agreements, normal working hours shall not on a regular basis exceed a maximum of 48 hours per working week, or 60 hours per working week including overtime, and employees shall be allowed at least one day of rest in every seven day period.

Land rights

We expect our suppliers to recognise and respect the land rights of communities, including indigenous peoples.

Access to remedy

We expect our suppliers to provide a right to remedy through an accessible, trusted and fair grievance process.



ENVIRONMENTAL IMPACTS

Our Environmental Policy commits us to environmental leadership and we have set stretching targets on climate change, water, pollution, and waste. We recognize that tackling environmental impacts in our agricultural supply chain is a key element in achieving leadership, and expect our agricultural suppliers to demonstrate their own commitment to the environment

Environmental Management

We expect the same rigorous standards of our suppliers as we use in our own facilities through our Environmental Policy, including the documenting of environmental management systems with clear targets and accountabilities.

Reducing Water Use and Pollution

Our Water Strategy sets policies and stretching water efficiency/waste water targets in our own operations. Based on this commitment, we intend to apply a rigorous approach to understanding water usage and to improving water efficiency throughout our agricultural supply chain, prioritising crops from water-stressed areas. This includes encouraging our priority suppliers to adopt the most efficient irrigation systems for the crop and land type, taking into account issues such as storage and grey water options, as well as responsible extraction. In addition, we seek to limit the occurrence of water pollution from agricultural inputs and find alternative uses for effluent waste

Preventing Soil Erosion

Soil conservation is a key priority to ensure that today's agricultural practices do not cause erosion or affect long-term fertility. We expect suppliers to work towards applying best-practice

soil management adapted to their specific crops and land requirements.

Protecting Biodiversity

We expect our suppliers to minimise their impact on ecosystems and biodiversity of the land. We expect farmers to adopt good practices such as reduced pesticide use and water management, as well as the protection of native species. Where our ingredients are sourced from regions with fragile ecosystems or near conservation areas, we expect our suppliers to conduct impact assessments to ensure negative impacts are minimised and biodiversity protected.

Reducing energy and carbon

We are committed to monitoring and assessing energy used and carbon emitted in the farming and transportation of our key ingredients. Together with our suppliers, we will drive efficiency improvements from producer level upwards, and introduce alternative or renewable energy options wherever feasible.



SUSTAINABLE SOURCING

We expect our suppliers to minimise their impact on ecosystems and biodiversity of the land. We expect farmers to adopt good practices such as reduced pesticide use and water management, as well as the protection of native species.



HEALTH AND SAFETY STANDARDS

Every worker has the absolute right to come to work each day without having to risk injury or potential health concerns in order to do their jobs. Guinness Nigeria is committed to maintaining safe and secure working conditions for all employees and contract workers. We expect our suppliers to have the same approach.

For our suppliers, we have minimum standards in the following areas:

Laws and regulations

We expect our suppliers to meet all applicable Nigerian health and safety laws and regulations, including those related to the construction and maintenance of facilities for employees and contract workers.

Health and Safety Policy

We expect our suppliers to have a clear, publicly-available health and safety policy statement in place, and be committed to developing and applying appropriate health and safety management systems, including clear assignment of management responsibility for health and safety, and monitoring and reporting of and corrective actions against incidents (accidents, near misses, etc).

Safe working environment

We expect our suppliers to maintain a safe and secure working environment, providing at a minimum, access to adequate safe drinking water, sanitary facilities, ventilation, adequate lighting and temperature, personal protective equipment, and health and safety training to mitigate known hazards or potential risks.

Emergency preparedness

We expect our suppliers to maintain adequate emergency preparedness procedures, including evacuation procedures, emergency drills, appropriate first-aid supplies, fire safety equipment and exit facilities.

Risk assessment

We expect our suppliers to conduct routine risk assessments, reflecting emerging issues and good practice; to understand health and safety issues both generally and specifically for their sector; and to take appropriate actions to mitigate against identified risks.

Continuous improvement

We expect suppliers to improve health and safety standards progressively in order to prevent accidents and injuries. Similarly, we encourage the adoption of health and safety management systems that can be externally verified and certified.

Raising concerns

We expect our suppliers to have mechanisms in place for employees and contract workers to raise and discuss concerns around health and safety with management

HEALTH & WELLBEING



LEADERSHIP IN ALCOHOL IN SOCIETY

Responsible Drinking Programmes

As a leading manufacturer of alcoholic beverages in Nigeria, Guinness Nigeria is committed to creating awareness about Responsible Drinking and promoting the enjoyment of alcohol and our brands as part of a healthy, balanced lifestyle.

Consumed moderately and responsibly by adults who choose to drink, alcohol can be part of a balanced lifestyle, and play a positive role in social occasions and celebrations. We however recognize that the misuse of alcohol, can cause serious problems for individuals, communities and society. We therefore leverage a variety of programmes to promote a culture in which adults who choose to drink alcohol, do so responsibly. We work in partnership with governments, individuals, non-governmental organisations and other companies to tackle the misuse of alcohol including excessive drinking, drink-driving, and underage drinking. We also take painstaking measures to ensure that our brands are advertised and marketed responsibly.

Reducing alcohol-related harm

As a subsidiary of Diageo Plc, Guinness Nigeria shares the goal set by the World Health Organization (WHO) of reducing alcohol related harm by 10% across the world by 2025. Diageo is one of the 13 leading alcohol beverage companies which are implementing the Global Beer, Wine and Spirits Producers' commitments to reduce harmful drinking. These Commitments - the largest ever industry initiative to implement effective ways to address harmful drinking identified five areas for action over a five year period from January 2013:

1. Reducing underage drinking;
2. Strengthening and expanding marketing codes of practice;
3. Providing consumer information and responsible product innovation;
4. Reducing drink-driving; and
5. Enlisting the support of retailers.

We believe that efforts to reduce the misuse of alcohol are most effective when government, civil society, individuals and families, as well as the industry, work together. Our approach is built around providing consumers with information; promoting rigorous company and industry standards for responsible marketing; supporting

effective programmes and partnerships to tackle alcohol misuse; and advocating effective evidence-based policy.

OUR RESPONSIBLE DRINKING PROGRAMMES

Preventing Drink Driving

In December 2015 we partnered the Federal Road Safety Commission (FRSC) on an "Ember Months" drink-drive campaign. This campaign which held across our three production hub cities - Lagos, Benin and Aba - sensitized road users on the dangers of drink-driving and supported the FRSC's drive to prevent the occurrence of road accidents during the yuletide season. Also in 2015, we strengthened our "Ember Months" drink-drive campaign by introducing mobile breathalizing centers on major highways in Lagos State. Setting up these centres enabled officers of the FRSC to conduct random testing of drivers' blood alcohol levels. These centres aimed to act as a deterrent against drink driving but also increased the FRSC's ability to detect drivers with elevated blood alcohol levels.

In addition to the collaboration with FRSC, during the ember months, Guinness Nigeria rolled out a radio programme themed **DRINK DIARIES** on Lagos Traffic radio 96.1 FM for the general public. The programme is a unique evening time show that ran for six weeks during the festive period. The programme promoted responsible consumption of alcohol and offered practical tips that help prevent over indulgence. We also place responsible drinking adverts in newspapers during ember months, enlightening the public on the dangers of drink driving.

Internally, we have specific guidelines that prevent drink driving by our employees in job-related situations. We also run internal DrinkIQ campaigns that encourage our employees to be 'ambassadors' of responsible drinking.

DRINKiQ.com is Diageo's global online global resource that supports our responsible drinking work through the sharing of best-practice tools, information and initiatives.

Partnership with Industry

In 2015, we commenced a year-long drink-drive campaign in collaboration with the Beer Sectoral Group of the Manufacturers' Association of Nigeria (MAN), an industry group for all beer producers in Nigeria. This campaign aims to create awareness around the dangers of drink driving through targeted communication delivered via a variety of media channels.

Tackling Underage Drinking through Collaboration with Retail Outlets

In 2015 Guinness Nigeria launched an Age Verification Programme – an initiative that will advance our efforts to prevent the sale of our alcoholic beverages to underage Nigerians. In furtherance of this programme, we signed a Memorandum of Understanding with four major supermarket chains who we are partnering on our Age Verification Programme. These supermarket chains include: Addidde Stores, Just Rite Superstores, SPAR Artee Group and Grocery Bazaar Ltd. These four supermarket chains have a total of 41 outlets in Lagos and receive over 100,000 customers every week. Guinness Nigeria also trained selected staff of these large retail outlets on responsible consumption of alcohol and prevention of underage drinking. Additionally, point of sale posters and banners (that discourage underage drinking) were deployed across these retail outlets.

Beyond our partnership with these four major supermarket chains, Guinness Nigeria has also taken the 'underage drinking' campaign to various retail outlets in Nigeria. So far, sensitization posters have been deployed in about 4,750 bars across the country.



RESPONSIBLE DRINKING





We partnered the Federal Road Safety Commission (FRSC) on an "Ember Months" drink drive campaign. This campaign which held across our three production hub cities - Lagos, Benin and Aba - sensitized road users on the dangers of drink-driving and supported the FRSC's drive to prevent the occurrence of road accidents.

RESPONSIBLE MARKETING

A key component of our responsible drinking strategy is our strict compliance with the Diageo Marketing Code (DMC). The Diageo Marketing Code is our minimum global standard that applies to all of our activities that communicate about and market our brands, regardless of media.



Highlights of the Diageo Marketing Code

- **Abstinence:** We must always show respect for those who choose to abstain from alcohol; we will not present abstinence from or moderation in the consumption of alcohol in a negative manner, nor imply that it is wrong or foolish to refuse a drink, even in a humorous manner.
- **Adult Appeal:** Our marketing must be aimed only at adults and never target those younger than the legal purchase age for alcohol.
- **Responsible Drinking:** Our marketing must depict and encourage only moderate and responsible drinking. We never depict, condone or encourage excessive or irresponsible drinking or refer in any favourable manner to the effects of intoxication. Clearly evident responsible drinking reminders (RDRs) are required in all above-the-line advertising for our brands. This includes television, cinema, radio, outdoor, digital, print, and any other above-the-line advertising activity.
- **Alcohol Content:** Our marketing must, via packaging, websites, and other appropriate channels, provide clear, factual and neutral information about the alcohol content of our brands and drinks recipes, where permitted by law. We never present alcohol strength or potency as the dominant theme or principal basis of appeal of any marketing or product innovation.
- **Health, Therapeutic, Performance or Functional Benefits:** Our marketing must not imply that our brands offer any health, therapeutic, dietary, and functional or performance benefits. We also do not imply any energy or endurance benefits, nor suggest that alcohol is the catalyst for any change in mood or state of mind.
- **Social and Sexual Success:** Our marketing must not portray or imply that drinking is necessary to obtain social or other success, nor to overcome inhibitions or to be socially accepted. Our marketing also does not portray or imply that drinking enhances sexual attractiveness or is a requirement for sexual success.
- **Drink Driving and Other Potentially Dangerous Activities:** Our marketing must only portray drinking occurring in safe and appropriate circumstances. We never portray drinking before or whilst driving motor vehicles, operating machinery, or any other similar activity or situation.
- **Anti-Social or Inappropriate Associations:** Our marketing must not portray or suggest any association with anti-social or illegal behavior nor portray or suggest any association with violence.
- **Good Taste and Decency:** Our marketing must reflect generally accepted contemporary standards of good taste and decency.



Marketing Code Compliance

Compliance with the Diageo Marketing Code is mandatory for all Guinness Nigeria employees. It also applies to third party agencies, contractors and consultants engaged by, representing or acting for (or on behalf of) Guinness Nigeria, and our third party distributors who are responsible for or are involved in marketing activities and marketing of our brands.

The DMC also applies to all activities intended to market our beverage brands. This includes, but is not limited to: market research, brand innovation and product development, brand names and packaging, trade advertising, sales materials, consumer advertising, PR, and relationship marketing, digital, mobile and social media, product placement and branded entertainment programmes, brand sponsorships, branded merchandise, promotional activities in the on-/ off-trade, experiential marketing and events, cocktail names and drink recipes.

Responsibility

We also ensure that our advertising, promotions and PR agencies, market research companies, media buyers, and all other external marketing suppliers, receive a copy of the DMC and undertake to abide by its provisions in any work they do on our behalf.

Review and approvals

- Marketing code sign-off is required for all marketing materials and activities
- We deliver regular DMC training programmes for all employees involved in Marketing, Trade Marketing, Consumer Planning, Innovation, Corporate Relations and for relevant members of the Sales teams.
- Newly recruited staff also receive DMC training as part of their induction. There are also regular, in-depth refresher training

sessions for all relevant staff (every 12-24 months).

- DMC training is also offered to support supplier, agency, third party and distributor compliance where appropriate.
- Our DMC sign-off and compliance processes are formally reviewed on an annual basis.
- Any breach of the DMC is considered to be a breach of the Code of Business Conduct and is subject to appropriate disciplinary measures.
- Where there is a breach of the DMC, Guinness Nigeria employees can raise concerns with their line managers, local Controls, Compliance & Ethics Manager, Global Risk & Compliance, or make a confidential report through a confidential whistleblowing service - **SpeakUp**.

SpeakUp



Providing Consumer Information

The Diageo Alcohol Beverage Information Policy (DABIP) provides mandatory minimum standards for the information that must be included on labels and packaging, including at least one and up to three responsible drinking symbols, a link to **DRINKiQ.com**, alcohol content, a list of allergens, and recycling symbols.

DRINKiQ.com

RESPONSIBLE MARKETING









COMMUNITY ENGAGEMENT



BUILDING THRIVING COMMUNITIES



We understand that our breweries are at the very heart of the communities in which we work. We therefore strive to deliver impactful social investments in the communities around our operations, and in the society at large.



As a successful business, we create significant value directly within this broad community through our daily operations, providing jobs, sourcing ingredients, services, and materials from suppliers, and paying local taxes. But creating shared value in a lasting way extends beyond these practices to addressing development challenges by providing access to clean water, closing skills gaps through scholarship schemes and providing access to quality eye care.

WATER OF LIFE SCHEME

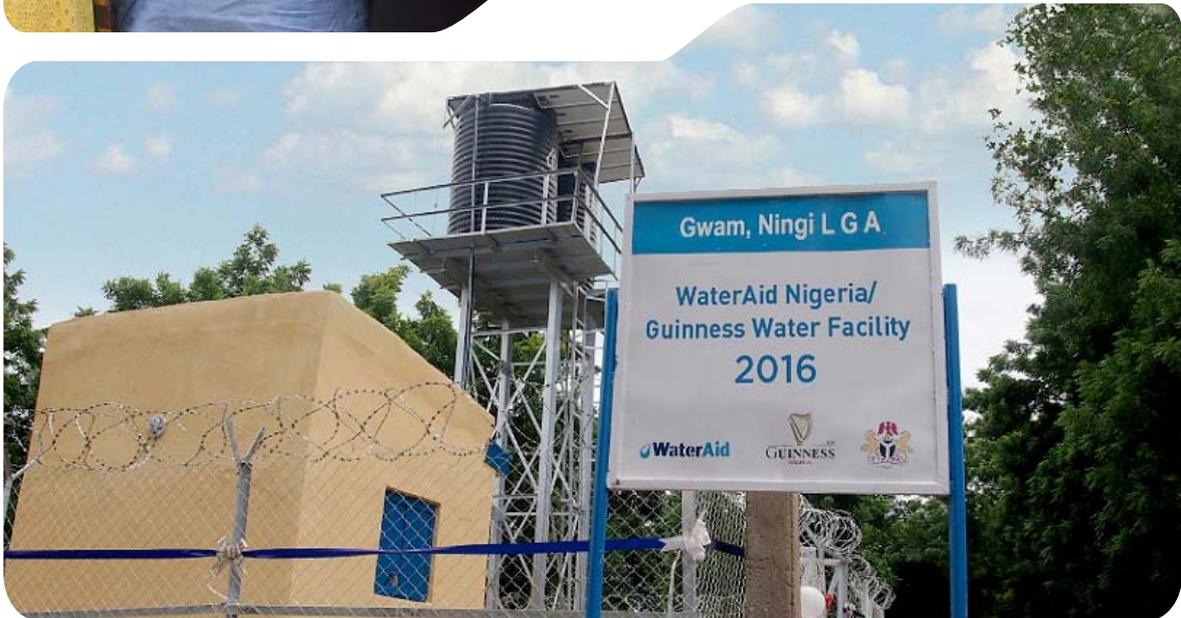
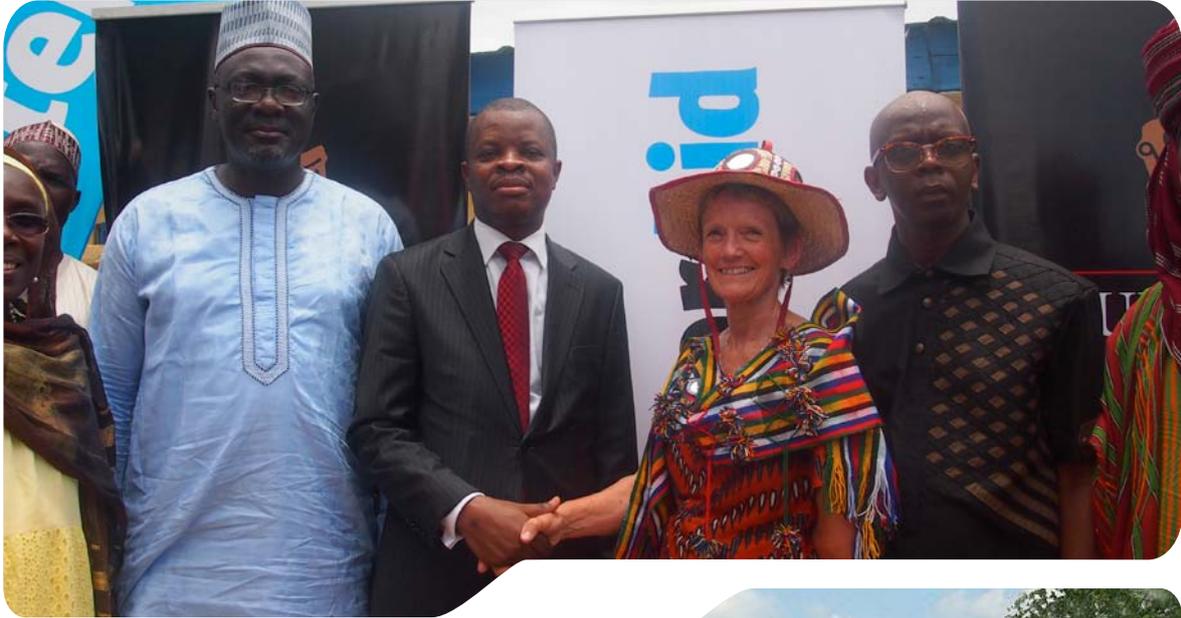
Leveraging our flagship 'Water of Life' programme, we have helped to improve access to safe drinking water in Nigerian communities that face acute water scarcity. We have also gone into partnership with leading international NGOs who are helping us implement self-sustaining water delivery models in several communities across the country.



COMMUNITY ENGAGEMENT



COMMUNITY ENGAGEMENT



LEARNING FOR LIFE PROGRAMMES

Transforming Lives through Guinness Nigeria's Undergraduate Scholarship Scheme

For over a decade, Guinness Nigeria's Undergraduate scholarship scheme has provided a platform for our business to support youth development across our host communities in Lagos, Edo and Abia States. This scholarship scheme creates a unique opportunity for youths from indigent families to gain tertiary education, and acquire helpful skills they need to gain employment and improve their livelihoods.

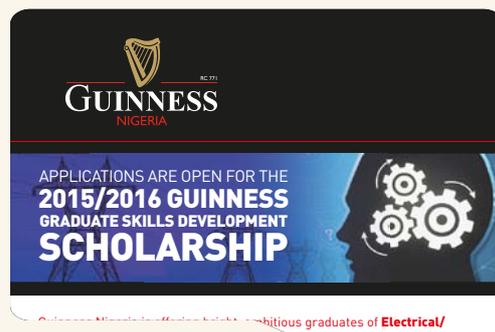
Partnering NAPTIN to empower Young Engineers and develop Nigeria's Power Sector.

In the year under review, Guinness Nigeria launched the 'Guinness Graduate Skills Development Scholarship Scheme'. This scheme provides full tuition for Engineering graduates from our host communities to enroll for a one year Graduate Skills Development Programme at the National Power Training Institute of Nigeria (NAPTIN).

This intensive programme equips graduates with the technical skills they need to build successful careers in Nigeria's Power Sector. Ten Engineers from our host communities have been selected to undergo the NAPTIN training following a very rigorous selection process. By offering this scholarship, we are playing a part in developing Nigeria's power sector while fostering youth development in our host communities.

Empowering Nigerian Youths through The Guinness/IIT Scholarship Scheme

We have sustained our joint scholarship scheme with the Institute for Industrial Technology (IIT). Through this partnership, our business offered 10 bright candidates an opportunity to study at the Institute for Industrial Technology (IIT), Isheri, Lagos State. This scholarship underpins our company's objective to help equip young Nigerians with the technical skills they need to pursue successful careers in the engineering field. The scholarship covers full tuition for a 2-year Electromechanics programme.



COMMUNITY ENGAGEMENT



COMMUNITY ENGAGEMENT



COMMUNITY ENGAGEMENT



SOCIAL IMPACT PROGRAMMES

Supporting Internally Displaced Persons

To ameliorate the hardship faced by Nigerians who were forced to flee their homes as a result of security challenges in Northeast Nigeria, Guinness Nigeria donated camp mattresses to internally displaced persons resident in Shabu IDP Camp in Nassarawa State. This donation was announced at a handover ceremony which held at our Corporate Headquarters in September, 2015. At the event, Mr. Sesan Sobowale, Guinness Nigeria's Corporate Relations Director, formally handed over donated mattresses to officials of ActionAid (An international NGO that is coordinating efforts to bring succour to IDPs across the country).

The Future Awards Africa Endowment: Celebrating Excellence in Agriculture

Guinness Nigeria endowed the 2015 The Future Awards Africa "Prize in Agriculture". Our endowment of this award was in furtherance of our strategic intent to play a part in promoting agriculture in Nigeria. Additionally, by partnering with the Future Awards, our company contributed to youth development in Nigeria and Africa.

The 2015 "Prize in Agriculture" was won by a Ghanaian, 27 year old David Asiamah. Mr. Asiamah founded Agromindset (an agribusiness firm) while still in his third year in the University. Under his leadership, Agromindset created and delivered innovative agribusiness outreach programmes that helped promote agriculture in his home country, Ghana. Over 7,000 Ghanaian youths have so far benefitted from his entrepreneurial workshops and symposia. David also set up a poultry farm which had sold over a million eggs, and provides a means of livelihood to many families.

HEALTH CARE PROGRAMMES

Promoting Eye Care in Nigeria by equipping our Legacy Eye Centres

In the year under review, Guinness Nigeria donated 7.5 Million Naira to the Guinness Eye Centre at the Lagos University Teaching Hospital. Thanks to this donation, the eye centre has procured a Diode Laser Machine - an ultramodern eye care equipment for specialised surgeries. Guinness Nigeria's Corporate Relations Director, Mr. Sesan Sobowale announced this donation during his courtesy call on the Eye Centre in December, 2015.

About the LUTH Guinness Eye Centre:

The Lagos University Teaching Hospital (LUTH) Guinness Eye Centre, was established in 1993. Guinness Nigeria built, equipped and donated the Eye Centre to the Hospital, and has since continued to support the hospital by periodically procuring eye care equipment for the Eye Centre. The LUTH Guinness Eye Centre was the third Eye Centre Guinness Nigeria built in Nigeria (following the construction of Eye Centres in Kaduna and Onitsha). The LUTH Guinness Eye Centre has trained over 120 Residents (Specialist Eye Care Doctors) and many Ophthalmic (Eye Care) Nurses since its inception. The Eye Centre has also been the Examination Centre for the faculty of Ophthalmology Fellowship programme of the National Postgraduate Medical College of Nigeria and International Council of Ophthalmology.

The Eye Centre renders services ranging from ophthalmic consultations, screening, expeditions, surgeries, training and research work. In 2014, the Eye Centre delivered 4,687 treatments and 283 surgeries.

Upgrade of Guinness Eye Centre Onitsha

We also extended our eye care-focused interventions by upgrading the Guinness Eye Centre Onitsha. The scope of this upgrade includes: Extension of the hospital's waiting area to accommodate more patients, provision of 5 offices, a nursing room and an additional ward for the eye hospital. The main building's exterior was also renovated. The upgraded Eye Centre was commissioned by the Governor of Anambra State, His Excellency Chief Willie Obiano.



COMMUNITY ENGAGEMENT



SUPPORTING THE NYSC'S RURAL DWELLERS' HEALTH INITIATIVE



Guinness Nigeria supported the National Youth Service Corp's Rural Dwellers' Health Initiative through the donation of essential pharmaceutical drugs to the NYSC. These drugs were formally handed over at a flag-off ceremony, which held in Olorunda Local Council Development Area in Badagry, Lagos State on October 8, 2015.

The NYSC's Rural Dwellers' Health Initiative provides a unique platform for Corps members who are healthcare professionals (Doctors, Nurses, Pharmacists and Medical Laboratory Scientists) to provide free healthcare services to Nigerians living in remote, rural communities.



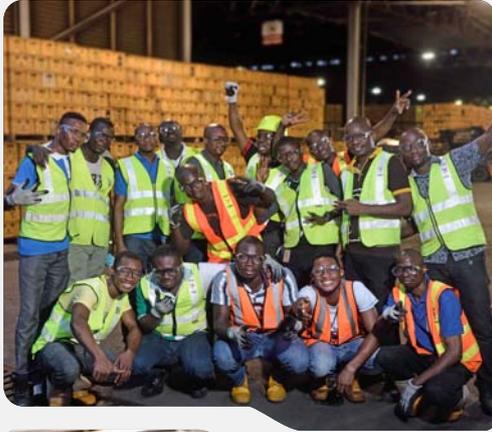
COMMUNITY ENGAGEMENT





PEOPLE AND POLICIES

HUMAN RESOURCES



26%

representing percentage of our senior management positions that are held by women

We believe that providing a workplace in which our employees can fulfill their potential is critical to realizing our ambition to become the best performing, most trusted and respected consumer goods company in Nigeria.

To this end, we equip all employees with the skills and knowledge required for successful performance on their jobs. This entails identifying the training needs of our employees and prioritising implementation of plans to address such needs consistent with the requirements of the business today and in the future. Our ambition is to guarantee our business by having the right people and capabilities.

Employment of Physically Challenged Persons

We have an open and unbiased resourcing process; offering equal opportunities to all. Our training and education programme includes retraining, if needed, for people who have become disabled or where their wellbeing has changed for any reason, hence there is a reason to retrain and find suitable alternatives. Our employment of persons with disabilities goes beyond the need to ensure that there is no discrimination against such persons, but is driven by a deep conviction that even in disability, there could be immense ability. At the end of the 2015 financial year, we had three (3) physically challenged persons in our employment. We also accelerate some employees' development by providing international assignments across the Diageo group. Guinness Nigeria is a net exporter of talent; with more Nigerian talent working across international markets.

Employment Equity, Gender Policies & Practices

Our resourcing and promotion policy ensures equity and is free from discriminatory bias of gender, ethnic origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modelled throughout our end to end employee life cycle process; all of which is controlled and checked.

Staff Diversity

Our diversity and inclusion practices are a key competitive advantage to our business. We aim to inspire, support and empower women

PEOPLE & POLICIES

to take on greater leadership roles across the world. Currently, 26% of our senior management positions are held by women. Three of our thirteen Board members are also women, representing 23% of the directors. We will continue to work towards increasing the gender balance in our business.

Human Rights

In our workplaces and the communities in which we operate, we believe a serious commitment to respecting human rights is fundamental. We recognise that we are responsible for the impact of our operations on our employees, on workers in our supply chain (route-to-market), on consumers of our products, and on the communities in which we operate. Our policies and guidelines, including our Human Rights Policy, outline our approach to human rights, and we will continue to demonstrate our commitment through our actions. Diageo is a signatory to the UN Global Compact and the UN Women's Empowerment Principles and, as part of our 2020 targets, we have committed to acting in accordance with the UN Guiding Principles on Business and Human Rights.

We do not tolerate discrimination, harassment, bullying or abuse; we comply with wage and work hours laws; we ensure equal remuneration for women and men; we respect our employees' decision to join or not join a union; and we do not tolerate child labour or forced labour. Furthermore, we will not work with anyone, including any supplier, who does not adopt these values. Where possible, we encourage a flexible approach to working and emphasise the importance of treating individuals justly and in a non-discriminatory manner throughout the employment relationship, including recruitment, compensation, training, promotion, and transfers.

The Company has an independent whistle blowing mechanism - "Speak Up" for employees and business partners to report conduct which they believe to violate their human rights or our Code of Business Conduct, Policies or Standards. Issues reported through this medium are investigated and remediated.

Our Employee Composition as at 30th June, 2016

In the financial year under review we had a staff strength of 1,080 full time employees (905 Males and 175 Females). A significant proportion of our employee base comprises permanent, full time employees. Over 93% of our employees are covered by collective bargaining agreements.

1,080

staff strength of full time employees for the year under review

93%

average number of employees covered by collective bargaining agreements



VALUING DIVERSITY



At Diageo we celebrate cultural and individual diversity, and rely on this to help create an energizing team culture. We all play an important role in creating a culture that is diverse and inclusive of all individuals.

We will recruit and hire the best talent reflecting the regions and consumers we serve. We recognise that a diversity of skills and experiences in our workplace and communities will provide a competitive advantage.

saFETY

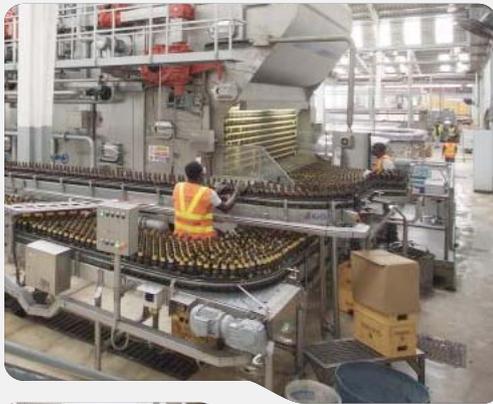
Creating and maintaining a safe working environment for all our employees is absolutely fundamental to the way we work in Guinness Nigeria. Our safety agenda is underpinned by Diageo's global zero harm programme which is premised on the four pillars: **Prevention, Compliance, Capability and Culture.**

Our zero harm philosophy is aimed at eliminating workplace accidents while ensuring that all our people go home safe, everyday. To this end, we work to create a safety culture in which all our employees believe that all injuries and occupational illnesses are foreseeable and preventable, and act in a manner that demonstrates their personal commitment to this aim.

Overall, Guinness Nigeria's safety records have continually improved through the years. We however recognize that there is still room for improvement. Looking to the future, we will continue to take proactive steps to identify and mitigate any risks. We will also increase our focus on behavioural aspects of safety and grow a safety culture rooted in prevention by delivering training programmes that deepen employees' safety consciousness.



SAFETY



Number of man hours devoted to Safety training	2712 man hours
F13 to F16 safety targets and actuals	F13 Target = 1 Vs F13 Actual = 0 F14 Target = 1 Vs F14 Actual = 1 F15 Target = 0 Vs F15 Actual = 1 F16 Target = 0 Vs F16 Actual = 1

F15 Safety Commitments (zero accidents)	F15 Deliveries
1. LTA = 0	0
2. Fatality = 0	0
3. First Aid Cases = 16	13
4. SIRC = 30,000	36,632

F16 Safety Commitments (zero accidents)	F16 Deliveries
1. LTA = 0	1
2. Fatality = 0	0
3. First Aid Cases = 13	7
4. SIRC = 33,000	YTD = 22,638

Health and Safety KPIs

Year	Lost –time accident rate in Production (per 1000 employees)
F14	0.001
F15	0.001
F16	0.001

Year	Lost –time accident rate in Logistics (per 1000 employees)
F14	None
F15	None
F16	None

Year	Days lost rate in production (per 1000 employees)
F14	23
F15	31
F16	None as the incident in F16 involves a contractor nFTE.

Year	Days lost rate in production Logistics (per 1000 employees)
F14	0.00
F15	0.00
F16	0.00

HUMAN RIGHTS

We want to make a positive contribution to human rights and society

We recognize our responsibility to respect and promote international human rights standards in everything we do. Diageo is a signatory of the United Nations Global Compact and we are committed to acting in accordance with the United Nations Guiding Principles on Business and Human Rights.

We fully endorse and support the principles enshrined in the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Non-discrimination and preventing harassment

Every employee and person we work with is entitled to human rights without discrimination. In all aspects of employment, we treat employees justly according to their abilities to meet the requirements of the role. We will not discriminate based on factors such as race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression or marital status.

We provide a harassment free environment that promotes openness, teamwork and trust. We will not tolerate employees being subject to physical, sexual, racial, psychological, verbal, or any other form of harassment, bullying or abuse.



International Labour Organization



CHILD LABOUR



Child labour and forced labour

We do not permit exploitation of children or involuntary servitude for our employees, suppliers or business partners.

We will not employ anyone under the age of 16. Employees under the age of 18 will not perform any hazardous work. We respect all relevant local laws regarding voluntary employment and minimum age for employment.

BUSINESS CODE OF CONDUCT



The Company has a **Code of Business Conduct** which is based on our purpose and values as an organisation. The Code sets out our collective and individual commitments to ethical business practices in line with Diageo's global policies, relevant laws, regulations and industry standards. The Code is applicable to all employees, Directors and business partners of the company. Every year employees are trained and certified on the salient provisions of the Code.

In addition to the Code of Business Conduct, we have policies which inspire and guide how we work every day and everywhere. These key policies govern our conduct in all facets of the company's operations and include policies on anti- corruption, anti-money laundering, competition and anti-trust. We apply the principles of fairness, integrity and transparency in all our business dealings as entrenched in our Code of Business Conduct and in line with international best practices. Training, communication programmes and compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and comply with the provisions of the Code and policies.

Furthermore, we are subject to the UK Bribery Act and the Sarbannes-Oxley Act in the US by virtue of Diageo being quoted on the London Stock Exchange and the New York Stock Exchange. Guinness Nigeria is also a signatory to The Convention on Business Integrity, an organisation that aims to promote ethical business practices,



BUSINESS CONDUCT



transparency and fair competition in the private and public sectors in Nigeria.

To strengthen employee awareness of and compliance with the company's Code of Business Conduct, we organize an annual event themed "Pathway of Pride". At this event, employees learn about the various aspects of the Code of Business Conduct, and how they can apply the Code to their day to day responsibilities.

The company also ensures that all new hires complete an online compliance training within 30 days of joining. We also organize periodic engagement sessions where all our suppliers are enlightened on Guinness Nigeria's Code of Business Conduct. The need to abide by all provisions of the Code is underscored at these sessions. Furthermore, we ensure that our business partners sign a certificate of compliance annually. By signing the annual certificate of compliance, these business partners confirm that they will abide by all provisions of our Code of Business Conduct. To ensure that our compliance guidelines remain top of mind for our business partners, we also issue a quarterly newsletter to all our business partners.

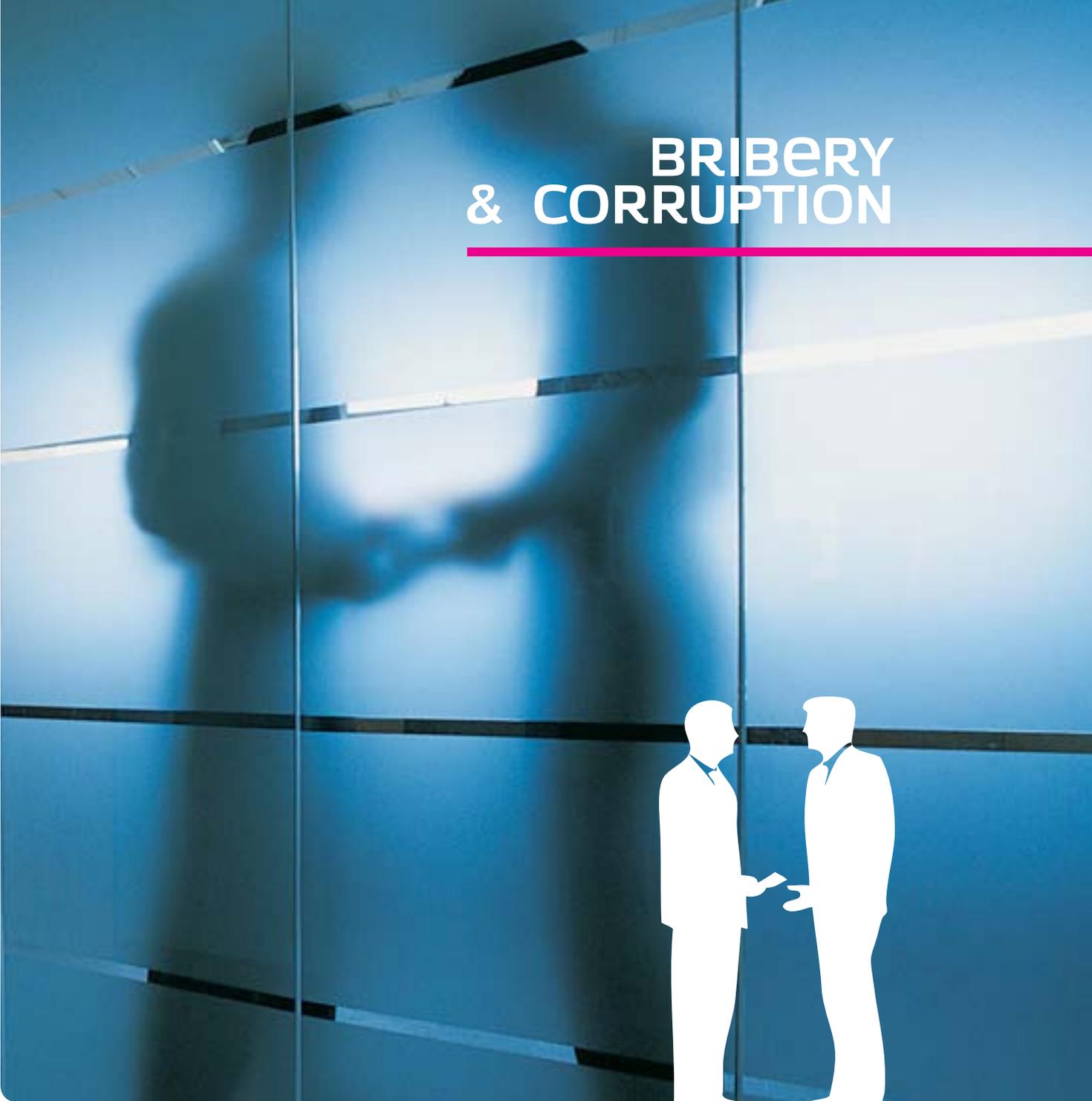
Additionally, the company has an independent whistle blowing mechanism - "Speak Up" where employees and business partners could report conduct which they believe to be contrary to the Law, our Code of Business Conduct, Policies or Standards. Issues reported through this medium are investigated and remediated and the identity of the whistle blower kept confidential.

Controls

We have a strong internal control environment as well as an annual programme to assess, test, and report on the effectiveness of internal controls across our company. Our controls cover all aspects of risk ranging from financial to operational to reputational risks. Every year, our internal controls are reviewed and certified to be operating effectively. Steps are also taken to quickly remediate any weaknesses identified.



BRIBERY & CORRUPTION



We do not tolerate bribery or corruption in any form.

We are proud of our reputation as a trusted and respected business. We do not tolerate any form of corruption, whether direct or indirect, by employees or by business partners who act on our behalf.

We do not offer, give or receive, bribes or other improper advantages for business gain. This prohibition applies to any form of bribe of any value, and is not limited to cash. We also take special care to ensure that our actions are not interpreted as bribery, particularly in the areas of gifts, hospitality, entertainment, expense, customer travel, political contributions, charitable donations, lobbying and sponsorship. We also record all our transactions fairly and accurately in our accounting and financial records to avoid the risk of inadvertently facilitating an act of bribery.

GENERAL STANDARD DISCLOSURES: GRI PROFILE

Profile	Section Name	Page
Strategy and Analysis		
G4-1	Executive Summary - Message from our CEO	2-3
Organisational Profile		
G4-3	Who We Are	7
G4-4	Who We Are	7, 8
G4-5	Who We Are	8
G4-6	Who We Are	7
G4-7	Who We Are	7
G4-8	Who We Are	7
G4-9	People and Policies – Human Resources	73
	Who we are	7, 8
	Operating Results	11
G4-10	People and Policies – Human Resources	73
G4-11	People and Policies – Human Resources	73
G4-12	http://www.guinness-nigeria.com/brands/how-we-make-our-brands	
G4-13	Who We Are (acquisition of exclusive rights to import, distribute, market and sell all of Diageo's International Premium Spirit (IPS) brands)	7
G4-14	Initiatives that aim to reduce our environmental impact	35, 38, 39
G4-15	People and Policies – Human Resources	71, 77
G4-16	Human Rights – Signatory of the United Nations Global Compact	77
	Code of Business Conduct - subject to the UK Bribery Act and the Sarbannes-Oxley Act in the US.	79
	Code of Business Conduct - Signatory to the Convention on Integrity	79
Identified Material Aspects and Boundaries		
G4-17	https://www.guinness-nigeria.com/investors/financial-reports/	
G4-18	Our Material Matters	10
G4-19	Our Material Matters	10
G4-20	Our Material Matters	10
G4-21	Our Material Matters	11
Stakeholder Engagement		
G4-24	Stakeholder Engagement	22
G4-25	Stakeholder Engagement	23, 24
G4-26	Stakeholder Engagement	23, 24
G4-27	Stakeholder Engagement	23, 24
Report Profile		
G4-28	About this Report	4
G4-31	About this Report	5

Profile	Section Name	Page
G4-32	About this Report	4
	Assurance	5, 84
G4-33	Assurance	84
<hr/>		
Governance		
G4-34	Governance	16-17
	Ethics and Integrity	
<hr/>		
G4-56	Who we are	7-8
	Code of Business Conduct	79, 80

EXTERNAL ASSURANCE STATEMENT



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working world

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INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF GUINNESS NIGERIA PLC FOR THE YEAR ENDED 30 JUNE 2016

We have completed our independent assurance engagement to enable us to express our limited assurance conclusions on whether specified Key Performance Indicators (“KPIs”) contained in the **Guinness Nigeria Plc Sustainability Report** (“the Report”) for the year ended 30 June 2015, has been prepared, in all material respects, in accordance with managements’ criteria as derived from the GRI G4 reporting guidelines:

G4-EN 22: Total water discharge by quality and destination

- Claim on the use of an effluent treatment plant to treat waste water (Page 35)

G4-EN 23: Total weight of waste by type and disposal method

- Recycling of all broken bottles (Cullets) recovered from packaging lines (Page 39)
- Recycling of waste labels (Page 39)
- Waste to landfill for 2015 and 2016 (Page 39)

G4-EN 8: Total water withdrawal by source

- Relative Water consumption for 2015 and 2016 (Page 35)

G4-EN 3: Energy consumption within the organization

- Relative energy consumption for 2015 and 2016 (Page 38)

G4-EN 15: Direct Greenhouse Gas (GhG) emissions (Scope 1)

- Relative CO2 emission for 2015 and 2016 (Page 38)

The specified KPIs noted above have been highlighted for identification purposes in the Report through the symbol “+”.

Our responsibility in performing our independent limited assurance engagement is to Guinness Nigeria Plc only and in accordance with the terms of reference for this engagement as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Guinness Nigeria Plc, for our work, for this report, or for the conclusions we have reached.

Directors’ Responsibility

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report and the information and assessments contained in the Report in accordance with the relevant criteria. This responsibility includes: designing, implementing and maintaining appropriate performance management and systems to record, monitor and improve the accuracy, completeness and reliability of the sustainability data and to ensure that the information and data

reported meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

Assurance Provider's Responsibility

Our responsibility is to express our limited assurance conclusions on the specified KPIs in the Report based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with *The International Framework for Assurance Engagements and International Standards on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000)* developed by the *International Auditing and Assurance Standards Board and in accordance with The International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements* under the auspices of the International Federation of Accountants (IFAC). This standard requires us to comply with ethical requirements and to plan and perform our engagements to obtain limited assurance regarding the specified KPIs contained in the Report.

Basis of Work and Limitations

We have complied with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods adopted for the definition and gathering of information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our limited assurance conclusions pertaining to the Report and the specified KPIs, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Summary of Work Performed

Set out below is a summary of the procedures performed pertaining to the specified KPIs which were included in the scope of our limited assurance engagement.

- We obtained an understanding of:
 - The entity and its environment;
 - Entity-level controls;
 - The selection and application of sustainability reporting policies; and
 - The significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.
- We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.
- We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.

EXTERNAL ASSURANCE STATEMENT

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our limited assurance conclusions expressed below.

Conclusions

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that:

- The specified KPIs have not been prepared in all material respects, in accordance with management's criteria as described in the Sustainability Report for the period ending 30 June 2016.

Other matter

The maintenance and integrity of the Guinness Nigeria Plc's Website is the responsibility of Guinness Nigeria Plc's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the information in the Guinness Nigeria Plc Sustainability Report.



Samuel Agbevem
for Ernst & Young
Lagos, Nigeria





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