

# Institutional Pillar: Building a World-Class institution

To build a world-class company based upon strong governance, sustainable growth, transparency, dialogue and compliance with laws and regulations.



# “In 2020, Dangote Cement Plc won the SERAS Award for ‘Best Company in Sustainability Reporting’.”



## Institutional standards

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

Our approach to corporate governance essentially involves balancing our business interests with those of our key stakeholders, including shareholders, employees, customers, suppliers, financiers, governments, host communities, and so on. By adopting the 7-Pillar approach, we ensure sustainability is ingrained in the way we do business across all departments and functions. Our sustainability vision, goals and objectives are driven by the highest level of governance to convey “tone at the top”, and achieve enterprise-wide buy-in and ownership.

We are building an institution that is governed by values and ethical norms of behaviour and where quality governance is flagged as the driver of corporate performance, not just in financial numbers but also in social and environmental stewardship.

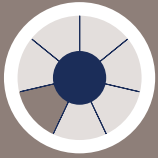
## Culture based on ethics and integrity

Dangote Cement has an unwavering commitment to high ethical standards of integrity, honesty, transparency and accountability, equity, fairness, inclusiveness and respect for all individuals. We understand that these are critical for our collective, long-term success and business sustainability. We endeavour to maintain high standards of professionalism and excellence, guided by policies and standards that align with global best practices and corporate governance. We have a Code of Conduct which applies to all employees across our Nigerian and Pan-African operations, as well as authorised representatives and all persons acting on our behalf.

We ensure that these policies’ provisions are communicated using diverse channels, such as our intranet, face-to-face meetings, posters, emails, internal publications, and across digital networks. We foster accountability and transparency in all our dealings with stakeholders. We also endeavour to provide our employees with the resources that they require to drive compliance with regulatory obligations and proactive risk management.



“Our sustainability report has been prepared in accordance with the GRI Standards: Core option, and validated through external assurance.”



## ESG Compliance

As a responsible corporate citizen, we understand that our business operations should not be carried out at the expense of our stakeholders’ environmental and social well being.

We operate in compliance with applicable laws and regulations, including the corporate governance code in all the different markets where we operate. We adhere strictly to applicable anti-corruption and anti-competitive behaviour laws.

As an evolving global brand, we are also mindful of our local and international business partners’ social practices and strive to encourage and support environmental, social and governance best practices within our sphere of business influence, including our supply chain.

In line with the principles behind our Institutional Pillar, an important part of our sustainability journey is to continuously strive towards compliance with relevant ESG laws, regulations and guidelines, such as the United Nations Global Compact’s Ten Sustainability Principles; the Nigerian Stock Exchange’s Sustainability Disclosure Guidelines; the SEC Code of Corporate Governance; the Nigerian Code of Corporate Governance; GRI Sustainability Reporting Standards; the sustainability principles and framework of the Global Cement and Concrete Association; and other applicable regulations in the different countries where we operate.

For example, as a prime member of the Premium Board of the Nigerian Stock Exchange, in 2020 we complied with the Exchange’s Sustainability Disclosure Guidelines. We published our Sustainability Report timely and in compliance with the disclosure requirements and presented same to the investing public using the NSE’s “Facts Behind the Sustainability Report” platform during the year under review.

In the year under review, we recorded zero cases of non-compliance (including on ESG regulations) in Nigeria and other Pan-African operations.

## Mainstreaming sustainability across all operations

To ensure that we successfully mainstream sustainability across all of our operations, in 2020 we designated Sustainability Leads in all 10 countries and our Transport division. This is a milestone that ensures that sustainability implementation and acculturation has dedicated, responsible parties that are trained, mentored and motivated to do the job.

The Sustainability Leads in Plants and Transport work with the Executive Management and our over 600 Sustainability Champions (the ambassadors and voice of sustainability in their different departments and functions) to execute on each operation’s ESG performance enhancement roadmaps and sustainability initiatives and programmes, in alignment with the Head Office Group Sustainability Function. Together, they are responsible for clearly communicating Dangote Cement’s sustainability objectives, policies, strategies and programmes to colleagues, business partners and other stakeholders in the different locations where we operate.



Virtual Facts Behind the Figures and Sustainability Report hosted by the Nigerian Stock Exchange

**THE Nigerian STOCK EXCHANGE**

**DANGOTE CEMENT**

**FACTS BEHIND THE FIGURES AND FACTS BEHIND THE SUSTAINABILITY REPORT**

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# Corporate governance

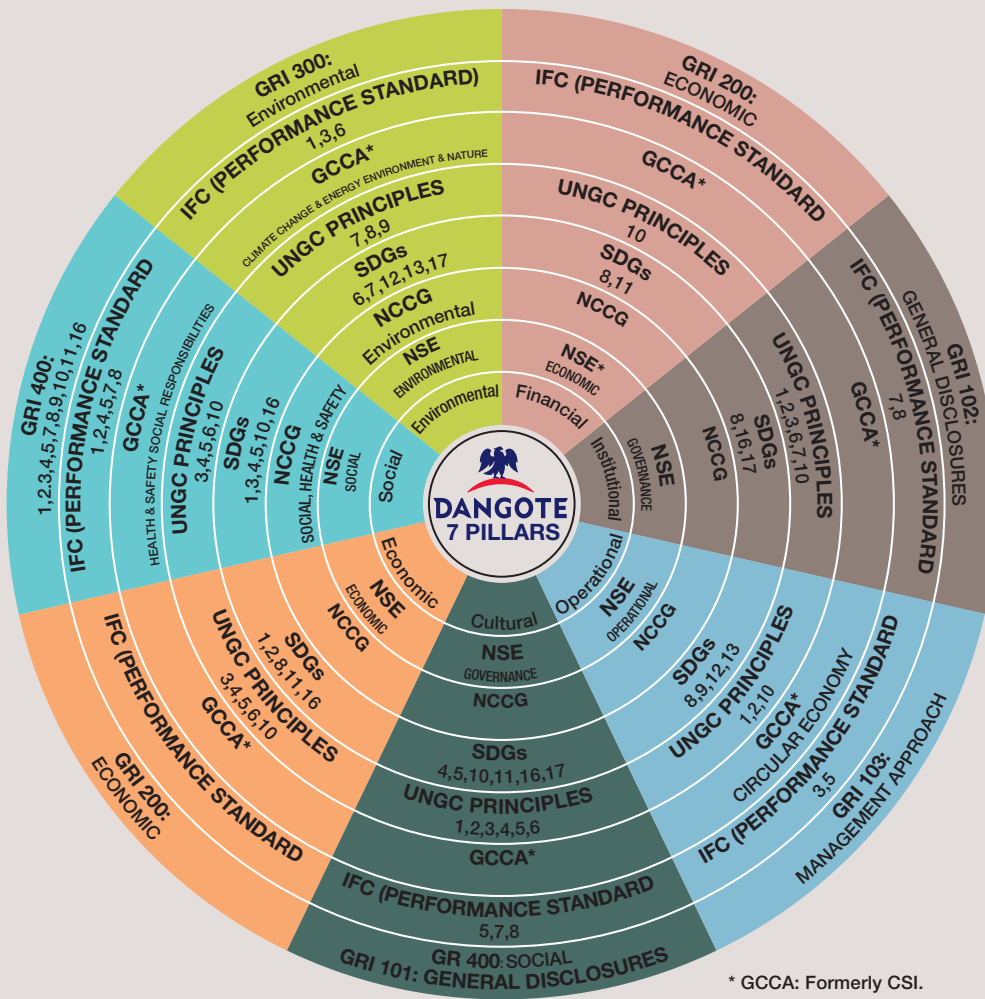
## Our sustainability approach

“The Dangote Way” is our unique approach to sustainability acculturation. It is built on the premise that sustainability must be owned and practised at every level of our organisation, especially at the highest levels of institutional governance levels. Sustainability is central to our purpose as a business.

## The Dangote 7 Sustainability Pillars

Our Sustainability strategy is underpinned by seven strategic pillars (cultural, economic, operational, social, environmental, financial and institutional) that demonstrate our commitment to engraining best ESG practices into every aspect of our business.

Dangote Cement compliance wheel



\* GCCA: Formerly CSI.



Cultural



Economic



Operational



Social



Environmental



Financial

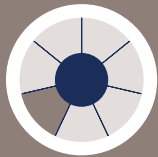


Institutional

GRI – Global Reporting Initiative  
IFC – International Financial Corporation

UNGC – United Nations Global Compact  
SDG – Sustainable Development Goals




NCCG – Nigerian Code of Corporate Governance  
NSE – Nigerian Stock Exchange



## Dangote Cement’s priority SDGs

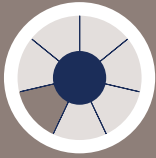
The United Nations Sustainable Development Goals (SDGs) are a set of 17 interlinked goals with 169 targets designed to be a blueprint for achieving a better and more sustainable future for all by 2030. Dangote Cement has been a strong advocate of the SDGs. While we support the actualisation of all 17 Goals, we have however prioritised seven that directly align with our corporate objectives, line of business and sustainability agenda. This way, we hope to make more impactful contributions to the 2030 targets in our different markets.

UN SDG	Targets	Importance/Materiality to DCP
 <p><b>Quality Education</b></p>	<p>Target 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>Target 4.6: Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.</p>	<ul style="list-style-type: none"> <li>Quality education, skills, capacity and local entrepreneurship are important for human capital development and economic wellbeing; which increase the purchasing power of Dangote Cement’s (potential) customer base.</li> <li>Dangote Cement consistently requires skilled manpower in our local markets.</li> <li>As one of Africa’s largest employers, supporting/building skills and capacity is our corporate responsibility.</li> </ul>
 <p><b>Decent Work and Economic Growth</b></p>	<p>Target 8.2: Achieve higher levels of economic productivity through technological upgrading and innovation, including through a focus on high-value added.</p> <p>Target 8.4: Improve resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.</p> <p>Target 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.</p>	<ul style="list-style-type: none"> <li>Dangote is one of the biggest employers of labour in Nigeria after government and will leverage this status to foster “decent work and economic growth.”</li> <li>We will foster innovative business models and expansions across Africa and create more “decent” jobs.</li> </ul>
 <p><b>Industry, Innovation and Infrastructure</b></p>	<p>Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.</p> <p>Target 9.2: Promote inclusive and sustainable industrialisation and significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.</p>	<ul style="list-style-type: none"> <li>Infrastructural development creates good business opportunities for DCP, as cement is a dominant ingredient for building.</li> <li>Infrastructures, such as good roads and railways, are crucial for DCP’s market expansion and product distribution.</li> <li>Infrastructural development and industrialisation are crucial for driving sustainable development in our African markets.</li> </ul>
 <p><b>Sustainable Cities and Communities</b></p>	<p>Target 11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p> <p>Target 11.6: Reduce the adverse per-capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	<ul style="list-style-type: none"> <li>Our products foster the building of sustainable cities and communities.</li> <li>Our waste cement packaging bags could have negative environmental impact by polluting cities and waterways; and we are committed to mitigating this footprint.</li> <li>As a leading African business, we have a responsibility to foster the emergence of sustainable cities and communities.</li> </ul>

UN SDG	Targets	Importance/Materiality to DCP
 <p><b>Responsible Consumption and Production</b></p>	<p>Target 12.2: Achieve the sustainable management and efficient use of natural resources.</p> <p>Target 12.3: Reduce food losses along production and supply chains, including post-harvest losses.</p> <p>Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>Target 12.6: Adopt sustainable practices and integrate sustainability information into the reporting cycle.</p>	<ul style="list-style-type: none"> <li>Emissions, pollution, land degradation, deforestation and biodiversity loss are key sustainability issues in cement production.</li> <li>Consumption of non-renewable resources (limestone, etc); water consumption intensity e.g. in cooling clinker and grinding are material in cement production.</li> <li>We have a responsibility to foster resource efficiency, responsible consumption and production practices across our value chain, and in the larger societies.</li> </ul>
 <p><b>Climate Action</b></p>	<p>Target 13.2: Integrate climate change measures into policies, strategies and planning.</p>	<ul style="list-style-type: none"> <li>There is energy consumption intensity in cement production, especially the use of coal.</li> <li>89% of CO<sub>2</sub> emission in DCP is from kiln related activities.</li> <li>Limestone conversion to clinker is energy-intensive (to produce the sticky, binding cement, the limestone must be heated at high temperatures – around 1,500C), resulting in high CO<sub>2</sub> emission.</li> <li>Emission of greenhouse gases, deforestation, etc., all contribute to climate change.</li> <li>Environmental stewardship commitments mandate us to support climate action and develop a roadmap for mitigating our climate footprints.</li> </ul>
 <p><b>Responsible Consumption and Production</b></p>	<p>Target 17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals.</p> <p>Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>	<ul style="list-style-type: none"> <li>Local, national and international partnerships are crucial for advancing the SDGs at all levels, and we are committed to this strategy.</li> </ul>



# “The Dangote Way” Institutional Pillar continued



## Aligning our sustainability strategy with the SDGs

As a part of Africa’s major conglomerate, we have aligned the SDGs with our 7 Sustainability Pillars, and are actively driving aspects of these Goals as part of our environmental, social, operational, governance and business objectives. By aligning our business strategies with the United Nations Sustainable Development Goals, we not only better position our business to respond to the biggest challenges facing our world – from ending extreme poverty to tackling climate change – we also leverage

unprecedented opportunities for growth, product and operational innovations, resource and cost efficiencies, and the opportunity to strengthen our reputational capital and social licence to operate.

As 2030 draws closer, and with the increasing pressure from the COVID-19 pandemic, which has destabilised socioeconomic wellbeing in several economies, including Africa, our niche market, we see a strong need to focus on priority SDGs for enhanced effectiveness and impact.

## Dangote Cement’s Strategic SDG Priorities



## The Dangote ESG compliance wheel

Our ESG compliance wheel identifies some of the major national and global sustainability principles and standards we align with. They include:

1. The Nigerian Stock Exchange’s Sustainability Disclosure Guidelines
2. The United Nations Sustainable Development Goals
3. SEC – Securities & Exchange Commission (Code of NSE – Nigerian Stock Exchange Corp. Gov.)
4. GRI – Sustainability Reporting Standards
5. IFC – International Finance Corporation
6. NCCG – Nigerian Code of Corporate Governance
7. United Nations Global Compact (UNGC)
8. Global Cement & Concrete Association (GCCA)



## Our Reporting Practice

This report covers our material social, environmental and governance issues for the reporting year, covering 1st January to 31st December 2020. It gives our stakeholders an insight into our performance in these areas in the year under review, and the efforts and structures that we are putting in place to continually improve.

This Sustainability Report is written as part of and complements our Annual Financial Report, which primarily covers our financial and economic performance to further our integrated and balanced scorecard reporting approach. Therefore, the annual performance report is written in alignment with, and structured along, our 7 Dangote Sustainability Pillars.

This report's scope and boundary covers our operations in Nigeria and Pan-Africa, including Cameroun, Congo, Ethiopia, Ghana, Senegal, Sierra Leone, South Africa, Tanzania and Zambia. Specific case studies from some of these locations are used in this report to illustrate our ESG practices and priorities.

This report has been prepared in accordance with the GRI Standards: Core option. As part of the reporting process, we carried out extensive stakeholder engagement activities and a materiality assessment survey to determine major concern and interest issues for our key stakeholders. The outcome of this exercise and our economic, environmental and social impact significantly influenced the material topics covered in this report.

This report also serves as our annual communication on progress to the UN Global Compact (UNGC). It therefore adequately covers our progress in integrating its 10 sustainability principles into our business operations. The report also clearly discloses our SDG stewardship and the strides that we are taking in supporting the actualisation of the 17 Global Goals. In the same vein, the report fulfills our requirements to the Nigerian Stock Exchange's Sustainability Disclosure Guidelines, as all key indicators are also fully captured.

We have cross-referenced and benchmarked our reporting against several other local and global sustainability standards, including the Global Cement and Concrete Association (GCCA), Securities & Exchange Commission (SEC) Code of Corporate Governance, and the Nigerian Code of Corporate Governance (NCCG); all of which provide guidance on best practices for driving a sustainable business.

For accuracy, reliability, balance and completeness, the data represented in this report's economic, environmental and social performance sections were collected using the Global Reporting Initiative's (GRI) Disclosures and Principles. Strict internal control and quality checks were exercised during the collation and analysis of applicable data.

To further validate and enhance this report's credibility, a limited external assurance was carried out by Deloitte on some key indicators reported, using the ISAE 3000 Standards, in line with the non-financial reporting assurance principles.

### ESG awards and recognitions:

In the year under review, our sustainability performance received several recognitions and accolades, including four notable awards at the Sustainability, Entrepreneurship and Responsibility Awards (SERAs Africa) namely:

- Best Company in Sustainability Reporting
- Best Company in Stakeholder Engagement

- Overall winner (Africa) – First Runner Up
- CSR/Sustainability Professional of the Year – won by our Head of Sustainability (Eunice Sampson).

In 2020, Dangote Cement also won the Nigeria Institute of Public Relations' (NIPR) award for "Best Company in Infrastructure Development" in recognition of its work in building "roads that endure" (concrete roads).



### Associations and memberships

We understand that our business cannot continue to thrive in a world where extreme poverty, inequalities, unrests and environmental degradation thrive. To advance our sustainability agenda and create a better world for the present and future generations, we engage in collaborative partnerships with governments, businesses, civil society organisations and global institutions to foster sustainable development.

Among several others, Dangote Cement is a member of the following institutions and associations:



1. Global Cement and Concrete Association
2. United Nations Global Compact (UNGC)
3. World Economic Forum
4. Manufacturers Association of Nigeria (MAN)