

# 2018

## Sustainability Report

**Championing Impact &  
Sustainable Development**



"Building prosperity & self-sufficiency across Africa"







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# The Dangote Way

## Building prosperity & self-sufficiency across Africa

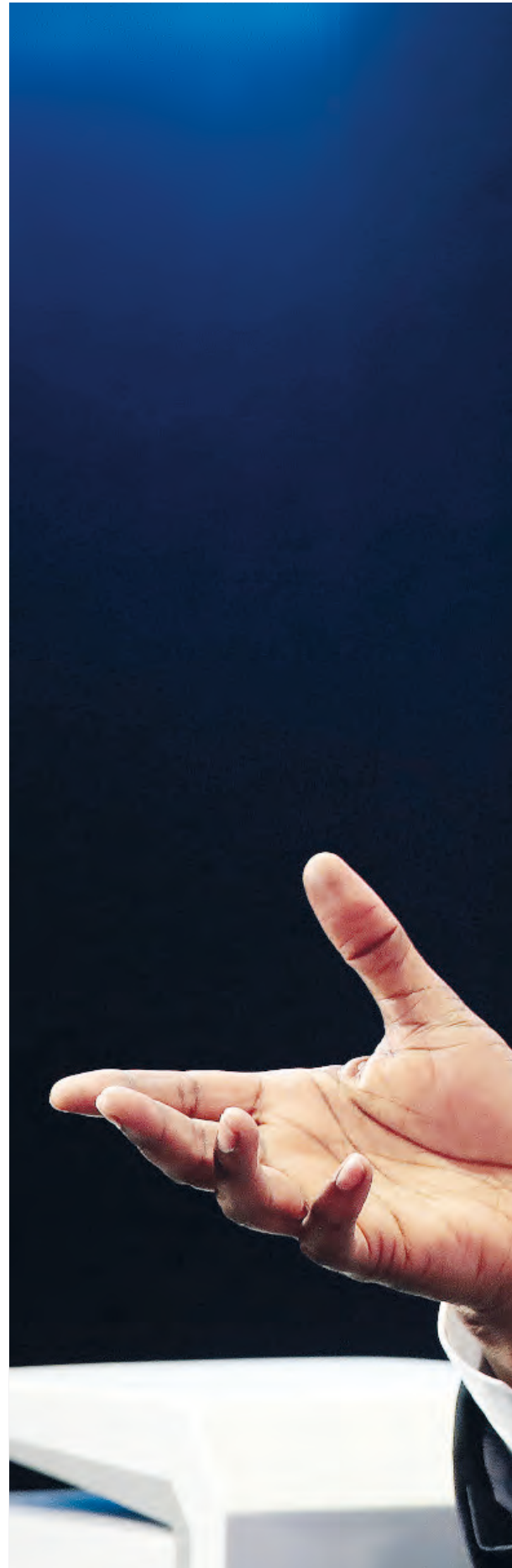
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The Dangote Way is our approach to creating a world-class, multinational manufacturing company.

Driven by the highest level of governance, it is embedded in our corporate culture and guides our approach to building a prosperous and sustainable business.

“The 7 Pillars of Sustainability are at the core of The Dangote Way, which reflects my personal commitment to build a socially responsible and impactful business that serves all stakeholders.”

”







“It’s not all about making money. It’s about making impact. For more than 20 years, Dangote was just a trading company. Then we decided we wanted to be an industrial giant — and we had to start from somewhere. It wasn’t just about cement. It was about industrialisation. If you look at what Dangote Group is doing, it’s about improving people’s lives”.



The global business space is fast evolving. More and more, the critical question that entrepreneurs and CEOs are made to answer is: “what is the impact of your business on stakeholders and the society?”

At Dangote Cement, we strongly agree that every business must ask itself this pertinent question as part of a continuous performance self-assessment. The traditional notion of business as a ‘profit only’ venture, is fast being eroded by new global realities. The value that a business creates for its employees, customers, shareholders, investors, governments and host communities is now rightly seen as integral to ‘who’ and ‘what’ that brand is.

It is therefore part of our business strategy to always ensure that our market presence is positively felt, not just in the local communities where our businesses are directly sited, but within the larger population and host

countries. This is the only way we can continue to grow sustainably and make even greater impact.

For us, operationalising our 7 Sustainability Pillars means supporting Africa to develop rapidly and sustainably. This is why we continue to invest in sectors that have the potential to bolster infrastructure development, massive job creation, and to reverse Africa’s decades of import dependence which has stifled local industries and foreign exchange earnings.

For example, from importing 68% of its cement needs as at 2004, Nigeria is now a net exporter of the commodity, due mostly to Dangote Cement’s huge investments and aggressive expansion. Today, Dangote Cement makes up 7 out of every 10 bags of cement used across Africa. As we grow, we are committed to ensuring that our business growth translates to positive socio-economic progress in

the markets where we do business. Through our sustainability function, we are enacting the philosophy that a win-win approach to business helps us build a sustainable and respected brand. We propose to earn our social license to operate by building sustainable local economies around all our areas of operation.

We value the contributions of our stakeholders towards the success story that the Dangote brand has become. We will continue to engage our host communities and build long-lasting, mutually beneficial relationships. We understand the importance of securing the well-being of our people, local communities, and the natural environment. We have in 2018 invested significant resources to ensure that our business operations do not jeopardise the health and safety of our employees and stakeholders.

We cannot achieve these objectives without the active involvement of all





members of the Dangote family. This is why we ensure that all levels of employees are involved in walking the talk on sustainability. In the year under review, Dangote Cement Group held its first ever Sustainability Week across its Nigerian and Pan African operations. I am proud that over 500 Dangote employees took part in social impact initiatives that further strengthened our relationship with host communities.

To keep our sustainability journey on track, we also understand the importance of leveraging global partnerships, including the United Nations Global Compact, the World Economic Forum, and the Global Cement and Concrete Association. We are committed to sustainability principles and standards such as the IFC Performance Standards, the Nigerian Stock Exchange Sustainability Disclosure Guidelines and the Global Reporting Initiative. As one of the 10 biggest cement

companies in the world, we recognise the need to align with global standards and best practices. We also realise that the adoption of global sustainability principles and standards is good for our business.

We remain strongly optimistic about Africa's economic prospects and are committed to using our quality products, services and investments to expedite the continent's sustainable growth and development. There are challenges, no doubt; but none that we cannot, with the support of our valued stakeholders, overcome. We thank you all for your faith in us and your loyalty to the Dangote brand. Together, we will continue to take our brand and our continent to greater heights.

Like I said, during a 2017 interview with Bloomberg, "It's not all about making money. It's about making impact". For more than 20 years, Dangote was just a trading company.

Then we decided we wanted to be an industrial giant — and we had to start from somewhere. It wasn't just about cement. It was about industrialization. If you look at what Dangote Group is doing, it's about improving people's lives".

We aim to be the number one in everything that we do. Our business strategy has always been one that enables our 'play to win' approach. Sustainability is gaining more traction across the Dangote Group as we deepen our commitment to deploying a win-win approach to business partnerships, whilst retaining industry leadership in Nigeria, Africa and the globe.

**ALIKO DANGOTE**  
Chairman of the Board & Group  
President/CEO, Dangote Group



**ENGR JOSEPH MAKOJU**

Group Managing Director/ Chief  
Executive Officer

## CEO's Statement

### A Successful Year and Strategy for Sustainable Growth

The global cement industry continues to experience exponential growth, driven mostly by rapid expansions in urbanisation, industrialisation and infrastructure development, especially in emerging economies. Recent studies estimate that until 2025, the cement industry will grow by an annual aggregate of 7.3%. This prospect presents great opportunities for Dangote Cement. We are strategically positioned to build on our competitive advantage in operational efficiency, product quality, ultramodern facilities and technology to leverage our unique economies of scale and know-how. Our aim is to achieve sustainable growth and development across our value chain, in our local communities and to optimally reward our various stakeholders.

Nigeria serves as our Headquarters and largest impact and production location. For reasons of materiality, we feel obliged to single out and report impact in our home country. For instance, the gross value we created in our Nigerian operations rose from N476 billion as at financial year 2017 to N504 billion in 2018, representing a 5.9% growth. On social impact, the number of students in Nigerian

local communities that benefited from our scholarship schemes doubled from about 400 in 2017 to over 980 in 2018, leading to a record increase in student enrolment in host communities. Also in our Nigerian operations, employee headcount increased by over 440 new hires in the year under review, supporting government's efforts at fighting unemployment, especially among the youth population.

With over 500 sustainability champions and 100 sustainability data owners designated and trained across our Nigerian and Pan African operations in 2018, we are poised to move to the next level in our sustainability journey. We are building the needed capacity, systems, processes and policy framework that would enable us lead this evolving sustainability space in Nigeria, Africa and global. We are excited about how far we have gone in our goal of embedding sustainability into every aspect of our business operations.

Our leadership team clearly understands the problem of climate change and global warming and the collective impact of our business

operations in this regard. We also understand that as the biggest cement company in Africa and one of the top 10 in the world, our direct and indirect environmental, social and economic impact could be massive, both positively and negatively. We are therefore fully committed to working with stakeholders at the national and global levels to ensure that we curtail, mitigate and significantly reduce our environmental footprints across our huge value chain, as well as positively and sustainably enhance the socioeconomic potentials of our host communities.

For us, in 2018 the definition of business growth has been expanded beyond prioritising operations, finance and risk management to include the development of a corporate culture that emphasises compliance with national laws and regulations, global best practices in health and safety, and management of environmental, social and governance risks. We aim to optimise the positive impact we make in the lives of our employees, investors and shareholders, local communities and the larger society. Our commitment is backed by the quality of corporate governance that



our institution enjoys. And we are proud to state that the mission of Sustainability across the 7 Pillars is being driven by the highest level of governance at Dangote Cement Plc.

As has become characteristic of our operations, we remain committed to supporting the efforts of African governments to reduce their import dependence in cement. We are proud to drive self-reliance in the production of this essential commodity and help build infrastructure, industries, schools, hospitals, housing, and a new African future that we all will be proud of. We are in business not just to make profits, but also to impact our societies and world, positively. We will strive to sustain our first position in profitability, market leadership, sustainable growth and development, impact on local communities, markets and economies where we operate.


This is why we have commissioned a five year sustainability impact plan (2019- 2023) that would enable us use our business operations to achieve sustainable development. We are focused on ensuring that our market presence and operations in our different host countries lead to positive

impact on employment numbers, school enrollment, primary healthcare, household income, entrepreneurship and a reduction in the number of persons living below the poverty line. In 2018, Dangote Cement continued on its strong growth trajectory in Nigeria and Pan- Africa. Gross revenues grew by 11.8%, from N805.6 billion in 2017 to N900.7 billion in the year under review. Our Profit before tax rose from N289.6 billion to N300.7 billion within the same period. Our performance was driven by strong demand for our high quality, fairly priced products, which has also sustained our market share and dominance.

Beyond our financial numbers, we are excited about the progress we have recorded across other performance parameters in 2018. With our 7 Pillar approach, we are now reporting more comprehensively on our financial, economic, operational, institutional, social, environmental and cultural sustainability and impact. It is heartwarming to report that our sustainability vision has been embraced by our board of directors as well as the reception desk where you are welcomed to our offices.

We will continue to leverage our size, market share, ultramodern operational facilities, and the quality of skills and competences in our workforce to drive economic growth, self-sufficiency and reliance across Africa. We are pleased that „The Dangote Way“, as well as our customised 7 Sustainability Pillars, have so clearly helped us manifest our business objectives and shape our approach towards a more sustainable business.

I am pleased to officially present our first substantive stand-alone Sustainability Report.



**ENGR JOSEPH MAKOKU**  
Group Managing Director/ Chief  
Executive Officer



**DR NDIDI NNOLI**

Group Chief Sustainability & Governance

## Our Approach

### Determining material topics and indicators for sustainability

In 2018, the Sustainability & Governance Function of the Dangote Group, embarked on an extensive Stakeholder Engagement exercise to operationalize its approach to Sustainability. Dangote Cement Plc (DCP) is pioneering this initiative, driven by the highest level of governance and involving all key management functions of the business.

Dangote Cement's adoption of the 7-Pillar Approach to Sustainability mainstreams the business' commitment to evolve holistic strategy, structures, processes, systems, human capital and internal capacity to drive the Group-wide sustainability agenda across all its companies in Africa. During the current reporting period, we furthered our efforts to institutionalize sustainability by enrolling 500 Sustainability Champions and 97 data owners across the various business functions.

Leveraging the 7-Pillar approach to sustainability, every aspect of our business is touched and involved in the agenda to build a sustainable global brand. Our sustainability

journey is centered around people and systems and involves all business functions, including Operations, Marketing, Finance, Risk, Community Relations, Health & Safety, Environment, Social, Procurement, Human Resources, Legal and Compliance. Most importantly, we have prioritized internal stakeholder engagement in order to nurture a culture of sustainability, 'thinking and doing' among all our employees.

Our 2018 activities were interlinked, with every new initiative cascading into the next. The feedback from our employee survey, for example, prompted a group-wide sustainability training program, which we co-facilitated with the Sustainable Business Initiative of the University of Edinburgh. Following the survey, which 1170 staff participated in, we prioritized certain sustainability disclosures in accordance with GRI Standards. Our resulting Materiality Matrix can be found in the Appendix of this report. This Matrix was developed and shared with a cross-section of employees and other stakeholders

for further validation, after which we presented it for final sign-off to the DCP Board of Directors.

A significant fall-out from the Employee Survey was our maiden Sustainability Week, which was inspired by ideas from our staff. The Sustainability Week initiative took "Living The Dangote Way" from the workplace to communities across 6 major African locations. The project was supported by top management across DCP Plants and was mostly employee-led. Projects carried out during the Week included environmental sanitation, waste management, economic empowerment, educational, health and road infrastructure development. Some of these projects were subsequently adopted by the business.

In addition to the positive socio-economic impact, the initiative provided a unique platform for bonding and networking across functions, involving both senior and junior colleagues working side-by-side for a good cause. At different levels,





the week-long initiative also offered Dangote employees an opportunity to demonstrate their social commitment to host communities in the different countries where we operate. Overall, this engagement unleashed enormous goodwill which is reflecting positively on our brand and on employee commitment to our sustainability journey.

During the year, we made significant efforts to gauge our sustainability performance. We benchmarked our activities against those of leading global brands, such as CEMEX, Lafarge Holcim, Argos, Heidelberg Cement, Budimex and our joint venture, Sephaku Cement SA, which is listed on the Johannesburg Stock Exchange. This process also contributed significantly towards our identification of material sustainability topics and disclosures during the year, in accordance with the Global Reporting Initiative (GRI).

We are aware of the critical importance of stakeholder and shareholder feedback in our efforts to achieve

compliance with the highest global standards. We remain committed to building a socially responsible, responsive leading global institution which actively solicits and values stakeholder reviews. Although we could not achieve extensive external stakeholder engagement in the year under review, we ensured public engagement in the form of a media survey and peer review. These insights were factored into the topics we consider as material and integrated into this report. In 2019, we will increase the frequency and scope of our stakeholder engagement.

The 2017 Sustainability baseline covered Nigeria, while our 2018 Sustainability Report focuses on four African countries: Nigeria, Senegal, South Africa and Ethiopia. This is in line with our journey to produce a GRI Standards compliant Sustainability Report across all our African operations by 2020. We have already identified the topics that significantly influence the views and decisions of stakeholders as well as reflect our economic,

environmental and social impact. We are committed to achieving full regulatory compliance, and have benchmarked our reporting against various local and global standards, as outlined on the next page. These include the Global Reporting Initiative (GRI), IFC Performance Standards, Global Cement and Concrete Association (GCCA), United Nations Global Compact (UNGC), Sustainable Development Goals (SDGs), Securities & Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE), all of which provide certification and/or guidelines for driving a sustainable business. In this manner, a culture of regulatory compliance has been designed to coincide with the spirit of “The Dangote Way”.

# Dangote 7 Sustainability Pillars



## FINANCIAL

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



## INSTITUTIONAL

Build a world-class institution centered around corporate governance best practices and sustainability principles that promote legal and regulatory compliance, transparency and business continuity.



## ECONOMIC

Promote inclusive, sustainable economic growth, self reliance, self-sufficiency and industrialisation across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.



## CULTURAL

Embody our core values in the way we do business, including respect for cultural diversity and giving back to the societies in which we operate. To achieve this, we actively encourage teamwork, empowerment, inclusion, equity, integrity and meritocracy within our organisation.



## OPERATIONAL

Serve and satisfy our markets by working together with partners to deliver the best products and services to our valued customers and stakeholders, through continuous product improvement, new business development, employing state-of-the-art technologies and systems to constantly optimise cost-efficiencies.



## ENVIRONMENTAL

Create sustainable environmental management practices, through a proactive approach to addressing the challenges and opportunities of climate change, while optimising our performance in energy efficiency, water usage and emissions.

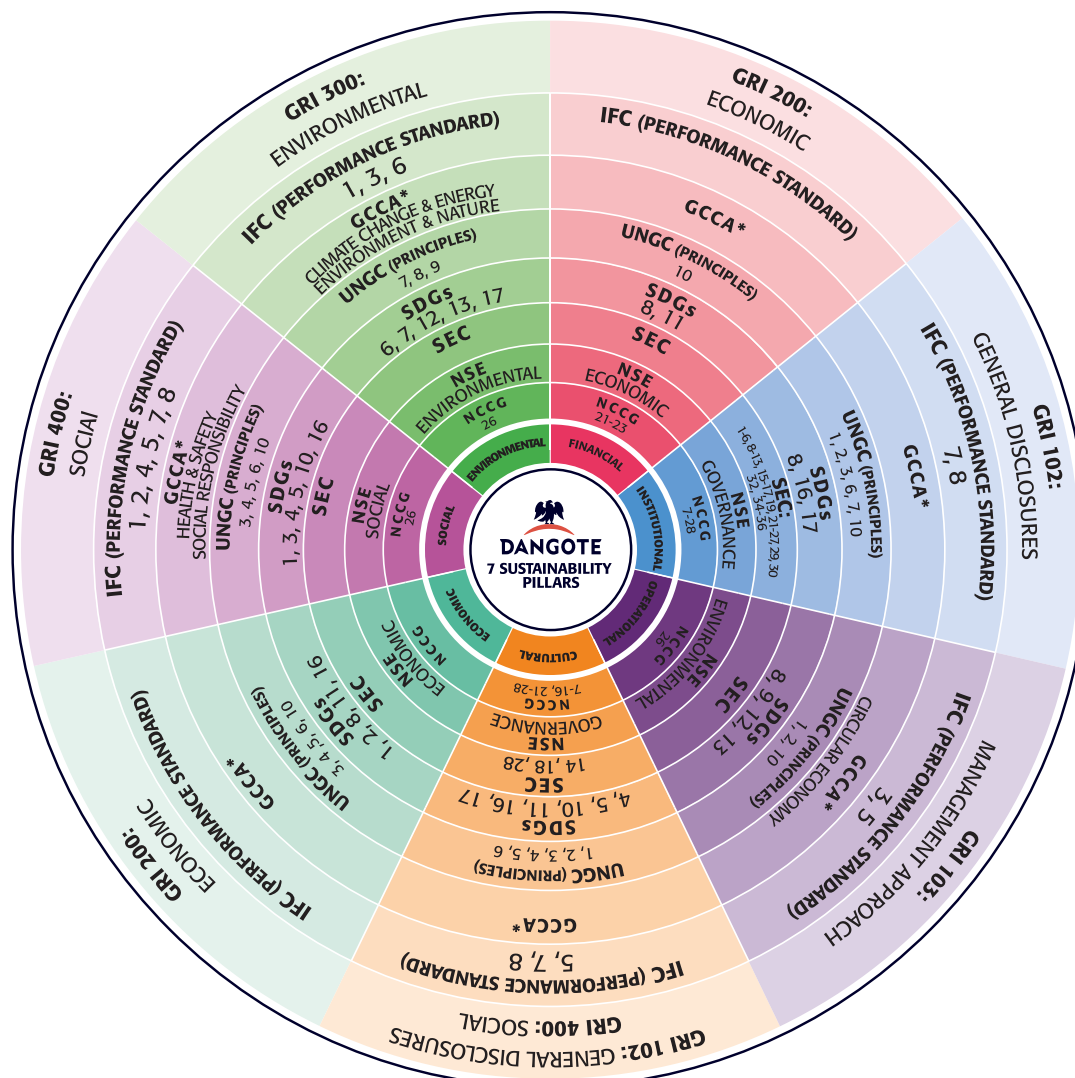


## SOCIAL

Create a learning environment and platform for our employees to grow and achieve their fullest potential, whilst adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect employment, skills transfer and local entrepreneurial development.

# Regulatory compliance

Our 7 Sustainability Pillars enable us build our business with a strong compliance culture. We seek to comply with the applicable laws and regulations in all the countries where we operate.



## Note:

**GCCA\*** - Including CSI  
Global Cement and Concrete Association

## Legend:

**SEC** - Securities & Exchange Commission  
(Code of Corp. Gov.)  
**GRI** - Global Reporting Initiative  
**IFC** - International Finance Corporation  
**UNGC** - United Nations Global Compact  
**SDG** - Sustainable Development Goals  
**NCCG** - Nigerian Code of Corporate Governance  
**NSE** - Nigerian Stock Exchange

## Pillars:



## Our Approach...Cont'd

### Regulatory compliance

Our approach to regulatory compliance involves alignment with local and global laws, regulations and guidelines. Our process has involved benchmarking our reporting against new guidelines which emerged in 2018, including the Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines for which we have been an early adopter.

The NSE Guidelines have four core areas, economic, environmental, social, and governance, and these align directly with our economic, environmental, social and institutional pillars. The NSE Guidelines elicit corporate responsibility from listed companies such as Dangote Cement, and benchmark our efforts against those of industry peers.

We are currently putting in place structures that will enable us improve on material ESG issues, develop management strategies, establish action plans, as well as monitor and responsibly report our sustainability performance. Our 2018 Sustainability Report already fulfills most of the reporting requirements of the NSE Guidelines and we will build on this progress in our 2019 report.

The New Nigerian Code of Corporate Governance championed by the Federal Reporting Council of Nigeria

was also released in 2018. This Code seeks to institutionalize the highest standards of corporate governance among Nigerian companies and suits our objective to build a world class organization with sustainable governance practices. Our institutional, cultural, operational, environmental, social and financial pillars address 22 out of the 28 principles of the Code. We are committed to working diligently and achieving full compliance way ahead of January 2020 when the code becomes effective.

As a publicly listed company, and a member of the Premium Board of the Nigerian Stock Exchange, our activities especially the governance dimension are guided by the Code of Corporate Governance of the Securities and Exchange Commission (SEC). Established in 2003, the SEC Code has been an important governance guideline for publicly listed companies in Nigeria and seeks to ensure that businesses proactively maintain an acceptable standard of corporate behaviour. The Code has 9 broad parts that address issues related to the Application of the Code, Board of Directors, Relationship with Shareholders, Relationship with other Stakeholders, Risk Management and Audit, Accountability and Reporting, Communication, Code of Ethics and

Interpretation. With our institutional and cultural pillars, we are making concerted efforts to align with all thirty-seven provisions that make up the SEC code. We believe that by aligning with this Code, we would be strengthening our commitment to building a strong governance structure and a compliant and responsible business.

As a socially responsible organisation, we are committed to working with like-minds in the effort to address global challenges. This explains our alignment with the United Nations Sustainable Development Goals (SDGs). Our sustainability pillars are linked with 15 of the 17 SDGs. Our economic pillar addresses Goals 1, 2, 8, 11 and 16; the financial pillar addresses Goals 8 and 11; our environmental pillar aligns with Goals 6, 7, 12, 13 and 17; the institutional pillar addresses Goals 8, 16 and 17; while the operational pillar addresses Goals 8, 9, 12 and 13. Our social pillar connects with Goals 1, 3, 4, 5, 10, and 16; while our cultural pillar aligns with Goals 4, 5, 10, 11, 16 and 17.

Our cultural pillar essentially provides the framework for integrating sustainability into our business processes and values. We seek to foster a corporate culture that



aligns sustainability “thinking” with sustainability “doing” and in this regard, our cultural sustainability pillar plays a unique and important role in supporting our commitment to driving sustainable development in all the markets where we operate.

We are one of the founding members of the Global Cement and Concrete Association (GCCA), a best practice forum dedicated to driving responsible industry leadership in the manufacture and use of cement and concrete. Our operational, environmental and social pillars align with the 5 focus areas of the GCCA – which are health and safety, social responsibility, climate change and energy, environment and nature, and circular economy. Our obligation to the guidelines is at the heart of improvements that have been made in our plants to enhance energy efficiency, reduce gas and dust emissions and strengthen health and safety measures.

Our compliance with various principles, guidelines, standards and laws highlighted above enables us to build internal sustainability policies, systems and structures that are in line with best practices. We are also promoting and encouraging employee volunteerism and have dedicated

our group-wide sustainability week initiative to demonstrating our innovative approach to social responsibility. We will also continue to ensure that our products are of top quality and are sustainable, durable and resilient building materials. With our high-quality cement, we are driving the realisation of the infrastructural needs of the new Africa that we envision; being one that harnesses the continent’s young, growing urban population to create prosperity for all.

The Performance Standards on Environmental and Social Sustainability by the International Finance Corporation (IFC) also guide our approach to effective ESG and risk management. The IFC Performance Standards were developed as guidelines for IFC clients and partners, and have become globally recognized and accepted as a credible sustainability framework. 6 of our 7 Sustainability Pillars - institutional, cultural, operational, environmental and social, align with the IFC Performance Standards. By benchmarking against these global standards, we continually strive to go beyond the national industry level compliance.

Transcending national regulatory requirements, we specifically

adopted the Global Reporting Initiative (GRI) reporting standards for our sustainability reporting. We have made remarkable progress since 2017 in our efforts to use GRI reporting framework for our non-financial reporting to stakeholders. Through compliance with these standards, we seek to enhance transparency, accuracy and credibility, improved stakeholder’s engagement and data integrity. Our 2018 Sustainability Report was prepared in compliance with GRI Standards.



**DR NDIDI NNOLI**  
Group Chief Sustainability  
& Governance

## 2018 Report Overview -



### Welcome

Dangote Cement Plc (DCP), the leading cement conglomerate in Africa and Nigeria's biggest indigenous company, is an important part of the Dangote Group. DCP is listed on the Nigerian Stock Exchange but is owned primarily by its parent company, Dangote Industries Limited (DIL). With operations in three locations in Nigeria and across 10 African countries, the social, environmental and economic impact of DCP is significant and diverse. As a leading global company, we are committed to ensuring that our operations are fully aligned with the group-wide sustainability vision.

In 2017, DIL on behalf of all its subsidiaries engaged professionals to define and streamline issues of Sustainability and Governance. Through extensive engagements with internal and external stakeholders, the Group developed its unique approach to sustainability management around the 7 Pillars.

At Dangote Cement, we have adopted a stakeholder-oriented approach in order to clearly define who we are, where we are and where we want to be. By aligning with the 7 Pillars, we ensure that every aspect of our business is run in line with global sustainability principles. Through the 7 Pillars (institutional, cultural, operational and environmental, economic, social, financial), every business function is engaged and involved in our sustainability journey,

thereby embedding sustainability - beyond issues of risk management or compliance.

Our performance in the institutional pillar in 2018 shows a consistent focus on upholding corporate governance that is in line with global best practice and evolving regulations in our different markets. In the year under review, we successfully aligned our 7 sustainability pillars with global principles and standards including the United Nations Global Compact, IFC Performance Standards, Global Reporting Initiative, SEC Code of Corporate Governance, NSE Sustainability Disclosure Guidelines, Global Cement and Concrete Association, Nigeria Code of Corporate Governance 2018 and the United Nations Sustainable Development Goals. We understand that building our business operations around these best standards will consistently keep us ahead of competition while also fostering our corporate existence.

In our cultural pillar, 2018 saw tremendous progress in efforts to build a workplace where the highest level of leadership champions our sustainability acculturation goal, and where diversity, equality, values, ethics, rule of law and active staff involvement are nurtured. Our pilot Sustainability Week was held in September 2018 with over 500 employees in about 6 countries coming out for different community development projects. Our performance in



**Employee Volunteerism:**  
DCP employees preparing roads for repairs during the inaugural 2018 Sustainability Week.

the operational and environmental pillars show progress in our commitment to innovation in production processes and standards, particularly in Operational Health and Safety. Likewise, we continuously strive to enhance our environmental stewardship and are committing more resources to improvements in line with growing concerns about energy efficiency, resource optimisation, circular economy, carbon emissions and climate change. In 2018, we won the SERAS Award for best company in Supply Chain Management, one of the key indicators we track under our operational pillar.

Our financial performance in 2018 once again gives credence to our commitment to growing a world class business that increasingly creates and sustains value for all stakeholders. Compared with 2017, our gross revenues in the year under review grew by 11.9 percent, from N805 billion to N901 billion. Our profit before tax also rose by 13.8 percent year-on-year, from N454 billion to N517 billion in 2018. A review of our value added performance shows that our earnings per share rose from N11.6 to N22.8, a 96.5 percent increase over the 2017 figure. Wages, salaries and other employees' benefits also increased by 15.4 percent, from N49.9 billion to N57.6 billion. Similarly, wealth created for local suppliers and vendors across our supply chain rose by 4 percent, from N281 billion in 2017 to N292 billion in the year under review.

In addition to nurturing our growth numbers which are critical to our financial pillar, we also made tremendous progress in our economic and social pillars in 2018. With over N1.4 billion new investments in social projects and nearly 1000 students benefitting from Dangote scholarships in our Nigerian operations alone, we remain focused on building lasting relationships with host communities, enhancing their socioeconomic wellbeing and sustaining our social license to operate. We also continue to improve on our health and safety standards in the workplace and in local communities as well as our investments in human capital development.

Dangote Cement Plc remains the flagship from which Dangote Group's Sustainability agenda will be replicated across all the other businesses. We are well poised to harness best practices in sustainability and governance to further solidify our leadership in the diverse markets where we play.



## 2018 Milestones



Stakeholder Engagement; Materiality Assessment and Baseline Review; Employee Survey with indicators benchmarked against Global Peers; tracked performance against 50 core GRI disclosures, for reporting purposes;



Trained and engaged 500 Sustainability Champions, including Management of ALL DCP Africa plants on Sustainability Reporting based on GRI Standards;



Deployed our first Sustainability Week, which mobilized hundreds of employees to engage in voluntary waste management, community infrastructure development and boost social performance across 6 African countries and 9 DCP Plants;



Developed SharePoint Sustainability Data Management platform for data collection across 13 DCP Plants, for Sustainability Reporting purpose.



Employee wellbeing engagement during the Sustainability Week



2018 Africa Sustainability  
Enterprise & Responsibility Awards



1.

# OUR BUSINESS -

## WHO WE ARE AND HOW WE OPERATE

### Company overview

Dangote Cement is the largest company within the Dangote Group (Dangote Industries Limited). With a market capitalisation of ₦3,152.40 billion (\$9.1 billion) as at December 2018, it is by far the largest company listed on the Nigerian Stock Exchange. In fact, it is more valuable than the country's top 5 listed banks combined.

The company started as an importer of cement more than 15 years ago and began manufacturing in 2008. Now, after several billion dollars of investments, it is the largest independent cement producer in Sub-Saharan Africa with nearly 46 million tonnes per annum (Mta) of production and import capacity across ten countries.

It became a fully integrated quarry-to-customer producer, manufacturing cement at Africa's newest plants and distributing it to customers with a fleet

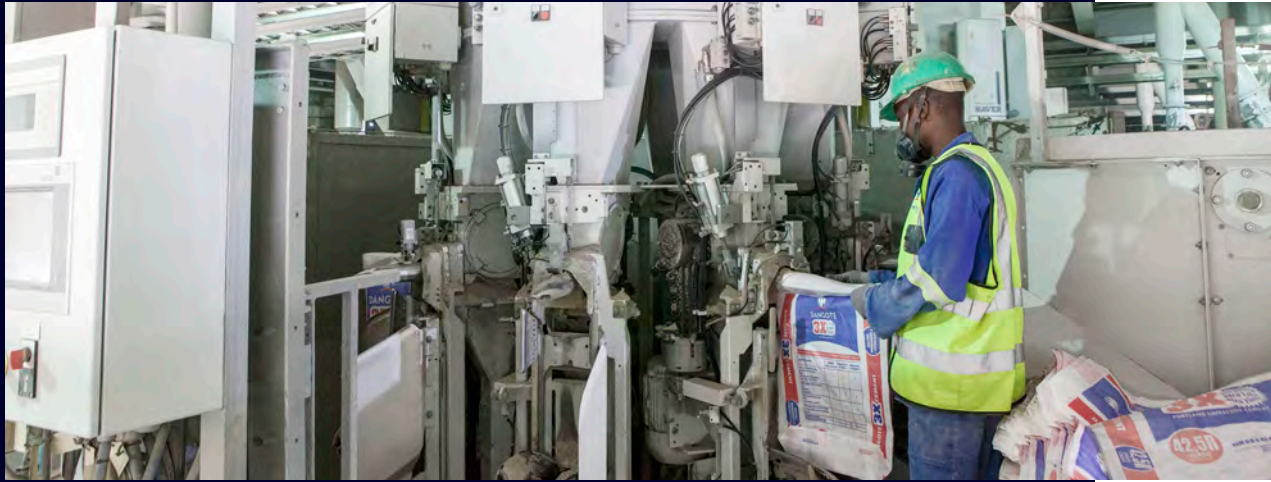
of several thousand trucks. Dangote Cement has invested nearly \$4.5 billion to build manufacturing plants and import/grinding terminals across Africa.

**ENGR. J.  
MAKOJU**  
CEO/GMD, DCP

We understand the responsibility we hold. Due to the scale of our business and position in the market, we transform reality and have an impact on millions of stakeholders

”





## What defines us

### Our Vision

To be a global leader in cement production, respected for the quality of our products and services and for the way we conduct our business.

### Our Brand

Our brand evokes the imagery of an eagle which represents the qualities of vision, strength, tenacity and fearlessness - characteristics we believe are exhibited by our Company.

### Our Mission

Our mission is to deliver strong returns to shareholders by selling high-quality products at affordable prices, backed by excellent customer service, and:

- To help Nigeria and other African countries towards self-reliance and self-sufficiency in the production of the world's most basic commodity, by establishing efficient production facilities in strategic locations close to key markets;
- To provide economic benefits to local communities by way of direct and indirect employment in all countries where we operate;
- To lead the way in areas such as governance and sustainability, setting a good example for other companies to follow, and;
- As an African business headquartered in Nigeria, we value the inclusion of locals in our employment. This is becoming a corporate culture in all territories where we operate.



## Taking a glance at the group in 2018:

### Market: 2018/19

 **#1**  
In Nigeria

 **#1**  
In Africa

 **#10**  
Globally



**#1**  
Most Valuable Brand  
in Nigeria in 2018  
(by Brand Nigeria top 50)



**#1**  
Most Admired African  
Brand in 2018  
(by the Brand Africa 100)

**\$9.1Bn**  
Market Capitalisation



**30%**  
Of total NSE market cap.

### Innovative new products introduced to the market:

### FALCON & BlocMaster

#### SERAS 2018 SUSTAINABILITY AWARD FOR:



**Top 5 "Most Responsible  
Business in Africa"**



**Best company in Supply  
Chain Management**

## Where we operate

# Truly Pan-African

Dangote Cement has production capacity of 45.6 million tonnes per year across ten countries in Sub-Saharan Africa. We have integrated factories in seven countries, a clinker-grinding plant in Cameroon and import and distribution facilities for bulk cement in Ghana and Sierra Leone. Together, these operations make us the largest cement producer in Sub-Saharan Africa.

### Serving our continent

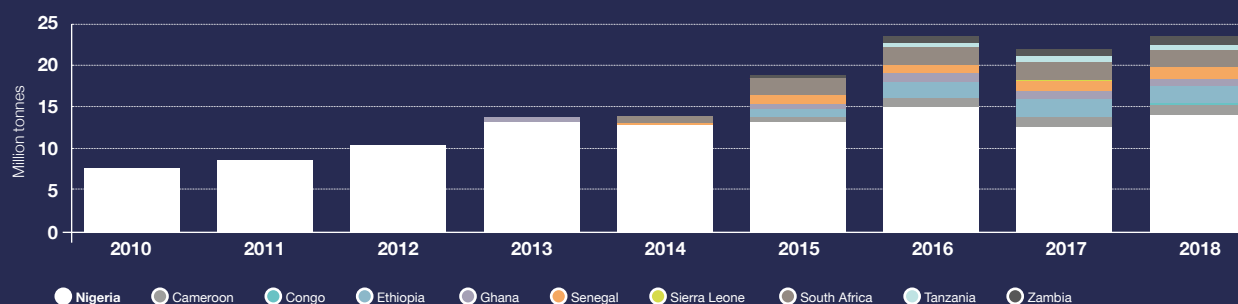
With headquarters in Nigeria, we operate in many Sub-Saharan African markets, helping the continent in its goal of becoming self-sufficient in cement production.

### Our regional strategy

We look out for markets that have ample limestone deposits, thriving economies, growing population and a pressing need for rapid housing and infrastructural development.



### A track record of growth



Source: DCP Annual Report 2018.



## Pan-African Operations:

Our Pan-African operations sold 23.5Mt of cement in 2018, which was 7.4% higher than the 2017 figures. Although, factors such as the plant shutdown in Tanzania (owing to a delay in gas turbine installation); civil disruptions in Ethiopia; and reductions in imports from Nigeria into Ghana, threatened sales, our year-end stance was positive.

Strong performances were recorded in other Pan-African markets, including Zambia, Sierra Leone and our newest market, Congo. The total Pan-African volume represents

39.8% of Group sales volume before inter-company adjustments.

Pan-African revenues of ₦901.2 billion were 11.9% higher than 2017. The region's EBITDA contribution of ₦435.3 Billion (before central costs and eliminations) was 12.1% of Group EBITDA, at a margin of 48.3%, compared to a margin of 48.2% in 2017.

### AGANANG/DELMAS, SOUTH AFRICA



**3.3Mta**

- Integrated Plant

### POUT, SENEGAL



**1.5Mta**

- Integrated Plant
- On-site power plant



### MUGHER, ETHIOPIA



**2.5Mta**

- Integrated Plant

### MTWARA, TANZANIA



**3.0Mta**

- Integrated Plant
- On-site power plant



### DOUALA, CAMEROON



**1.5Mta**

- Clinker grinding plant

### NDOLA, ZAMBIA



**1.5Mta**

- Integrated Plant
- On-site power plant



### MFILA, REP. CONGO



**1.5Mta**

- Integrated Plant

### TEMA, GHANA



**1.5Mta**

- Import & distribution facility
- Import terminal
- Takoradi grinding plant in plan



### FREETOWN, SIERRA LEONE



**0.7Mta**

- Import & distribution facility
- Import terminal under construction



### COTE D'IVOIRE



- Grinding plant under construction

### KENYA



- Integrated Plant in plan

### LIBERIA



- Import terminal in plan

### NIGER REPUBLIC



- Integrated Plant in plan

### MALI



- Grinding Plant in plan

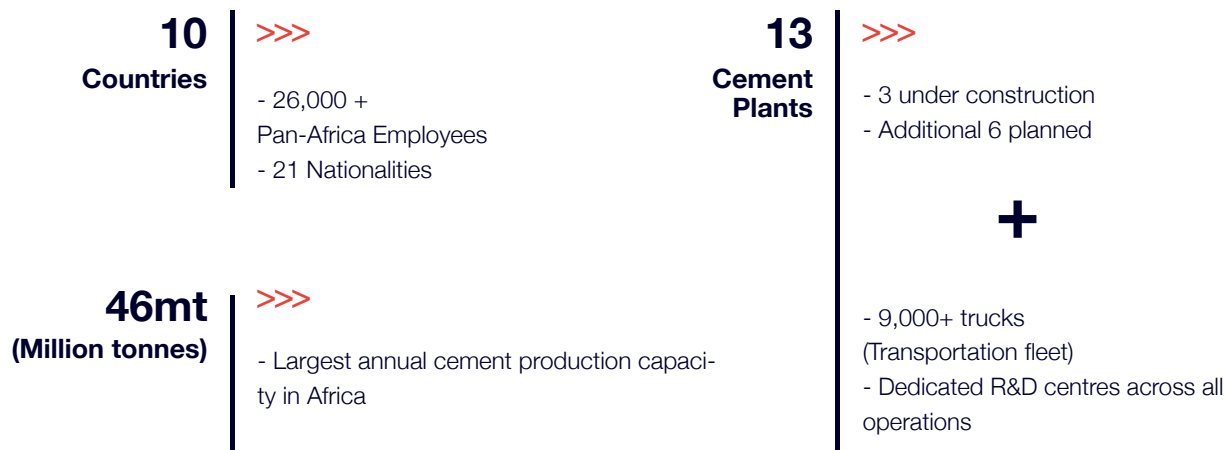
### NEPAL



- Integrated Plant in plan

## Infrastructural & Human capital:

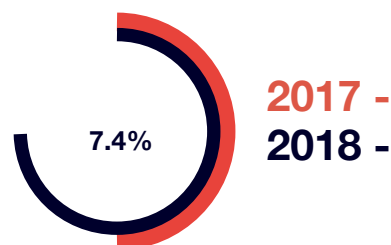
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## Financial:

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**23.5**  
MT Group  
Sales Volumes



**₦901.2B**  
Revenues

**₦435.3B**  
EBITDA at  
12.1% Margin

## CAMCAN Nigerian Capital Market Performance Award 2018



**Most Profitable**  
company overall on the  
Nigerian Stock Exchange

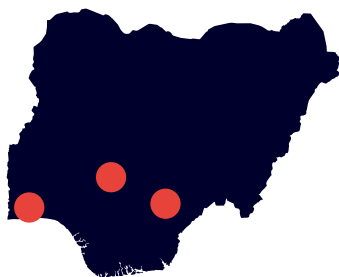


**Institutional Investor  
Award - Emerging EMEA  
Executive Team, 5 top  
three rankings**



**SON -  
MANCAP  
Certification**

# NIGERIA



## KEY STATISTICS

### DEMOGRAPHICS

Population	196m
Urbanisation	50%
2018 GDP growth	1.9%

### MARKET

Total capacity	48.2Mta
Cement consumption	126kg/ps
Total market	20.7Mt

### MARKET SHARE:

**65%**

### SALES VOLUMES:

**14.2Mt**

### REVENUE:

**₦618.3B**

### MAIN INFRASTRUCTURE PROJECTS:

- Epe Expressway Road Project
- Kano- Maiduguri Expressway
- Lagos-Ibadan Expressway Road Project
- Lagos-Ibadan Rail Project
- Loko Oweto Bridge
- Power Plant, Ohowe Village, Benin

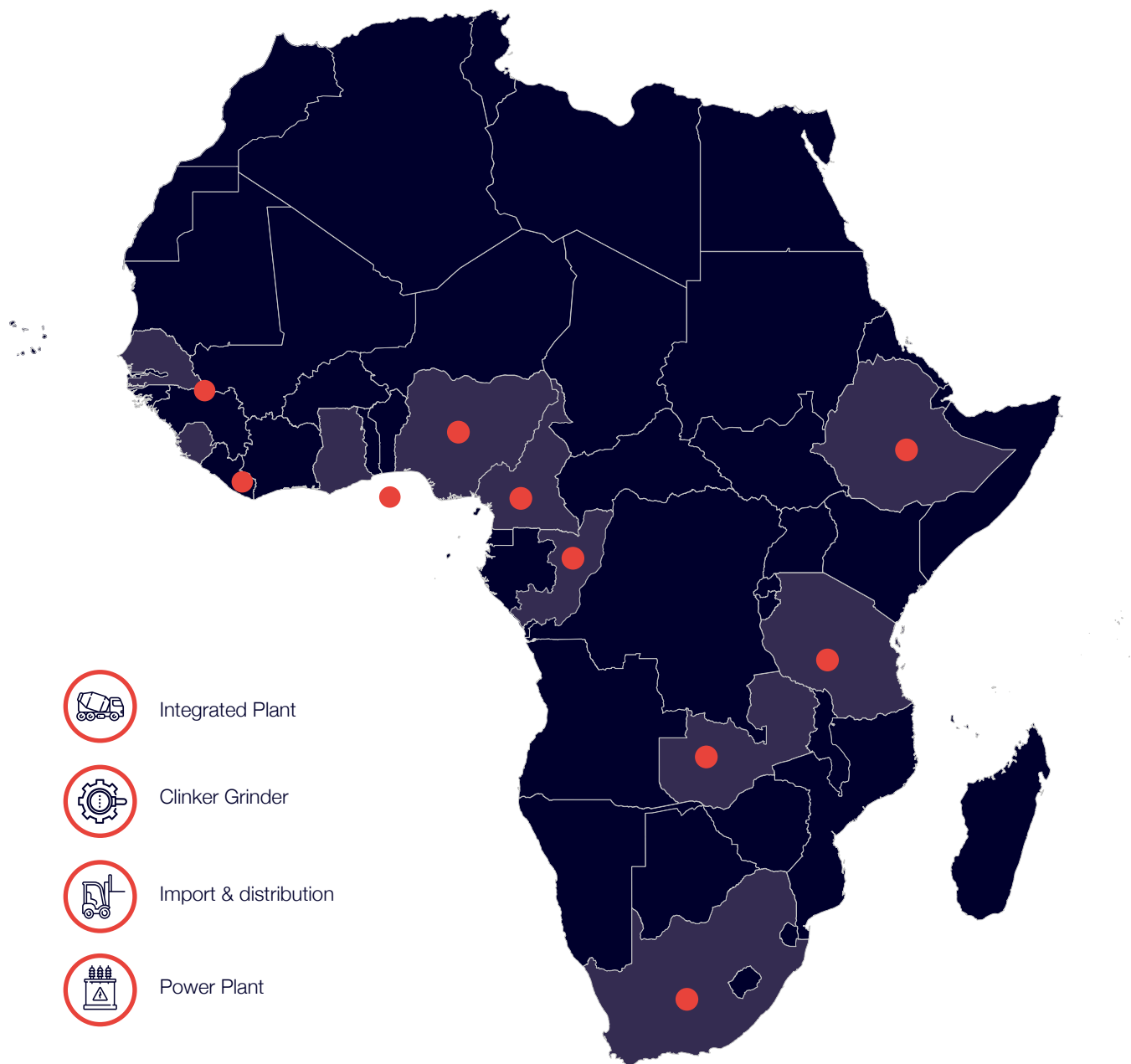
Nigeria's cement market recovered well in 2018. We estimate that total market consumption was 20.7Mt, up 11.0% from the 18.6Mt sold in 2017. Dangote Cement's Nigerian operations increased volumes by 11.4% to 14.2Mt in 2018, including export sales of 0.8Mt. Domestic sales in Nigeria were 13.4Mt, compared to 12.0Mt in 2017, as a result of higher local demand. Owing to this strong performance, Nigeria increased revenue by 11.9% to ₦618.3billion and EBITDA by 10.2% to ₦397.4billion, at a margin of 64.3%.

Only a few years ago, our home market, Nigeria was one of the world's largest importers of cement. Thanks to the huge investments and contributions of Dangote shareholders and other key stakeholders, Nigeria has transformed into a net exporter of this basic but vital commodity.

Despite recent macro-economic slowdown in Nigeria, we kept industry-leading financial performance with exceptional EBITDA margins of 48%. Through our recent investments, Dangote Cement has eliminated Nigeria's dependence on imported cement and has transformed the nation into a net exporter of cement, serving neighbouring countries.

Increased use of own-mined and other locally sourced coal, as well as improved production efficiency, helped to improve profit margins. Our Nigerian operations aim to achieve energy efficiency by reducing consumption of fossil fuel. This model would enable us to phase out the use of expensive low pour fuel oil in kilns and to reduce our use of imported coal. Additionally, converted kilns enable us to use coal and gas interchangeably.

In 2019 we will open export facilities in Lagos and Port Harcourt that will enable us to export clinker along the coast, initially to our grinding facility in Cameroon and in time to new grinding plants we are building in Ghana and Côte d'Ivoire. Not only will this 'export to import' strategy generate useful foreign currency for Dangote Cement to support other expansion projects outside of Nigeria, it will also help to increase the output of our Nigerian plants. This will improve job creation and increase prosperity in Nigeria, which all stakeholders can be proud of.



## Nigerian Operations:

### OBAJANA, KOGI STATE



**13Mta**

- Integrated Plant

### IBESE, OGUN STATE



**12Mta**

- Integrated Plant

### GBOKO, BENUE STATE



**4Mta**

- Integrated Plant



## SENEGAL



### KEY STATISTICS

#### DEMOGRAPHICS

Population	16m
Urbanisation	47%
2018 GDP growth	7.0%

#### MARKET

Total capacity	8.2Mta
Cement consumption	235kg/ps
Total market	3.8Mt

### MARKET SHARE:

**24%**

### SALES VOLUMES:

**1.4Mt**

### REVENUE:

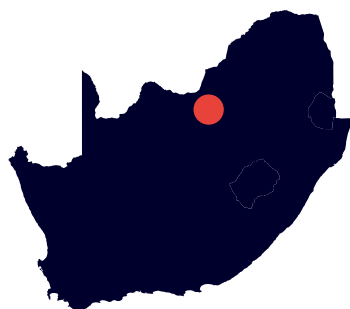
**₦39.0B**

### MAIN INFRASTRUCTURE PROJECTS:

- Ilaa Touba Highway
- Dakar Airport Railway

With per capita consumption of about 235 kg/person, Senegal is an excellent market for cement. We have introduced the 32.5 grade cement which is well suited for the lower-end, price sensitive market.

## SOUTH AFRICA



### KEY STATISTICS

#### DEMOGRAPHICS

Population	57m
Urbanisation	66%
2018 GDP growth	0.8%

#### MARKET

Total capacity	17Mta
Cement consumption	245kg/ps
Total market	14Mt

### MARKET SHARE:

**N/A**

### SALES VOLUMES:

**n/a**

### REVENUE:

**₦59.0B**

South Africa has approximately 17Mta capacity. Our facilities at Aganang and Delmas are among the most modern and efficient in the country, serving key markets around the capital and regions such as Limpopo province, Kwa-Zulu Natal and North West Province. Price and product competition has been stiff in 2018, with new products launched by competitors. With pressure on sales volume, we focused attention on strategic marketing, cost reductions and operational efficiency.

## ETHIOPIA



### KEY STATISTICS

#### DEMOGRAPHICS

Population	57m
Urbanisation	66%
2018 GDP growth	0.8%

#### MARKET

Total capacity	17Mta
Cement consumption	84kg/ps
Total market	9.1Mt

### MARKET SHARE:

**15%**

### SALES VOLUMES:

**2.1Mt**

### REVENUE:

**₦51.4B**

Dangote cement factory was opened in the Oromiya region in May 2015. Our 2.5Mta plant, less than 90km from Addis Ababa, is the largest cement plant in Ethiopia, capable of producing high-quality 32.5 and 42.5-grade cements to meet market needs, at competitive prices. The plant has rich limestone reserves of about 223 million tonnes.

In May 2018, Country Manager of Dangote Cement plant in Ethiopia, along with two other employees - a secretary and the driver - were shot dead by unknown assailants near the Dangote Cement Factory located some 85 kilometers west of Addis Ababa in Adeberga woreda, Oromiya region. The Ethiopian government and the Ethiopian Investment Commission both issued statements of apology and condolences to Dangote and the families of the victims.

Dangote representatives continue to work closely with the local communities to assess and address their concerns. We are committed to continuous improvement of our community engagement policies and practices to ensure harmonious coexistence with host communities.

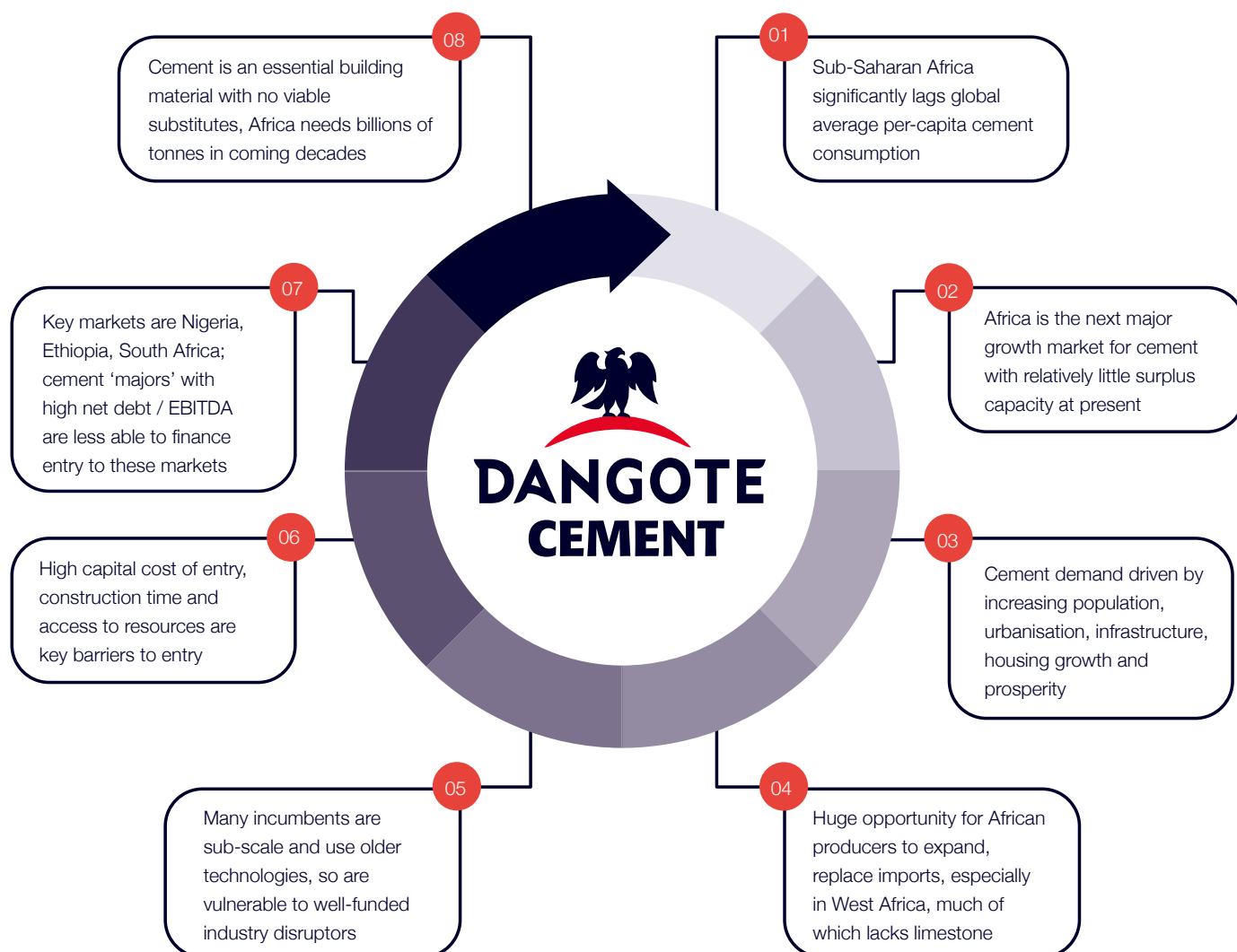


## Future business plans:

Increasing demand for cement continues across the continent, owing to enhanced urbanisation, infrastructure, housing and commercial building developments. Emerging middle-class and younger, more mobile population increases consumption and need for more buildings. It is estimated that total infrastructure spending in Africa may reach \$6 trillion by 2040.

Dangote Cement's existence is not temporary, so it is monitoring the development within the sector and Africa as a whole. In response to the events and the future outlook of the industry, DCP is positioning itself to seize the possible future opportunities, and to continuously remain relevant in the industry.

## Why sustainability in cement production is important to us





## The Executive Management Team:

### Championing Sustainability



**Engr. Joseph Makoju Mni, OFR.**  
Group Chief Executive Officer



**Brian Egan**  
Group Chief Financial Officer



**Arvind Pathak**  
Chief Operating Officer



**Adeyemi Fajobi**  
Head of Sales and Marketing



**Juan-Carlos Rincon**  
Head of Transport



**Kashinath Bhairappa**  
Director of Projects



**Knut Ulvmoen**  
Supply Chain Director



**Mahmud Kazaure**  
Group Chief Legal Counsel  
and Company Secretary



**Musa Rabi**  
Group Chief Human Resources Officer



**Oliver Obu**  
Group Financial Controller Designate



**Dr Ravi Sood**  
Director of Operations, Nigeria



**K R Rao**  
Director of Operations, Pan-Africa

2.

# OUR SUSTAINABILITY JOURNEY -

**OLAKUNLE  
ALAKE**  
GMD, DIL

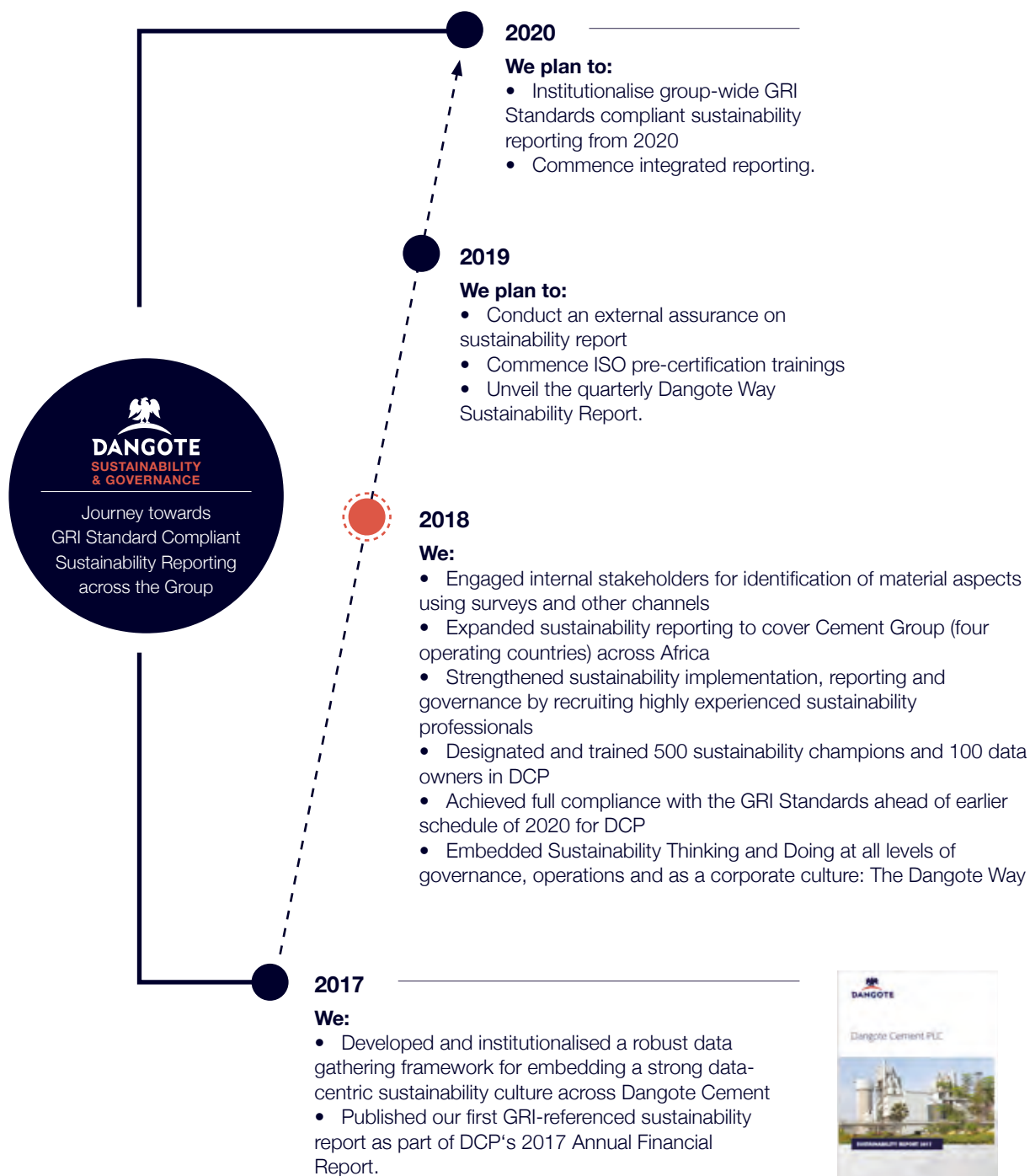
We had started our sustainability journey a long time ago. However, developing a strategy around the 7 pillars inspired a strategic model of sustainability management which has grown organically in our organisation. We are led by a strong desire to improve.

”



# Dangote's phased journey towards world-class sustainability reporting

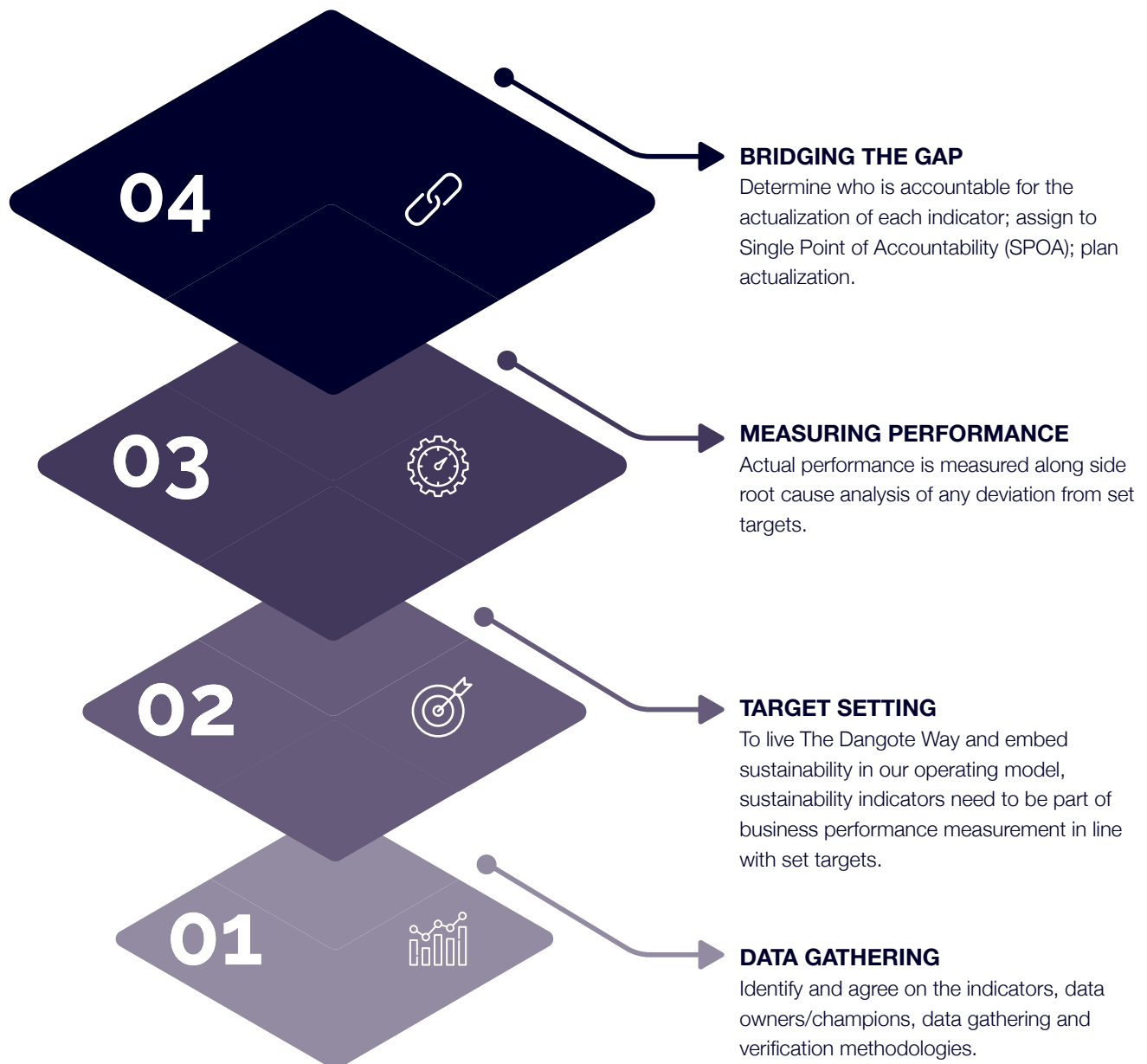
We commenced our journey towards sustainability reporting in 2017 and developed a roadmap to achieve compliance with the Global Reporting Initiative (GRI) Standards by 2020:





## Towards operationalising a data-centric sustainability culture

The data gathered from the sustainability reporting process enables us to identify gaps and design effective measures for optimal performance management across all aspects of our operations.



# Sustainability Governance

Sustainability governance at Dangote stems from the highest echelon of the group and cascades down across all levels.

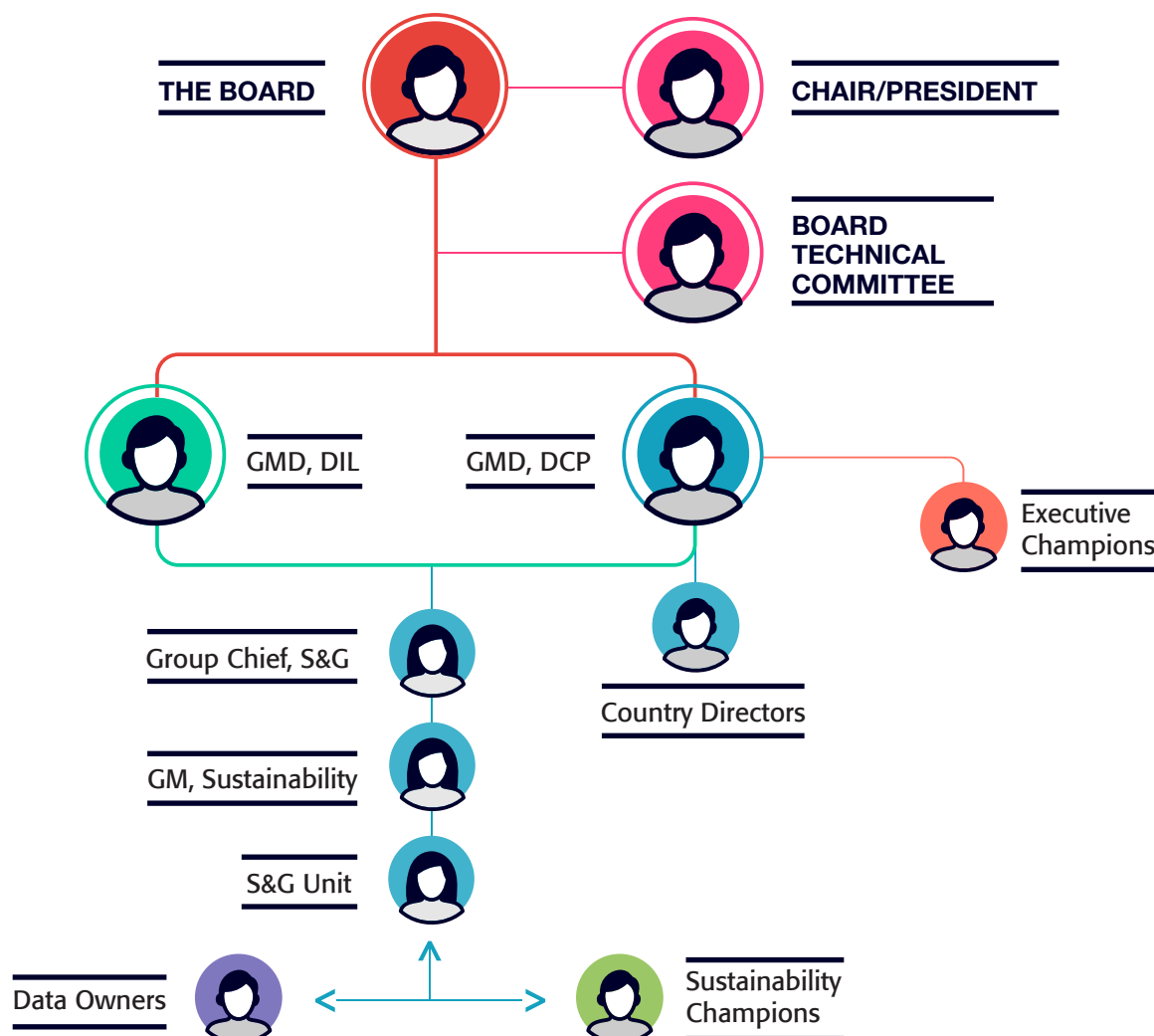
The Board of Directors is advised by the President and the Board Technical Committee on sustainability matters. They are supported by the GMD, Dangote Cement Plc. and the Group Chief, Sustainability and Governance. To ensure sustainability is embedded into our entire business strategy, we nominated champions that represent all the geographical regions where we operate.

Our Sustainability and Governance unit drives awareness and provides training on sustainable business practices

across our operational network. The Group Chief manages a team of sustainability professionals who liaise with sustainability champions that have been nominated in all the relevant department/units of the group.

The Board oversees the development of our sustainability strategy and enforces its adoption across the group. The Board also works closely with the sustainability team to identify material sustainability issues, and to approve set sustainability targets.

## SUSTAINABILITY GOVERNANCE STRUCTURE



## 500 Sustainability champions designated and trained in 2018

Our Sustainability Champions act as the linkages between us and all the units across the group. In our bid to institutionalise sustainability and embed it in our organisational DNA, we instituted a Sustainability Champions programme. During the year, we trained 500 persons as Sustainability Champions to bolster our sustainability efforts across all locations.



In 2018, we devoted 1,083 staff hours to training in sustainability awareness and sensitisation, which represented 0.2% of our total staff training hours.

### CASE STUDY

#### SUSTAINABILITY WEEK

Our first Sustainability Week was a massive success, with colleagues showing great enthusiasm to live The Dangote Way and reach out to help local communities, touch lives and create a more conducive environment for coexistence and cooperation. Our Sustainability Champions worked on diverse projects targeted at improving hospitals, roads, schools, communities and small businesses.

#### Sustainability Week projects

<b>500</b>	<b>13</b>	<b>6</b>
Volunteers	Locations	Countries





## Sustainability standards and codes that we comply with:



## The SERAS Awards 2018



The Sustainability, Enterprise and Responsibility Awards (The SERAs) is the most recognised and prestigious corporate social responsibility (CSR) and Sustainability Award in Nigeria. During the 2018 ceremony which held on December 1, 2018, at the Muson Centre, Lagos, Dangote Group emerged finalist in five categories.

Dangote Cement won the Award for the Best Company in Supply Chain Management, while Dangote Rice won the Best Company in Hunger, Food and Security.

The Group was finalist in five other award categories which include Best in Poverty Eradication, Best in Support for SME and Best in Environmental Excellence.

Some of the Group's Award nominations were credited to its impactful community support activities during the 2018 Sustainability Week.

Two members of the Dangote Group family, Dr. Ndidi Nnoli, Group Chief, Sustainability & Governance; and Eunice Sampson, General Manager/Head, Sustainability, Dangote Cement Plc, were among 6 Nigerians that were singled out for individual SERAS awards for their distinguished contributions to the growth of CSR and Sustainability in Nigeria.

3.

# VALUE CREATION -

**WHY SUSTAINABILITY IS  
IMPORTANT FOR OUR BUSINESS**



**ERNEST EBI**  
Non-Executive  
Director

Our commitment to sustainable value creation is driven by the highest level of governance.

”



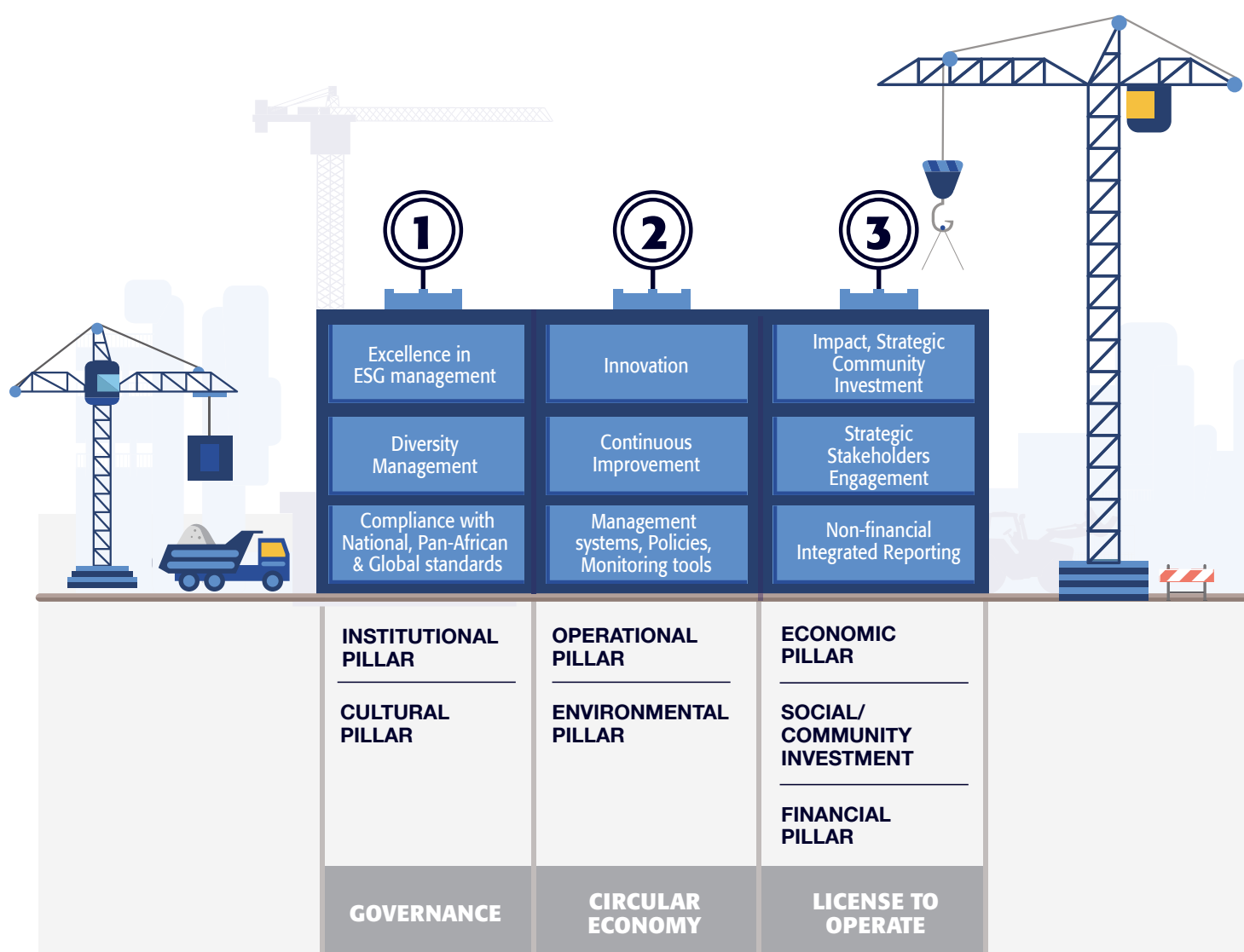
## Our Values

Our values represent our overall work culture which guides our staff in the performance of their duties.

- **SERVICE:** As a world-class organisation, we understand that we exist to serve and satisfy our customers. Accordingly, our customer orientation reflects intimacy, integrity and continuous learning.
- **LEADERSHIP:** We thrive on being leaders in our business, markets and communities. To drive this, we focus on continuous improvement, partnership and professionalism.
- **ENTREPRENEURSHIP:** We continuously seek and develop new business, employing state-of-the-art methods to sustain our market leadership.
- **EXCELLENCE:** We are a large organisation, working together to deliver the best products and services to our valued customers and stakeholders.

## Value Creation Model

Our value creation model is our system of creating sustainable value from various aspects of our activities for internal and external stakeholders. It represents our strategic objectives and how they are distributed among the 7 Pillars. The model shows the inter-linkages between the pillars with emphasis on governance (institutional and cultural pillars); operations (operational and environmental pillars); and license to operate (economic, social and financial pillars).







## How we propose to achieve Sustainability Leadership in Africa

In continuation of our sustainability journey, we have developed a clear strategy for value creation that positions us as an industry disruptor. In the coming years, while developing and enhancing our sustainability strategy for the Dangote Cement Group, we have determined 3 levels which we identify as critical:

### 1. FOUNDATIONS: PLAY TO CREATE NEW VALUE

Compliance with internal policies, international standards and regulations – these are the foundation of how we conduct business. Building value-driven business is key for us. We comply with the applicable laws in all the countries in which we operate. We also aim to raise standards through knowledge sharing and benchmarking across the plants. We continuously improve our systems and processes to raise effectiveness and manage risks quicker.

### 2. CHANGE MANAGEMENT: PLAY TO CAPITALISE

Good governance is not only about procedures and policies. We are developing a corporate culture that encourages and supports transformation and innovation across the Group. We influence positive behaviours in order to live the values we respect. We are more proactive in our HSE risk management processes and practices, with HSE being promoted from being a standalone activity into a key performance indicator. We are building a culture focused on incidents prevention. Also, by adopting a pragmatic stakeholder management approach which guides the way we engage with our stakeholders, we are able to listen and identify their key concerns and develop strategies for addressing them while maximising our positive impacts. However, we are aware that there is still room for improvement in our environmental, social and governance management.

### 3. LEADERSHIP: PLAY TO WIN

We strengthened our market leadership in 2018 and believe that our strategy will enable us to continue growing and consolidating our position in Sub-Saharan Africa. The opportunities are enormous. The United Nations estimates that the region's population will grow to more than 2 billion people by 2050, with the urbanised population growing by 800 million over the same time, which is 2.5 times America's current population. We understand that these growths could also have negative impacts on the environment. We want to help to shape transformation in a responsible manner.

4.

# SECTION ONE -

## HOW WE STRENGTHEN GOVERNANCE

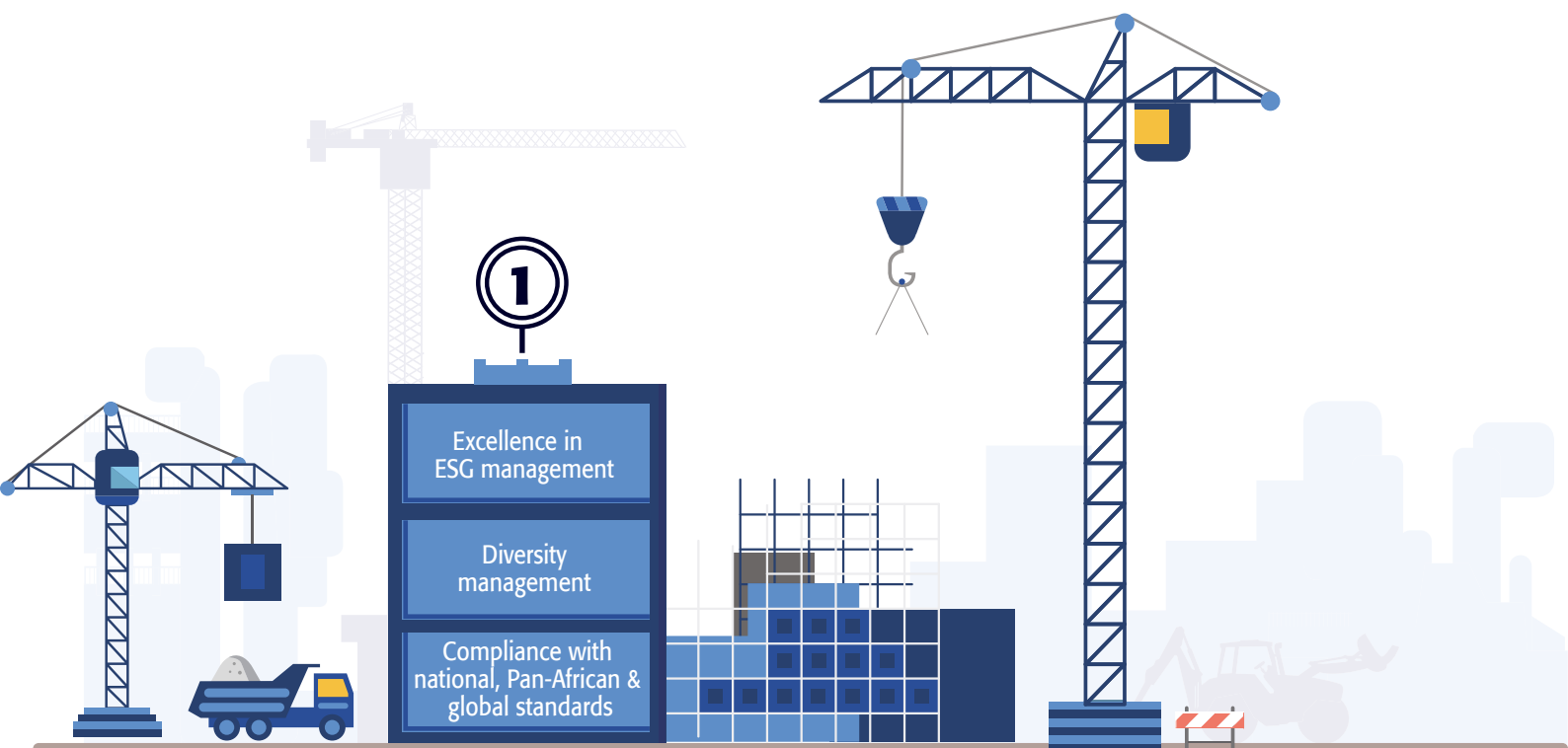


**INSTITUTIONAL  
PILLAR**

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**CULTURAL  
PILLAR**



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## INSTITUTIONAL & CULTURAL

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<b>Strategic objective:</b>	<b>1.1.</b> Compliance with national, Pan-African and global standards
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### Description

Commitment to compliance with the highest business standards in all the markets where we operate.

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<b>Strategic objective:</b>	<b>1.2.</b> Diversity management
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### Description

For us, diversity means a workforce with a mix of visible, underlying differences in ethnicity, culture, religion, nationality, age, gender, education and appearance.

Managing diversity and inclusiveness is critical to achieving business success. Our goal is to develop a management system that will allow us to live the values rooted in our DNA.

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<b>Strategic objective:</b>	<b>1.3.</b> Excellence in ESG management
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### Description

Improved bottom line results, balanced scorecard reports, and better ratings and awards from organisations/frameworks such as GCCA, the UN Global Compact; the International Labour Organisations; the OECD Guidelines; the IFC Performance Guidelines; the NSE Sustainability Disclosure Guidelines, etc. Our goal is to raise our ratings within the global cement market, and also to encourage our supply chain network to improve their business practices and adopt sustainability principles.

### STEP 1 EXPECTED OUTCOME:

#### To achieve Excellence in **GOVERNANCE**.

Stronger regulatory compliance and improved public perception of the value our business creates; improved brand equity; improved access to capital investments that will help scale up and expand our business.

# INSTITUTIONAL



## Definition

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Building a world-class institution centered around a culture predicated on best practices in corporate governance and sustainability principles that promote legal/regulatory compliance, transparency and business continuity.

## Management Approach

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Our approach to governance essentially involves balancing our business interests with the interests of our valued stakeholders, which include shareholders, employees, customers, suppliers, financiers, governments and host communities. With our seven pillar approach, Sustainability is being engrained into our business decisions, processes and practices. We ensure that the highest level of governance champions our sustainability vision, goals and objectives.

We are building an institution that is governed by values and ethical norms of behaviour and where effective governance is flagged as the driver of corporate performance, not just in financial returns but also in social, economic and environmental impact. To ensure business integrity and continuity, we prioritise legal and regulatory compliance, effective risk management and strive to achieve transparency in our business activities across all locations.





**DR ADENIKE  
FAJEMIROKUN**  
Group Chief Risk Offi-  
cer Dangote Group

”

For us, the Sustainability & Governance Function is key to effective Risk Management - these are two sides of the same coin.

## What are the standards we comply with?

### PILLAR: Institutional

GRI	IFC	UN-SDGs	SEC Code	UNGC	NSE	NCCG
<b>GRI 102:</b> General Disclosures	<b>Performance Standard 7:</b> Indigenous Peoples  <b>Performance Standard 8:</b> Cultural Heritage	<b>SDG 8:</b> Decent work and economic growth  <b>SDG 16:</b> Peace, justice and strong institution  <b>SDG 17:</b> Partnership for the Goals	Compliance with all provisions of the Code	<b>HUMAN RIGHTS:</b> <b>• Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and <b>• Principle 2:</b> Make sure that they are not complicit in human rights abuses.  <b>LABOR:</b> <b>• Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <b>• Principle 6:</b> The elimination of discrimination in respect of employment and occupation.  <b>ANTI-CORRUPTION:</b> <b>• Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.  <b>ENVIRONMENT:</b> <b>• Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;	<b>Governance</b>	Compliance with all principles of the Code

#### LEGEND:

**SEC** - Code of Corporate Governance  
**GRI** - Global Reporting Initiative  
**IFC** - International Finance Corporation  
**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals  
**NCCG** - Nigerian Code of Corporate Governance  
**NSE** - Nigerian Stock Exchange

## Performance Tracker

### KPIs

#### ORGANISATIONAL TRANSPARENCY

2

Financial and non-financial reports released to disclose impact to stakeholders

#### BOARD DIVERSITY

12.5%

Female composition on Board

#### BOARD COMPOSITION

20%

Increase in Independent Non-Executive Directors

## Our Sustainability Commitment

For us, a high level of trust, together with a strong business reputation, makes it easier to operate; attract and retain best quality people, customers, and suppliers; contribute to good relationships in our local communities; and pave the way to confidently entering new markets.

Our Compliance function serves as an essential element of our company's culture of integrity - requiring responsible conduct from all of our employees, suppliers, and third-party business partners in accordance with all applicable laws, internal codes and policies.

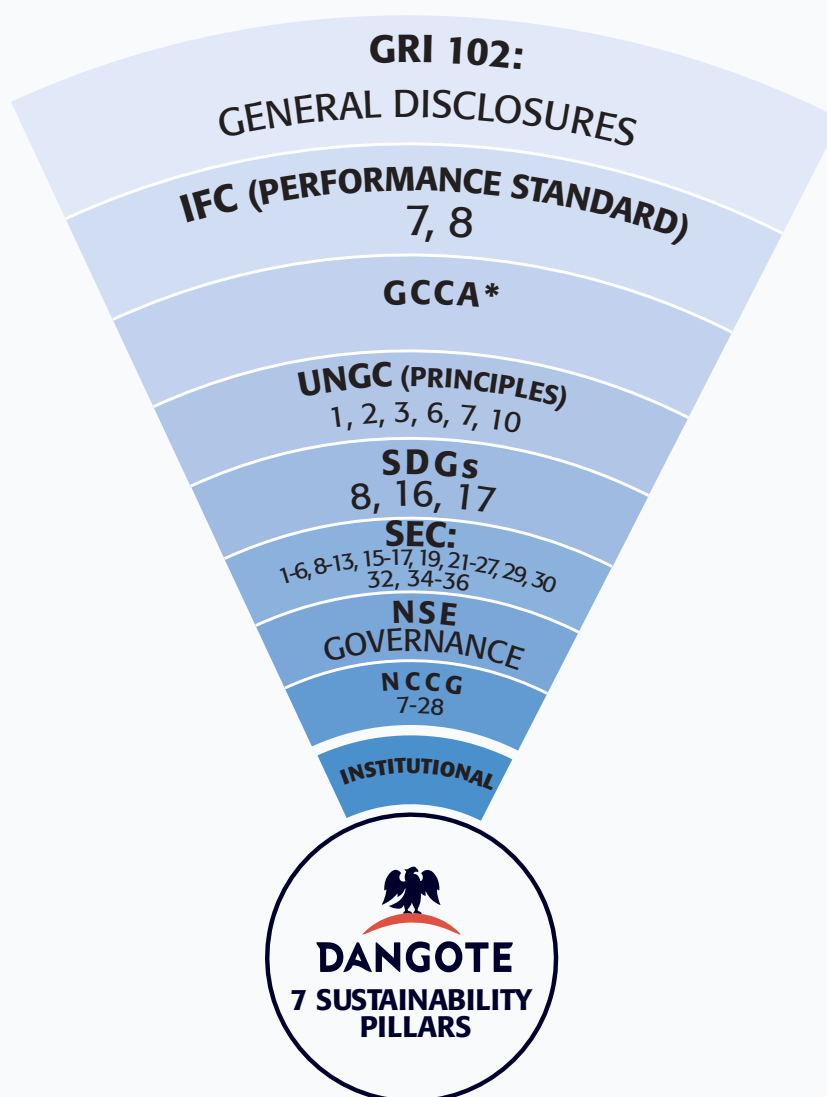


**ALIYU SULEIMAN**  
Group Chief Strategy

”

I believe with the 7 Sustainability Pillars, we have a well-defined and clearly laid out strategy to deliver sustainable growth and impact.

## Institutional Standards



## Institutional Indicators

- ☒ Corporate governance
- ☒ Risk management
- ☒ Culture based on ethics and integrity
- ☒ Stakeholder engagement





**DR ADENIKE  
FAJEMIROKUN**  
Group Chief Risk Officer  
Dangote Group



## **SUSTAINABILITY AND RISK MANAGEMENT ARE TWO SIDES OF A COIN**

### **Q. How does risk management help to create positive long-term value?**

**A.** Risk identification, assessment and mitigation are critical aspects of any business that wants to play for a long time. At Dangote Cement, risk management is a top priority and the risk implications of every business decision and action are thoroughly assessed from the short to the long term, scrutinising areas of potential opportunities and competitive advantage, and areas where negative impact mitigations are required. We have expanded our risk management scope to cover critical governance, social and environmental risks. By doing this, we are able to account for the various dimensions of our risk profile, including externalities.

### **Q. How is sustainability embedded in your risk management?**

**A.** For us sustainability and risk management are two sides of a coin. Leveraging on our sustainability management system and structures, we are able to identify business risks and opportunities and proactively take steps to minimise the risks and maximise the opportunities. Our sustainability structure and system being put in place, shapes our perspective and approach of risk, especially when they border on governance and socio-environmental issues accompanied with external costs. These set of risk are comprehensively assessed to ensure that negative impact are reduced to the minimum.

### **Q. What are the biggest compliance risks to Dangote Cement?**

**A.** For companies that occupy similar positions like us, compliance to various local, national and global industry standards are a given. As a company with footprints in many localities, we have to also ensure that we play by the rules as they relate to our economic, environmental, social and governance activities. For instance, in our Nigerian market we have to comply with several regulations like NSE Sustainability Disclosures Guidelines, SEC code of corporate governance and the Nigerian Code of Corporate Governance.

### **Q. What are the biggest social and environmental risks to Dangote Cement?**

**A.** Our activities can be socially and environmentally beneficial or damaging depending on the level of responsibility and the type of management adopted. Our biggest social risk will be those associated with our relationships with communities that play host to our plants. For our environmental risk, the most critical are our emissions which contribute to climate change. We have identified these risks, and have dedicated teams who work tirelessly to mitigate and if possible, avoid them.

### **Q. What is the 2019 outlook for sustainability related risk management at Dangote Cement?**

**A.** The first process is to identify our risks, which is what we have done. We have some systems in place, and we are still building structures to ensure best practices in their management.

## Corporate governance

A successful business is one that is driven by strong, yet supportive corporate governance that guides its long-term strategy for profitability and sustainable growth.

### The Board of Directors

● Attended ● Not attended ● Medical absence



**Aliko Dangote GCON**  
**Chairman**

Attendance  
● ● ● ● ● ● ● ●



**Joseph Makoju OFR GCSO**  
**Group Chief Executive Officer**

Attendance  
● ● ● ● ● ● ● ●



**Brian Egan**  
**Group Chief Financial Officer**

Attendance  
● ● ● ● ● ● ● ●



**Abdu Dantata**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Cherie Blair**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Devakumar Edwin**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Dorothy Ufot SAN**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Douraid Zaghouni**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Emmanuel Ikazoboh**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Ernest Ebi**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Fidelis Madavo**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Sir Michael Davis**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Olakunle Alake**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Olusegun Olusanya**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Sani Dangote**  
**Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●



**Viswanathan Shankar**  
**Independent Non-Executive Director**

Attendance  
● ● ● ● ● ● ● ●

## The Committees



The Technical and Operations Committee oversees the sustainability function. It is mandated to ensure sustainability acculturation in all aspects of the business.

The Board, in furtherance of its mandate, ensures that its Committees are composed of members with the requisite knowledge, skill set and experience to effectively discharge their duties. Members of the Executive Management team are often in attendance at Committee meetings in order to provide necessary information, support the Committee and give status updates on decisions from previous meetings.

Governance at Dangote Cement is managed in compliance with various local corporate governance laws such as the SEC Consolidated Rules, Investments and Securities Act, The Complaints Management Framework of the Nigerian Capital Market, Code of Corporate Governance For Public Companies, Nigerian Code of Corporate Governance, NSE Corporate Compliance, NSE Sustainability Disclosure Guidelines, King IV Code on Corporate Governance and other relevant local governance guidelines. We also comply with several socio-environmental guidelines and policies that are specific to sub-lines of our business such as mining.

To strengthen our Corporate Board performance and allow for more independent and unbiased views on Board activities, we increased the number of Independent non-Executive directors by 20%, which brings our Board size to sixteen, consistent with the requirements of Section 4 of the SEC Code. We also increased our Board diversity by on-boarding another woman to the Board. We believe that a more inclusive Board is likely to avert skewed decisions and we hope to further increase the number and participation of women in the future. The affairs, composition and meeting guidelines for the Board Members are laid out on our Board Charter.

Out of the 28 principles that make up the 2018 Nigeria Code of Corporate Governance, 22 of them are directly related to sustainability and governance issues. We are committed to ensuring that we comply with the provisions way ahead of the January 2020 set compliance monitoring date.



**MAHMUD KAZAURE**  
Group Chief Legal Officer and Company Secretary



## MANAGING REGULATORY COMPLIANCE IN A CHALLENGING OPERATING ENVIRONMENT

**Q. What measures have been put in place to minimise exposures to incidents of non-compliance, sanctions and litigation?**

**A.** We have strengthened the legal and regulatory compliance function. In addition, we have implemented an annual compliance appraisal plan, which includes the use of automated regulatory compliance systems. We also work closely with all departments, to proactively identify and manage any potential compliance issues. Our efforts have been recognised in the Capital Market, as the Nigerian Stock Exchange named Dangote Cement Plc. as “The Most Compliant Listed Company” in 2017.

**Q. How is Dangote Cement entrenching a culture based on ethics and integrity in the workplace?**

**A.** We recognise that a culture of integrity is critical to achieving our long-term sustainable growth. In view of this, Dangote Cement Plc. prides itself in setting the tone from the top by mandating the Board Audit, Compliance and Risk Management Committee to oversee the Company’s compliance programmes and adherence to the Code of Business Ethics.

The Board is guided by our Directors’ Code of Ethics, which sets out the standards of conduct expected of them. Our directors renew their commitment to this Code on a yearly basis. Our employees and other stakeholders are also guided by the same high standards of ethics.





## Culture based on ethics and integrity

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Our employee code of conduct is disseminated to all levels of employees during onboarding. It is also contained in the Employee Handbook, which all employees have access to.

The Code extends to our other stakeholders and addresses issues and realities in the different countries where we operate. These issues include: confidentiality, bribery and corruption, compliance, money laundering, conflicts of interest, etc.



**PRASANNA  
KUMAR BURRI**  
Group Chief  
Information Officer

”

The Dangote Technology team is happy to be part of the digitalization efforts to monitor, automate and report on Sustainability KPIs across Dangote Cement operations in Nigeria and Pan-Africa.



## THE STAFF HANDBOOK

The Staff Handbook was developed as a practical manual to provide useful information for staff on the organisation's policies, rules and regulations, employee benefits, educational programs, services and the general code of conduct, ethics and standards expected of them.



### Whistle-blowing mechanism

Dangote Cement operates a robust whistle blowing policy, which guarantees protection, anonymity and non-reprisal for whistle-blowers. To ensure best practices, our whistleblowing system is hosted by an independent global organisation. This provides an extra layer of credibility and objectivity.

All employees and stakeholders have the opportunity to make confidential disclosures about suspected impropriety or wrongdoing.

When required, the Anti-Fraud Committee decides on the appropriate method and level of investigation. The Anti-Fraud Committee is made up of the following members:

- 
- |                            |                           |                                 |
|----------------------------|---------------------------|---------------------------------|
| • Chief Executive Officer; | • Chief Legal Officer;    | • Chief Human Resources Officer |
| • Chief Financial Officer  | • Head of Internal Audit; | • Chief Risk Officer.           |
- 

The Committee reviews the Group's whistle-blowing practices every year to assess their effectiveness, and take remedial actions where necessary. Out of all the cases investigated during 2018, 70% have been resolved and 30% are still ongoing.

## Anti-corruption

Dangote Cement is committed to fighting bribery and corruption across all locations with extra precautionary measures taken in countries that have been identified as high risk. We have an Anti-bribery and Corruption Policy which is part of the overall Anti-Fraud Compliance Programme. It aims to align with all relevant Acts, Codes, Laws, Guidelines and Policies designed to prevent, detect and respond to issues on corruption and bribery.

In our Nigerian operations, we are guided by two anti-bribery laws which are the Corrupt Practices and Other Related Offences Act of the Independent Corrupt Practices Commission (ICPC); and the Money Laundering (Prohibition) Act of the Economic and Financial Crimes Commission (EFCC).

Our Anti-bribery and Corruption Policy demonstrates the Company's zero tolerance for all forms of fraud including but not limited to bribery, corruption, asset misappropriation and financial statement fraud.



**KENNETH  
IRABOR**  
Head, Risk  
Management,  
DCP



## Human Rights

As Nigeria's foremost manufacturing company and a major job provider in the country; we strive to ensure compliance with Human Rights laws for both our direct employees and players in our supply chain. In addition to our employee hand book – which covers many of the identified human rights areas, we have a number of standalone human rights related policies and standards.

Dangote Cement is committed to creating awareness among staff and other key stakeholders on our child rights policies and the prohibition of child labour. We also support



### CONFIRMED INCIDENTS OF CORRUPTION IN 2018

In 2018, one confirmed case of corruption in Senegal was reported. An employee was involved in sending a binding contract offer to a competitor in order to have them as a reference point for cheaper product pricing. The issue was investigated and disciplinary measures were meted as appropriate.

Sustainability Management is embedded in the heart of our risk management philosophy and framework.

child rights protection in all our operations consistent with International Labour Organisation (ILO) Convention No. 182 and IFC Performance Standard 2. In the whole Group, the Child labour abolition and prevention policy has been developed and will be implemented in consultation with employees at all levels.

Additionally, we have also implemented forced or compulsory labour prevention and abolition policy, which is binding on all employees.

## Complaints Management

We are committed to building an organisation that is founded on strong legal compliance, ethical and moral values. We have a Complaints Management Policy that creates a two-way communication channel for giving, receiving and addressing complaints of shareholders and other stakeholders based on the requirements of the 2015 Complaints Management Framework of the Nigeria Capital Market by both the SEC and NSE.

To ensure accountability to our customers, we comply with several consumer protection laws of the Standards Organisation of Nigeria (SON) and the Consumer Protection Council. These laws safeguard consumer interests and ensure their protection. At Dangote Cement, we have put systems in place that assure product quality and provide customer feedback channels such as complaints hotlines on our official website and product labels.

The SON's Mandatory Conformity Assessment Programme (MANCAP) and Nigerian Industrial Standard (NIS) certifications received by Dangote Cement attest to the high quality and consumer friendliness of its products.

As stipulated in our employee handbook, any employee who considers that he/she has been unjustly treated shall be given the opportunity to submit such a grievance and it shall be thoroughly examined by the appropriate authority. Please reference Dangote's Staff Handbook (page 42) for our grievance procedure.

## Customer Data Privacy (Data security, Confidential information protection)

At Dangote Cement, we care about how customer data is used and shared and we place a premium on the trust afforded us by our customers. We utilise the highest standards of data privacy in storing information sourced from our value chain and communicate clearly to our customers the type of data we collect, what it is used for

and additional analysis performed on the data if any. There were no recorded cases of breaches of customer data privacy in the reporting year.



**ENENI  
ODUWOLE**  
Group Head of  
Operational Risk  
Management

”

We believe that operationalising sustainability results in the mitigation of business risks.



## Risk management

Good risk management is essential for the creation of a robust institutional framework that enables us to deliver long-term and sustainable increase in value for our stakeholders.

The Board through the Audit, Compliance & Risk Management Committee drives the overall effectiveness of the company's risk management processes to support its strategy and objectives.

The Group Risk Management department, headed by the Group Chief Risk Officer is responsible for coordinating all the risk management processes implemented across

the Group and ensures that risk controls are duly implemented. Where risk controls remain outstanding, the department ensures timely escalation to relevant approving authorities for the required budgetary approvals or control modifications. The risk monitoring process sometimes leads to the identification and assessment of new risks that are then analysed using the process flow previously described.

### Three lines of defence

Our risk culture at Dangote Cement is driven by key principles embedded in our Enterprise Risk Management Framework. These principles are built around the "three lines of defence". The first line comprises the revenue-generating and customer-interfacing areas, alongside all associated support functions.

The first line identifies the risks, and sets the policies, standards and controls, within the criteria set by the second line of defence. It continuously monitors risk positions and reports inherent risks to relevant stakeholders.

The second line of defence comprises risk and compliance employees and oversees the first line, setting the limits, ru-

les and constraints, consistent with the risk appetite of the Group. It ensures a holistic approach to risk management and risk reporting.

The third line of defence comprises Internal Audit employees, providing independent assurance to the Board and Executive Management. The Legal function does not sit in any of the three lines, but supports all three levels of defence and plays a role in overseeing legal risk.

### Risk measurement and prioritisation

This requires quantifying the consequences of potential risks or actual risk incidents for the proper understanding of risk exposures to relevant stakeholders. Dangote Cement's overall risk rating is based on the severity of impact or damage from specific risk, multiplied by its probability of occurrence.

The Company has committed itself to identifying, measuring and understanding ESG risks; including health and

safety, environmental and social risks and impacts of its operations.

We are ensuring an alignment between sustainability and risk management principles in all our operations.

## Risk mitigation

Our risk analysis model helps in the identification, impact assessment and mitigation of risks that are key to our business operations. Our risk universe comprises distinct risk types along financial, operational, social, community and personnel categories.

The principal financial risks include credit risk arising from non-payment for goods delivered on credit sales to distributors on the Special Unsecured Credit Scheme and risk of contraction of EBITDA margins in key markets due to global increases in the prices of commodities such as crude oil and coal. To mitigate these, we have built controls around our enterprise resource planning (ERP), managing and monitoring sales and repayments by auto-blocking accounts with overdue payments, hence limiting credit exposures. We are currently researching for alternatives to coal for fuelling our kilns.

We also mitigate operational risks such as increased cost of operations, hampered distributions resulting from concentration of annual sales volumes around few key distributors; truck unavailability resulting from ineffective planning and management of spare parts. We are focused on growing our customer base, with clear plans for target markets. We also carry out market segmentation and

ensure effective and competitive pricing. Dust pollution and waste disposal risks are mitigated through enhanced resource and operational efficiency and better waste management practices.

We handle waste management as a community risk, alongside other risks that may arise from their displeasures owing to unmet expectations; political instability; insecurity; ineffective coordination and execution of resettlements following land acquisitions, among others. We avoid creating environmental hazards by segregating wastes at source and handling storage in line with our Environmental Management Standards. We also maintain good relationships with our host communities by adopting best practices in our engagements, including staff volunteerism, social investments and compensation for any losses.

Finally, we mitigate risks arising from a dearth in skills and expertise by recruiting employees with appropriate qualifications and experience. We ensure that our employees are adequately trained and empowered to take on higher responsibilities. Risks related to occupational health and safety are also addressed through an alignment with the highest safety standards and effectively managing incidents and near misses.



## Risk monitoring and reporting

Risk escalation is an important tool for ensuring that risks are known and understood by the Dangote Cement staff and managed in a timely manner.

Following proper identification, quantification and treatment of existing and potential risks, mitigation strategies are recommended, implemented, monitored and reported to the Executive Committee on a monthly basis and to the

Board on a quarterly basis. Where necessary, special risk reports are sent to relevant stakeholders on a need-to-know basis.

The Board Audit, Compliance and Risk Management Committee reviews risk reports and approves the implementation of recommended risk control measures. The risk escalation process is outlined below:



## Operational risk and Internal audit controls

The primary role of the Group Internal Audit Function (“GIA Function”) is to carry out an independent, objective, assurance and consulting activity designed to add value and improve Dangote Cement Plc’s operations. The GIA function helps DCP accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

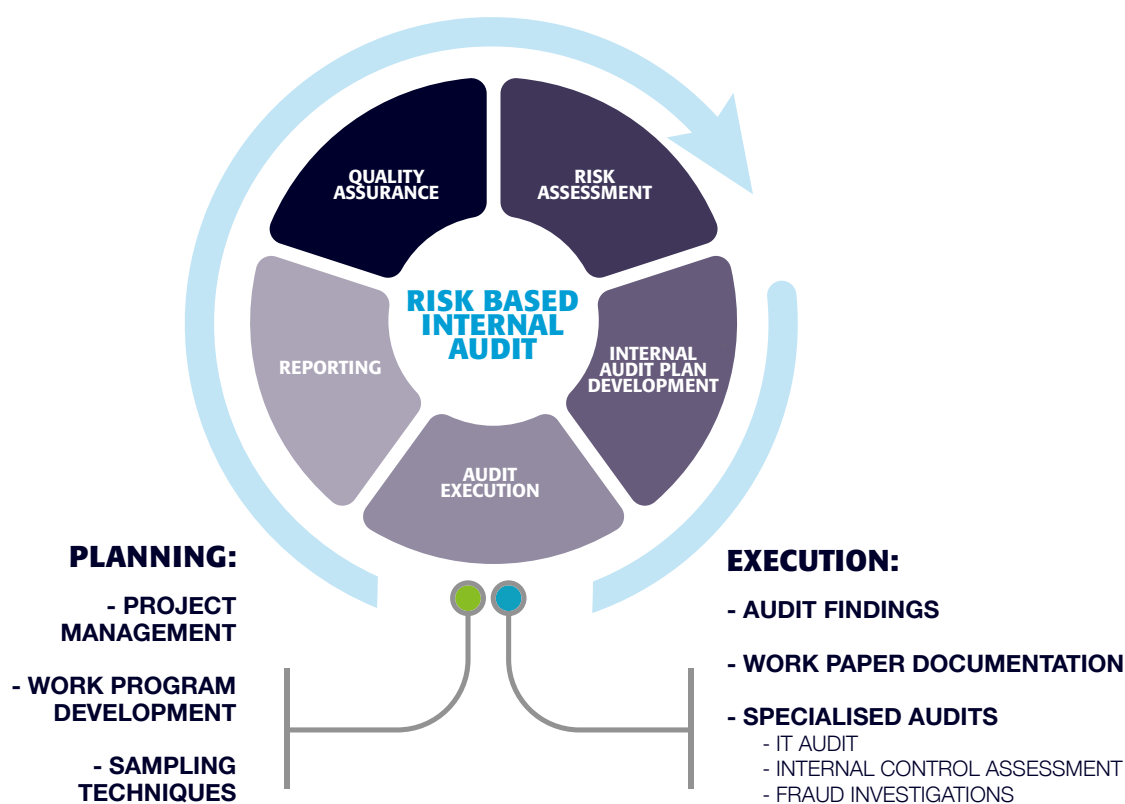
DCP has developed the Group Internal Audit Policies and Procedures that provide guidelines and minimum standards for the execution of the GIA Function’s responsibilities.

The GIA Function has adopted a Risk-Based Internal Audit Methodology (RBIA Methodology) in performing internal audit activities within the Group. It is a risk-based approach that focuses on the objectives of the Group and hindrances

to achieving them. The methodology analyses risk from a business perspective and focuses on key processes and controls. It employs a scalable top-down, risk-based approach designed to drive value by delivering efficient and effective audits which are directly tied to the Group’s strategic objectives.

The RBIA Methodology comprises five (5) major phases (Risk Assessment, Development of Internal Audit Plan, Audit Execution, Reporting and Quality Assurance) as depicted in the chart below.

Audit execution refers to the process of carrying out internal audit activities based on the Group Internal Audit Plan. It involves examining, evaluating and documenting the information pertinent to the area under audit in order to support audit results.





**EJURA EJUMEDIA**  
Sustainability Officer, DIL



## THE IMPORTANCE OF CREDIBLE DATA IN SUSTAINABILITY REPORTING

**Q. Given the data challenges that may have been experienced during this first major reporting cycle, what strategy is being deployed to make the next cycle easier?**

**A.** Having begun sustainability reporting just last year with a GRI referenced report published as part of our 2017 annual financial report, our sustainability reporting journey is still in its infancy. We are putting in place the necessary framework to ramp up the much-needed systems to manage various aspects of our sustainability functions, such as data collection and analysis, sustainability project design, implementation and reporting. A review of our data collection mechanism in the last year reveals some gaps, such as inadequate awareness among stakeholders and unavailability or non-capture of some relevant data. We intend to leverage these observations in the coming year to achieve a more holistic data collection and validation process. To address some of the shortcomings, we will proactively and constantly communicate with and train internal stakeholders, and work closely with the various departments to collect and store relevant sustainability data and deploy an improved data collection system.

**Q. How is Dangote utilising cutting edge technology to aid data collection, analysis and dissemination of information?**

**A.** Our Dangote SharePoint Platform was the primary technology utilised for data collection in 2017 and 2018, supplemented by off-line means of information gathering. We chose SharePoint in order to collaborate effectively and communicate data in real time across remote sites where our businesses are located. During this process, which we can conclusively admit was a partial success, we gained several insights and learning points. In the coming year, we intend to build a more robust sustainability data management platform driven by automation. Our ultimate goal is to roll out a more purpose-built, dedicated software that automates the entire data collection and analytic process.

**Q. How is your sustainability journey shaping best practices in corporate governance and shareholders' growing ESG expectations?**

**A.** Globally, there has been a renewed call for greater transparency in governance, especially for multinationals such as Dangote. More and more, stakeholders are demanding that businesses are open about their practices and how they affect the larger society. The demands of our stakeholders including investors, are not any different. These expectations continue to shape our business decisions and choices, with sustainability and accountability as the new watchwords.



## Good Practices



We are an active member of global initiatives:

Since **2010**

### CSI (GCCA)

A dedicated platform with the authority to speak globally on behalf of the cement and concrete sectors.

Since **2013**

### World Economic Forum

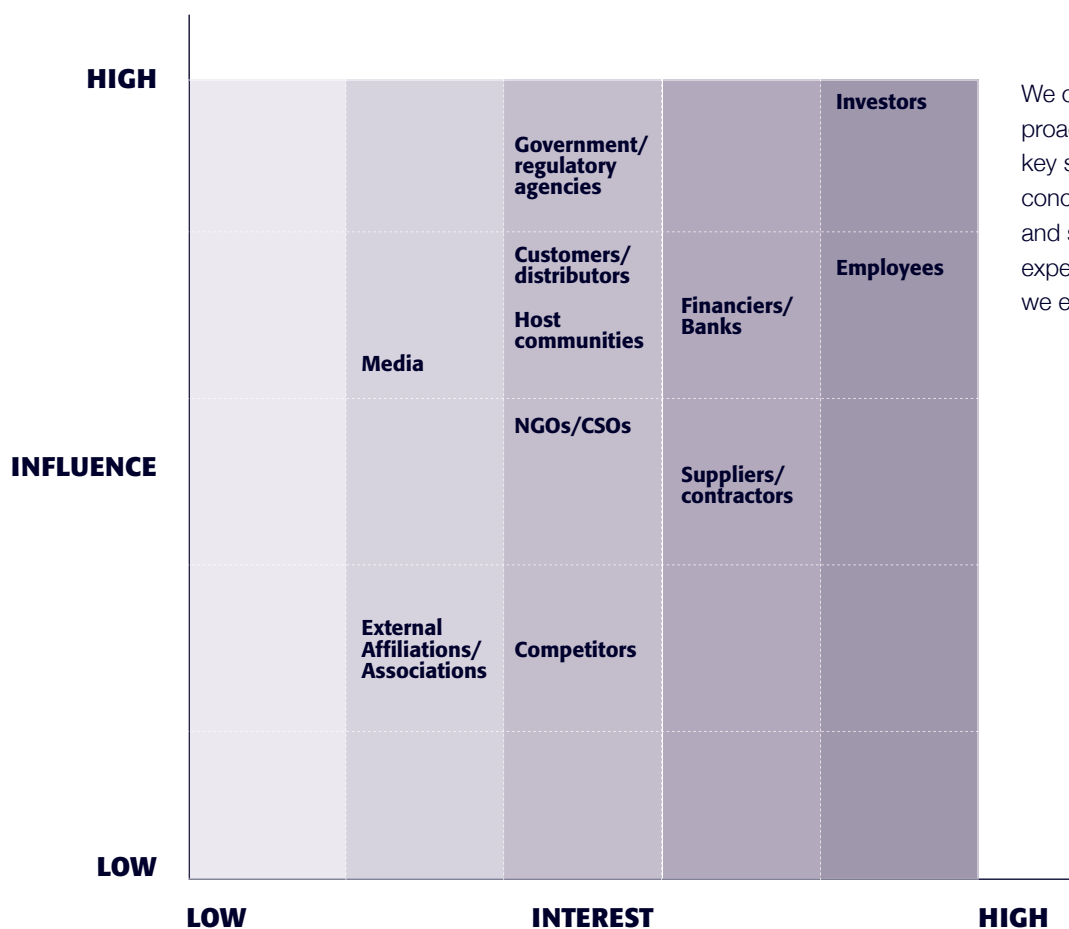
An independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

Since **2018**

### Bloomberg New Economic Forum

A community of global leaders engaging with the world's most significant changes and challenges.

## DCP Stakeholders' Mapping



We continuously strive to proactively engage our key stakeholders on their concerns and interests, and surpass their expectations. This way, we ensure a win-win.

## Stakeholder engagement

Dangote Cement is committed to paying adequate attention to the interests of its stakeholders such as its employees, host communities, consumers and the general public. Our business operations have been established with a strong local focus that seeks to maintain optimum relationships with the various stakeholders. In every country where we operate, we maintain dialogue with all relevant stakeholders. Through continuous engagement with them, we are able to identify critical issues at an early stage and gain greater acceptance for our activities.

We plan to have community stakeholder engagement standards in place which will allow us implement our journey towards sustainable development.

In the year under review, we actively engaged our stakeholders to identify material issues, and to collect and respond appropriately to feedbacks. We employed a variety of engagement platforms and tools to interact and capture the views of our stakeholders, such as staff meetings and employee survey, Annual General Meetings, vendor engagement sessions, customer feedbacks, market activations and community engagement sessions.

The most notable amongst these engagements was the 2018 employee survey in which over 1,170 staff of Dangote Industries Limited across 12 locations in Africa participated. The survey helped to capture the views our employees had about our sustainability journey and the kind of impact they think we are creating.

In the coming year, we plan to develop a more comprehensive stakeholder engagement strategy and a community engagement plan designed in alignment with global best practices and standards. This will further bolster our journey towards sustainable development. More specifically, a lot of focus will also be directed at engaging our external stakeholders whose feedbacks were largely uncaptured in our 2018 engagements.



**EDWARD  
IMOEDEMHE**  
Deputy Company  
Secretary, DCP

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Sustainability is our way of life and we strive to positively impact our proximate environment, first as a people, and for a healthy continuum of the earth.

## Stakeholder identification and mapping

Stakeholder groups	Approach to stakeholder engagement	Frequency of engagement	Key topics & concerns that have been raised through stakeholder engagement
Employees	Meetings in small groups, individual contact, notice board, emails, newsletters, sustainability report, surveys	As required	Productivity, cost efficiency, safety, rules, procedures, rights & obligations, performance appraisals, compensation and benefits
Vendors, suppliers and contractors	Emails, personal communication	Regular	Quality, innovation, value for money, workers security, training, health & environmental safety
Purchasers, Approved vendors	Cooperation and feedback	Regular	Reliability, quality, pricing, efficiency, cost savings, strategic sourcing, training, reporting
Distributors and customers	Emails, personal communications, meetings, customer service week	As required	Meeting targets, giving satisfaction and ensuring production continuity, Credit line, Customer Trucks Empowerment Scheme (CTES), distributors award initiative, product continuity.
Host Communities	Meetings, personal communication	As required	CSR, environment, safety, employment and youth empowerment
Labour union	Meetings, emails	As required	Labour laws and regulations, productivity, rights & obligations, safe working conditions, compensations and benefits.
Investors/Shareholders	Annual General Meetings, Emergency General Meetings, investors relations forum, sustainability report, annual report, newsletters	Quarterly	Dividends, bonus shares, corporate governance, board composition, corporate actions

Stakeholder groups	Approach to stakeholder engagement	Frequency of engagement	Key topics & concerns that have been raised through stakeholder engagement
Media	Press releases, media parley, sustainability report, conferences.	As required	Governance restructuring, Advertisement, public service announcements, social impacts
Government/Regulatory agencies	Official letters/mails, periodic assessments, compliance filing, reporting, annual report, sustainability report	As required	Formal notices, applications, policies and regulations, compliance.
Financiers/Banks	Annual report, sustainability report, meetings	As required	Investments opportunities, loan financing, credit negotiation
External Affiliations/Associations	Applications, meetings, sustainability report, forums	Monthly, biannually, annually	Memberships subscriptions, partnerships, policy reviews
Non-Governmental Organisations/CSOs	Annual reports, sustainability reports, forums, meetings, partnerships.	As required	Community development, environmental impacts, social initiatives

Plant management teams are generally responsible for managing stakeholder relationships. Wherever necessary, they are supported by the Group's Corporate Communications Department and the Social Impact management team.



## STAKEHOLDER ENGAGEMENT: HOST COMMUNITIES

Community engagement is an integral part of social performance management. In 2018, we established a formal stakeholder engagement process to ensure consistency across the Group. In Nigeria, we are developing a Community Engagement Plan that is consistent with global best practices and in alignment with communities' needs. We recognise that stakeholder engagement is a business tool and as such will require the commitment of all plants management and personnel. Different departmental heads participated in the process of developing the Nigerian plan. The aim is to have all our operations across Africa develop a formal, standardised stakeholder/community engagement plan that is consistent with global standards.

Our host communities are provided with functional platforms through which they can express their worries and concerns about any of our business activities. We ensure that a dialogue exists with all the communities in which we operate. By so doing, our host communities have access to key decision makers who represent Dangote Cement and are trained and committed to addressing their grievances. If the issues cannot be resolved at the local level, they can be escalated to the global headquarters for prompt and mutually acceptable resolutions.

## Consumer education initiatives

Dangote Cement is actively engaged in product knowledge improvement among stakeholders and end users. In 2018, we directly trained end users on the various applications and technical know-how required to use our products.

Block makers are a critical segment of our end-users and are high influencers on product choice and usage. This is why we constantly engage and educate them. We take product demonstration to their doorsteps, state-by-state, region-by-region, leveraging their different block making clusters.

In 2018, we carried out more than 200 training demonstrations both in Nigeria and other African countries, including Tanzania, Zambia and Ivory Coast. We have in the past trained consumers in Ghana.

The training module usually covers fundamentals of block-making as well as mixing ratios of cement, sand and water to create standard quality sandcrete blocks. It also covers the various sources of quality raw materials, best practices in production, use of production tools and equipment,

storage management and effective marketing of their products. Product presentation and facility tour also form a part of the training engagement with our stakeholders. Government regulators also benefit from our training and education engagements. We organize various facility tours of our plants to educate stakeholders on the quality and standards of equipment that are used in the manufacture of our products. In 2018, members of the Africa Real Estate Society (AFRES) and Standards Organization of Nigeria (SON) toured our Ibese plants. Professional bodies such as the National Association of Block Makers also sometimes partner with us to deliver quality training to their members who make up a key segment of our consumers.



**TUNDE  
OLADIPO**  
Sales &  
Marketing, DCP



In my sustainable world, I see the social contract between ourselves and the operating communities as a mutually beneficial partnership that ensures prosperity for all stakeholders.



## Did you Know:

### Dangote Cement is already:

The most capitalised stock on the Nigerian Stock Exchange

**30%**

Accounting for about 30 per cent of the value of the NSE.

Listed on the exchange's premium board

**₦3.34T**

Market capitalisation as at December, 2018, out of the total N13 trillion of the Exchange.



## CULTURAL



### Definition

Cultural sustainability is one of the distinctive ways in which sustainability is viewed and managed at Dangote Cement. It is defined by our cultural pillar, which is the foundation upon which our organisational ethos is built. Every member across every hierarchy, and every operational activity in the organisation functions in tandem with this underpinning guiding principle.

### Management Approach

At Dangote Cement, we are building a culture of ethical business, professionalism, anticorruption, brand loyalty, excellent corporate governance, mutual trust and respect among all major stakeholders. We are committed to growing a workplace that is inclusive and accommodates and tolerates the culture of all stakeholders without bias, stereotyping or discrimination. We encourage and reward teamwork, integrity and meritocracy in our workplace.

We seek to embody our core values in the way we do business, including a respect for cultural diversity and giving back to the societies in which we operate. We are committed to building a workforce of sustainability champions, and specifically environmental and socio-economic impact enthusiasts, and create a work environment where sustainability is a way of life.





**DR MUSA  
RABIU**  
Group Chief Human  
Resources Officer

By imbibing a culture of sustainability, we would build a brand that outlives us.

”

## What are the standards we comply with?

### PILLAR: Cultural

GRI	IFC	UN-SDGs	SEC Code	UNGC	NSE	NCCG
<b>GRI 102:</b> General Disclosures  <b>GRI 400:</b> Social Standard Series	<b>Performance Standard 5:</b> Land Acquisition & Involuntary Resettlement  <b>Performance Standard 7:</b> Indigenous Peoples  <b>Performance Standard 8:</b> Cultural Heritage	<b>SDG 4:</b> Quality Education  <b>SDG 5:</b> Gender Equality  <b>SDG 10:</b> Reduced Inequalities  <b>SDG 11:</b> Sustainable cities and communities  <b>SDG 16:</b> Peace, justice and strong institution  <b>SDG 17:</b> Partnership for the Goals	Compliance with all provisions of the Code	<b>HUMAN RIGHTS:</b>  <b>• Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and  <b>• Principle 2:</b> Make sure that they are not complicit in human rights abuses.  <b>HUMAN RIGHTS:</b>  <b>• Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  <b>• Principle 4:</b> The elimination of all forms of forced and compulsory labor;  <b>• Principle 5:</b> The effective abolition of child labor; and  <b>• Principle 6:</b> The elimination of discrimination in respect of employment and occupation.	<b>Governance</b>	Compliance with all principles of the Code

#### LEGEND:

**SEC** - Code of Corporate Governance

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange

## Performance Tracker

### KPIs

#### TRAINING EXPENDITURE

137M

Expended on training and capacity building in 2018

#### SUSTAINABILITY CHAMPIONS TRAINED

500

Sustainability Champions designated and trained in 2018

#### INTERNAL ENGAGEMENT

623

Dangote Cement employees took part in the 2018 internal stakeholders survey

## Our Sustainability Commitment

For an African economy with a problem of high unemployment rate, we see job creation as a corporate responsibility. We also adequately train our employees and ensure that we help them develop skills that are aligned with evolving labour market demands.

Dangote Cement continues to solidify its position as a major employer of labour in Africa, with more than 17,000 employees in its Nigerian operations alone (including the transport workers). In line with our strategy to become a major global player in the cement industry, we are expanding into new markets, creating job opportunities in the process.



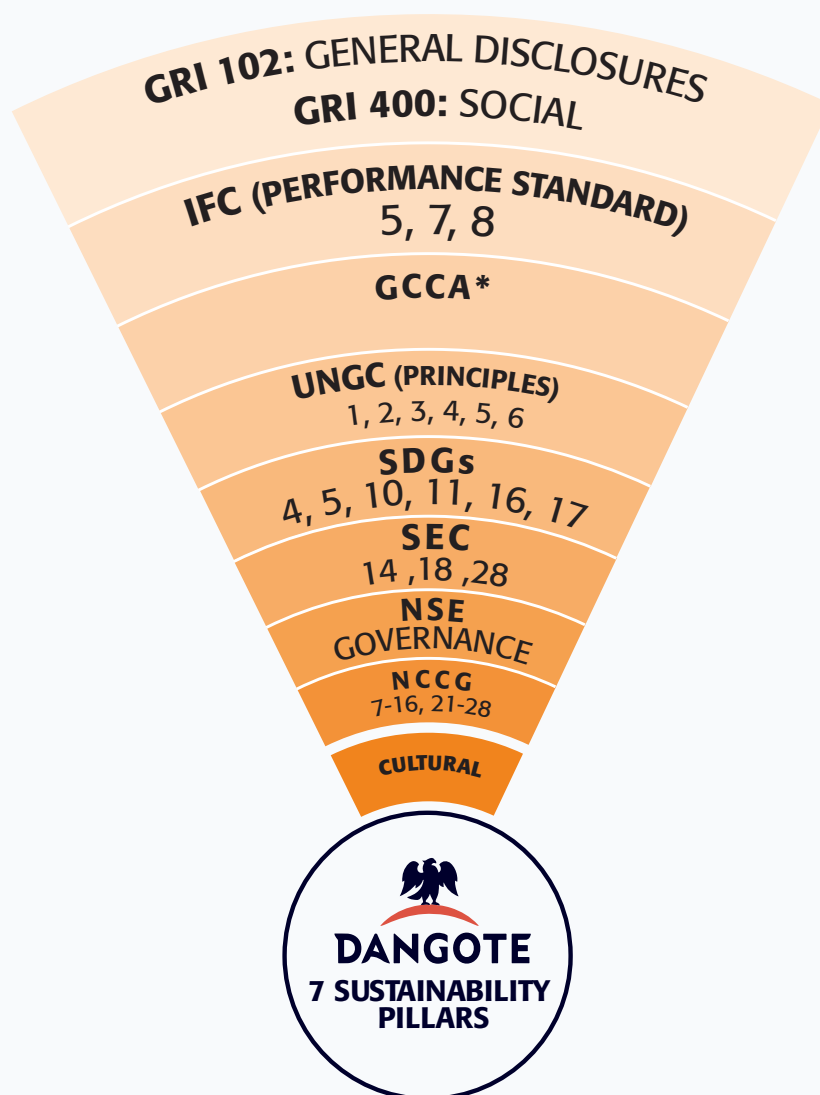
**MUSA  
HASSAN-TOM**  
Head of  
Compliance

”

The company is building a corporate culture that goes beyond compliance. We are entrenching sustainability as our way of doing business.



## Cultural Standards



## Cultural Indicators

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> New hires and turnover | <input checked="" type="checkbox"/> Labour practices         |
| <input checked="" type="checkbox"/> Employee distribution  | <input checked="" type="checkbox"/> Work environment         |
| <input checked="" type="checkbox"/> Diversity              | <input checked="" type="checkbox"/> Learning and development |



**DR. MUSA RABIU**  
Group Chief Human  
Resources Officer



## MANAGING OUR MOST IMPORTANT CAPITAL

### **Q. How does DCP encourage employees to imbibe a personal culture of sustainability?**

**A.** The Dangote Way and the 7 Sustainability Pillars are gradually becoming the way we work and the way we live. Our employees across all functions are aligning with our sustainability agenda which is driven by top management. Our cultural pillar is helping us achieve a cultural shift from mainstream thinking to sustainability thinking.

To ensure that sustainability is institutionalised, we work closely with the sustainability team to identify and place sustainability champions in every department. These champions are the key actors that spearhead sustainability acculturation across the Group.

### **Q. How are talents managed and continuously motivated at Dangote Cement?**

**A.** Our employees enjoy robust benefits such as Annual Leave, Maternity Leave, Compassionate Leave, Casual Leave, Examination Leave, Sick Leave, Children Education Support, Marriage Gift, Birthday Gift, Contributory Pension Scheme, Production Premium Scheme, Sales and Marketing Bonus Scheme, Performance/ Merit-Based Salary increases and several others. We ensure that we promote a healthy and relaxed working environment that allows our people to

thrive and achieve their full potential. We also ensure that our employees are carried along in the decision making process, especially on issues that could impact them.

### **Q. How is Dangote cement responding to the global call for increase in women's participation in STEM related fields such as manufacturing?**

**A.** Internally, we are always happy to say that we offer a level playing ground for professionals who are willing to work and grow. We practice a culture of non-discrimination on the basis of gender, and our recruitment and promotion processes are unbiased. We understand that a gender balanced workforce performs better, and we are making conscious efforts to achieve improved gender balance in our workplace. Women employees in Dangote Cement are part of a larger Dangote Women Network. This initiative offers our female staff the opportunity to support one another, exchange ideas for growth, network and support more women to join the manufacturing field.

For our Nigerian operations, employee turnover rate (Obajana, Ibese and Gboko adjusted to include contractor workers) were 3% (134); 2% (55); and 2% (17), respectively, while the number of new hires in the same locations were 3% (135), 7% (192), 1% (5) in the year under review.



Total employees in our Nigerian operations (Obajana, Gboko, Ibese and Head Office) excluding transport and expatriates, was 5,858 of which 5.75% (337) were female while 94.25% (5521) were male as at year end, 31st December, 2018.

While we understand that women are usually marginally represented in our sector (STEM), we remain committed to providing equal opportunities for women and men that are qualified and willing to do the job.

## Employee distribution by gender

COUNTRY	TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT.						
Permanent Employees	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	TOTAL
	UNDER 30YRS OLD		30-50 YRS OLD		OVER 50YRS OLD		
Ethiopia	34	93	40	375	0	21	563
Senegal	4	14	30	180	0	26	254
South Africa	23	52	88	239	4	33	439
Cameroon	17	21	27	128	1	22	216
Congo	4	14	7	80	0	19	124
Ghana	6	22	20	197	2	36	283
Sierra Leone	0	2	3	25	0	1	31
Tanzania	37	160	20	127	0	6	350
Zambia	23	62	19	93	1	34	232
DCP ALL AFRICA TOTAL	270	1660	453	5146	26	732	2492



COUNTRY	TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT.						
Temporary Employees	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
	UNDER 30YRS OLD		30-50 YRS OLD		OVER 50YRS OLD		TOTAL
Nigeria - HQ	1	1	0	0	0	0	2
Nigeria - Gboko	0	0	0	0	0	0	0
Nigeria - Ibese	0	28	0	0	0	0	28
Nigeria - Obajana	0	0	0	0	0	0	0
Ethiopia	4	16	0	23	0	0	43
Senegal	0	0	0	0	0	0	0
South Africa	1	2	0	6	1	0	10





## Promoting diversity in the workplace

At Dangote Cement we respect workplace diversity in ethnicity, religion, nationality, age, gender, education, among others. To create a work environment where diversity thrives, we promote a culture of inclusiveness and equal opportunities across all classes of employees. Our diversity and inclusiveness principles include:

1	2	3	4
Managing diversity and inclusiveness as a critical element of our business activities;	Providing equal opportunities for our employees to demonstrate their capability under a structured performance and merit system designed to meet our corporate objectives;	Providing an enabling platform for employees to communicate freely, share ideas, exchange information for continuous learning and development; and,	Extending our principles of diversity and inclusiveness to our external stakeholders.

The diverse composition of our management team enables us to leverage varied experiences from different cultural backgrounds. This allows us to respond more flexibly to global challenges as well as to local market needs. We seek to ensure that the countries in which we operate are well represented in our employment. We benefit considerably from their local knowledge, and this also fosters support from the local communities.



### Diversity of leadership

Of our 16 board membership, 14 were male and 2 were female, a male/female ratio of 7:1, as at year end, 31st December, 2018. Of the 9 members of our executive team in the Nigerian operations, 7 were male and 2 were female. Also, of the 103 members of our senior management team, 98 (95)% were male and 5 (5)% were female as at year end, 31st December, 2018.

COUNTRY	OUR BOARD MEMBERSHIP BY AGE GROUP AND GENDER						TOTAL
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
	UNDER 30YRS OLD		30-50 YRS OLD		OVER 50YRS OLD		
Nigeria	0	0	0	0	2	14	16
Ethiopia	0	0	0	0	1	8	9
Senegal	0	0	0	0	0	7	7
South Africa	0	0	0	1	0	9	10

GENDER BREAKDOWN BY PERMANENT STAFF IN DCP NIGERIA										
STAFF LEVEL (PERMANENT OPERATION STAFF)	GRADE LEVEL	OBAJANA		GBOKO		IBESE		HEAD OFFICE		
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	GRAND TOTAL
Executive	19 - 20	0	0	0	0	0	0	7	2	9
Senior Management	15 - 18	27	0	8	0	15	0	48	5	103
Management	12 - 14	68	1	8	0	34	1	62	11	185
Professionals	07 - 11	29	392	146	7	400	33	395	200	1602
Juniors	01 - 06	1778	20	416	8	1640	15	5	77	3959
TOTAL		1902	413	578	15	2089	49	517	295	5858



## CASE STUDY

### DEVELOPING TALENT TO PROMOTE SOCIAL & CULTURAL SUSTAINABILITY IN SENEGAL

Dangote Cement is developing a culture of supporting local employees and prioritising local hiring. Through a proactive policy, we want to ensure that home country employees have the necessary knowledge, experience, and support to take up key roles within the company. We have learnt from experience that employees drawn from the local communities and markets are a great value to the company. We are committed to empowering indigenous employees to achieve deserved career growth and upward mobility as and when due.

In Senegal, the company has begun the implementation of what is commonly referred to as a 'Senegalisation' Policy. This aims at empowering the Senegalese employees to take up key positions within the business. A major part of this policy is focused on developing a culture wherein expatriate jobs are to be seen as temporary positions that facilitate knowledge transfer, as required. The policy aims to gradually reduce the number of expatriates employed by the business by enhancing the skills and capacity of Senegalese employees to take up leadership positions. The policy prioritises effective hiring and succession planning, and expatriates are gradually handing over to qualified and competent indigenous hires. In order to ensure fair representation and equal opportunity, diversity is being managed in Dangote Senegal not just across nationalities, but also along regional and ethnic lines within the country. All non-Senegalese hires are required to speak basic French or Wolof, to encourage local communication and alignment with the local culture and values.

In the Dangote Senegal operations, the local employees make up about 95% of the total and this figure is still increasing, compared to around 60% in 2015. In departments such as Administration, Transport, Commercial and Mines, the local presence is already (close to) 100%, management positions inclusive. In the cement and power plants, a well-planned gradual transfer of skills and management roles to indigenous employees is being realised.



## CASE STUDY

### WOMEN IN MANUFACTURING

Globally, the cement industry is not one that readily admits and attracts women. This is due to the stereotypical perception of the nature of the job as masculine, and the low number of women in the Science, Technology, Engineering and Mathematics (STEM) space. Irrespective of these factors, we are aligning with Goal 5 of the SDGs which seeks to promote equity and fairness irrespective of gender.

We are deliberately seeking out opportunities to attract qualified women to various departments of the company. In Nigeria, Ethiopia, Senegal and South Africa, women make up 9% of our workforce. We are looking to improve on the diversity of our senior management and Board in the years ahead.



## Labour practices

Our Leadership Principles support respectful behaviour towards all staff members, employee development, and a culture of strong feedback.

A clear tone at the top encourages an inclusive workplace where all employees are given a level playing ground to thrive in their careers. We have deployed multiple programmes that foster inclusiveness, such as

departmental meetings and workplace surveys in addition to our open door policy which encourages staff to engage with line managers on personal and work related problems.

### Child, forced and compulsory labour

Whether at our corporate head office, plants, or in third party engagements, we uphold the prohibition of all forms of child, forced, compulsory or slave labour. We carry out internal due diligence on workers in our direct employment as well as on contractors, to ensure that all members of the workforce meet the nationally determined working age limit. We also ensure that no worker is forced to work outside their own volition and consent. In some of our business

locations, we have begun the process of monitoring our partners to ensure compliance with these labour policies. In Ethiopia, Senegal and South Africa, for example, our vendors are assessed using social criteria such as whether or not they use child, forced and compulsory labour.



## Non-discrimination

Dangote Cement's recruitment policy stipulates non-discrimination in its recruitment process. For every position that is open, the most qualified person is recruited irrespective of gender, religion, ethnic group, physical condition or state of origin.

Where employees become disabled in the course of their employment, they are retrained to be able to cope in the work environment as much as is practicable.

Personnels in charge of recruitment are constantly trained on the company's non-discrimination policies. Furthermore, our employees receive trainings on identifying, managing and addressing instances of discrimination and harassment in the workplace. We are dedicated to sustaining an ethical workplace. We periodically, assess employees' perceptions using surveys and other forms of engagements.



**GREG AMAIHWÉ**  
Learning & Development,  
Dangote Cement

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Sustainability is the life, soul and blood of any organisation, and it starts with its people.

## Freedom of association and collective bargaining

In all the markets where we operate, we ensure compliance with all applicable labour laws and regulations. We remain committed to entrenching best practices in collective bargaining for all categories of employees. About 10.4% of our employees in the following markets were covered by collective bargaining agreements as at year end 2018:

Number of employees covered by collective bargaining agreements	2018
Nigeria	N/A
Ethiopia	420
Senegal	120
South Africa	190



## Building a Work Environment where employees are empowered to thrive

### Compensation and Benefits

We motivate our workforce by offering attractive and competitive salaries and other benefits which include a generous annual leave allowance, marriage allowance, and child's school support, birthday allowance, loans/salary advances, health insurance and long service awards among others. The Company also operates a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act 2014. The scheme is funded through employees' and employer's contributions in the ratio of 8% and 10% of the total emoluments of the employee, as prescribed by the Act.

## Good Practices



### Creating a work environment for growth

We place a premium on supporting our employees to achieve their career goals and aspirations, we do this by providing a work environment where they find job satisfaction and are motivated for higher productivity. We have systems in place (including employee recruitment and promotion processes, employee training and development, performance measurement and monitoring, etc) that define and support employees' growth trajectory. Our desire is to build leaders that are capable of functioning optimally under varying conditions.



### Sustainability data collection tool

As a multinational entity, we recognise the importance of uniformity in measurement methodologies and metrics. This is why we have designed an intelligent platform using Microsoft SharePoint to protect the integrity of data input and retrieval.

Leveraging this interactive platform, we have deployed a uniform data gathering tool used across all our business operations. Information inputted by data owners are validated for completeness, accuracy and integrity before they are submitted to the SharePoint platform.





**JULIET OSHAGBEMI**  
Head of Dangote Academy



## **DANGOTE ACADEMY – LEARNING FOR EMPOWERMENT**

### **Q. Tell us about the thoughts behind the setting up of Dangote Academy**

**A.** The Dangote Academy was set up to develop the much needed human capital that will sustainably run various aspects of our business, now and in the foreseeable future. Our industry is labour intensive and highly skills based. As we all know, there is dearth of highly skilled (especially technical) workforce in several of the countries where we operate. It was therefore very expedient that we set up a structured skills development and education centre – the Dangote Academy. Additionally, we envisioned that the academy could help address the dearth of technical manpower in our home country, Nigeria by providing training to thousands of Dangote employees. The Academy was also identified as a medium through which we could infuse professional, ethical values in all employees, including all trainees that would be absorbed into the company's workforce.

### **Q. How has the impact of the training been measured in the output of staff over time?**

**A.** We have various mechanisms for monitoring the impact of our Learning and Development initiatives. At the point of training, we have a post-training feedback form which is shared to get feedback on the knowledge gained and how this would impact job performance and productivity going forward. We also conduct performance measurements during employees' career milestones such as post probation period, annual year-end employee review, and several others. The performance review process gives Line Managers an opportunity to assess if learning took place and if employees' productivity/output

is directly linked to specific training/development initiatives.

### **Q. What criteria determined the selection of training programs in 2018?**

**A.** Our understanding of the types of skill sets we need to function optimally as a business is the primary criteria for the selection of training programmes. These skill sets are often not acquired in traditional learning environments. It is therefore critical that we build these requisite skills for the growth of our employees and the business. Our training programmes are also selected in line with the requirements of the technological age that we are in, so that our employees are progressive, able to utilise modern tools, and compete globally. Our appraisal system makes provisions for employees to identify the training that they believe they need to be able to perform their functions optimally. This feedback is taken into account in developing our training programs.

### **Q. What initiatives are planned for 2019?**

**A.** In 2019, we would continue with our Graduate Engineers Training Scheme (GETS), the Vocational Training Scheme (VTS) and the Junior Technician Scheme (JTS), through which hundreds of young persons are trained, and a good percentage retained. In addition, we are currently designing the structure and strategy for Training existing staff within the Group. The planned initiatives centre around Functional training, Technical Training and Leadership development programmes, VDMA, Management development programs and E-learning (Learning Management System). The Dangote Academy will be working in partnership with Business Unit Management to ensure that all the necessary training interventions are identified in line with our overall business objectives/ goals.

## Learning and development

We understand the critical importance of learning and development to our business growth and for the career advancement of our employees. This is why at Dangote Cement, we take the issue of learning very seriously and have a robust annual training plan which accommodates employees at all levels.

### Good Practices



#### Full-time education study leave

At Dangote Cement, we prioritise the educational development of our employees. We understand that the optimal performance of every business is directly linked to the capacity of its employees. It is expected that quality education and training yield high return on investment (ROI) and improved efficiency which positively impact profitability. We grant study leave of up to 2 years to qualifying employees who wish to undertake full-time studies. On completion of such approved studies, employees are eligible for educational subsidy and other benefits which includes increase in basic salary where applicable.

We are mindful of employees' concerns about their career growth and development. By providing them a platform for continuous learning and development, we are supporting the achievement of their aspirations while also enhancing our own business productivity.

In 2018, our Learning and Development team - Dangote Academy, trained a total of 9915 employees (including transport workers) for a total of 121,552 hours, across all our plants and head office. Within the reporting year, N137,529,743 was expended on these trainings.



COUNTRY	TOTAL NUMBER OF EMPLOYEES TRAINED PER EMPLOYEE LEVEL									
	EXECUTIVE/ SNR MGT		MANAGEMENT		SENIOR/ PROFESSIONAL		JUNIOR/ TECHNICIAN		TOTAL	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
<b>Nigeria - HQ</b>	0	4	5	82	39	115	0	28	<b>44</b>	<b>229</b>
<b>Nigeria - Gboko</b>	0	0	0	16	15	126	2	232	<b>17</b>	<b>374</b>
<b>Nigeria - Ibese</b>	0	0	1	26	20	392	7	1034	<b>28</b>	<b>1452</b>
<b>Nigeria - Obajana</b>	0	0	0	52	18	318	7	1443	<b>25</b>	<b>1813</b>
<b>Ethiopia</b>	0	2	0	11	1	41	27	380	<b>28</b>	<b>462</b>
<b>Senegal</b>	2	13	2	20	14	48	8	44	<b>26</b>	<b>125</b>
<b>South Africa</b>	4	19	23	23	47	248	130	442	<b>204</b>	<b>732</b>
<b>TOTAL</b>	<b>6</b>	<b>38</b>	<b>31</b>	<b>230</b>	<b>154</b>	<b>1288</b>	<b>181</b>	<b>3603</b>	<b>372</b>	<b>5159</b>

COUNTRY	TOTAL NUMBER OF EMPLOYEES TRAINING HOURS									
	Executive/Snr Mgt		Management		Senior/Professional		Junior/Technician		TOTAL	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
<b>Nigeria - HQ</b>	0	72	80	1352	6800	1952	0	224	<b>760</b>	<b>3600</b>
<b>Nigeria - Gboko</b>	0	0	0	384	360	3024	48	0	<b>408</b>	<b>3408</b>
<b>Nigeria - Ibese</b>	0	0	24	416	320	6272	112	16512	<b>456</b>	<b>23200</b>
<b>Nigeria - Obajana</b>	0	0	0	832	432	7632	168	23088	<b>60</b>	<b>31552</b>
<b>Ethiopia</b>	0	2	0	6	0	4	0	25	<b>0</b>	<b>37</b>
<b>Senegal</b>	72	430	144	729	112	384	64	352	<b>392</b>	<b>1895</b>
<b>South Africa</b>	376	496	369	272	752	2441	2136	5976	<b>3633</b>	<b>9185</b>
<b>TOTAL</b>	<b>448</b>	<b>1000</b>	<b>617</b>	<b>3991</b>	<b>2656</b>	<b>21709</b>	<b>2528</b>	<b>46177</b>	<b>6249</b>	<b>72877</b>

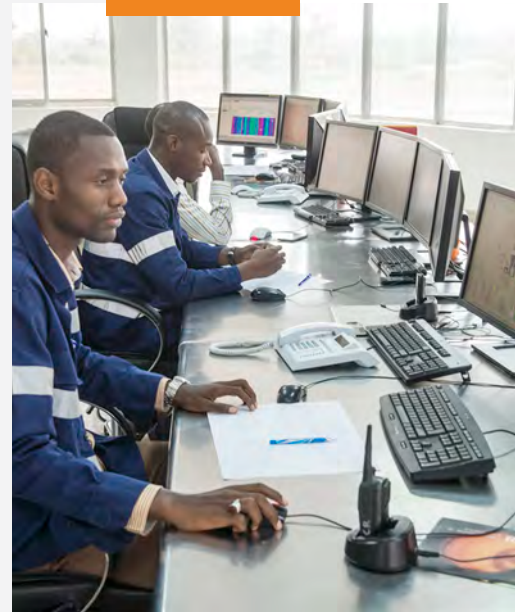


## CASE STUDY

### REWARDING CULTURE – INTERNATIONAL SECONDMENTS IN SENEGAL

The most important component of the Senegalisation Policy is the empowerment of local employees. Through knowledge and skills transfer programmes, we support them to take on managerial positions. In 2018, our capacity building initiatives included an exchange programme to other African plants such as Sephaku in South Africa and, in some cases, to European countries like Denmark.

One of the participants, Bachir Lo, shared the following insight about his experience. “This training in a mature industrial environment was clearly an eye opener, teaching us a lot about technology driven processes, sustainability (emissions, alternative fuels, circular economy) and industrial behaviour (timeliness, accountability, leadership, reactivity). It was definitely a real career boost.”



## Training engineers

Due to the evolving nature of the manufacturing process and new production facilities in our plants, Dangote Cement consistently needs competent engineers. We have therefore established three training schemes, the Graduate Engineers Training Scheme (GETS), the Vocational Training Scheme (VTS) and the Junior Technician Scheme (JTS). Between them, they provide a wide range of skills necessary for the operation and maintenance of our cement factories across Africa. Of these, GETS offers the most advanced training, preparing graduate engineering students with all the necessary technical and supervisory skills they need to become team leaders within Dangote Cement.

GETS operates in four phases, covering engineering theory, workshop skills, information technology and management skills. In 2018, nearly 50 students graduated from GETS, with more than 100 graduating from JTS. Many will be deployed at Dangote Cement, with others finding work at other Dangote Group companies, such as Dangote Flour Mills and Dangote Sugar Refinery.



## Graduate Drivers Academy

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Dangote Cement's drivers are perhaps the most highly visible part of our workforce. As such, we believe that they must be seen as good ambassadors of our brand, conveying its values properly as they go about their daily deliveries. Our Graduate Drivers Academy is designed to improve the quality of transport fleet drivers. We teach them safe and defensive driving techniques, highway management standards and HSE awareness, thereby helping to reduce accident rates and improve drivers' attitudes when managing the delivery of Dangote Cement products to our customers.

## Professional Trainee Programme (PTP)

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Our Professional Trainee Programme is a graduate initiative focused on developing technical expertise. PTP is a new programme commencing in 2019 and is similar to our existing MTP, but with emphasis on technical skills development. The main objective is to increase the organisation's capability by generating a pool of highly qualified and skilled technical professionals in-house, that can competently manage technical/operational challenges in our plants.



**HARUNA  
ADINOYI**  
Head,  
Recruitment, DCP

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Sustainability considerations are an important part of our recruitment process. Our business is a going concern, which people join and sometimes leave. In order to sustain our business, we strive to attract talent when needed and where new competences can add the most value. We believe that resourcing our business with the right people is an important part of our Sustainability Journey.

## Dangote Sustainability Survey

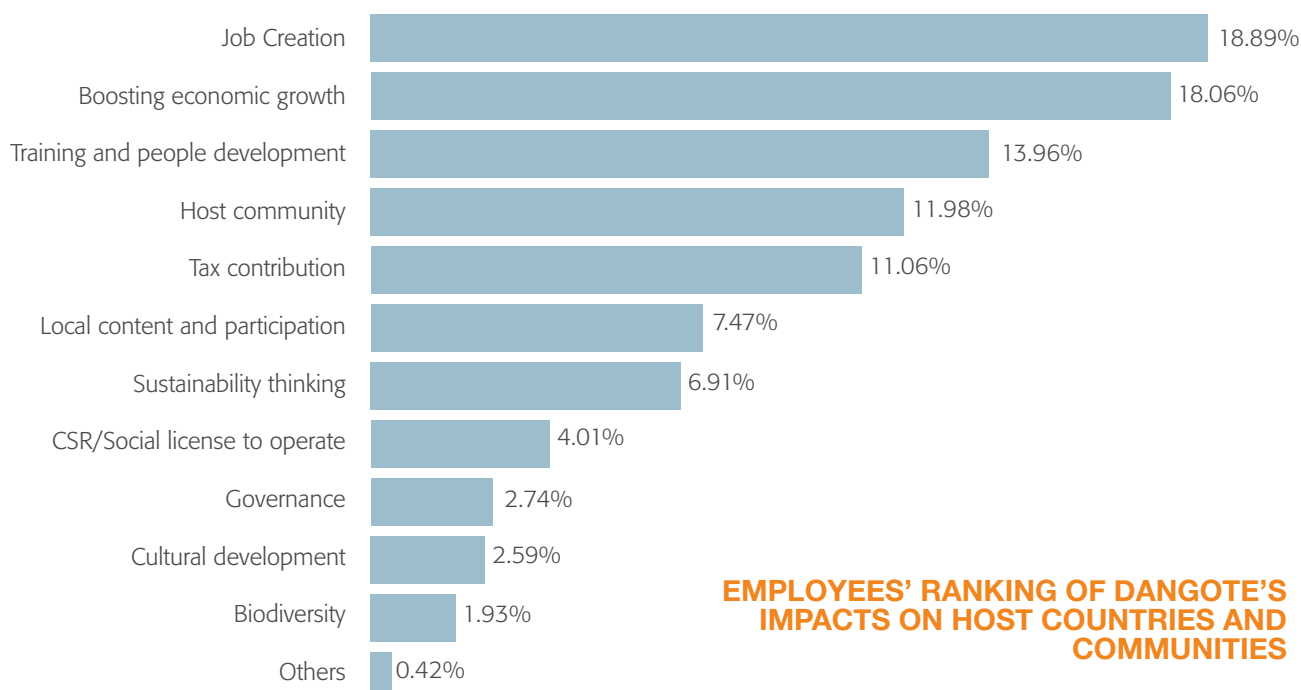
Effective employee engagement and assessment of level of awareness are important to sustainability acculturation. This is why we made concerted efforts to “actively listen to ourselves” during the reporting year. In May 2018, we engaged a demographically diverse group of internal stakeholders through a survey administered across Dangote Industries Limited to bolster sustainability awareness and enhance the scope of sustainability reporting in our organisation. We asked questions ranging from employees’ views and perceptions about our internal processes and structures, our external activities and how these are reported.

The survey was administered to employees in 12 locations across Africa. 1,170 respondents (of which 84.7% men and 15.3% women) completed the survey. 53.25% of the respondents were personnels of Dangote Cement, the biggest business unit of the Dangote Group. 70.52% of the

respondents were aged between 31 and 50 years. 32% of these respondents had advanced degrees. Employees in the management and senior management cadre recorded the highest participation in the survey vis-à-vis other employee groups, contributing 82% of all responses.

The outcome of the survey demonstrated that employees believe are being carried along in the Group’s efforts to entrench sustainability, as more than 90% of the respondents admitted to being aware of the development of a strategic sustainability agenda by the Group.

In response to the question on their perception about Dangote’s business impacts, the respondents ranked our top five impacts to include job creation, 18.89%; economic growth, 18.06%; training and development, 13.96%; community development, 11.98%; tax contributions, 11.06%.



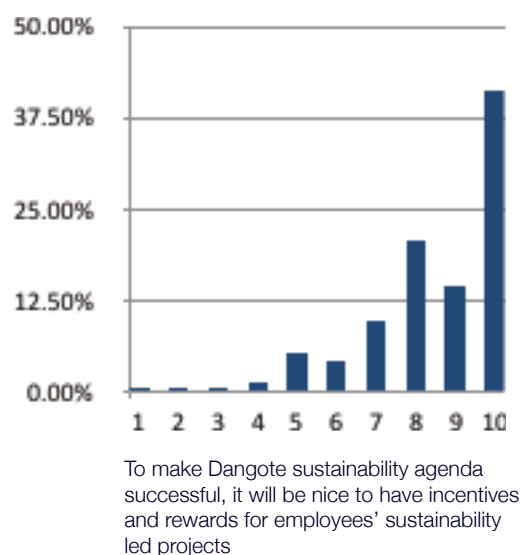
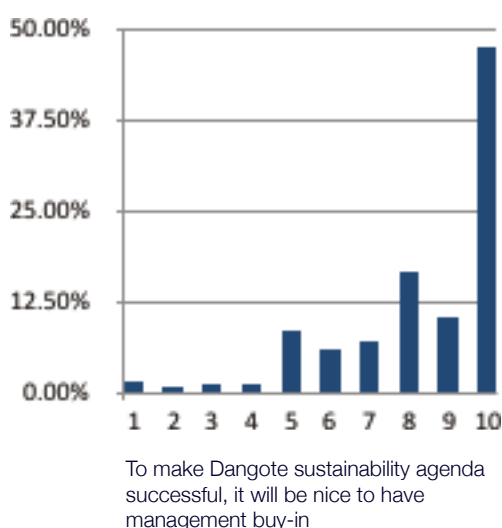
To further our alignment with the SDGs, we collected responses on our top 5 contributions to the United Nations Goals. Responses indicated that, amongst other goals, Dangote is contributing most significantly to 'No poverty' (SDG1), 'good health' (SDG3), 'quality education' (SDG4), 'decent work and economic growth' (SDG8) and 'industry, innovation and infrastructure' (SDG 9). This was according to 9.51%, 9.35%, 9.32%, 8.70% and 8.14% of respondents, respectively. We are leveraging feedback from this survey to strengthen and maximise our SDGs impact.

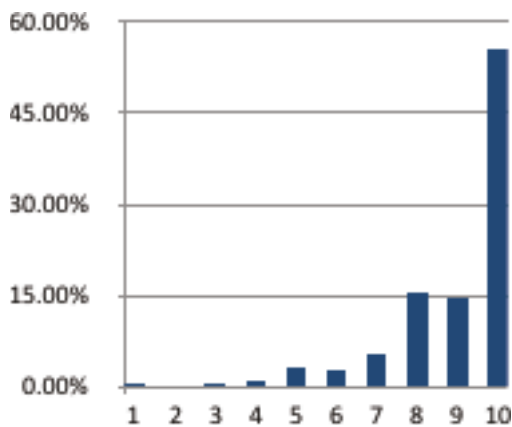
The Social Pillar targets enhancing inclusivity and cordiality in our working environment. To this end, we also engaged employees on issues that are most critical to them. For 18.44% of respondents, it was 'enhancing career growth and development opportunities'; 17.46%, 'skills and knowledge development'; 15.19%, 'compensation and benefits'; 14.03% 'equal opportunities for all employees'. For our external relations, the major areas of concern were,

'support for local communities', 14.30%; 'educational activities', 12.81%; 'provision of internship opportunities for young people', 10.09%; 'networking opportunities', 9.40%; 'establishment of partnerships with global and local NGOs', 8.97%; while other initiatives including angel investments in small businesses, mentoring, etc., made up the remaining 44.43%.

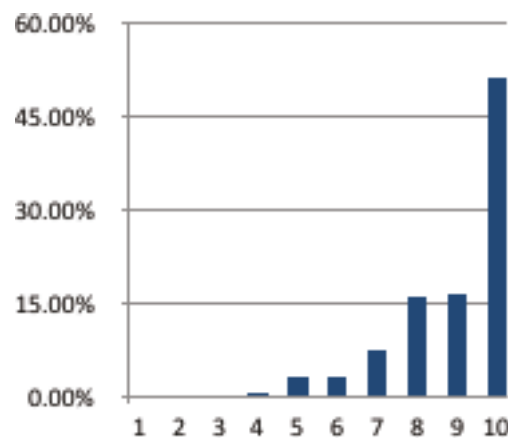
Respondents also offered their perspectives on the "nice-to-haves" that could facilitate the achievement of desired results. While nearly 25% agreed that it will be nice to have employee volunteering programmes, about 33% opined that the incorporation of sustainability performance evaluation into the staff appraisal system is of utmost importance in order to realise impressive results. This comes against the backdrop of more employees admitting that sustainability implementation and engagements are important for their overall performance on the job throughout the various categories.

## EMPLOYEES RANKING OF SUSTAINABILITY SUCCESS FACTORS

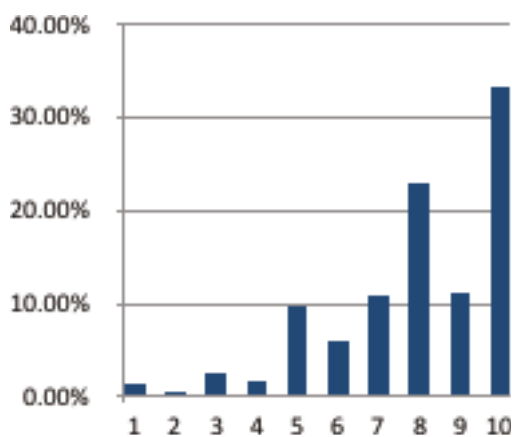




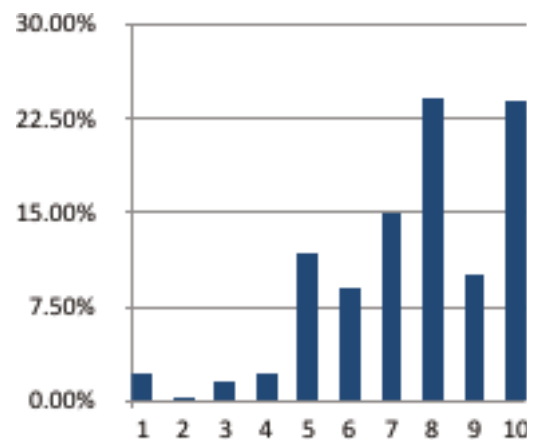
To make Dangote sustainability agenda successful it will be nice to have sustainability training for all



To make Dangote sustainability agenda successful, it will be nice to have effective management/communication of information on sustainability



To make Dangote sustainability agenda successful, it will be nice to have sustainability performance evaluation in staff appraisal exercises



To make Dangote sustainability agenda successful, it will be nice to have employee volunteering programs

Over 40% rated having management buy-in and introducing incentives and rewards for employees' sustainability-led projects as highly crucial success factors. Respondents in excess of 50% opined that effective management/communication of information on sustainability and facilitation of sustainability training for all are critical. Learning style preferences were also considered in the survey. A disproportionate number of employees preferred face-to-face classroom trainings to e-learning training. Precisely, these were 30.6% and 6.5%, respectively. The majority, standing at 62.9%, opted for a blend of both physical and online-based classes. Other suggestions towards enhancing employees' sustainability engagement, in the order of importance, include awareness programs, staff welfare and motivation, communication, reward, etc.





# THE UNIVERSITY of EDINBURGH

## Dangote Sustainability Champions Training Program

As a direct outcome of our 2018 employee survey, where 1,170 staff members participated and gave insights on their assessment of sustainability implementation in the organisation, training programmes were held in collaboration with the Sustainable Business Initiative, University of Edinburgh Business School. A total of three programmes were held in 2018 - April, July and August. The first of these was introductory and facilitated by in-house experts. It focused on sustainable business principles and had over 300 employees in attendance. The subsequent two were facilitated by the University of Edinburgh and held at the Dangote training Academy in Ikeja and the Dangote headquarters, Ikoyi, respectively. Participants were drawn from across the various DCP operations in Africa.

In all, approximately 500 Sustainability Champions and 99 data owners were trained on introduction to sustainability, industry peer review, leadership mind-set and reporting

practices. Attendees participated in breakout sections which focused, among other topics on expectations from Dangote Sustainability Champions and how to do things differently towards achieving positive environmental and social impact.

Following the insights acquired from the survey, our collaboration with the University of Edinburgh aimed at facilitating data collection and analytics on sustainability management across Dangote Group. Part of our aim was also to create greater sustainability and impact awareness, and to introduce an innovative reporting culture across the Group. These strategic objectives were pursued in order to:

### 01

Help internal stakeholders understand Dangote's impact on a wide range of sustainability issues, enabling increased transparency about emergent threats and opportunities.

### 02

Enable better measurement, increased understanding and seamless communication of Dangote Group's economic, environmental, social, institutional, cultural, operational and financial performance against set goals and manage changing business environment more effectively

### 03

Introduce a formal platform for communicating both positive and negative sustainability performance and impacts

The training explained the notion of sustainability as a business imperative in the present era and highlighted "The Dangote Way" of operationalising sustainability within the Group. As an outcome of the training, participants collectively agreed to participate in one or more of the listed initiatives:

- **Create a sustainability champions' network (mobile or web-based)**
- **Develop and imbibe a culture of responsible waste management, backed by policy**
- **Implement a staff volunteering initiative, backed by policy**
- **Develop a strategic data integrity and impact measurement/ tracking system, backed by policy**
- **Introduce Dangote Sustainability Week**

**Following this exercise, all participants were requested to volunteer for at least one of these initiatives in addition to becoming active members of the Sustainability Champions' Network.**

### **Training objectives:**

- To create greater awareness on sustainability impact and foster innovative thinking and reporting culture across Dangote Group
- To facilitate data collection and analytics for sustainability reporting
- To set the foundation for the development of a standard sustainability reporting

### **Challenges identified:**

- Multiple reporting frameworks
- Lack of standardisation of data collection techniques
- Lax company reporting culture
- Fear of fallouts from disclosures.

### **Solutions proffered:**

- Harmonise frameworks, metrics and indicators
- Create a multi-year reporting strategy and design reports that serve the information needs of different stakeholders
- Adopt a culture of zero backlash on full disclosure backed by corresponding policies.



**PATIENCE AKPOLOGUN**  
Steward

It was a great feeling during the Sustainability Week to witness senior and junior staff of the company work together to contribute to society.



# Sustainability Week



Building a corporate culture of sustainability begins and ends with effective employee mobilisation and involvement. One of the highlights of our 2018 activities was the Dangote Sustainability Week which was held in tandem with the United Nations General Assembly. The Dangote Sustainability Week is all about unleashing the initiatives of our employees - our greatest resources - to solve social, economic and environmental challenges in our host communities and markets.

## 2018 Dangote Sustainability Week

In September 2018, the Dangote Group embarked on its first Sustainability Week. The Sustainability and Governance Unit provided centralised coordination of the initiative, but allowed employees to come up with ideas on the kinds of activities that could benefit our host communities. Different locations came up with customised, innovative programmes that they identified as most beneficial to local communities. In the end, the Week was a massive success with so many great testimonials.

During the programme which held from September 24 to 28, 2018, hundreds of employees in 12 locations across 6 African countries including Ghana, Congo, Cameroon, Tanzania, Senegal and Nigeria's Obajana, Ibese and Gboko, volunteered. The initiatives took place under the theme "Living the Dangote Way". Employee participation across our Pan-African business units was entirely voluntary and self-driven.

In addition to providing a unique platform for bonding and networking among colleagues at different levels, the week-long initiative also offered the Dangote brand an opportunity to demonstrate its social commitment to host communities and the countries in which it operates. It let loose a lot of positive goodwill and reflected positively on our brand.

The massive success of the 2018 Sustainability Week clearly illustrates the business case for sustainability

and the critical synergy that should exist between the trio of employees, host communities and corporate leadership. It also demonstrates that when impact is bottom-up, measurable, meaningful to employees and host communities (i.e. based on stakeholder engagement and proper needs assessment), it is more sustainable and better appreciated by communities and markets. We believe that the business case becomes even more viable when driven by our employees and backed by a sustainability culture, even without any direct financial investments.

There have been extensive feedbacks, including letters of appreciation from communities that benefitted from the initiatives. From the joyous faces of the school children in Deido, Cameroon who received educational and sanitation materials, to the district hospital chief in Bounsa, Congo who declared "it is the first of this kind of social involvement from any company in Congo"; and the emotional gratitude expressed by cement retailers in Oniru, Lagos where staff from headquarters including Group Chiefs and officers convened to clean up the immediate environment, the feedbacks from the initiatives have been most complimentary.





## A list of some major initiatives during the 2018 Dangote Sustainability Week:

### Nigeria

#### - HQ

- Environmental Sanitation and Economic Impact Project - Oniru Block Makers Village, Lagos

#### - Ibese

- Donation of materials to Ibese market women

#### - Obajana

- Community clinic road rehabilitation
- Community clinic refurbishments
- Tree planting
- Educational outreach to Obajana Community Secondary School

#### - Gboko

- Educational outreach
- Rehabilitation of road at Yandew roundabout

#### - DCP Depot Isolo

- Community Environmental Sanitation programme

### Cameroon

- Donation of educational materials and visit to bi-lingual secondary school, Diedo

### Congo

- Rehabilitation of clinic and road in Bounsa District

### Tanzania

- Tree planting around plant
- Sustainability awareness programs for plant staff

### Ghana

- Beach sanitation in Tema

### Senegal

- Plant sanitation and sustainability awareness programmes



## Did you Know:

### NIGERIA

Most populous  
country in Africa

7th Most populous  
country in The World

**198,000,000**

Population growth projected to reach 392 Million in 2050 (This would make Nigeria the world's fourth most populous country)

#### MULTI-ETHNIC POPULATION, WITH OVER 250 ETHNIC GROUPS IN TOTAL:

**27.4%**  
HAUSA

**14.1%**  
IGBO (IBO)

**13.9%**  
YORUBA

**6.3%**  
FULANI

#### INCLUDING HETEROGENEOUS RELIGIOUS POPULATION:

**50%**  
MUSLIM

**40%**  
CHRISTIAN

**10%**  
TRADITIONAL

Source: CIA World Factbook, 2018





5.

# SECTION TWO -

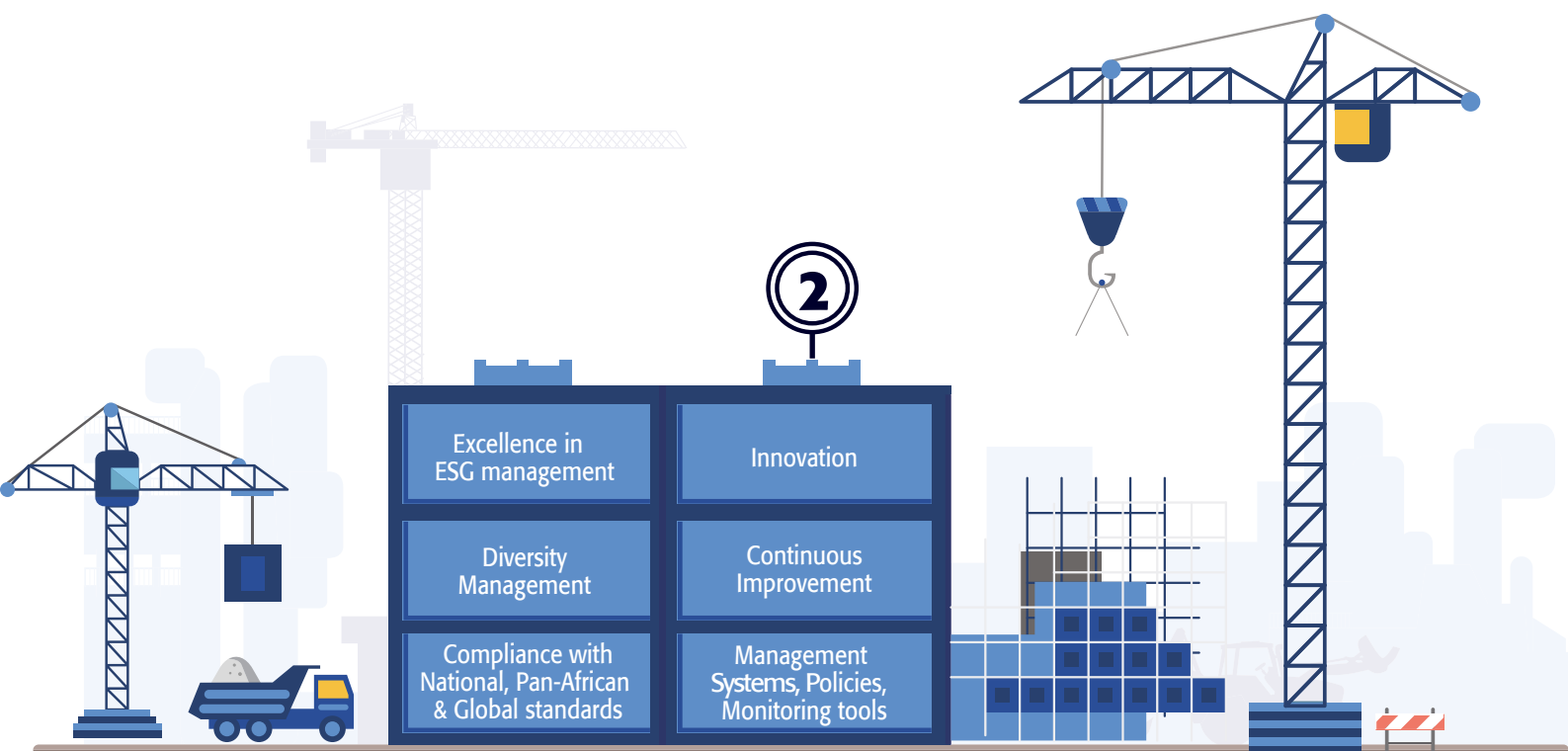
## HOW WE IMPROVE OUR OPERATIONS



**OPERATIONAL  
PILLAR**



**ENVIRONMENTAL  
PILLAR**



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## OPERATIONAL & ENVIRONMENTAL

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<b>Strategic objective:</b>	<b>2.1.</b> Management systems, policies, monitoring tools
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### Description

Establish and maintain control systems, policies and standards that ensure effective operational risk management, production efficiency and environmental stewardship in all our business locations.

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<b>Strategic objective:</b>	<b>2.2.</b> Continuous improvement
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### Description

We implement the policy of continuous improvement in our production processes, and invest in state-of-the-art production facilities that minimise our negative environmental and operational impacts, while working assiduously to optimise the socio-economic value we create. Our value chain is perhaps the largest in the African cement market. We are constantly evolving best practices in procurement, in an effort to build a supply chain that provides win-win opportunities for all stakeholders in the economies, societies and eco-systems where we operate.

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<b>Strategic objective:</b>	<b>2.3.</b> Innovation
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### Description

Adopt, develop and invest in innovative systems and technologies which will enable us to save cost, especially with regards to energy consumption.

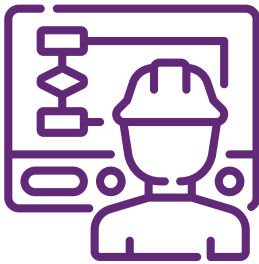
## STEP 2 EXPECTED OUTCOME:

### Prioritisation of **OPERATIONAL** efficiency.

Serve and satisfy our markets by working together with partners to deliver the best products and services to our valued customers and stakeholders through continuous product improvement, new business development, product innovation, and employing state-of-the-art technologies and systems to constantly deliver cost efficient and a 'circular economy' approach to business.



# OPERATIONAL



## Definition

Serving and satisfying our markets by working together with partners to deliver the best products and services to our valued customers and stakeholders through continuous product improvement, new business development, product innovation, and employing state-of-the-art technologies and systems to constantly optimise cost efficiencies.

## Management Approach

Our focus on operational sustainability demands that we maximise the addition of value to raw materials and local resources, whilst being mindful of health and safety and our impact on the environment. We strive to improve efficiency at every stage of the production process, from mining to distribution, and have demonstrated our commitment to innovation by launching new products in our key market, Nigeria.

We are exploring ways to improve our use of alternative fuels in our kilns and researching how we can recycle by-products such as fly ash for use as extenders when we grind clinker into cement.

**₦418.6B**

TOTAL VALUE OF BOUGHT-IN MATERIALS AND SERVICES ACROSS ALL DANGOTE CEMENT OPERATIONS IN 2018

**3Mta**

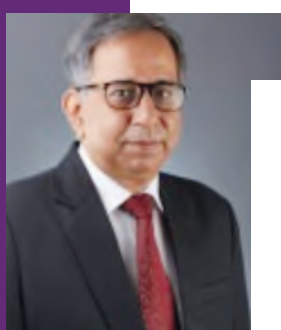
OUR LARGEST KILNS, IN NIGERIA AND TANZANIA, CAN PRODUCE UP TO 3MT OF CEMENT PER YEAR





Driving operational efficiency for us means striving to attain the highest standards in product responsibility, product quality, products information dissemination and labelling, efficient production processes as well as service delivery that exceeds the expectations of our esteemed customers. We seek to maintain operational standards that are aligned with global best practices in occupational health and safety, making our work environment and project sites safe for all internal and external stakeholders.

To foster operational sustainability, we continuously invest in innovative technologies and processes that promote our goal of utilising available production capital optimally and resourcefully minimise our negative environmental and operational impacts, while working assiduously to optimise the socio-economic value we create.



**ARVIND PATHAK**  
Group Chief  
Operations Officer

”

We are committed to continuous innovation and are moving away from the traditional linear mode of production towards a 'circular economy' approach to doing business across our value chain.

## What are the standards we comply with?

### PILLAR: Operational

GCCA	GRI	IFC	UN-SDGs	UNGC	NSE	NCCG
<b>Circular Economy:</b> <ul style="list-style-type: none"> <li>• Promote the principles of a circular economy across the value chain</li> <li>• Guidelines developed for fuel and raw material use in cement</li> </ul>	<b>GRI 103:</b> Management Approach	<b>Performance Standard 3:</b> Resource Efficiency and Pollution Prevention Performance  <b>Performance Standard 5:</b> Land Acquisition & Involuntary Resettlement	<b>SDG 8:</b> Decent work and economic growth  <b>SDG 9:</b> Industry, innovation and infrastructure  <b>SDG 12:</b> Responsible consumption and production  <b>SDG 13:</b> Climate Action institution	<b>HUMAN RIGHTS:</b> <ul style="list-style-type: none"> <li>• <b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>• <b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.</li> </ul> <b>ANTI CORRUPTION:</b> <ul style="list-style-type: none"> <li>• <b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ul>	<b>Environmental</b>	<b>Compliance with all principles of the Code</b>

#### LEGEND:

**GCCA** - Global Cement and Concrete Association

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange

## Performance Tracker

### KPIs

#### LOCAL PROCUREMENT

57%

57% patronage of local contractors, suppliers, vendors, distributors, in our supply chain

#### CAPACITY UTILISATION

49%

Capacity utilisation of plants in our Nigerian operations

#### SUPER-DISTRIBUTORS

568

Super-distributors in our Nigerian operations

## Our Sustainability Commitment

Key elements of our business model are:

- To target high-growth, populous markets with cement deficits and older/less efficient producers
- To be the leader in product quality, pricing and service delivery wherever we operate
- To adopt and develop a circular economy approach to business across our value chain.

In all our markets, we offer excellent quality products at competitive prices. This strategy has been effective in rapidly enhancing our market share.

Both Nigerian and Pan-African operations performed well in 2018 despite challenges such as unfavourable weather conditions, civil unrests and production disruptions.

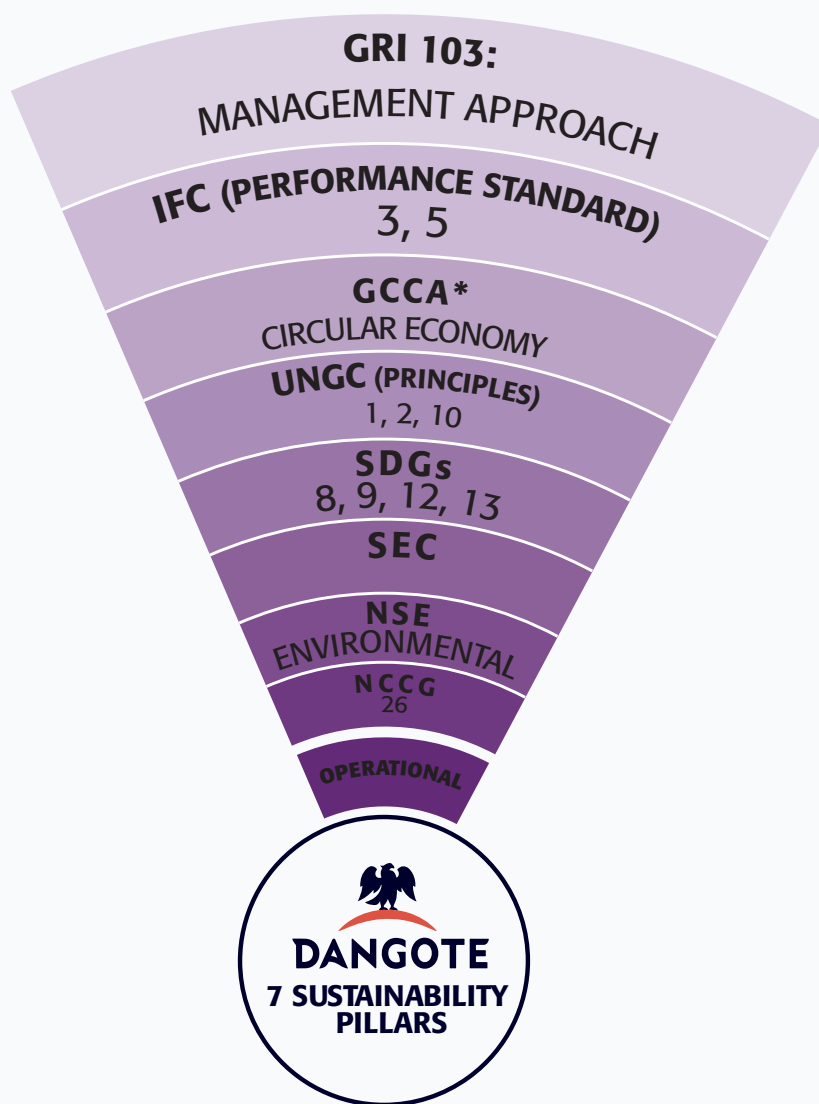


**EJURA  
EJUMEDIA**  
Sustainability  
Officer, DIL

It is our individual responsibility to ensure we leave the world a better, not worse place than we met it.

”

## OPERATIONAL STANDARDS



### Operational Indicators

- ☒ Innovation
- ☒ Product quality
- ☒ Product health and safety
- ☒ Customer service
- ☒ Supply Chain Management
- ☒ Resource management
- ☒ Health and safety





**ARVIND PATHAK**  
Group Chief Operations Officer, DCP

## NURTURING PEOPLE, THE ENVIRONMENT AND OUR BUSINESS



**Q. Sustainable business practices sometimes come with a cost. What has the Dangote experience been?**

**A.** We understand how the burden of initial costs could sometimes influence decisions on sustainability adoption. At Dangote Cement, we overcome this constraint by having the end in mind from the very beginning. For example, we know that every dollar spent on renewable energy today, could save us huge energy cost in the future, while also ensuring our environmental stewardship in the form of cleaner energy. In the end, sustainable investment is a win-win for our business.

**Q. As the leading cement company in Africa, is Dangote Cement looking to assume the leadership role in sustainable cement production in the continent?**

**A.** As one of the founding members of the GCCA which evolved from the Cement Sustainability Initiative, Dangote Cement is already a leader in sustainable cement production in Africa. As you may be aware, the GCCA is a quasi-regulator that mandates its members to adopt nothing but global best practices in their cement production. Cases of non-compliance with GCCA's stringent sustainable cement production standards attract penalties. Our operations across Africa are guided by these global standards.

**Q. With over 500 super-distributors and 7000 sub-distributors, how is Dangote Cement working to imbibe sustainability practices across its value chain?**

**A.** Our sustainability journey is in its infant stage and we are still building systems and structures that will enable us manage our footprints and enhance our positive impact. We have identified our supply chain and procurement practices as critical areas where improvements are required. This is why we are now set to integrate environmental and social risk management across our supply chain. Our ultimate goal is to make environmental and social responsibility condition precedent for our business relationships.

**Q. What are the key areas of focus for the Operations Unit in 2019?**

**A.** In 2019, we are looking at incorporating sustainability indicators into our procurement practices. We are also looking to make more sustainability related investments in the form of innovative technologies and incorporation of systems that will enable us achieve resource and cost efficiencies as well as create positive footprints.

## Product quality and market competitiveness

### Who are our customers?



Government  
Contractors



Construction  
companies



Distributors



Private sector  
contractors



Real estate and infrastructure  
developers



Retailers

### Innovation

We are committed to improving our research and development as a strategy for improving our overall efficiency and productivity. We have a dedicated Research and Development unit across all our operations, and are constantly striving to improve our quality and standards based on feedbacks from engagements with our customers and employees.

DCP plants are all equipped with cutting edge technology like Prompt Gamma Neutron Activation Analysis (PGNAA) for online analysis, robotic laboratory, and fully automated central control room system equipped with Human Machine Interface technology (HMI).

Our brand, Dangote 3X Cement was formulated to meet the yearnings of our customers for cement with extra strong, extra life and extra yield quality. We have constantly deployed the most advanced machinery at our new plants that improve overall efficiency in cement production.

In 2018, we launched two new products into our main market, Nigeria: Falcon and BlocMaster. Falcon is a 32.5-grade cement that addresses needs at the lower end of the market, where strength is less of a requirement. As such, it is ideal for buildings such as single-storey houses, walls, mortaring and driveways. Our new BlocMaster cement is a premium 42.5R product, rapidly setting to provide excellent early strength after one day, and superior strength after 28 days. It is ideal for block makers, often

small entrepreneurs in the informal sector, enabling them to turn their moulds quicker than with other products.

Both Falcon and BlocMaster were developed after extensive in-house research and feedback from the market. We will continue to drive product innovation to meet the needs of local builders across the ten markets in which we operate.

## 32.5N

**A CEMENT GRADE SUITABLE  
FOR LOW-LOAD BUILDING  
NEEDS**

## 42.5R

**A STRONGER, MORE RAPIDLY  
SETTING CEMENT FOR  
MULTIPLE APPLICATIONS**



**EUNICE SAMPSON**  
GM/Head, Sustainability,  
Dangote Cement Plc

## BUILDING REQUISITE SYSTEMS AND STRUCTURES



**Q. The leadership and staff of Dangote Cement seem very enthusiastic about the acculturation of sustainability. Do you think that the requisite systems and structures are in place?**

**A.** Indeed, the Dangote Cement family is excited about the ongoing integration of sustainability principles and standards into every aspect of our business operations. Much has already been done in terms of building the requisite systems and structures for driving sustainability implementation and more is being done to fill observed gaps. For example, we are integrating sustainability indicators into the reporting template of all key departments across Dangote Cement. We are also developing policies and standards that would make our sustainability implementation as seamless as possible. As you know, sustainability is a journey of continuous improvement. Building the relevant systems and structures is critical at this point because we do not want sustainability to be an appendage to our business processes. We are building our entire business around it, in line with our 7 Pillars which cover all aspects of the business. We are on track in our goal of building processes and standards that are global and yet customised to meet our business goals and objectives.

**Q. Let's talk about data. How important is data management in sustainability implementation and reporting?**

**A.** Data management is critical to sustainability implementation and reporting. For reporting to be seen as compliant with global reporting standards, it must be based on data that is qualitatively

and quantitatively reliable. A global best practice in sustainability and business management is documenting how your processes are managed. Good quality data helps us make informed decisions, track our progress, address weak links and monitor performance. Without a robust data management system, quality sustainability reporting cannot be achieved; neither is it possible to effectively track and measure implementation challenges, progress, milestones and material indicators.

**Q. How would you rate the level of progress that has been made in putting a robust sustainability data collation system in place at Dangote Cement?**

**A.** The issue of data integrity is taken very seriously at DCP. One of our milestones in 2018 was working with external consultants to set up a sustainability data base that aligns our 7 pillars with global sustainability standards, such as the GRI, UNGC, IFC, SDGs, GCCA, NSE Sustainability Disclosure Guidelines, and so on. This way, we are sure that our principles and standards are world-class and yet custom-built to serve our unique sustainability objectives. Also during the year, Dangote Cement designated and trained about 100 data owners across different functions in our Nigerian and Pan-African operations. With this initiative, we now have data champions that understand our sustainability data needs and have been trained on best practices and requisite tools for gathering them. With sustainability implementation and reporting, virtually everything hinges on availability of quality data, and having in place systems and standards that give clear directions on how set goals will be actualised and measured.

## Product Quality

**We aspire to achieve a culture of excellent product quality. Our goal is to carry our suppliers and vendors along in this quest for product excellence**

In previous years, we had audited the suppliers on our production sites and supply points against the DCP Guiding Principles. We work closely with our vendors to safeguard the quality of products they supply to us.

for their environment and social practices. For instance, they will be required to commit to and implement our sustainability Code as a precondition for our business relationship.

From 2019 we will begin the process of holding our major suppliers, vendors and contractors more accountable

## Product health and safety

We understand that our products could sometimes be hazardous and cause injury to people especially when they are not used correctly. We therefore provide instructions on usage, leveraging the CEMBUREAU guidelines on use of wet cement.

behaviour, implementing workplace improvements on a regular basis and promoting a culture of safety in our everyday activities.

At our plants, we ensure that all of our products and services are tested for quality assurance and safety.

Health and safety (H&S) is a top priority at DCP. We strive to achieve zero incidents by improving and reinforcing safe behaviours among our employees and contractors. Management is held accountable for ensuring safe

Dangote Location	Percentage of significant product and service categories for which health and safety impacts are assessed
Ethiopia	100%
Nigeria - Obajana	100%
Nigeria - Ibese	100%
South Africa	100%



Our plants are required to disclose all relevant safety information on the product bags.

<b>Dangote Location</b>	<b>Disclosure of product components as well as safe use and disposal information</b>
<b>Ethiopia</b>	YES
<b>Nigeria - Obajana</b>	YES
<b>Nigeria - Ibese</b>	YES
<b>South Africa</b>	YES

## Good Practices



### **Our Safe Work Initiative**

In order to minimise exposure to hazards and prevent incidents and near-misses, Dangote Cement plants have designed a Safe System of Work. The initiative seeks to enhance workplace safety through pre-work inspections, job hazard analysis and regular HSE meetings and audits.

During job hazard analysis, near-misses and actual accidents are investigated and findings are leveraged to develop and implement corrective actions.

Dangote Cement plants are also obliged to report incidents of non-compliance concerning product and service information and labelling. Of all the reporting plants (Ethiopia, Nigeria – Obajana, Nigeria – Ibese, Senegal, South Africa), none reported any incident of non-compliance concerning product labelling and marketing communications.

The quality of our supply chain management attracted several positive feedbacks and accolades in 2018. These include Award for Best Quality Cement by the Standards Organisation of Nigeria; the SERAS Award for Best Company in Supply Chain Management; and, MANCAP certificates from the Standards Organisation of Nigeria for our products.

## Customer service

Our core strategic goal is to become the most customer-centric company in our industry. We are moving from a product-selling company to a comprehensive solutions provider.

Ultimately, we aim to create solid relationships with our customers by establishing the foundations for long-lasting partnerships. We leverage our cutting-edge business processes to develop superior cement solutions. Moreover, our experts in fields such as geology, chemistry,

materials science, and various other engineering disciplines work alongside behavioural scientists, cultural anthropologists, and commercial strategists to anticipate and understand evolving societal trends, and to create innovative, sustainable construction solutions that satisfy our customers' current and future needs.

## Good Practices



### Customer Service Week

The Dangote Group's Customer Service Week is a yearly event that helps to create awareness and consciousness on the critical importance of excellent customer service across various business functions. In the preceding two years, our Customer Service Week has created great opportunities to specially appreciate our valued internal and external customers. The ambience that typifies the event creates the right atmosphere for team bonding, fun, enlightenment and healthy competition among Dangote staff.

Our 2018 Customer Service Week captioned "Excellence Happens Here-The Dangote Way", supported our goal of creating continuous awareness on the need for exceptional customer service across the Group. While the customer service week is not unique to Dangote, we have succeeded in ingraining it into our corporate culture.

The 2018 edition focused on how we could leverage the global event to achieve great service delivery, productivity, and build lasting relationships with customers and among co-workers. The event took place from the 2nd to the 5th of October 2018 and will hold from the 7th-11th of October 2019. Dangote Cement Operations in Nigeria has 7,248 sub-distributors (customers) and

about 568 classified as Super Distributors, responsible for the distribution of a significant amount of our products across various geo-political zones.

As part of activities to commemorate the 2018 Customer Service week, each of our external customers received a specially customised e-card to symbolise Dangote Cement's appreciation for their contributions that have ensured our market dominance. Our key distributors are critical not just to our business but to the Nigerian economy. They oversee tens of thousands of other commercial re-selling operations providing employment, sustaining livelihoods and empowering households in different markets. Also as part of the event, employees participated in competitive quizzes and were rewarded with cash prizes. The quizzes sought to improve working knowledge of all aspects of the business and to foster corporate ownership among team members.

# Supply Chain Management

## Suppliers Sustainability Programme

We continue to develop strong relationships across our supply chain. In some of our plants, we have begun the process of creating sustainability awareness across our suppliers network, which is aimed at communicating and promoting responsible practices. We are also now developing KPIs to actively measure and track suppliers performance in this regard.

We will also develop and administer a standardised Sustainability Code of Conduct for Vendors, Suppliers and Contractors from 2019.

Our 2020 goal is to evaluate at least 20% of our major suppliers and vendors using environmental and social criteria. As part of our procurement practice, we prioritise patronage of local vendors. In 2018, 57% of our total procurements were sourced locally, with N165 billion spent on local purchases. Our suppliers range from Small and Medium-scale Enterprises (SMEs) to large multinational companies.

## Good Practices



### Customer Trucks Empowerment Scheme (CTES)

We support our SME distributors by investing towards their business growth. For example, we invested over N3 billion to purchase 125 trucks that we gave out to our distributors (with a 5 year payback period at no interest). This is a win-win investment that ensures seamless transportation of our products from our depots to retail outlets. The initiative has also helped us in enhancing efficiency in our operations and those of key business partners. Between 2017 and 2018, the trucks under the initiative grew by 178, from 408 to 586.

## IN 2018, TWO DIL SUBSIDIARIES RECEIVED THE SERAS SUSTAINABILITY AWARDS FOR:



**Best Company in  
Hunger & Food Security**



**Best Company in Supply Chain  
Management**

## Suppliers due diligence

We are committed to supporting our distributors to build sustainable businesses and also to optimise our indirect environmental and social performance.

In our Ethiopian, Senegal and South African operations, a third-party evaluator performs environmental and social assessments on suppliers using ISO 26000 standards. They are also assessed on Health & Safety (H&S), Business Ethics, Stakeholder Relationships and Financial Performance. The outcomes of these assessments are documented and corrective actions are recommended to suppliers where necessary.

This evaluation is periodically reviewed and suppliers scored based on their performance. Suppliers' ratings are integrated into their scorecards to track and reward those that demonstrate improved sustainability practices. Dangote subsidiaries are expected to screen new suppliers using environmental criteria.

In 2018, Senegal considered hiring new suppliers and screened all of them according to established environmental criteria. Conversely, South Africa considered hiring 12 suppliers but did not screen them according to laid-down environmental standards. Our Ethiopian plant, on the other hand, did not contract new suppliers in the year under review.

In addition to environmental criteria, we also seek to ensure that our new suppliers are screened according to established social criteria. For the countries reporting in 2018, Ethiopia did not screen any of its 6 potential suppliers using social criteria. Senegal screened 80% of its prospective suppliers. South Africa screened 100% of the potential 118 new suppliers.



**BERTRAND  
MBOUCK**  
Regional Director,  
Pan Africa Markets  
, DCP

”

Cement is a key input in infrastructural development that touches the lives of a wide range of stakeholders in the global economy. However, the life cycle of this commodity is often associated with various environmental fallouts. At Dangote Cement, we keep improving on the policies and procedures for managing the sustainability elements of our product journey, including the packaging, distribution to their end of life. The intent is to minimize the negative and maximize our positive footprints.

Dangote Cement seeks to completely eradicate the risks of incidents of child, forced and compulsory labour in its operations and across its supply chain. None of the countries reporting in 2018 (Nigeria, Ethiopia, Senegal, and South Africa), recorded any such incidents in the year under review. However, Senegal classifies all suppliers that provide labour services as being at risk of employing child labour or young workers, and is highly proactive in combating this risk. In order to ensure that this risk does not crystallise, Dangote Cement Senegal has close engagements with suppliers that have high employee numbers.

Our Senegal operation also evaluates the salaries and social conditions of third party employees to ensure that the rights of young workers are not violated. South Africa, on the other hand, is not a high risk country for child labour. Use of child labour in South Africa is a criminal offence under section 43 of the basic conditions of employment act and the National Child Labour Programme of Action for South Africa, Phase IV. However, as a preventive practice, Sephaku administers Standard Request for Proposal (RFP) questionnaires to suppliers where they are made to disclose any past criminal offences or indictments. Provision is being made in 2019 for background screening

to be done on key suppliers to rule out environmental and social violations.

The same precautions are taken with regards to the risk of compulsory or forced labour. Ethiopia reports no such incidents in their operations. South Africa also identifies no such threats, as its labour practices are governed by the Basic Conditions of Employment Act 75 of 1997, which regulates working conditions in the country. Violation of the Act is a criminal offence.

On the other hand, Senegal recognises that such risks could occur with service providers used for temporary or permanent jobs during shutdowns or for fixing faulty equipment. In order to combat this threat, Dangote Cement Senegal applies the same measures that govern direct employees to such service providers. Every job on site that is done by third party workers starts with a clear explanation of what the labour and safety rules are.

## Resource Management

Our business operations are dependent on having long-term access to mineral based raw materials within the vicinity of our plants. Such resources are finite and their local exploitation often leads to local community concerns. We therefore, view the sustainable sourcing of raw materials and resource efficiency as a key strategic task.

Our strategy for resource efficiency also involves the use of alternative raw materials such as Iron Ore in cement production which is a cheaper alternative to traditional components. At Dangote Cement, we understand

that water is a finite resource that should be managed responsibly. In our operations, we ensure that water is used efficiently and reused or recycled as much as is practicable.



## Health and Safety

As the leading cement company in Africa, we understand the importance of health and safety for our workers, visitors and host communities.

We are continuously improving our processes to enhance safety and minimise harmful incidents. We are working towards achieving our “Goal Zero” on fatalities and recordable injuries by implementing the best health and safety practices across all our sites. In 2018, we focused on improving compliance with applicable laws, regulations and Dangote Cement’s own HSE policies and standards.

We have started to diligently document, track and report on plant fatalities, lost time injuries and lost time injury frequency. Between 2017 and 2018, our lost time injuries fell from 47 to 22, representing a 53% decrease. However, we remain committed to achieving zero lost time injuries, fatalities and accidents frequency rates in all our operations.

We are strengthening our accident investigation processes and competencies are being developed in this area. We closely monitor implementation of all corrective actions arising from all incidents and HSE audits. We try to ensure that no accident is repeated.

We are also more proactive in our HSE risk management, entrenching it from being a standalone activity into a key performance indicator. During 2018, we emphasised to our employees the benefits of reporting all incidents without fear of punishment. We promoted compliance with the Group’s 15 Golden Safety Rules and strengthened our safety reporting format.

In 2018, we also introduced our Safe System of Work initiative, including job hazard analysis, pre-work inspections, frequent HSE meetings and a Permit to Work system. We implemented corrective actions from near

misses reported, accident investigated and audit reports. Dangote Cement has also developed an annual HSE Plan & Objectives, which will enable us manage HSE the way we manage our core business. In developing their various HSE Plan & Objectives for 2019, all operating countries will be expected to set targets for tackling material HSE risk indicators. These will also be accompanied by corrective action plans for identified risk factors.

Leaders at all levels are responsible and accountable for HSE affairs in their areas of operations. In 2019, we will begin the process of developing and implementing an integrated HSE management system in line with the newly introduced ISO 45001. This will help us in the transition to becoming a world-class HSE performer.

We trained a total of 24 HSE professionals across Obajana, Ibese and Gboko (plant and transport) up to the UK NEBOSH International General Certificate standard. This is a significant investment in capacity building with expected long-term positive impact on the Group’s HSE records and performance. We continuously train our employees on best practices in health and safety in the workplace and emergency response procedures. We also ensure that we provide the personal protective equipment they require to carry out their jobs safely. Our Health and Safety Policy is championed by the Chief Executive Officer and is designed to achieve continuous improvement in safety practices across the Dangote Group, for employees, contractors, host communities and all stakeholders.

### LOST TIME INJURIES

**22**

2017: 47

### LTI PERCENTAGE DECREASE

**53%**

## HSSE System Framework



**Elvis Akalusi**  
Head, Health & Safety, Ibese

”

I am glad to be associated with The Dangote Way. I am beginning to see a paradigm shift where safety is now everyone's business in the plant.



**PETER FOURIE**  
CEO, DCP South Africa,  
Sephaku Cement



## MANAGING OUR FOOTPRINT AT SEPHAKU

**Q. Sephaku is a key player in the South African Inland market. What are the plans to further increase this market share in the future?**

**A.** Exact cement sales market information is not available due to SA Competition Commission rules, resulting in market share being estimated on own research. Despite facing stiff competition here in Southern Africa and considering the cyclical nature of building and infrastructural development, Sephaku Cement has done well to win the market share we currently lay claim to. Our leadership mandate remains that we PLAY TO WIN. Our immediate goals are to continue to grow and consolidate our market leadership, hence we are continuously taking steps to secure more wins. While doing this however, we commit to playing fair and to conduct ourselves in a responsible manner.

**Q. Tell us more about your assessment of third-party vendors using environmental and social criteria?**

**A.** We take responsibility for our actions and we are interested in those of our partners. We hold all our vendors, suppliers and third-party consultants to the same high levels of expectations that we set for ourselves. To achieve regulatory social and environmental compliance, we monitor the environmental and social impact of our business across its entire value chain by observing closely the activities of our business partners. We engage third-party evaluators to conduct assessments

of suppliers using the ISO 26,000 Standards and provide detailed report. This practice has helped us to mitigate some third-party related negative socio-environmental footprints such as curbing the incidence of child, forced and compulsory labour.

**Q. Water stress is a material issue in the whole of South Africa. What steps are being taken to address this?**

**A.** Water scarcity is a global issue but in South Africa the situation is much dire, especially in the areas that our plants are based. At Sephaku, we are taking intentional steps to manage our water consumption. At our plants, multiple water sources are being deployed to reduce pressure on underground sources. Water is also recycled at our plants as part of our water management campaign. Beyond our efforts to reduce water usage, we also ensure that our wastewater is responsibly re-used or channeled to minimise or completely prevent pollution to the waterbodies that serve our host communities.

## Did you Know:

### New trends in the cement industry:

### CIRCULAR ECONOMY

**The cement industry is able to use waste from municipalities or companies by co-processing:**

- ✓ By using the high amounts of energy from waste as fuel to heat the kiln
- ✓ By replacing primary mineral materials in cement with fractional mineral traces from wastes.

**The very high temperatures reached in a cement kiln ensure the process is residue-free and the end product contains no hazardous substances.**

## 1450°C

Cement producers need to reach 1450°C in their oven to be able to transform raw materials in the clinker to cement.





# ENVIRONMENTAL



## Definition

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Entrenching sustainable environmental management practices to address the challenges, and leverage the opportunities of climate change, while optimising our performance in energy efficiency, water usage and greenhouse gas emissions.

## Management Approach

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We continuously seek to improve on our operational efficiency as a way of optimising our impact on the natural environment. We adopt improved business practices and processes that support the protection of host communities, preservation of air and water quality, promotion of biodiversity and ensuring the overall sustainability of natural resources.

We strive to adhere to sustainability principles that will ameliorate global and local environmental challenges and mitigate the negative impact of climate change. Our business activities are undertaken with conscious thoughts for our natural environment and the need to consistently enhance our environmental stewardship while also leveraging the opportunities this presents .

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**MASSIMO  
BETTANNIN**  
Group Chief,  
HSSE

”

This year, we decided to consolidate key environmental indicators, including energy consumption, water usage, greenhouse gas emissions in order to make better informed business decisions.

## What are the standards we comply with?

### PILLAR: Environmental

GCCA's	GRI	IFC	UN SDG's	UNGC	NSE	NCCG
<b>Climate Change &amp; Energy:</b> <ul style="list-style-type: none"> <li>• Develop a climate change mitigation strategy, and publish targets and progress.</li> </ul> <b>Environment &amp; Nature:</b> <ul style="list-style-type: none"> <li>• Apply Environment &amp; Nature guidelines Set emission targets and report publicly on progress</li> </ul>	<b>GRI 300:</b> Environmental Standard Series	<b>Performance Standard 1:</b> Assessment & Management of Environmental & Social Risks and Impacts.  <b>Performance Standard 6:</b> LBiodiversity Conservation & Sustainable Management of Living Natural Resources Performance  <b>Performance Standard 3:</b> Resource Efficiency and Pollution Prevention	<b>SDG 6:</b> Clean water and sanitation SGD  <b>SDG 7:</b> Affordable and Clean Energy  <b>SDG 9:</b> Industry, innovation and infrastructure  <b>SDG 12:</b> Responsible consumption and production  <b>SDG 13:</b> Climate Action institution	<b>ENVIRONMENT:</b> <ul style="list-style-type: none"> <li>• <b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</li> <li>• <b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility; and</li> <li>• <b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</li> </ul>	<b>Environmental</b>	Compliance with all provisions of the Code

#### LEGEND:

**GCCA** - Global Cement and Concrete Association

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange

## Performance Tracker

### KPIs

#### TOTAL VOLUME OF GREENHOUSE GASES

687 Kg CO<sub>2</sub>

Per tonne cementitious material produced in 2018 across our Nigerian and Pan-African operations

#### ENERGY CONSUMPTION

41,018,310 GJ

Total energy consumption across our Nigerian operations in 2018

#### CO<sub>2</sub> EMISSION

16.4MT

Total carbon emission across Nigerian and Pan-African operations in 2018

## Environmental Management & Compliance

Dangote Cement believes that sound environmental management, together with a strategic, proactive approach to addressing the challenges and opportunities of climate change and water scarcity, is fundamental to maintaining a successful and resilient cement business.

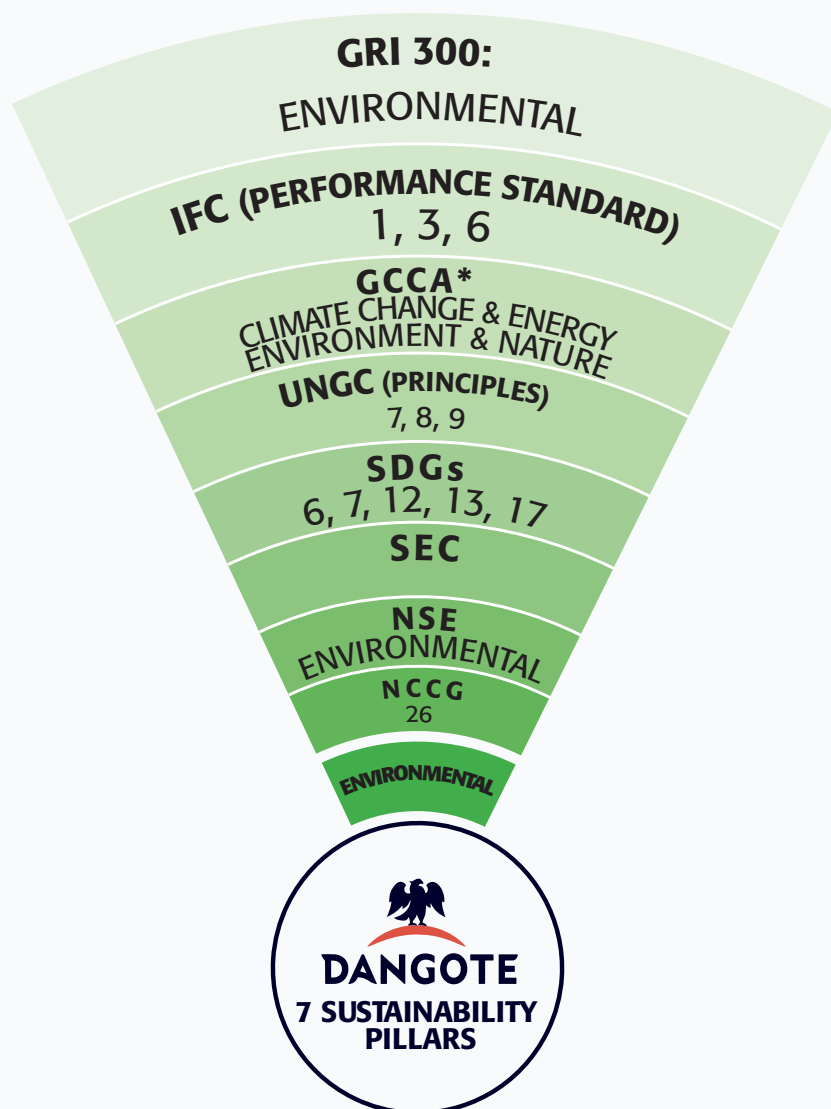
As the largest cement company in Africa, we understand the environmental impacts of our operations and are committed to complying with all relevant environmental regulations in the countries where we operate. We invest in technologies and systems that would help to significantly

reduce our environmental impact.

Our goal is to minimise the negative footprints that our business operations could pose to the environment.

We are committed to implementing ISO 14001: 2015 Environmental Management System (EMS), which would improve our approach to environmental management within the defined scope of our operations.

## ENVIRONMENTAL STANDARDS



## Environmental Indicators

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Environmental management and compliance | <input checked="" type="checkbox"/> Circular economy |
| <input checked="" type="checkbox"/> Operational efficiency                  | <input checked="" type="checkbox"/> Dust emissions   |
| <input checked="" type="checkbox"/> Precautionary approach                  | <input checked="" type="checkbox"/> Water management |
| <input checked="" type="checkbox"/> Carbon management                       |  |



**MASSIMO BETTANIN**  
Group Chief, HSSE



## ENVIRONMENTAL STEWARDSHIP AT DCP

### Q. What are the key environmental impacts of Dangote Cement's operations?

**A.** As the largest cement manufacturer in Africa, Dangote Cement has potentially high environmental impact. The major polluting substances emitted during cement production are dust, Nitrogen Oxides (NOx) and Sulphur Oxide (SOx). The actual amount emitted is of course dependent on the production inputs (the raw materials and fuels used), processes applied, and the condition and quality of the plant.

Dangote Cement is continuously working to mitigate and minimise the impacts of its production on the environment. We strongly believe that sound environmental management, together with proactive approaches to addressing these challenges are fundamental to achieving environmental responsibility.

### Q. What distinguishes DCP's factories from its peers?

**A.** Our factories are mostly ultra modern, with most of our lines having opened in the last 7-10 years. They have been designed to be intrinsically efficient through the adoption of cutting edge technology in cement production such as:

- Pre-heater and pre-calciner technologies, which are regarded as the most efficient technology because they recycle heat from the kilns to pre-heat the raw mixture and achieve much of the chemical transformation of limestone before it even enters the kiln;
- Vertical rolling mills for raw material, coal and cement grinding which are 40-50% more efficient than traditional ball mills;
- Mechanical material transport and transfer

systems equipped only with conveyors and bucket elevators, which are up to 80% more efficient than the traditional pneumatic systems.

### Q. Can you describe DCP's approach to environmental sustainability?

**A.** We understand that our line of business could come with significant environmental footprints if not properly managed. This is why we continuously look for better ways of combating our actual and potential impacts. Our ultimate goal is to reduce, as much as is feasible, our CO2 emissions, water consumption, waste generation and dust emissions. This way, we would be improving on our environmental performance and also significantly reducing our operational costs.

### Q. The Chairman and Founder of DCP recently signed the GCCA Charter, how does DCP plan to comply with the requirements?

**A.** The global cement industry is a major producer of carbon dioxide emissions. Therefore, it is necessary that major players in the sector, such as Dangote Cement, are accountable for their impacts and strive to manage them efficiently. We have started compliance with this all-important cement operations standards by mapping the 5 pillars of the GCCA Charter with our operational, environmental and social pillars. The HSSE Group will be working closely with relevant departments and function owners to ensure that DCP achieves full compliance with the GCCA Charter.



## Operational Efficiency

The production of cement requires a lot of energy, which has significant economic and environmental implications. It is therefore imperative that we continue to enhance our energy efficiency. We try to utilise Natural Gas as much

as possible, which is a cleaner energy source, despite the availability challenges. But we are committed to adopting global best practices in energy usage as much as is feasible.

**Our plants are designed to achieve particulate emission levels (30mg/Nm<sup>3</sup>) far below what the environmental emission (100mg/Nm<sup>3</sup>) regulations in Nigeria permit.**

We have deployed measures to maintain overall efficiency across our plants including:

- ✓ Utilising effective particulate emission control systems, including baghouse filters and electrostatic precipitators;
- ✓ Efficient energy recovery in kiln operation using mechanical flow regulator in the coolers;
- ✓ Use of cement additives to have a high cement clinker ratio which improves both energy usage and CO<sub>2</sub> emissions per tonne of cement produced.
- ✓ Use of storm water harvesting and recycling (South African and Obajana operations) and use of water decanting from other mines (our Zambian operations);
- ✓ Vertical roller mills for raw material, coal and cement grinding which are 40-50% more efficient than traditional ball mills;
- ✓ Mechanical material transport and transfer system equipped only with conveyors and bucket elevators which are up to 80% more efficient than the traditional pneumatic system;
- ✓ Use of long OLBC conveyors for raw material transport rather than the less efficient dumpers;
- ✓ Robot lab equipment for automatic sampling and preparation for X-Ray screening which allows for a better process control with direct effect on the quality of our cement and indirectly, a 3-5% energy reduction compared to plants provided with manual sampling system;
- ✓ Big process fans provided with Variable Frequency Drivers (VFD) to vary the ventilation rate based on the actual demand/operating conditions. VFD can reduce input power by 40-80% (depending on the % flow rate) compared to dampers;
- ✓ Pre-heater and pre-calcinate which is regarded as the most efficient technology.

## Precautionary Approach to Environmental Management

Our ultimate goal is to develop a robust environmental management system that identify, assess and manage the environmental impact and risk associated with our operations.

We try to implement good management practices to prevent irreversible damages to the environment,

employees, host communities and the general public.

We are putting in place measures for responsible use of our key natural resources in order to improve our operational efficiency, environmental footprint and long-term business sustainability.

## Understanding & Managing our Carbon Footprint

The yearly global demand for cement increases at an average of 5-7%, with much of the demand growth driven by emerging markets such as Africa, owing to rapid urbanisation, economic and demographic growth.

The cement industry accounts for over 5% of the total global CO<sub>2</sub> emissions annually. Approximately 60% of these emissions are produced during the conversion of limestone (CaCO<sub>3</sub>), a key natural ingredient, to clinker (CaO), an essential component of cement; whilst the remaining 40% of CO<sub>2</sub> is generated by the combustion of fossil fuels in the kiln and to produce electricity.

However, our plants are mostly new and ultra-modern. They have been designed to be more energy efficient using cutting edge technology in cement production. These measures have resulted in operational cost savings and, at

the same time, less CO<sub>2</sub> emissions in our operations. Also in 2018, we further consolidated our greenhouse gas emission monitoring and reporting system to re-verify the actual carbon footprints of all our operations and identify areas that require improvements. Despite the newness of our plants, we understand the need to always explore innovative ways to continuously reduce carbon footprints across our entire value chain.

Total greenhouse gas emissions resulting from captive power plants and generators, kilns and vehicles used at the quarries and sites (Scope 1), as well as those associated with the use of purchased electricity (Scope 2), were estimated at 16.4 million tonnes, equivalent to a specific or average unit based emission of 687kgCO<sub>2</sub>eq / tonne of cementitious material produced.

Energy Consumption [ GJ ]	
	YTD
<b>Ethiopia</b>	4,607,769
<b>Nigeria - Gboko</b>	2,784,265
<b>Nigeria - Ibese</b>	24,613,136
<b>Nigeria - Obajana</b>	13,620,909
<b>Senegal</b>	2,985,808
<b>South Africa</b>	3,872,732
<b>TOTAL</b>	<b>52,484,619</b>

## Tackling future challenges – first step into circular economy

We started exploring the feasibility of using alternative fuels in our kilns through effective and fit-for-purpose re-utilisation of wastes produced in our sites. This is a further step towards the adoption of greener energy sources than coal and heavy oil, in addition to the current use of natural gas, to minimise emissions of greenhouse gases and other pollutants in our operations.

However, the amount of wastes that we generate in our operations are minimal, and so we understand that, to leverage the opportunities presented by the Circular Economy business model, we will need to collaborate and partner with third parties.

### CASE STUDY

#### CIRCULAR ECONOMY – THE ONLY WAY TO A SUSTAINABLE FUTURE

Human population keeps growing, with more and more of us living in urban areas. The world population more than doubled from 3.7 billion in 1970 to 7.6 billion in 2017 and is projected to keep expanding, to 11.18 billion in 2100 (UN World Population Prospects, 2017).

Growths in global population and consumption threaten to deplete the planet's natural resources, especially as we use them inefficiently. The solution is to move to a circular economy, which aims to avoid waste and ensure the longest possible (re) circulation of raw materials. This helps reduce over exploitation of the natural environment and curbs negative climate changes.

Building a circular economy helps achieve the Sustainable Development Goals and is in line with the global climate policy. Use of renewable energy sources and materials, sharing, dematerialisation of consumption, efficient waste management and the design of products for longer use, easy repairs and reprocessing, contribute to limiting the depletion of natural resources.





**OLIVER  
OBU**  
Group Financial  
Controller  
Designate

Improved energy and operational efficiency will enhance our financial sustainability.



## Good Practices



We are committed to continuous improvements and enhanced efficiency in our business processes and practices. We have established an internal governance committee that drives the implementation of green technology and best practices in our plants. We are working to support Nigeria in actualising its Paris Climate Action commitments.



**DR RAVI SOOD**  
Director of  
Operations, Nigeria  
Designate

Ensuring the sustainable use of natural capital and the introduction of circular economy principles, will eventually yield positive returns for all stakeholders.



## Controlling our Dust Emissions

**Cement manufacturing processes generate dust emissions that, if not properly managed, could have significant impacts on both the workforce and neighbouring communities.**

At Dangote Cement, we understand that a significant reduction in dust emissions is both technically and economically feasible. To achieve this, all our plants have been designed and provided with state-of-the-art dust abatement equipment, including bag house filters and electrostatic precipitators. Continuous control of operating parameters and routine maintenance activities are carried out by trained site personnel to ensure that the abatement systems operate as specified by the suppliers.

In addition to the control measures adopted for the stack emissions, we are developing programmes in some of our plants that help mitigate the potential impact from fugitive dust emissions. Best practices in this regard include:

(i) the storage of raw materials in warehouses and/or silos (we are improving our processes to avoid stockpiling of dusty materials in open areas, except in emergency cases;

(ii) handling of raw materials, intermediate and final products by means of completely closed conveyors, with bag house filters at the transfer points, and;

(iii) continuous dust suppression by water spray and use of binding material on roads, both at the plants and quarries.

The state-of-the-art design, combined with the control and maintenance measures adopted, allow our plants to achieve average dust emissions ranging between 20 and 30 mg/Nm<sup>3</sup>. This is way below the typical regulatory threshold limits and the international best standards (50 mg/Nm<sup>3</sup>).

### CASE STUDY

#### DUST MANAGEMENT AT OBAJANA

At our Obajana operations, we ensure that our dust emissions are within ambient air quality limits. We have taken steps to control fugitive dust emissions by utilising initiatives such as the installation of site wide sprinklers, dust shields within our silos, and constant monitoring to assess the effectiveness of these measures. By doing these, we are protecting our employees and host communities from the impact of dust emissions.





## Implementing Efficient Water Management

We understand that scarcity of water is a global issue. We are aware that just 2.5% of the earth's water is fresh water. Africa's fast growing population and urbanisation is also accompanied by a significant rise in water demand. Consequently, although our operations do not require large quantities of water in comparison with other sectors, we are committed to reducing the amount of freshwater utilised in our business activities. Our responsible use of water will ensure more availability for the local communities, especially

in those regions that are characterised by endemic water scarcity.

Most of our cement plants have been designed to recover, store and recycle groundwater from quarry operations and/or storm water run-off from plants. This reduces our consumption of freshwater and mitigates negative impact on local communities and farming activities.



**EUNICE  
SAMPSON**  
General Manager/  
Head, Sustainability,  
Dangote Cement Plc

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If we are to leave behind for our descendants a world where they can co-exist harmoniously with nature and continue to enjoy its FINITE resources, then we must take the concept of sustainability seriously. When the natural environment is violated, it pushes back with calamitous consequences. Conversely, when you nurture the physical environment, it nurtures you back.



## CASE STUDY

### WATER PRESERVATION IN SOUTH AFRICA

Although the cement industry is not a large user of water, we recognise the need to reduce the amount we use, conserve local supplies and ensure that we do not pollute water bodies.

In South Africa, Dangote Cement is committed to reducing its water impact for the benefit of its local communities. Our Aganang facility, situated approximately 40km west of the town of Lichtenburg in the North West Province, sits in an area known for agriculture and cement production.

Both industries, which have a major impact on the region's economy, are largely dependent on the area's available groundwater resources.

The Aganang Plant has been designed in such a way as to drain storm water into concrete lined canals and pathways leading to a single discharge point. From this point, the wastewater is further directed into two return water dams.

The plant has three authorised dams: a borrow pit of 275 000m<sup>3</sup> and two Return Water Dams, each with storage capacity of 45 000m<sup>3</sup>.

The borrow pit, which is situated in the mining area, collects almost 190 000m<sup>3</sup> per annum, and this is used for dust suppression. About 122,500 m<sup>3</sup> volume of water from the return water dams is recycled and re-used as process water, reducing our need for boreholes. This means that we take far less groundwater, which can instead be used by local communities for agricultural and domestic purposes.

This is part of Dangote Cement's commitment to reducing the water footprint of its operations.



**JACOB ADIKWU**  
Access Control  
Manager, DCP HQ

Sustainability means safeguarding and protecting our most valuable assets, especially our people and the natural environment around us.

”



**CARL FRANKLIN**  
Head, Investor Relations



## INVESTORS' ENVIRONMENTAL CONCERNS

**Q. You interact with Dangote Cement's investors on regular basis. What would you say are their environmental concerns?**

**A.** Sustainability is becoming an increasing focus of attention for investors. They want to ensure that the companies in which they invest are behaving responsibly towards their employees, towards the communities in which they operate and towards the environment. Since greenhouse gas emissions are seen as the biggest contributor to climate change and given that cement production is rated as the third largest producer of CO2 in the world, our investors are of course interested in our CO2 emissions. They want to feel confident that our resource efficiency, waste management practices, dust emission, health and safety issues and social policies are in line with global best practices and good for all our stakeholders, including themselves. Their major concern is how effectively these issues are managed to ensure business and environmental sustainability.

**Q. Given this development, how do you think environmental issues will affect the future of institutional investments in the Cement industry?**

**A.** I think environmental concerns will become even more significant for investors in the future and it's not just equity investors who are concerned; bank lenders and project finance specialists are increasingly asking for environmental impact assessments before deciding whether or not to commit funding and this affects how companies such as ours can grow if external funding is required. Companies that demonstrate sustainability leadership will of course attract better terms of investment relative to their peers. Companies that ignore sustainability may find it very difficult to obtain external funding for expansion.

**Q. In the light of these investors' concerns and your thoughts about how significant this will become in the future, what is Dangote Cement doing to ensure environmental sustainability?**

**A.** At Dangote Cement, we are already tackling these issues. We are designing innovative strategies and investing in new technologies as we strive to minimise our negative environmental impacts. We are infusing environmental considerations into all aspects of our operations, in the effort to ensure that sustainability becomes integral to how we run the business.

## Did you Know:

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**Cement is the most widely consumed commodity after water. It is the main component in the construction of infrastructures and for the development of residential houses, public buildings, water and sewage systems, and much more.**

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# SECTION THREE -

## HOW WE BUILD LICENSE TO OPERATE



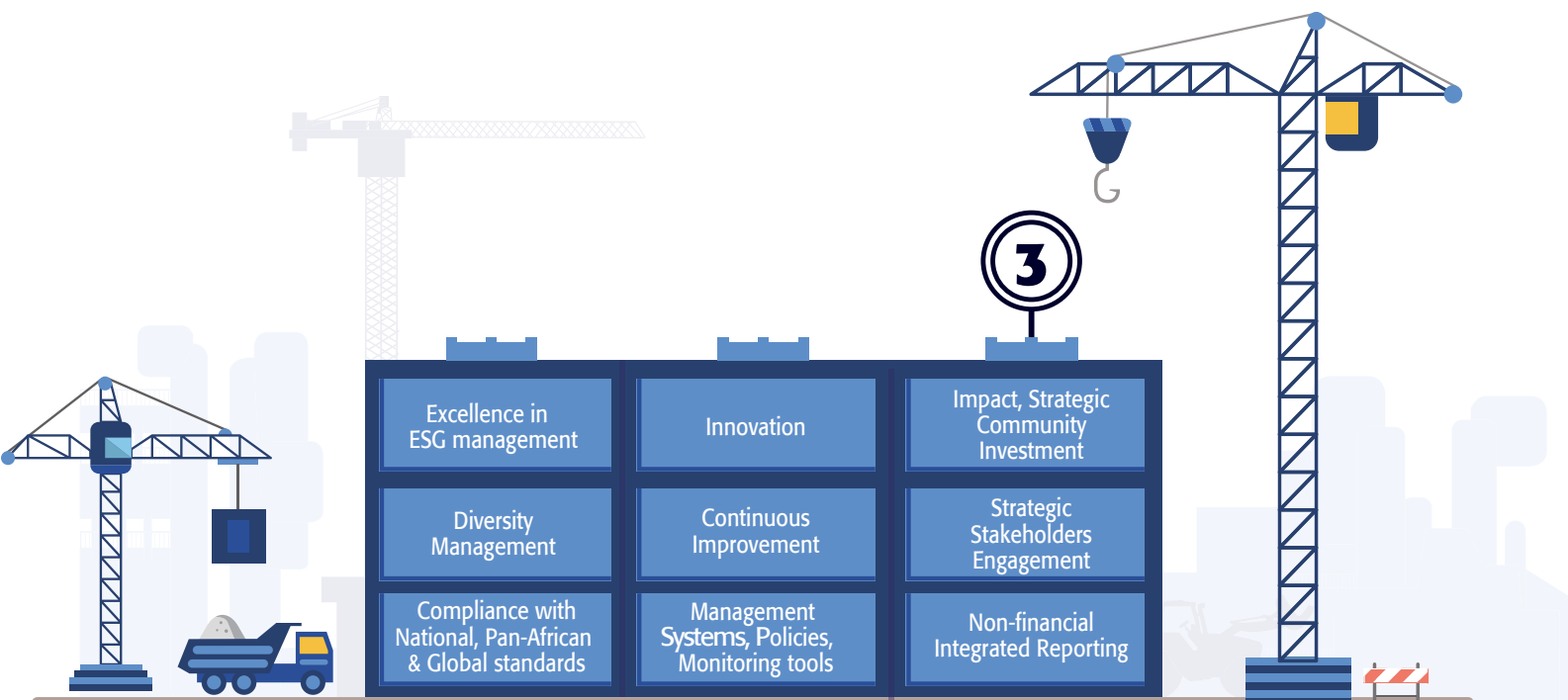
**ECONOMIC  
PILLAR**



**SOCIAL  
PILLAR**



**FINANCIAL  
PILLAR**



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## ECONOMIC, SOCIAL, FINANCIAL

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<b>Strategic objective:</b>	<b>3.1.</b> Economic Impact, strategic community investment
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### Description

We aim to apply economically sound sustainable development principles to our business. As a leading African brand, we are partners of governments and local communities in the effort to build a prosperous African economy. This is why our social impact projects are deliberately targeted at meeting the most pressing needs of the different communities in line with the outcome of our community engagement programmes.

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<b>Strategic objective:</b>	<b>3.2.</b> Strategic stakeholder engagement
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### Description

It is important to us that we respond to how our stakeholders see our company and we strive to create an environment in which their feedback and opinions can be gathered, understood and acted upon in order to sustain and strengthen our business and our strategic relationships. We are consciously creating a learning environment and platform for our employees to grow and achieve their fullest potential, while adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect employment, skills transfer, local entrepreneurial development and the prioritised patronage of local suppliers and contractors.

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<b>Strategic objective:</b>	<b>3.3.</b> Financial and non-financial Impact
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### Description

We focus our efforts on demonstrating to stakeholders the importance we attach to value creation. We create value by leveraging all available capital to ensure the sustainable growth and impact of our organisation.

### STEP 3 EXPECTED OUTCOME:

#### LICENSE TO OPERATE

We aim to be the leading brand in the infrastructural development of the new African continent that we envision. We recognise that our brand values must reflect all the commitments we make to our esteemed stakeholders. This way, we sustain our license to operate.



# ECONOMIC



## Definition

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Promoting inclusive, sustainable economic growth, self-reliance, self-sufficiency and industrialisation across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.

## Management Approach

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Our approach to economic sustainability is to invest in growing economies and in tandem continuously grow our bottom line. We secure the future of our business by establishing efficient, world class production facilities and delivering quality products. We promote inclusive, sustainable economic growth, self-sufficiency and industrialisation in all the economies where we operate.

We ensure that our business activities and model support national productivity, job creation, household incomes, GDP growth and economic prosperity. We support our host countries and local communities by developing a value chain that prioritises the patronage of local labour, suppliers, vendors and contractors as a way of building local capacity and content. We maintain transparency and due diligence in the payment of taxes and other statutory remittances to governments and public institutions.

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**LUK  
HAELTERMAN**  
CEO, DCP  
SENEGAL

”

Our economic investments benefitted 1,200 households directly and created employment for about 600 persons from host communities in 2018.

## What are the standards we comply with?

### PILLAR: Economic

GRI	UN SDG's	UNGC	NSE
<b>GRI 200:</b> Economic Standard	<b>SDG 1:</b> No poverty  <b>SDG 2:</b> Zero Hunger  <b>SDG 8:</b> Decent work and economic growth  <b>SDG 11:</b> Sustainable cities and communities  <b>SDG 16:</b> Peace, justice and strong institution	<b>LABOR:</b>  <ul style="list-style-type: none"> <li>• <b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>• <b>Principle 4:</b> The elimination of all forms of forced and compulsory labor;</li> <li>• <b>Principle 5:</b> The effective abolition of child labor; and</li> <li>• <b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.</li> <li>• <b>Principle 5:</b> The effective abolition of child labor; and</li> </ul> <b>ANTI CORRUPTION:</b>  <ul style="list-style-type: none"> <li>• <b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ul>	<b>Economic</b>

#### LEGEND:

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange



## Performance Tracker

### KPIs

#### JOBS SUSTAINED

37K

Direct, indirect and induced jobs sustained in Nigeria

#### GVA

₦504B

Total Gross Value Added across the DCP Group

#### HOUSEHOLD INCOME

₦72.7B

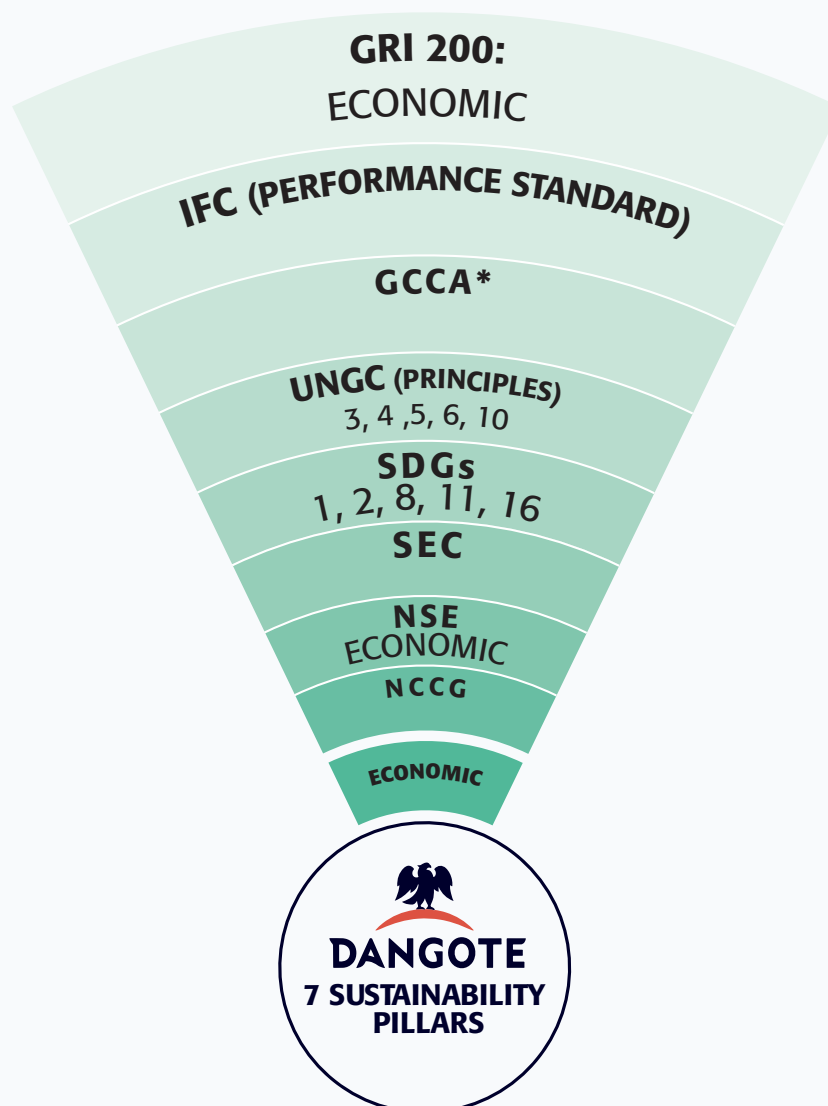
Direct, indirect and induced household income generated

## Our Sustainability Commitment

At Dangote Cement, we understand that the growth of our business depends on how well the local economies perform. We are committed to supporting host countries towards realising their goals of self-sufficiency in cement production, jumpstarting rapid industrialisation, job creation and enhanced household income.



## Economic Standards



## Economic Indicators

- ☒ Economic development and self-sufficiency
- ☒ Inclusive economic growth
- ☒ Job creation
- ☒ Economic impact analysis
- ☒ Income generation
- ☒ Community infrastructure investments





**ADEYEMI FAJOBI**  
National Sales &  
Distribution Director, DCP



## MARKETING FOR DIFFERENTIATION

**Q. Ensuring immediate availability of products where they are needed is at the core of sustainable marketing. How does Dangote manage the risks of time lags between order and delivery times?**

**A.** Building an efficient delivery system, as you noted, allows for timely distribution of our products to markets and ready buyers. This determines our reach and success in the marketplace. We empower our partners and distributors with the requisite capacity to deliver optimally in areas where products are required through our Customer Trucks Empowerment Scheme (CTES) initiative, in which trucks are given to our partners with a 5 year payback period at no interest. This scheme allow for efficiency in our operations.

**Q. Marketing and Advertisement Communication in recent times has shifted from traditional to digital with innovations in data mining and big data analytics allowing quicker assess to the right audience. How does Dangote responsibly leverage these evolving technologies?**

**A.** Our approach to marketing and advertisement is ultimately knowledge driven. Using new technologies, we focus on creating top-of-mind brand awareness to position our new and existing products advantageously. We strive to attract a larger customer base by maintaining a reputation of being the producer of high-quality cement, leveraging continuous innovation and improvement of our products to meet consumer needs.

**Q. Identifying potentially viable markets is at the heart of growth and expansion of every business. What are DCP's strategies around this and are you exploring entering new territories?**

**A.** Africa is currently experiencing increasing infrastructural growth and development. As a key producer of an enabling product, it is our responsibility to ensure that we close observed gaps in demands. Thus, where it makes good business sense, we would explore our options to expand.

**Q. How would you describe Dangote's distribution model, especially in relation to reaching the retail market?**

**A.** As a deliberate strategy, we have developed various models and channels, keeping in mind the need to create value down the chain, from bulk takers to bulk breakers and retailers. For ease and timeliness of product evacuation and distribution, we developed a scheme to support our partners and the market called the 'Customer Trucks Empowerment Scheme' (CTES). Under this scheme, our key customers are provided with trucks which they pay for in installments over time. Trucks under our CTES initiative grew from 408 in 2017 to 586 in 2018. This scheme has had significant impact on product evacuation, Turn Around Time of distribution and has benefited our trade partners significantly.

# Dangote's contribution to the economic development of Africa

## DEVELOPING MARKETS

### SSA economic growth

**+2.7%**

2017	2016
+2.4%	+1.3%

**SOURCE:** IMF Regional Economic Outlook, October 2018.

### Nigerian GDP recovering

**+1.93%**

2017	2016
+0.8%	-1.6%

**SOURCE:** Nigeria Bureau of Statistics, 2018.

- Nigeria's economy is the largest in Sub-Saharan Africa
- GDP at US\$376B (2017 estimate)
- Estimated population size of 198 million
- 2018 GDP growth at 1.93%
- Oil sector contributes nearly 9% of GDP, while agriculture contributes approximately 23%
- Higher oil prices, curtailed pipeline vandalism, and higher agricultural output are helping recovery after recent recession .

Dangote Cement currently operates in ten countries across Sub-Saharan Africa, a region that experienced GDP growth of 2.7% in 2018 according to the World Bank. This compares favourably with other regional growth rates such as the 2.2% growth estimate for the European Union, 2.9% for the United States and 2.2% for the G7 group of countries.

All the ten countries where we operate are developing economies with growth rate of between 2% and 7%. For Nigeria, our key market, 2018 GDP growth rate was 1.93%; while Senegal grew by 7.0% during the same period.

Cement demand is driven by growths in GDP, population, urbanisation and infrastructural development. Our markets have the potential to keep growing strongly in these frontiers in the next decades.

In 2018, all our key markets increased their demand for cement. For example, our largest market, Nigeria, saw 11% increase in cement consumption, from 18.6 million tonnes in 2017 to 20.6 million tonnes in 2018.

Dangote Cement runs a diversified business across different markets. This reduces the impact of economic and political uncertainties, as well as the impact of seasonal factors such as rainfall, on our business.

Cement is an attractive product to sell in the build-out phase of a region's economic growth. This is because it can be considered to act as a "GDP multiplier". For example, when a road is built, it requires significant amounts of cement. The road itself improves logistics, reduces industry's transportation costs and generates the need for buildings along its length, all of which will have positive impacts on GDP growth. This, in turn, feeds back into higher demand for cement. Likewise, buildings such as factories will use cement and create jobs and prosperity that enable people to buy, build or extend their homes.

All Dangote Cement's factories are modern, fuel-efficient plants that use the latest technology to produce high-quality cement.

This enables us to compete very favourably in a Sub-Saharan African cement industry that is mostly fragmented. Several of our markets are characterised by smaller-scale operators with older technologies, some even using legacy technologies such as wet-process production which are highly energy consuming. As a result, we can operate

as the lowest-cost producer and support our cement manufacturing with strong investments in marketing and logistics.

With 65% market share in the Nigerian cement market for example, we further strengthened our market leadership in 2018. We believe that our strategy will enable us to continue growing and consolidating our position in Sub-Saharan Africa.

## Our commitment to inclusive economic growth

Cement provides the strength upon which Africa's economy is being built. Using locally sourced materials and services, our products help nations become self-sufficient; enable people to build homes and places of work; as well as to support families and communities through job creation,

decent wages and good working conditions.

We remain committed to driving inclusive economic growth, employment creation, good labour and health and safety practices for our employees, local communities and customers.

## Contribution to job creation

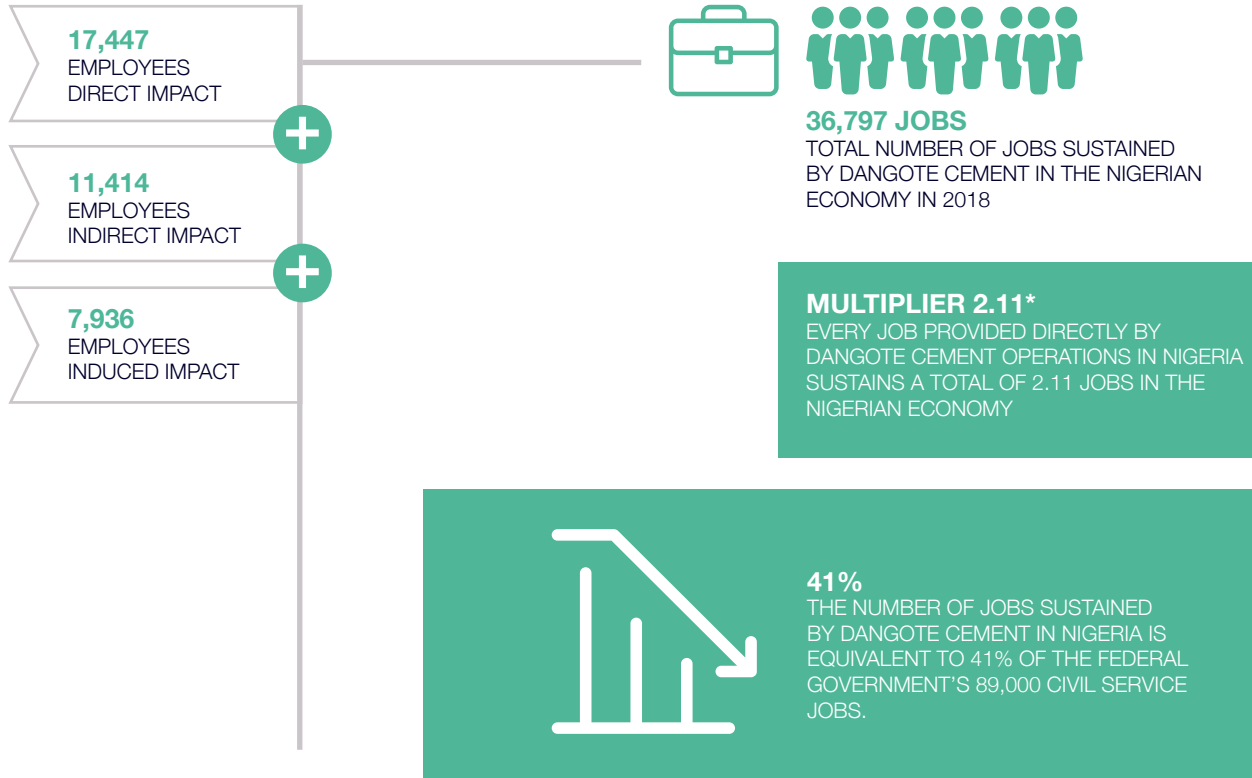
As an indigenous African business, we understand the challenges posed by the high rate of unemployment across the continent, particularly among the youth population.

Dangote Cement is the biggest manufacturer in Nigeria and also the single largest cement producer in Africa. We are also one of the largest employers in Sub-Saharan Africa. We create thousands of new jobs in every economy where we operate.

Aside from the direct jobs we create, our activities support thousands of other jobs along our supply and value chain,

by way of indirect and induced impacts. In Nigeria, we estimate that the more than 17,000 jobs we sustain directly have a multiplier effect on the economy, way beyond our direct operations. In fact, we believe that nearly 37,000 jobs (direct, indirect, induced) are sustained in Nigeria because of our operations. This is excluding the impact generated by our huge distributors' and retailers' network.

## Economic impact of Dangote Cement – Employment in Nigeria



\* Presented multiplier refers to the impact generated by our suppliers and sub-suppliers (indirect impact); as well as the economy as a whole through household spending (induced impact). It does not account for impact generated across our distributors and retailers chain.

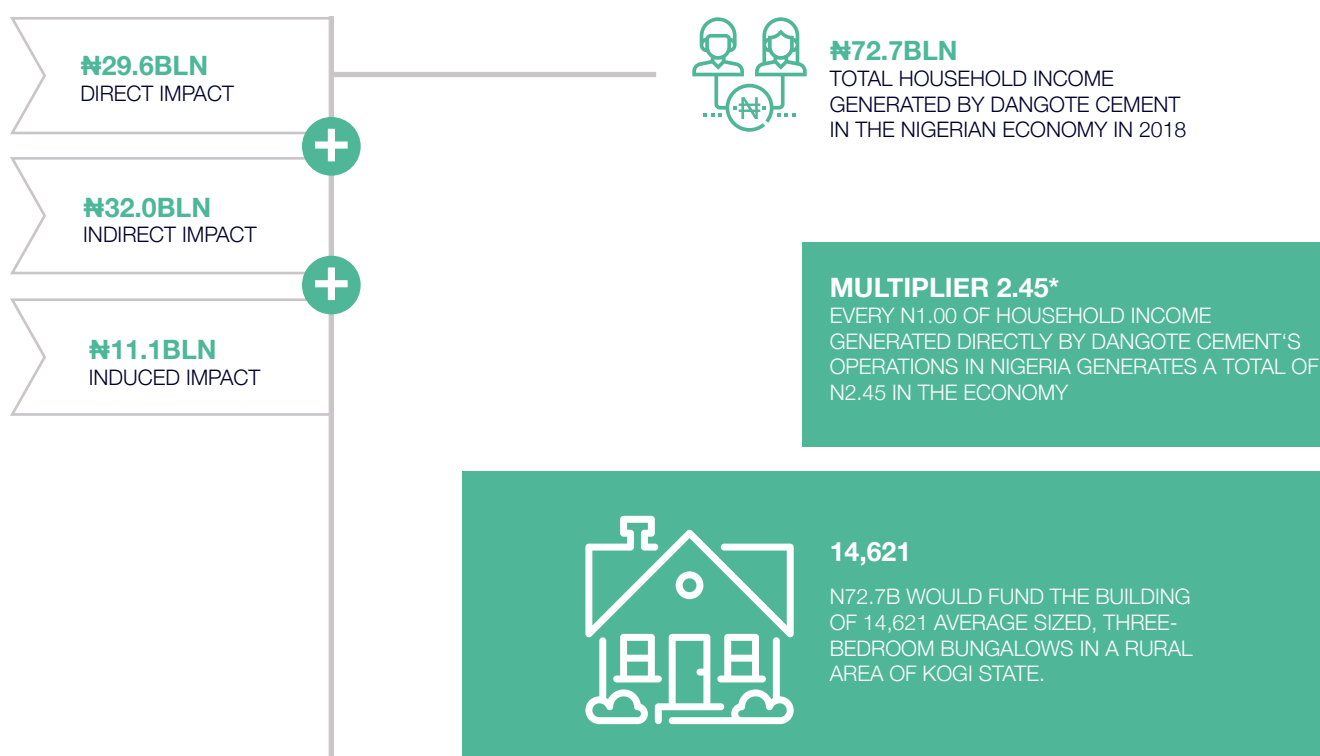


## Contribution to income generation

By creating massive job opportunities across Africa, we also drive income generation for households. By so doing, our market presence helps to increase local and national prosperity. We estimate that in Nigeria, our contributions to

household income in 2018 is about ₦72.7 billion, including direct, indirect and induced impacts.

### Economic impact of Dangote Cement – Household Income



\* Presented multiplier refers to the impact generated among suppliers and sub-suppliers (indirect impact) as well as economy as a whole through household spending (induced impact). It does not account for impact generated across distributors and retailers.





## CONTRIBUTION TO INCOME GENERATION IN HOST COMMUNITIES

The direct and indirect jobs we create have multiplier effect on the economies where we operate, generating income opportunities for our internal and external stakeholders. For example, the total income generated by Dangote Cement in Nigeria grew from ₦72.4 billion as at 2017 to ₦72.7 billion in 2018, representing an increase of 0.4%.

## CASE STUDY

### WOMEN FROM POUT RECEIVED THEIR TRAINING CERTIFICATES ON FRUITS AND VEGETABLES PROCESSING

After a two-week training session on how to process fresh fruits and vegetables, fifty women from Pout municipality received their diplomas. The town of Pout is reputed for its production of various fruits and vegetables. Unfortunately, most of these are lost owing to the market's inability to absorb them. Dangote Cement Senegal Plant had given around 6000 US dollars to finance these training sessions.

This project is in line with our social investment that sets out to empower local communities in critical sectors as health, education, agriculture, manufacturing, and so on. Dangote will continue to support the women of Pout, helping them to build a network through which they can sell their fresh and processed products. It is really important that this initiative continues to flourish.



## Educational infrastructure



### IMPACT IN LOCAL COMMUNITIES IN CAMEROON

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We support various host communities in Cameroon. With our market presence, we are creating socio-economic footprints and positively impacting the overall wellbeing of the locals. In 2018, we reclaimed ten hectares of land for the local Douala community. This was in fulfillment of their need for a space to celebrate their annual cultural festivals and other recreational activities. In solidarity and support for the local community, our staff also participate in the cultural festivals.

We also invested in some infrastructural projects, such as the donation of a pharmacy block to the Batoke mining community; construction of a shed in the Limbe market; and the building of a town hall for the Tombel mining community. As part of our educational programmes, we offered scholarships to deserving beneficiaries in Deido and Batoke communities.



## SENEGAL

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Our 1.5Mta plant is located near Pout in Senegal. Opened in December 2014, it employs more than 600 people from the local community. The plant produced more than 1.4 million tonnes of cement in 2018, approximately 91% of its operating capacity.

As part of its social investment programmes, our plant in Senegal has carried out a number of projects that have benefited 1,200 households, including:

- Construction of the Solidarity Bridge at Keur Moussa, which has benefited eleven villages hitherto cut off from neighbouring communities owing to excessive flooding;
- Rehabilitation of roads in Ngomene;
- Construction of a college in Niakhip;
- Construction of a maternity hospital in Pout;
- Construction of classrooms, a teacher's house and toilets for a school in Dias;
- Rehabilitation of a primary school and construction of a healthcare centre in Mont Rolland.

## Community infrastructure development

We understand that governments alone cannot meet the needs of our local communities. As a major stakeholder in these communities, we remain committed to supporting the development of social amenities. As at 2017, social projects and initiatives valued at over ₦5 billion have been completed by the three Nigerian plants. They included road networks, schools, hospitals and several other public utilities, in the effort to close some of the infrastructural gaps.

## Did you Know:

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**The global annual average cement consumption per person is above 500Kg.**

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**ENGR. JOSEPH  
MAKOJU**  
GMD, Dangote  
Cement Plc

Looking at the 2017 and 2018 figures of Gross Value Added in Nigeria and other markets, it can be rightly said that Dangote Cement is contributing immensely to the sustainable growth and development of the African continent.

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# SOCIAL



## Definition

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Creating a learning environment and a platform that allows our employees to grow and achieve their fullest potential, whilst adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect employment, skills transfer, local entrepreneurial development and prioritised patronage of local suppliers and contractors.

## Management Approach

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At Dangote Cement Group, our approach is to build a competent workforce that will support our current and future business objectives. We ensure continuous training and capacity building as a way of empowering our employees to carry out their functions efficiently while also equipping them to achieve their future career plans. We prioritize the health and safety of our employees and ensure that they are trained on best working practices, emergency responses and the use of personal protective equipment as may be required. We also ensure that the work environment is safe and does not constitute harm to our workers and host communities.

We support employee volunteerism as a way of promoting closer engagement with the host communities. This approach ensures that we listen to the concerns and needs of our stakeholders, and informs our approach to building more productive and harmonious long-term relationships. We invest in social projects that are beneficial to our local communities by creating jobs, promoting entrepreneurship, increasing household incomes, building skills and capacity, improving the overall human capital development index. We believe in developing sustainable local economies and supporting governments' efforts at improving access to quality water, education, healthcare and other social amenities.





**HALIMA  
ALIKO-DANGOTE**  
Executive Director, DIL

”

I believe we are on the right course, with our sustainability strategy now embedded in our Corporate Governance framework to promote economic and social well-being of all our stakeholders now and in the future.

## What are the standards we comply with?

### PILLAR: Social

GCCA's	GRI	IFC	UN SDG's	UNGC	NSE	NCCG
<p><b>Health &amp; Safety:</b></p> <ul style="list-style-type: none"> <li>• Apply the good safety practice guidelines of the GCCA</li> <li>Promote the sharing of good health practices</li> </ul> <p><b>Social Responsibility:</b></p> <ul style="list-style-type: none"> <li>• Publish a Code of Conduct incorporating the principles of internationally proclaimed human rights</li> <li>Apply Social Impact Assessment guidelines</li> <li>Establish a systematic dialogue process with stakeholders</li> </ul>	<p><b>GRI 400:</b> Social Standard Series</p>	<p><b>Performance Standard 1:</b> Assessment and Management of Environmental and Social Risks and Impacts</p> <p><b>Performance Standard 2:</b> Labor and Working Conditions</p> <p><b>Performance Standard 4:</b> Community Health, Safety, and Security</p> <p><b>Performance Standard 5:</b> Land Acquisition and Involuntary Resettlement</p> <p><b>Performance Standard 7:</b> Indigenous Peoples</p> <p><b>Performance Standard 8:</b> Cultural Heritage</p>	<p><b>SDG 1:</b> No poverty</p> <p><b>SDG 3:</b> Good health and wellbeing</p> <p><b>SDG 4:</b> Quality Education</p> <p><b>SDG 5:</b> Gender Equality</p> <p><b>SDG 10:</b> Reduced Inequalities</p> <p><b>SDG 16:</b> Peace, justice and strong institution</p>	<p><b>LABOR:</b></p> <ul style="list-style-type: none"> <li>• <b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>• <b>Principle 4:</b> The elimination of all forms of forced and compulsory labor;</li> <li>• <b>Principle 5:</b> The effective abolition of child labor; and</li> <li>• <b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.</li> </ul> <p><b>ANTI-CORRUPTION:</b></p> <ul style="list-style-type: none"> <li>• <b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ul>	<p><b>Social</b></p>	<p>Compliance with all principles of the Code</p>

#### LEGEND:

**GCCA** - Global Cement and Concrete Association

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange

## Performance Tracker

### KPIs

#### COMMUNITY COMPENSATION

+102M

Spent on land acquisition and involuntary resettlement in our Nigerian operations

#### HEALTH INVESTMENTS

40M

Spent on health initiatives in our Nigerian operations

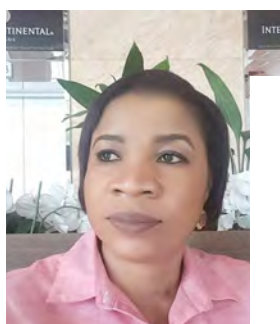
#### EDUCATIONAL INVESTMENTS

78M

Spent on scholarships and other educational investments in our Nigerian operations

## Our Sustainability Commitment

We understand that social stewardship and effective engagement with internal stakeholders and local communities are critical to earning and sustaining our license to operate. We treat our social responsibility with utmost priority.

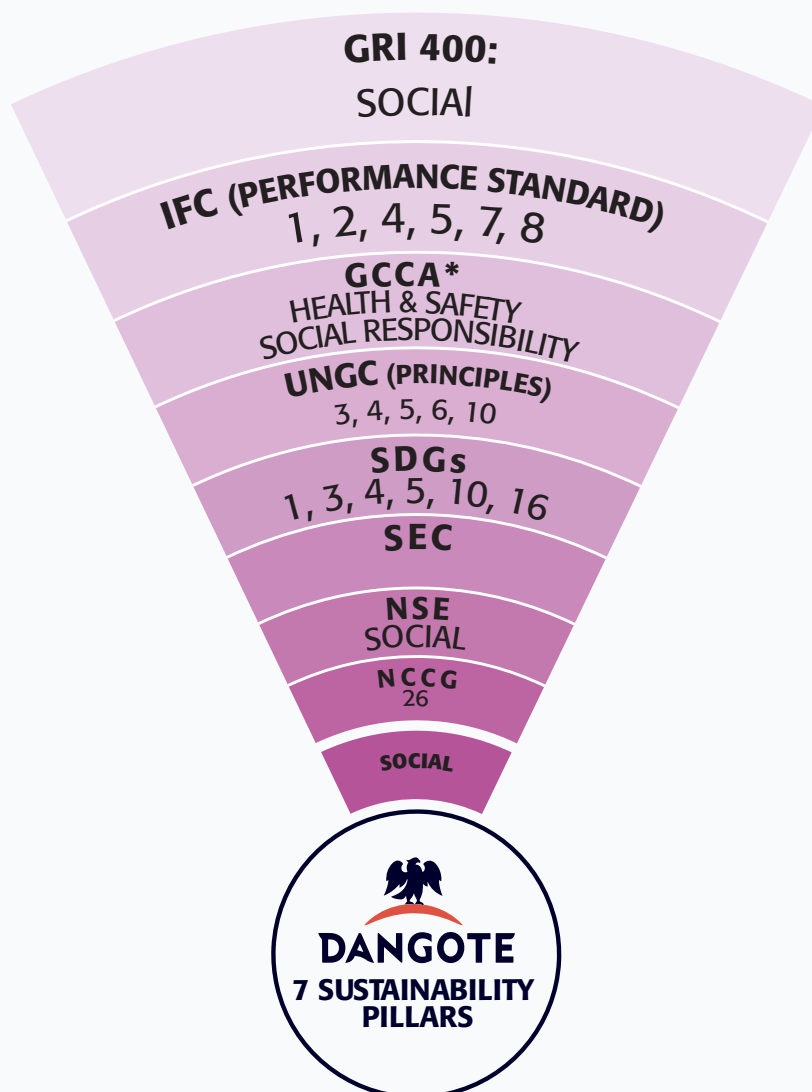


**FUNMI SANMI**  
Marketing Director,  
Dangote Cement Plc

I am happy to be a part of the remarkable impact that Dangote Cement is creating in all the locations in which it operates in Africa.

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## Social Standards



## Social indicators

☒ Community investments

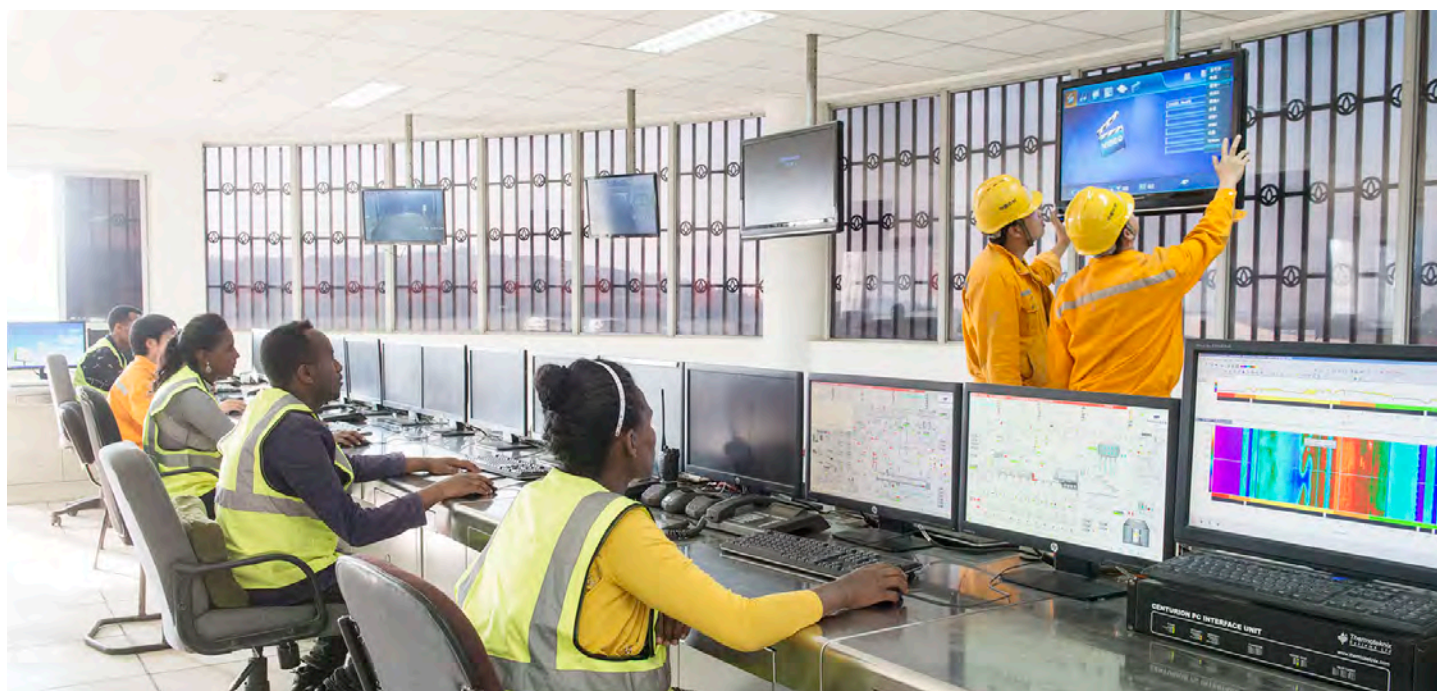
☒ Healthcare infrastructure

☒ Safety and employee wellbeing

☒ Educational infrastructure



DCP NIGERIA CSR SPENDING 2018			
S/NO	PROJECT CATEGORY	COST OF PROJECT (N)	SDG ALIGNMENT
1	Health	78,205,096	3, 6, 11, 17
2	Empowerment	4,401,440	1, 2, 8, 10, 11,17
3	Infrastructure	143,708,113	9, 10, 11
4	Education and scholarships	38,973,589	4, 8, 10, 11, 16
5	Community compensation	1,204,605	11, 16
6	Sports	324,317	3, 11
7	Donations and grants to host communities	78,085,066	1, 11, 16, 17
8	Donations and grants to government	646,428,000	11, 16, 17
9	Donations and grants to CSOs/NGOs	251,846,516	17
10	Donations and grants to religious organisations	92,662	16, 17
11	Donations and grants to events	63,797,708	17
12	Donations and grants to charity	115,950,161	17
13	Others	22,179,820	1, 2, 8, 16, 17
	<b>Total</b>	<b>1,445,197,483</b>	





## Community investment

Community engagement is very important to us at Dangote. We see this as our social responsibility to our host communities and work assiduously to enhance the wellbeing of the people around us. Each plant is tasked with identifying key need areas in their local communities

and investing their resources towards combating the issues identified. More often than not, these needs generally fall within the purview of health, education and infrastructural assistance.

### SCHOLARSHIPS

# 900

Over 900 beneficiaries in nigerian operations alone

### Our social investment

# ₦1.4B

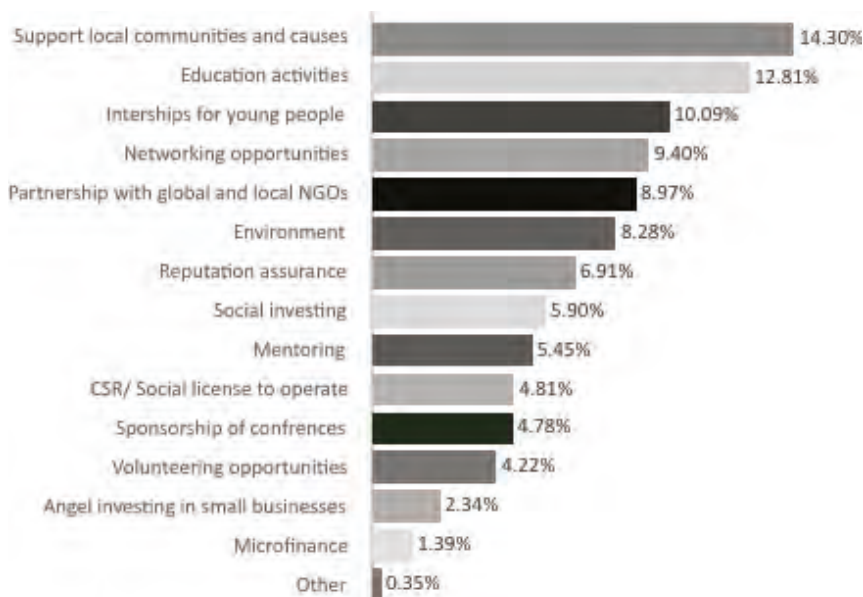
In our nigerian operations (gboko, obajana and ibese), n1,445,197,483 was spent on social investments which include sponsorships, donations, charitable gifts and community affairs expenses. This represents 0.37% Of our profit after tax in 2018.

We have a Community Engagement Policy that prioritises the establishment and nurturing of a mutually benefiting relationship with host communities. We value their useful feedback on how we could be better neighbours and partners for development. Besides sponsorship and community investments at the HQ and BU levels, we

also support local communities through our employees' volunteering activities.

As much as is practicable, we endeavor to support host communities in meeting practical needs that are thrown up in the course of community engagements.

### TOP 5 SOCIAL ISSUES (EXTERNAL) THAT ARE IMPORTANT TO EMPLOYEES IN DANGOTE GROUP



## Healthcare infrastructure

### Growing Medical/ Healthcare Clinics

Staff at our Ibese plant engaged with the host community to determine the gaps in communal facilities. This was achieved through communication with key officials and community representatives as well as through general interactions with other stakeholders.

A health clinic in the community that was in dire need of renovation was identified. The condition of the clinic was so

critical that members of the community were unwilling to use the medical facility.

As the health clinic was set up to treat cases of malaria, typhoid and infections- all very prevalent ailments in the Ibese community, these ailments were going largely untreated.



### IN RESPONSE TO THE UNDERPERFORMING CLINIC:

- Our Ibese plant reconstructed and renovated the healthcare centre
- This has had a significant impact on the community as the centre has recorded a sizable increase in the number of patients seeking medical care there, compared to before the renovation was carried out
- The plant was also able to deliver a clinic equipped with medical facilities and a labour room
- This clinic was provided to address reported incidents of untrained personnel offering medical care to locals who had no other alternatives.

## Skills development



### Dangote Academy

The Dangote Academy was launched in 2010 to equip employees with the technical and managerial skills that are needed for the sustainable growth of the business.

Specifically, the Academy was established to be the umbrella organisation for all talent development and learning initiatives in the Group and to provide facilities and platforms for technical skills acquisition benchmarked against world standards.

It was created in recognition of the fact that we cannot rely solely on African universities and colleges to provide the specialised technical and managerial skills that we require to run major cement plants such as ours. In 2018, the Academy offered 114 different training courses on a wide range of technical, administrative and marketing areas, from the “7 Habits of Highly Effective People” to “Smarter Selling”. Approximately 11,707 staff attended these courses, with around 5,500 being trained by the Dangote Academy itself, with the rest being trained by 26 external training providers. In total 381,792 Hours of training were offered.



Training courses were held at eleven locations in Nigeria, with many staff from Pan-African facilities visiting Nigeria for training in engineering skills at our flagship campus at Obajana in Kogi State. With eight classrooms, five workshops, a 450-seat lecture theatre and leisure facilities, the Obajana campus provides a convenient learning environment for our people.

### CASE STUDY

#### DCP IBESE, NIGERIA

We understand the critical importance of high-quality education for the development of host communities. This is why we have introduced scholarship schemes to help students in these communities achieve their educational and career aspirations. Nearly 900 students were offered scholarships to study at different levels of education in 2018. In our Ibesse communities, for example, the advent of the scholarship programme has reportedly increased the rate of children’s enrolment in schools.





## CASE STUDY

### DCP GBOKO, NIGERIA

We understand the impact that quality education could have on a person's life as well as on the socioeconomic wellbeing of a community. Because of this, education is a major priority for us in our community investment efforts. This is why scholarship investments have always, and will always be important to us at Dangote Cement. In 2018, our plant in Gboko, Benue State invested about N10m on scholarships for university students in Mbayion community. Altogether, about 493 students have so far benefited from scholarships offered by our operations in Gboko.

## CASE STUDY

### EMPLOYEE VOLUNTEERING DURING THE 2018 SUSTAINABILITY WEEK

To demonstrate our commitment to sustainability, the company marked its first Sustainability Week in September 2018. The aim was to promote sustainable development 'The Dangote Way'. Activities carried out included clean ups, health and safety awareness, education and empowerment for small businesses.

To address the growing global challenge of waste, sustainability champions in our Headquarters volunteered to clean up several sites which include Oniru Block-makers' village, Victoria Island, Lagos; Ajibese community was cleaned up by DCP at Ibese; Anjorin market in Apapa was cleaned up by our Apapa Greenville; and Isolo community by DCP Cement Depot, Isolo.

Across our Pan African operations, there were hospital sanitation and clean-ups in Bounsa by DCP Congo; educational outreach in Douala by DCP Cameroon; beach clean-up and tree planting in Tema by DCP Ghana, which aligns with the themes of the World Environment Day and World Oceans Day, 2018 which were, 'beating plastic pollution', and 'clean our oceans', respectively. These volunteering initiatives represent our local approach to addressing global challenges and creating impact that matters.

## Building strong relationships with local communities

Our host communities are among our most important stakeholders. They live close to our plants and usually constitute part of our workforce. They are impacted by our operations in ways that can be beneficial or potentially harmful. They have given us, directly or tacitly, the right to build a factory, mine their land and transport our products through their communities. In effect, they have given us a “social licence to operate”.

We recognise that the benefits of this licence must be mutual. This is why we continuously invest in and support these communities.

Our presence in local communities creates new job opportunities, scholarships for students, better healthcare

facilities, potable water, local infrastructure development and patronage of local vendors and contractors.

We are committed to helping young businesses and entrepreneurs in host communities to grow. This we do by prioritising the patronage of local startups, all in the effort to boost their productivity, earnings and profitability.

We also strive to minimise the negative impacts of our operations on host communities, by taking care to respect their land and property, their animals, the quality of air that they breathe, their dignity, their cultural and religious beliefs and their way of life.







**LUK HAELTERMANN**  
CEO, Dangote Cement,  
Senegal



## LEAVING LASTING MARKS IN OUR LOCAL COMMUNITIES

### Q. What can you say were your most impactful social activities in 2018?

**A.** We logically continued in 2018 the long-term actions that we started in earlier years. The main project of course being the local empowerment program called 'Senegalisation'. Our Senegalisation program has led to a reduction in the number of foreign workers in our workforce, from around 250 in the early days of the operation to less than 20 at the end of 2018.

Dangote Cement Senegal is also taking steps to reduce water consumption (DCS is in a very arid area). We are helping local communities to improve the condition of the roads, hospitals and schools, while also ensuring that we respect the people's religion and culture.

### Q. How is your business unit managing the interests of diverse stakeholders in host communities?

**A.** 2018 marked the start of our structured engagement with local communities through a Strategic Support Committee. This committee, with the participation of all major stakeholders, developed four projects for 2018 and 2019, one per community. They include, amongst others, the construction of a health post, 2 schools and a maternity. Other smaller projects on education

and healthcare were added to ensure equitable coverage of all four major communities. We also financed a skills development program in food preservation for women in a neighbouring community that is rich in the cultivation of fruits and vegetables. The objective was to educate the women on how to convert the excess quantities of fruits and vegetables into jam, juice and powder for sale in other markets. This way, they will be minimising wastes and business losses.

### Q. What plans does DCP Senegal have to increase its market share?

**A.** Growth figures in volume may likely slow down in the near future (2019 is estimated at 5% increase) because we are approaching the maximum capacity of the plant. Past feasibility studies have focused mainly on optimisation of the plant and processes. We are now also focusing on examining the possibility of capacity increase in a financially feasible and sustainable manner.

## CASE STUDY

### HOW DANGOTE DEVELOPS SUSTAINABLE LOCAL ECONOMIES

#### **The case of one single community business that created 150 jobs and tens of millions in revenues in South Africa.**

Dangote Cement South Africa, also known as Sephaku Cement, draws 42% and 70% of its employee base from local communities in the Delmas and Aganang Cement plants, respectively. There are also several SMEs facilitated and supported by Sephaku, which include: the bakery, the catering firm and the cleaning companies that service the Aganang and Delmas Plants, of Sephaku Cement. In South Africa, Dangote practices a strong local employment policy, in compliance with the national Broad Based Black Economic Empowerment Programme (BBBEE) – and serves as a good example of “THE DANGOTE WAY.”

In 2018, South Africa's Sustainability Champions, including Nigeria's Dr. Ndidi Nnoli, Group Chief Sustainability & Governance Officer, and Israel Chokuwenga, Group Social Lead, HSSE, convened in South Africa as part of the DCP 2018 Sustainability pre-reporting initiative. The objective was to engage all Sephaku Sustainability Champions and Data Owners on Dangote Group's 7 Sustainability Pillars and GRI reporting standards. The capacity building initiative also addressed common issues regarding the Dangote Sustainability Journey. It identified inspiring case studies that showcase Dangote's business impact; explored areas of synergy and collaborations, as well as knowledge-sharing on best practices that could be mutually beneficial across all operations.

Since the visit, South Africa has improved in its sustainability performance, especially in terms of its responsiveness on data collation, validation and completeness as required for sustainability reporting.

Our South African business has been motivated by its own story of a small entrepreneur it supported. 'New Era', founded by Thokozane Mangana, was selected by Dangote Cement South Africa in 2014 as a contractor. Beyond serving the logistics needs of the Dangote subsidiary, engaging with Thokozane propelled the growth of his start-up company, which in turn has meaningfully contributed to regional economic growth through job creation and positive socio-economic impact.

Since 2014, New Era has recorded revenues of over 70 million Rand per annum. The Logistics company which transports clinker from Aganang to Delmas; and coal from the mine near Delmas to Aganang, employs 150 persons and has 30 trucks which serve Dangote Cement South Africa. To give back to the community, Thokozane also works with Dangote to offer on-the-job training to community members. This includes engaging trainees from the Sephaku Skills Development Programme and introducing youths to professional driving skills and job opportunities. These are just a few of the many ways that Thokozane's company is giving back to his community. This case study also demonstrates the ripple effect of Dangote's impact, and how we strive to build sustainable local economies in host communities and markets in which we operate.



**Thokozane Mangana**  
Founder, 'New Era',  
South Africa



**ISRAEL  
CHUKUWENGA**

Group Lead -  
Social Performance,  
HSSE

Our focus is to increase social investments in host communities across all our operations.



**DANILO TRUGILLO**  
Country Manager, Ethiopia



## STANDARDISING OUR SOCIAL RESPONSIBILITY

### Q. How does DCP Ethiopia plan to stabilise relationships with the local communities in the coming years?

**A.** In response to the 2018 events, we are now proactively engaging with members of our local communities. We will continue to engage them as business partners who have a stake in the business and whose stake should be protected. We are improving on our grievance mechanism and will make it even easier for them to come forward and express their concerns. We believe that the coming months and years will be conflict-free and we will build better and more cordial relationships with the host communities..

### Q. Does DCP Ethiopia align with any global social standard?

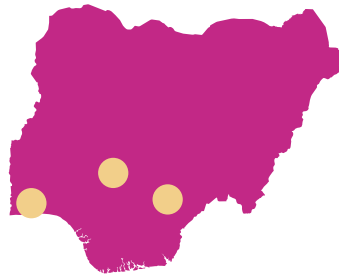
**A.** Our aim is to build a sustainable business that aligns its practices with relevant laws and regulations. Our social practices are for example

guided by global standards, including ISO 26000 Standard on Social Responsibility. We also benchmark our social, environmental and governance practices with the Dangote Group's Sustainability policy that mandates compliance with global best practices.

### Q. What new social investments do you plan to make in 2019?

**A.** We will keep engaging our host communities to identify social projects that they need support with and integrate these into our short to medium term CSR plans. We will ensure that we establish a win-win relationship by investing in projects that will improve the well-being of host communities and households.

## NIGERIA

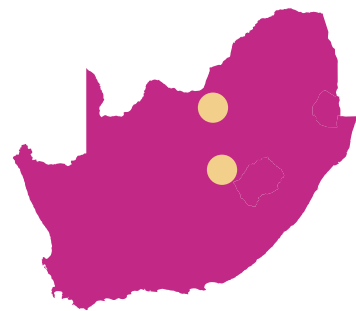


In Nigeria, we have three plants at Obajana, Ibese and Gboko, with total combined production capacity of 14.2Mt. Our Nigerian operations commenced in Gboko in 2007 and rapidly grew to support the country in achieving self-sufficiency in cement production.

**In 2018, Dangote Cement Nigerian operations invested approximately ₦1.4B in social projects for the benefit of local communities. These investments covered healthcare, education and infrastructure developments, amongst others.**

- In Gboko, scholarship grants totaling ₦10m were awarded to 493 youths in Mbayon community;
- At Ibese, blocks of classrooms were constructed in Aga Olowo for 80 students; 230 students in local communities were also awarded scholarships valued at ₦20m;
- At Obajana, 249 students benefited from a ₦25m scholarship grant, among other social investments.

## SOUTH AFRICA



Our operations in South Africa are spread between our Aganang and Delmas facilities, which between them can produce 2.8 million tonnes of cement a year for sale in key markets across the country.

**In 2018, Dangote Cement South Africa carried out a number of local community investments, including:**

- Scholarships awarded to 15 university students to pursue engineering and other graduate courses;
- Leadership training to empower local community leaders in the Springbokpan and Verdwaal communities, with a focus on mining legislation, codes of conduct and general transformation;
- Youth training in driving (50 students), computer skills (25 students) and basic electrical and mechanical engineering skills (15 students).



## CASE STUDY

### ETHIOPIA

It is fair to say Dangote Cement has experienced a difficult relationship with its host communities in Ethiopia, a country with a complex and sensitive sociopolitical and cultural landscape.

In July, three of our colleagues, including country CEO Deep Kamra, were murdered on the road to Addis Ababa, for motives that even now remain unclear.

In addition, our local operating environment has been made difficult by demands from the local community, with respect to employment and business opportunities, that we were unable to meet.



We have continued to engage with local communities, as well as local authorities in Mugher and the regional authorities of Oromia, in an effort to create trust and build mutual respect so that we can maintain our “social licence to operate”. Without it, our business success in Ethiopia will be diminished, affecting the performance of one of our most successful plants.

We are continuously reviewing our stakeholder engagement and social investment projects’ implementation processes to ensure effective and efficient project execution, at the same time improving communication processes with both our internal and external stakeholders.

In addition, we will review our employment practices to offer the local communities greater opportunities for employment and engagement with us.

The plant has continued to invest in community development projects, including the construction of seven classroom blocks, two training centres and one water system that supplies potable water to Mugher town’s 33,000 people. We have continued to offer employment opportunities to our host communities, with 1,600 locals currently in our employment. We are contributing significantly to the socioeconomic development of host communities and have supported 15 micro-enterprises that employ more than 600 persons.

We remain committed to working closely with stakeholders in the communities to build more cordial relationships.





**ARMANDO MARTINEZ**  
Plant Director, Ibese



## COMMUNITY EMPOWERMENT

**Q. What would you say is the biggest Dangote Cement impact in Ibese in 2018?**

**A.** One of the areas of DCP interventions in Ibese has been in healthcare. We have built and renovated hospitals, and sometimes donated medical facilities to public health institutions. We also try to minimise incidents of diseases through nutritional intervention programmes, especially for children. We also have education support initiatives. We support talented young persons to achieve their full potential by providing them scholarships to ensure that they can afford to complete their education. Regarding economic empowerment, we support local entrepreneurs to sustainably increase their earnings. We do this by ensuring that we patronise local content.

**Q. The Dangote Sustainability Week, according to the DCP Group Managing Director, Engineer Joseph Makaju; “is built on the premise that sustainability must be owned and practiced by employees at every level of the organization and powered by the highest levels of institutional governance.” How were you able to mobilise your colleagues in Ibese plant towards the 2018 Dangote Sustainability Week?**

**A.** What Mr. Makaju said is very crucial. Our colleagues at Ibese were very enthusiastic about the 2018 Sustainability Week. They came out in large numbers to carry out community clean ups activities, volunteered their time to teach in schools and offered grants to support small businesses. No persuasion was needed. Our colleagues were more than willing and very excited to come together to show support and care for the local communities. At Ibese, the initiative was a huge success.

**Q. Has there been feedback from the communities or individuals that have benefited from the Sustainability Week?**

**A.** There has been extensive feedback, including letters of appreciation from some of the beneficiaries. Considering the huge impact we recorded in 2018, we eagerly look forward to the 2019 edition.



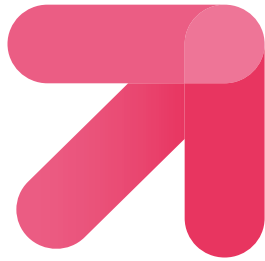
**ANTHONY  
CHIEJINA**  
Group Chief  
Corporate  
Communications

Sustainability is core to stakeholder engagement and an important aspect of our corporate communications.

”



# FINANCIAL



## Definition

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

## Management Approach

As a corporate institution with a diverse pool of investors, we are committed to driving our financial performance to ensure optimal returns for our valued stakeholders. To achieve this, we are focused on developing best quality cement delivered to target markets at fair and affordable prices. We continuously drive strong and sustainable growth and profit, and the continuous expansion of our business across the African continent.

We ensure that we create sustainable economic value for all our stakeholders, including shareholders, investors, employees, customers, distributors, governments and the larger society. As a business that strives to maintain its relevance to the present and future generations, we identify, document, mitigate, measure and monitor all material risks and opportunities that the phenomenon of climate change portends for our business and hedge/leverage these risks and opportunities for optimal financial performance.

We believe that by developing a culture of sustainability across 7 Pillars, we lower our business risk profile and enhance access to new forms of capital, while also strengthening our brand value.





**BRIAN EGAN**  
Group Chief Financial Officer, DCP

Our focus on sustainability will enhance our profitability.

”

## What are the standards we comply with?

### PILLAR: Financial

GRI	UN-SDGs	UNGC	NSE	NCCG
<b>GRI 200:</b> Economic Standard	<b>SDG 8:</b> Decent work and economic growth  <b>SDG 11:</b> Sustainable cities and communities	<b>ANTI CORRUPTION:</b>  <b>• Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<b>Economic</b>	Compliance with all principles of the Code

#### LEGEND:

**GRI** - Global Reporting Initiative

**IFC** - International Finance Corporation

**UNGC** - United Nations Global Compact

**SDG** - Sustainable Development Goals

**NCCG** - Nigerian Code of Corporate Governance

**NSE** - Nigerian Stock Exchange



## Performance Tracker

### KPIs

#### DIVIDEND PAYOUT

**₦178.9B**

Dividends paid to shareholders in 2018

#### REVENUE

**₦901.2B**

Realised from Cement sales in 2018

#### MARKET CAPITALISATION

**\$9.1B**

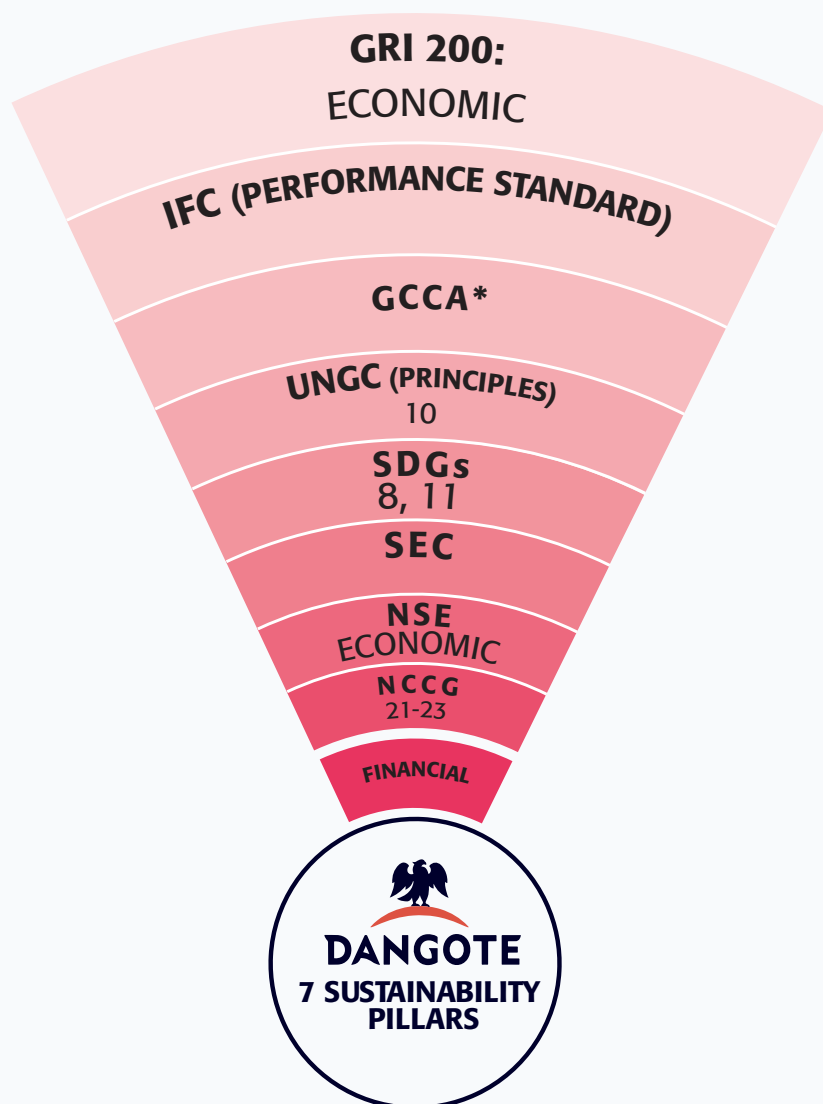
As at December, 2018.

## Our Sustainability Commitment

As the largest publicly listed company in Nigeria and one of only seven members of the Premium Board of the Nigerian Stock Exchange, we are committed to setting a good example by applying International Financial Reporting Standards in our financial disclosures. We also ensure adherence to best practices in financial management and compliance with relevant laws and regulations in the countries where we operate. By maintaining strong financial growth, we ensure that we continue to create direct and indirect value for all our stakeholders.



## Financial standards



## Financial Indicators

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Business Performance                            | <input checked="" type="checkbox"/> Gross value added                        |
| <input checked="" type="checkbox"/> Direct economic value generated and distributed | <input checked="" type="checkbox"/> E&S incorporation in financial reporting |



**BRIAN EGAN**  
Group Chief Financial  
Officer, DCP



## THE ERA OF SUSTAINABLE FINANCE

**Q. Stakeholders are increasingly important in the decision-making process of modern businesses. How does this play out at Dangote Cement?**

**A.** At Dangote Cement, we are aligning with the concept of the triple bottom line (people, planet, profit). We consider the views and interests of our stakeholders when making business decisions, especially those decisions that could impact them or their investments. We understand that in the new dispensation, business performance goes beyond just profits. How profit is applied to create shared value and make meaningful impact on all stakeholders is also key.

**Q. There is an increasing focus on sustainable finance. How is Dangote managing this?**

**A.** We know the sheer size of our business and the responsibilities this brings. One of such responsibilities is the need for industry leadership, not just in financial performance but also in regulatory compliance, governance, and environmental and social responsibility. On sustainable finance, our close partnerships with global financial institutions such as the IFC, supports our aspiration to integrate environmental, social and governance (ESG) considerations into key investments and business decisions that we take. By doing this, we are protecting our investments and investors, while also building a sustainable business.

**Q. Social investment has become one of the key performance trackers for today's businesses. What is DCP's perspective on investing in social enterprises and local businesses?**

**A.** Dangote Cement has demonstrated leadership in supporting small businesses. This is indeed important for us because we also started off as a small business. Because the growth of local businesses is important to us, we ensure that we support them by patronising their products and services. We also help some of them to build the required capacity that would enable them grow sustainably into bigger businesses.

**Q. How do the 7 Sustainability Pillars assist Dangote Cement in optimising its resources across various priority areas?**

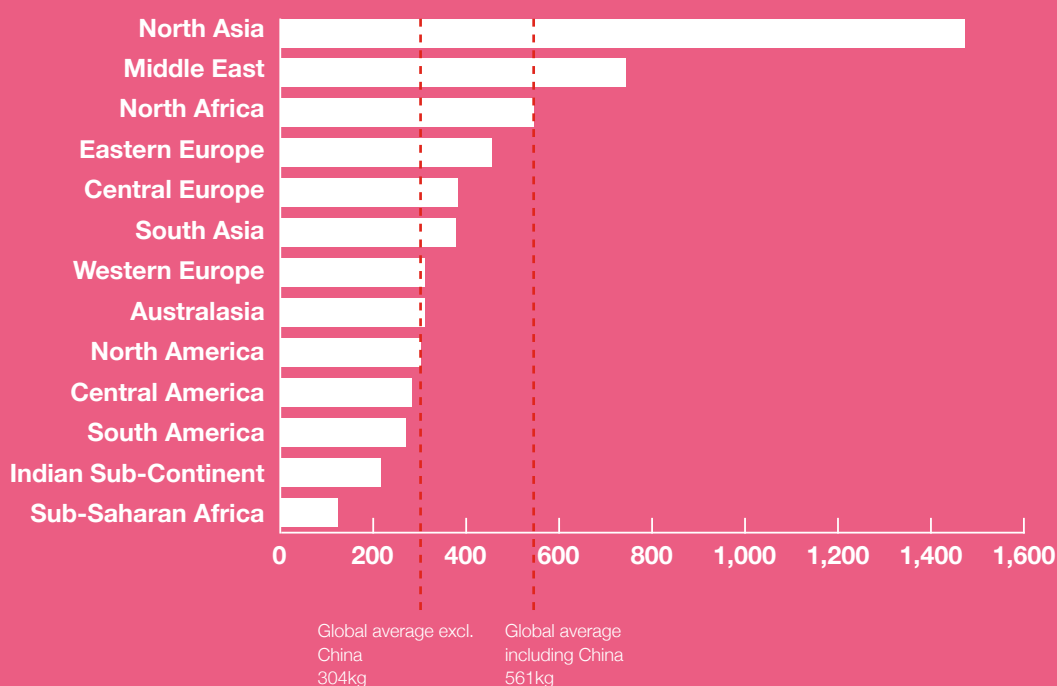
**A.** The 7 Sustainability Pillars were created for the primary purpose of managing our governance, economic, social and environmental performances. With focus on these pillars, we have a clearer view of our ESG targets, and are able to operationalise sustainability across every business function. With the 7 Pillars, sustainability is becoming, not just a compliance issue, but an operational one - that is integral to how our business is run.

## The cement industry in Africa

### Catching up with the rest of the world.

After China and India, Sub-Saharan Africa is arguably the next big market for cement, as its economies prioritise infrastructure development, housing and industrialisation. African economies are entering a “build-out” phase that will drive even stronger demand for the commodity.

### Per-capita cement consumption (kg)



Source: Cement UN Population Division.

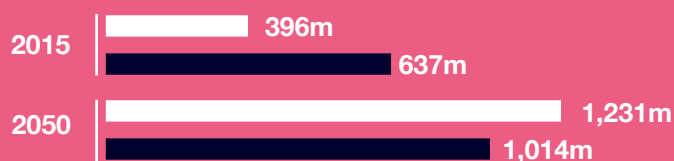
### Positive long-term mega trends

Cement demand will be driven by economic prosperity, political stability, increasing investment in homes and infrastructure, population growth and improved access to finance for building. All of these trends will ensure that per-capita consumption of cement grows strongly across Africa in the coming decades, as countries develop and their people create wealth and enjoy greater prosperity.

### Rapid urbanisation presents strong opportunities

Between 2015 and 2050, the urban population of Africa could grow by more than 800 million people.

#### Population growth 2015–2050



Key: Urban Rural

## Business performance

As Africa's premier cement company, we are focused on sustaining our high level of financial performance. We have backed this up with disciplined business practices and sound investment strategies in all the expansion programmes we undertake. This is what has helped us

to emerge as Africa's most respected and prominent business.

This is further evidenced by our sustained revenue growth and strong return on investment for our shareholders.

### Financial Highlights

VOLUME OF CEMENT SALES	2018 '000 tonnes	2017 '000 tonnes
Nigeria	14,178	12,724
Pan-Africa	9,370	9,365
Inter-company sales	(13)	(174)
<b>TOTAL CEMENT SOLD</b>	<b>23,535</b>	<b>21,915</b>

REVENUE BY REGION	2018 Million NGN	2017 Million NGN
Nigeria	618,301	552,364
Pan-Africa	283,262	258,444
Inter-company sales	(350)	(5,226)
<b>TOTAL CEMENT SOLD</b>	<b>901,213</b>	<b>805,582</b>



REVENUE BY REGION	2018	2017
EBITDA	435,261	388,147
EBITDA margin	48.3%	48.2%
Operating profit	338,698	304,208
Operating margin	37.6%	37.8%
Profit before tax	300,806	289,590
Earnings per ordinary share (Naira)	22.83	11.65
Dividend per share (Naira)	16.00	10.50
TOTAL ASSETS	1,694,463	1,665,883

FINANCIAL RATIOS	2015	2016	% CHANGE	2017	% CHANGE	2018	% CHANGE
Revenue (bn)	491.7	615.1	25%	805.6	31%	901.2	11.9
EBITDA Margin	53.4%	41.8%	-12%	48.2%	15%	48.3%	0.21%
Net Debt/EBITDA	0.78x	0.94x	0.16x	0.53x	(0.41x)	0.39x	(0.14x)
ROCE	20.9%	18%	0%	26.8%	0%	27.1%	0%

### Direct economic value generated and distributed

Dangote Cement continues to generate impressive returns for shareholders. In the year under review, our gross revenue increased by 11.9% from N805 billion in 2017 to N901 billion in 2018. At N390,325 billion, Profit After Tax increased by 91%, from N204,248 billion recorded in 2017. Similarly, earnings per share increased by 96% from N11.65 in 2017 to N22.83 in 2018.

Senegal for example, declared positive revenues and net sales. Direct economic value generated exceeded economic value distributed, thus the economic value is significantly positive in both 2017 and 2018.

In the same vein, Ethiopia declared positive revenues and net sales. The direct economic value generated exceeded the economic value distributed, and so the economic value retained is also positive. However, it is worth noting that the margins of Dangote Cement Ethiopia are particularly small, with economic value distributed being very close to the direct economic value generated. Yet the profit margin increased year-on-year from 2017 to 2018.



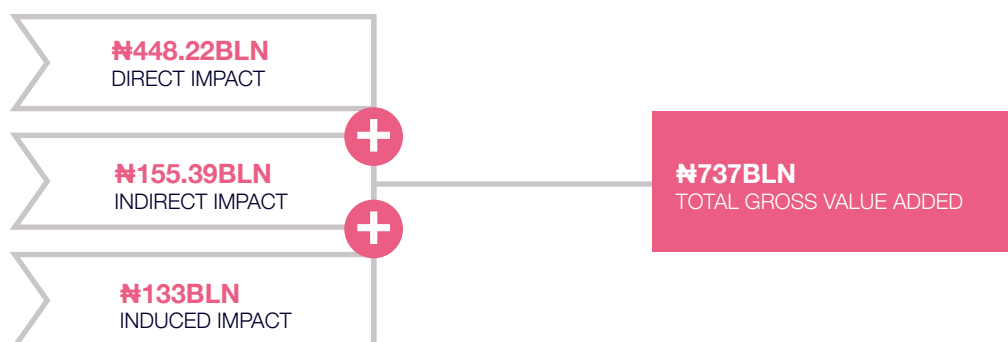
### Economic Impact of Dangote Cement (Nigeria) – Gross Value Added

Dangote Cement has a holistic approach to driving economic sustainability in all the countries where it operates. Our aim is to create and sustain new job opportunities, as our way of supporting government's effort at combating high unemployment rate.

We also favour locally sourced procurements where possible and ensure that we pay all applicable taxes in host countries. In 2018, 57% of all Dangote Cement procurements were sourced locally. In total, in 2018, we paid ₦208 billion to our suppliers and vendors. All of these activities allow us to produce a large gross value added

in host economies, calculated as the sum of our direct, indirect, and induced impacts.

We contribute to sustainable economic growth in our markets by creating a huge pool of direct and indirect jobs annually, paying good wages, favouring local suppliers where possible and paying applicable local taxes. We also drive self-sufficiency in cement production, thereby saving the economies huge foreign exchange.



## Indirect Economic Impacts

To support sustainable development, we not only provide quality cement for construction purposes, but also invest directly in infrastructural projects in our host countries.

## INFRASTRUCTURE INVESTMENT IS A PRIORITY

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### G20 report highlights urgent need for growth

In July 2018, the Global Infrastructure Hub, a G20 initiative, estimated that US\$2.4 trillion of investment was needed for Africa to bring its infrastructure up to global standards by 2040. This includes meeting the UN Sustainable Development Goals of providing universal access to drinking water, sanitation and electricity for a growing population, as well as developing transport and telecommunications infrastructure across the African continent.

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**\$2.4 Trillion** Investment needed between 2016–2040

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## Dividend Payment History - Shareholders

Dangote Cement's commitment to sustainable growth and expansion has been accompanied by a corresponding history of strong return on investment for our valued shareholders.

Our history of dividend payments predates our listing on the Nigerian Stock Exchange in 2010. We have consistently paid dividends over the years, with five-year payments

history of N7, N6, N8, N8.50 and N10.5 per share in 2013, 2014, 2015, 2016 and 2017, respectively.

Capital gains from our shares have also been impressive since our public listing. From our initial share price of about N135 at the time of listing, Dangote Cement now trades at around N200 per share as at December 2018.

## Environmental & Social considerations in financial reporting - Stakeholders

As part of the International Financial Reporting Standards (IFRS) requirements, DCP provides for site restoration costs in its annual financial accounts. This environmental expenditure is set aside to ensure that mine sites are restored to their original state upon completion of mining. Disclosures on this requirement are made in the

Company's Annual Financial Report under the Notes to the consolidated and separate financial statements.



## Responsible Tax payment

As a responsible corporate citizen, we ensure compliance with tax regulations in the different countries where we operate. By paying our taxes as and when due, we support socioeconomic development in the African continent.

By paying our taxes responsibly, we support governments' plans for infrastructural development in our different markets. We also contribute towards the attainment of SDG

11 (Sustainable Cities and Communities).

We report annually on our tax payments to governments. This way, we are transparent about how we manage our financial obligations.

### Sanctions for non-compliance with social and economic regulations

2

#### NIGERIA (IBESE)

Total number of non-monetary sanctions

4

#### NIGERIA & SENEGAL

Cases brought through dispute resolution mechanisms (3 in Ibese and 1 in Senegal)

DCP understands the importance of compliance to tax regulations and the role taxation plays in nation building. We therefore remain committed to prompt payment of taxes and transparency in our tax payments. This is why we report on taxes paid per region on an annual basis, as part of our Annual Report and Accounts.

### Driving sustainable profit

DCP's overall strategy for profitable growth is centered around „The Dangote Way“. We understand the importance of incorporating sustainability across our business operations to enable long term growth. Our profitability objective is aligned with the highest level of professionalism and ethical behaviour, while also prioritising ‚giving back‘ to our host communities.

Dangote Cement is one of nine leading companies which are founding members of the Global Cement & Concrete Association (GCCA). The GCCA has been created to develop and strengthen the industry's contribution to sustainable construction. In order to achieve this, the GCCA promotes the development of durable and environmentally friendly infrastructure across the globe.

Through collaboration with industry associations and professionals, GCCA aims to drive innovation in the construction value chain of its members.

In line with the sustainability ideologies of the GCCA, Dangote Cement is committed to driving business performance beyond just profit. The impacts we make on the environment and larger society are important to us.

### Remuneration

All reporting Dangote Cement subsidiaries adequately adhere to the Group's policy on determining the process of remuneration. At Dangote Cement, stakeholders' involvement is crucial to remuneration policy determination.

Where required, the subsidiaries adopt these requirements in alignment with their different national remuneration laws and regulations.





### Annual Total Compensation Ratio

The annual total compensation ratio is the median annual total compensation for all employees (not including the highest paid employee), divided by the annual total compensation for the highest-paid individual in the same company. In layman's term, this is simply how many times higher the highest-paid individual's total compensation is, compared to the average. The ratio is an indicator used

to assess remuneration inequalities between general employees and the executives. However, ratios used for defining this indicator is purely contextual and situational. We are committed to reporting on the annual total compensation ratio for all our operations in subsequent reports.

### Did you Know:

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### Dangote Cement's 2018 Financial Performance at a Glance:

**11.9%**

Revenue  
increase

FROM:

**₦805.6B**



TO:

**₦901.2B**

Driven by increased sales volume in Nigeria and 9.6% increase in revenues per tonne in our Pan African operations.

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# APPENDIX -



## About the Report -

### The SERAS Award

DCP won the 2018 Sustainability, Enterprise and Responsibility Awards in Supply Chain Management



**DR. NDIDI NNOLI**  
Group Chief Sustainability  
& Governance

This is the first standalone sustainability report for Dangote Cement. This report has been prepared in accordance with the **GRI Standards**: Core option. Beyond GRI, our Reporting Framework is centered around the 7 Pillars of Sustainability adopted by Dangote Cement Plc as a key aspect of “**The Dangote Way**”. Our 7 Pillars are benchmarked against 8 national and global sustainability principles and standards.

This year’s Sustainability Report focuses on 4 major markets: **Nigeria** (Gboko, Ibese and Obajana), **South Africa**, **Senegal** and **Ethiopia**, it however also provides an insight into all our areas of operation. By 2020, we will report in accordance with the GRI Standards for the whole Dangote Cement Group .”

”

## Input-output Methodology

In order to measure the impacts of Dangote Cement on the Nigerian economy, an advanced Input-Output model is used. The model is based on the work of Noble Prize winning economist, Wassily Leontif. It uses the latest available input-output tables for the Nigerian economy. Thanks to the model, one is able to quantify the “backwards” positive economic impact that Dangote Cement has on the Nigerian economy through its direct production and value chain. The following impacts were captured in the analysis:

### Direct Impacts

Which are the effects of Dangote Cement Nigeria’s direct business and operational activities.

### Indirect Impacts

Which relate to the company’s business transactions with its suppliers, vendors and contractors. Dangote Cement Nigeria’s purchases of goods and services from local vendors generate business for these providers of good and services, thus enabling them to create and sustain jobs, while also creating value and generating income. Additionally, indirect impacts also include the second tier of suppliers, such as the suppliers of Dangote’s suppliers. This creates a ripple effect in the economy. Such effects are modestly taken into account in the input-output model.

### Induced Impacts

Which are consequences of an additional impact created in the economy through the spending of Dangote Cement’s employees and the employees of their first and second tier suppliers. This generates increase in demand; then causes an increase in output in the economy that leads to the creation of additional jobs, value added and income generation.

Our 2018 Sustainability Report is the first standalone report of the Dangote Cement Group, prepared in alignment with the most recognized national and international standards and guidelines, including:



<p>In accordance with the Global Reporting Initiative (GRI) Standards, core option.</p>	 <p>Referencing to The Global Cement and Concrete Association (GCCA) sustainability guidelines, IFC's Performance standards and UN Sustainable Development Goals (SDGs)</p>
 <p>THE Nigerian STOCK EXCHANGE RC: 2321</p> <p>In compliance with the Nigerian Stock Exchange Sustainability Disclosure Guidelines 2018</p>	 <p><b>United Nations</b> Global Compact</p> <p>In line with UN Global Compact requirements</p>
	 <p><b>CORPORATE GOVERNANCE CODE</b></p>

Dangote Cement's Sustainability Report comes out annually, covering activities from January 1st to December 31st each year (2018 in this example). Previous report (released in April of 2018 and covering the period January 1st to December 31st, 2017) was embedded as part of the Group's Annual Financial Report for 2017.

This year's report focuses on four major markets of Dangote Cement: Nigeria (Gboko, Ibese and Obajana), South Africa, Senegal and Ethiopia. Additionally, case studies on performance and key initiatives are presented from other 6 Pan-African locations (Cameroon, Congo, Ghana, Sierra Leone, Tanzania, Zambia). In some cases, GRI disclosures cover all 10 markets across Africa (relevant information marked within the content). In 2020, Dangote

Cement plans to enhance the scope of its report to cover the entire Group.

Limited external assurance was carried out by PricewaterhouseCoopers on some indicators in the report, using the ISAE 3000 Standards in line with non-financial reporting assurance principles.

The Report is structured to align with our 7 customized Sustainability Pillars, which are institutional, cultural, social, financial, economic, operational and environmental. The 7 Pillars are a reflection of our business impact materiality and demonstrate our commitment to embedding sustainability principles across our entire value chain.



## Materiality process –

### Determining material topics & indicators for the 2018 sustainability report

In line with our journey towards best practices in reporting, we had referenced our 2017 Sustainability Report against the Global Reporting Initiative (GRI) Standards. In 2018, our Sustainability & Governance unit mapped those topics that internal stakeholders deemed to be significant to our business operations.

Our employees' survey conducted in May 2018 targeted a diverse group of staff across the Nigerian and Pan-African operations. A total of 1,170 internal stakeholders in twelve business locations participated. Through this survey, we were able to identify the main topics that Dangote Cement employees considered to be material for our business and the sustainability report.

Limited feedbacks were also received from external stakeholders on their views and concerns regarding our economic, environmental and social impact. As part of our limited external stakeholders engagement for example, an external benchmarking of topics reported by manufacturers in both the cement and non-cement industries was carried out, with focus on CEMEX, LafargeHolcim, Argos,

Heidelberg Cement, Budimex and our joint venture, Sephaku Cement, which is listed on the Johannesburg Stock Exchange.

We also carried out a media survey from which our team identified key industry-specific topics that were frequently reported, as our way of determining the direction of public interests. This insight was factored into the topics considered as material in this report. We plan to carry out a more extensive external stakeholders' engagements from 2019.

We are aware that internal and external stakeholders' feedback is crucial and must therefore be factored into every action we take in our sustainability journey and as a key requirement in compliance with the GRI reporting framework. We will continue to build on the milestones we have so far recorded.



## Dangote's Materiality Matrix 2018



Our process for materiality identification followed GRI Standards methodology:

### 1. STEP 1: IDENTIFICATION

Identification of relevant topics from the perspective of sustainable development within the key areas of the organisation's impact: economic; environmental; social

How we accessed it?

- Review of Dangote's 7 pillars
- External benchmark of topics reported by cement and non-cement industry peers
- Review of media survey
- Review of employee survey
- GRI sector supplements (cement and non-cement)

### 2. STEP 2: PRIORITISATION

Inclusion of internal stakeholders in the process of determining our material topics. We conducted a survey fulfilled by over 1000 employees. However, owing to logistics constraints, we were unable to carry out an extensive external stakeholders' engagement in our 2018 materiality determination process. We plan to engage key external stakeholders from 2019.

### 3. STEP 3: VALIDATION

In order to confirm the effects of prioritisation of relevant topics, we conducted around 15 interviews with members of our top management. This enabled us to further delineate key topics to be reported and the possible constraints.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>RULES AND BASIS FOR REPORTING</b>						
<b>GRI 101: FOUNDATION 2016</b>		Rules and basis for reporting				
<b>ORGANIZATIONAL PROFILE</b>						
<b>GRI 102: GENERAL DISCLOSURE 2016</b>	102-1	Name of the organisation				22
	102-2	Activities, brands, products and services				24
	102-3	Location of headquarters				206
	102-4	Location of operations				25
	102-5	Ownership & legal form				22
	102-6	Markets served				25
	102-7	Scale of the organisation				26
	102-8	Information on employees and other workers				70
	102-9	Description of the supply chain	Goal 9 & Goal 12			114
	102-10	Significant changes to the organisation and its supply chain				27
	102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.		Environment: Principle 7		126
	102-12	Externally developed economic, environmental, and social statements, principles, or other initiatives adopted or endorsed by the organisation			Social, Environment	15
	102-13	Membership in associations and organisations				15
	102-14	Statement from senior management				6,10, 12
	102-15	Key impacts, risk, and opportunities				59
<b>ETHICS AND INTEGRITY</b>						
<b>GRI 102: GENERAL DISCLOSURE 2016</b>	102-16	Values, principles, standards and norms of behavior.	Goal 16			55
	102-17	Mechanisms for advice and concerns about ethics				58

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>GOVERNANCE</b>						
<b>GRI 102:</b> GENERAL DISCLOSURE 2016	102-18	Governance structure			Governance	52
	102-19	Delegating authority				53
	102-20	Executive-level responsibility for economic, environmental and social topics	Goal 3			37
	102-21	Consulting stakeholders on economic, environmental, and social topics				65
	102-22	Composition of the highest governance body and its committees	Goal 16			52
	102-23	Chair of the highest governance body	Goal 16			52
	102-24	Nominating and selecting the highest governance body	Goal 5 & Goal 16			55
	102-25	Conflicts of interest	Goal 16			53
	102-26	Role of highest governance body in setting purpose, values and strategy			Governance	55
	102-27	Collective knowledge of highest governance body				53
	102-28	Evaluating the highest governance body's performance				53
	102-29	Identifying and managing economic, environmental, and social impacts	Goal 16			188
	102-30	Effectiveness of risk management processes				59
	102-31	Review of economic, environmental, and social topics				12, 189
	102-32	Highest governance body's role in sustainability reporting			Governance	37
	102-33	Communicating critical concerns				62
	102-34	Nature and total number of critical concerns				Not reported
	102-35	Remuneration policies				180

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>GRI 102:</b> GENERAL DISCLOSURE 2016	102-36	Process for determining remuneration				180
	102-37	Stakeholders' involvement in remuneration				180
	102-38	Annual total compensation ratio				181
	102-39	Percentage increase in annual total compensation ratio				N/A
<b>STAKEHOLDER ENGAGEMENT</b>						
<b>GRI 102:</b> GENERAL DISCLOSURE 2016	102-40	List of stakeholder groups engaged by the reporting organisation				66/67
	102-41	Employees under collective agreements				83
	102-42	Basis for identification and selection of stakeholders involved by the organisation				65
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group				66/67
	102-44	Key topics and concerns raised by stakeholders and the organization's response, also through their reporting				66/67
<b>REPORTING PRACTICE</b>						
<b>GRI 102:</b> GENERAL DISCLOSURE 2016	102-45	Entities included in the consolidated financial statement				66/67
	102-46	Process for defining the report content				12/13
	102-47	Identified important topics				186/187
	102-48	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement and their impact (e.g., mergers, acquisitions, change of base years/ periods, nature of business, measurement methods)				No Re-statements
	102-49	Significant changes from the previous report regarding the scope, reach or measurement methods employed in the report				No changes



GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
GRI 102: GENERAL DISCLOSURE 2016	102-50	Reporting period				1st Jan. 2018 – 31st Dec. 2018
	102-51	Date of most recent previous report (if any)				2017
	102-52	Reporting cycle				Annual
	102-53	Contact data				200
	102-54	Indication of whether the report was compiled as per the GRI Standard in the Core or Comprehensive option				183
	102-55	GRI Index				190
	102-56	Policy and current practice with regard to seeking external assurance for the report				204
TOPIC INDICATIONS		GRI 200: ECONOMIC STANDARD SERIES 2016				
ECONOMIC PERFORMANCE						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				177
	103-2	Management approach and its elements				177
	103-3	Assessment of management approach				177
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	Goal 1, Goal 2, Goal 8, Goal 11,		Economic	176
MARKET PRESENCE						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				81
	103-2	Management approach and its elements				126
	103-3	Assessment of management approach				126
GRI 202: MARKET PRESENCE 2016	202-2	Proportion of senior management hired from the local community				81
INDIRECT ECONOMIC IMPACTS						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				143
	103-2	Management approach and its elements				143

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-3	Assessment of management approach				143
	203-1	Infrastructure investments and services supported	Goal 9			147, 148, 178
	203-2	Significant indirect economic impacts	Goal 1, Goal 3, Goal 8, Goal 10		Economic, Social	143, 145, 146
<b>GRI 203:</b> INDIRECT ECONOMIC IMPACTS 2016						
<b>PROCUREMENT PRACTICES</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				113
	103-2	Management approach and its elements				113
	103-3	Assessment of management approach				113
	204-1	Proportion of spending on local suppliers	Goal 12			113
<b>GRI 204:</b> PROCUREMENT PRACTICES 2016						
<b>ANTI-CORRUPTION</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				57
	103-2	Management approach and its elements				57
	103-3	Assessment of management approach				57
	205-1	Operations assessed for risks related to corruption	Goal 16	Anti-corruption: P10		57
	205-2	Communication and training about anti-corruption policies and procedures	Goal 16	Anti-corruption: P10		No training on anti-corruption in 2018
	205-3	Confirmed cases of corruption and activities undertaken as response	Goal 16	Anti-corruption: P10		57
<b>GRI 205:</b> ANTI-CORRUPTION 2016						
<b>ANTI-COMPETITIVE BEHAVIOR</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				57
	103-2	Management approach and its elements				57
	103-3	Assessment of management approach				57
	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Goal 16	Anti-corruption: P10		57
<b>GRI 206:</b> ANTI-COMPETITIVE BEHAVIOUR						

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
TOPIC INDICATIONS			GRI 300: ENVIRONMENTAL STANDARDS SERIES			
MATERIALS						
GRI 103: MANAGEMENT APPROACH 2016  GRI 301: MATERIALS 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				126
	103-2	Management approach and its elements				126
	103-3	Assessment of management approach				126
	301-1	Materials used by weight or volume	Goal 6			Data un-available
	301-2	Recycled input materials used	Goal 6 & Goal 9			Data un-available
ENERGY						
GRI 103: MANAGEMENT APPROACH 2016  GRI 302: ENERGY 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				126
	103-2	Management approach and its elements				126
	103-3	Assessment of management approach				126
	302-1	Energy consumption within the organisation	Goal 7			127
WATER AND EFFLUENTS						
GRI 103: MANAGEMENT APPROACH 2016  GRI 303: WATER AND EFFLUENTS 2018	103-1	Explanation of topics identified as significant, with an indication of their restriction				131
	103-2	Management approach and its elements				131
	103-3	Assessment of management approach				131
	303-1	Interactions with water as a shared resource	Goal 6			131
	303-2	Management of water discharge-related impacts				131
	303-5	Water consumption	Goal 6	Environ-ment : P8		131

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>EMISSIONS</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				127
	103-2	Management approach and its elements				127
	103-3	Assessment of management approach				127
<b>GRI 305:</b> EMISSIONS 2016	305-1	Total direct greenhouse gas emissions by weight	Goal 13		Environment	127
<b>ENVIRONMENTAL COMPLIANCE</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				123
	103-2	Management approach and its elements				123
	103-3	Assessment of management approach				123
<b>GRI 307:</b> ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	Goal 16			No case of non-compliance
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				114
	103-2	Management approach and its elements				114
	103-3	Assessment of management approach				114
<b>GRI 308:</b> SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers screened using environmental criteria	Goal 13, Goal 14, Goal 15, Goal 17	Environment : P7	Environment	114

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
TOPIC INDICATIONS			GRI 400: SOCIAL STANDARDS SERIES			
EMPLOYMENT						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				70
	103-2	Management approach and its elements				70
	103-3	Assessment of management approach				70
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	Goal 8		Social	76
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Goal 8		Social	84
OCCUPATIONAL HEALTH AND SAFETY						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				116
	103-2	Management approach and its elements				116
	103-3	Assessment of management approach				116
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Goal 8			116
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Goal 3 & Goal 8			116
TRAINING AND EDUCATION						
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				86
	103-2	Management approach and its elements				86
	103-3	Assessment of management approach				86



GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>GRI 404:</b> TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	Goal 8			86
	404-2	Programs for upgrading employee skills and transition assistance programs	Goal 8			88, 89
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Goal 8			86
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				79
	103-2	Management approach and its elements				79
	103-3	Assessment of management approach				79
<b>GRI 405:</b> DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	Goal 5	Labour: P6		80
<b>NON-DISCRIMINATION</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				83
	103-2	Management approach and its elements				83
	103-3	Assessment of management approach				83
<b>GRI 406:</b> NON-DISCRIMINATION 2016	406-1	Total number of incidents of discrimination and corrective actions taken	Goal 5, Goal 8, Goal 16	Labour: P6		No case of discrimination

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				83
	103-2	Management approach and its elements				83
	103-3	Assessment of management approach				83
<b>GRI 407:</b> FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Goal 8			83
<b>CHILD LABOUR</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				114
	103-2	Management approach and its elements				114
	103-3	Assessment of management approach				114
<b>GRI 408:</b> CHILD LABOUR 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Goal 8	Labour: P5		115
<b>FORCED OR COMPULSORY LABOUR</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				114
	103-2	Management approach and its elements				114
	103-3	Assessment of management approach				114

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>GRI 409:</b> FORCED OR COMPULSORY LABOR 2016	409-1	Operations and suppliers at significant risk for incidents of compulsory labour	Goal 8	Labour: P4		115
<b>HUMAN RIGHTS ASSESSMENT</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				114
	103-2	Management approach and its elements				114
	103-3	Assessment of management approach				114
<b>GRI 412:</b> HUMAN RIGHTS ASSESSMENT 2016	412-2	Employee training on human rights policies or procedures	Goal 8			No training on human rights offered to employees in 2018
<b>LOCAL COMMUNITIES</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				160
	103-2	Management approach and its elements				160
	103-3	Assessment of management approach				160
<b>GRI 412:</b> HUMAN RIGHTS ASSESSMENT 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Goal 3, Goal 4, Goal 5, Goal 6, Goal 7, Goal 17,			160
<b>SUPPLIER SOCIAL ASSESSMENT</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				114
	103-2	Management approach and its elements				114
	103-3	Assessment of management approach				114
<b>GRI 414:</b> SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria			Social	114

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>PUBLIC POLICY</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				142
	103-2	Management approach and its elements				142
	103-3	Assessment of management approach				142
<b>GRI 415:</b> PUBLIC POLICY 2016	415-1	Political contributions	Goal 16			No contribution from the government
<b>CUSTOMER HEALTH AND SAFETY</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				110
	103-2	Management approach and its elements				110
	103-3	Assessment of management approach				110
<b>GRI 416:</b> CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	Goal 3, Goal 12			110
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Goal 3, Goal 12			No case of incidents of non-compliance
<b>MARKETING AND LABELING</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				111
	103-2	Management approach and its elements				111
	103-3	Assessment of management approach				111
<b>GRI 417:</b> MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	Goal 12		Social	111
	417-2	Incidents of non-compliance concerning product and service information and labeling	Goal 12			111
	417-3	Incidents of non-compliance concerning marketing communications				111

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	SDGS	UNGC	NSE	PAGE
<b>CUSTOMER PRIVACY</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction	Goal 8			58
	103-2	Management approach and its elements				58
	103-3	Assessment of management approach				58
<b>GRI 418:</b> CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Goal 16			58
<b>SOCIO-ECONOMIC COMPLIANCE</b>						
<b>GRI 103:</b> MANAGEMENT APPROACH 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				179
	103-2	Management approach and its elements				179
	103-3	Assessment of management approach				179
<b>GRI 419:</b> SOCIOECONOMIC COMPLIANCE 2016	419-1	Non-compliance with laws and regulations in the social and economic area				179





At Dangote, we are committed to producing cement of dependable quality, so when you buy our product, you're not just buying cement, you're also buying **a promise of strength**



**DANGOTE CEMENT... build with peace of mind**

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#### COUNTRY/LOCATION

Cameroon  
\* Cote d'Ivoire  
Ethiopia  
\* Ghana, Takoradi  
Ghana, Tema

#### PLANT TYPE

(Integrated Plant)  
(Grinding Plant)  
(Integrated Plant)  
(Grinding Plant)  
(Import Terminal)

#### COUNTRY/LOCATION

\* Kenya  
\* Liberia  
Nigeria, Gboko  
Nigeria, Ibesi  
Nigeria, Obajana  
\* Niger Republic  
Rep. of Congo

#### PLANT TYPE

(Integrated Plant)  
(Import Terminal)  
(Integrated Plant)  
(Integrated Plant)  
(Integrated Plant)  
(Integrated Plant)

#### COUNTRY/LOCATION

Senegal  
\* Sierra Leone  
South Africa  
\* Mali  
Tanzania  
Zambia  
\* Nepal

#### PLANT TYPE

(Integrated Plant)  
(Import Terminal)  
(Integrated Plant)  
(Grinding Plant)  
(Integrated Plant)  
(Integrated Plant)  
(Integrated Plant)

\* Under Construction/Commissioning

\* Planned

# ASSURANCE LETTER



## Limited Assurance Report to the Directors of Dangote Cement Plc.

The Board of Directors of Dangote Cement Plc. engaged us to provide limited assurance on the information described below and set out in Dangote Cement Plc.'s Sustainability Report for the year ended 31 December 2018.

### Our conclusion

**Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2018 is not, in all material respects, complete, accurate and valid.**

This conclusion is to be read in the context of what we say in the remainder of our report.

### Selected Information

The scope of our work was limited to assurance over the information

marked with the symbol **A** in Dangote Cement Plc.'s Sustainability Report 2018 (the Selected Information).

The Selected Information and the Reporting Criteria against which it was assessed are summarised in the table below. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report for 2018.

**A**

Selected Information (as documented in 2018 Sustainability Report)	GRI Criteria	Section/ Page Number
In our Nigerian operations (Gboko, Obajana and Ibese), N1,445,197,483 was spent on social investments which include sponsorships, donations, charitable gifts and community affairs expenses. This represents 0.37% of our profit after tax in 2018.	GRI 413-1	156
In the year under review, our gross revenue increased by 11.9% from N805 billion in 2017 to N901 billion in 2018. At N390,325 billion, Profit After Tax increased by 91%, from N204,248 billion recorded in 2017. Similarly, earnings per share increased by 96% from N11.65 in 2017 to N22.83 in 2018.	GRI 201-1	177
Of our 16 board membership, 14 were male and 2 were female, a male/female ratio of 7:1, as at year end, 31st Dec., 2018.	GRI 405-1	80
Of the 9 members of our executive team in the Nigerian operations, 7 (77.8%) were male and 2 (22.2%) were female. Also, of the 103 members of our senior management team, 98 (95%) were male and 5 (5%) were female as at year end, 31st Dec., 2018.	GRI 405-1	80
Total employees in our Nigerian operations (Obajana, Gboko, Ibese and Head Office) excluding transport and expatriates, was 5,858 of which 5.75% (337) were female while 94.25% (5521) were male as at year end, 31st Dec., 2018.	GRI 405-1	77
In 2018, total number of new hires (adjusted to include contractor workers) was 508, with Obajana, Ibese, Gboko and Head Office accounting for 30% (154); 41% (209); 1.6% (8) and 26.9% (137) respectively. In the same year, employee turnover rate (adjusted to include contractor workers) was 179, with Obajana, Ibese, Gboko and Head Office accounting for 53.6% (96); 23.5% (45); 7.3% (13) and 15.7% (28) respectively.	GRI 401-1	76
In 2018, our Learning and Development team - Dangote Academy, trained a total of 9915 employees (including transport workers) for a total of 121,552 hours across all our plants and head office. Within the reporting year, N137,529,743 was expended on these trainings.	GRI 404-1	86

### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits and Reviews of Historical Financial Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in

relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) issued by the International Federation of Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our engagement was conducted by a multi-disciplinary team of social, governance, economic, UN Sustainable Development Goals (SDGs) and assurance specialists with extensive experience in sustainability reporting.

### Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Dangote Cement Plc. is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure nonfinancial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 2018, the Global Reporting Initiative Standards (GRI).

### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Performance Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Performance Information.

Our limited assurance procedures primarily comprised of:

- ✎ Discussions with the Company's staff primarily responsible for matters on sustainability;
- ✎ Interviews with primary process owners (key management staff) across departments including Finance, Human Capital Management, CSR, Legal, External Communications and Learning Academy.
- ✎ A study of the key controls put in place by the Directors over the Selected Sustainability Performance Information;
- ✎ Reviews of documented policies, reports and supporting information for relevant Directors assertions;
- ✎ Examination of the sustainability report in relation to the findings from this sustainability assurance exercise and providing recommendations for improvements.
- ✎ Considerations of the disclosure and presentation of the Selected Sustainability Performance Information.

The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the Selected Sustainability Performance Information whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the



“Selected Sustainability Performance Information” in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### ***Dangote Cement Plc.’s responsibilities***

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The Directors of Dangote Cement Plc. are responsible for:

- ☒ selection, preparation and presentation of the “Selected Sustainability Performance Information” in accordance with selected objective guidelines, collectively referred to as the “Reporting Criteria”;
- ☒ designing, implementing and maintaining internal controls, as they determine necessary, to enable the preparation of the “Selected Sustainability Performance Information” that are free from material misstatements, whether due to fraud or error;
- ☒ establishing objective Reporting Criteria for preparing the Selected Information;
- ☒ measuring and reporting the Selected Information based on the Reporting Criteria; and
- ☒ the content of the Sustainability Report for 2018.

#### ***Our responsibilities***

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We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Dangote Cement Plc.

This report, including our conclusions, has been prepared solely for the Board of Directors of Dangote Cement Plc. in accordance with the agreement between us, to assist the Directors in reporting Dangote Cement Plc.’s Sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report for 2018 for the year ended 31 December 2018, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Dangote Cement Plc. for our work or this report except where terms are expressly agreed between us in writing.



For: **PricewaterhouseCoopers**  
16 May 2019  
Chartered Accountants  
Lagos, Nigeria  
Engagement Partner: Edele Erhie  
FRC/2013/ICAN/ 00000001143



This report is prepared by the Group Sustainability and Governance Function, Dangote Cement Plc, in close collaboration with Deloitte Nigeria and Deloitte Poland in order to give added credence to the adopted reporting methodology, materiality, stakeholder engagement/prioritization and data validation process.

For enquiries concerning the report, please contact:



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