



Afrisam

SUSTAINABILITY REPORT

2015

CREATING CONCRETE POSSIBILITIES

Contents

ABOUT THIS REPORT

This is a summary of the sustainability activities relating to AfriSam (South Africa) (Pty) Ltd from 1 January 2015 to 31 December 2015. The reporting period is aligned to the company's financial reporting period and AfriSam aims to report annually on its sustainability performance. The report includes information relating to AfriSam South Africa (Pty) Ltd operations in South Africa, Swaziland and Lesotho.

AfriSam's subsidiary in Tanzania, Tanga Cement Company Plc, is a publicly listed company on the Tanzania stock exchange and produces its own annual integrated report. This report is available from its website: www.simbacement.co.tz

This report has been produced giving due consideration to the Global Reporting Index (GRI) Core 'In Accordance' guidelines, as well as the United Nations Global Compact Active Level reporting requirements.

We welcome your feedback on our sustainability reporting process. Please send comments or suggestions to:

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MESSAGE FROM THE CEO

Dear Stakeholders,

The concept of sustainable development has long since formed the foundation for AfriSam's business activities. It echoes an internal philosophy that we live on a daily basis.

While we acknowledge that, for our generation to prosper, we require the utilisation of natural resources, we commit to future generations that we will use these in a deliberate and responsible manner.

We do this by actively managing our production processes and equipment to ensure that we reduce the consumption of natural resources, such as coal, mineral resources and water, while at the same time reducing the CO₂ footprint of our products through increased efficiencies and utilising by-products from other industries as part of our cement manufacturing process.

Apart from reducing the environmental impact of our business activities, we also seek to sustainably uplift community members surrounding our operations to ensure that they too can look forward to a brighter tomorrow. This year, we have once again made a significant difference to those in need. Through funds donated by the company and active employee involvement, we have built homes and schools, provided food, clothing and educational material – contributing towards the sustainable upliftment of communities in which we operate.

As employees are the heartbeat of our company and the enablers of sustainability, AfriSam strives to provide a workplace that allows them to grow, develop and actively contribute towards the success of our company, our country and continent. I am proud that we are one of a select few companies in Africa that have been certified as a Top Employer by the Top Employers Institute. 2015 was the 6th consecutive year that AfriSam was honoured with this title.

The safety of our employees and all stakeholders that interact with our company remains our number one priority. In 2015, the company achieved its best safety performance since it started measuring this business driver in 2006. This is the result of a concerted effort by all employees to ensure that AfriSam becomes an even safer workplace. We will continue the drive towards our ultimate goal of 'Zero Harm to People'.



I am proud to confirm that AfriSam (South Africa) (Pty) Ltd pledges its continued commitment to uphold the 10 Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We look forward to continuing our relationship with the South African Local Network.

AfriSam strives to conduct its business activities in a manner that contributes to the sustainable development of Africa and its people. As such, we ensure the integration of the Principles in our business strategy, culture and daily operations. In this report, we summarise the progress we have made against these principles in 2015 and strive to report continuous progress in future.

AfriSam is committed to building a better future for the people of Africa. It is of this passion and commitment that we are most proud; not of what products we make, but rather of what we make possible – we create concrete possibilities.

Yours faithfully,

A stylized, handwritten signature in black ink, consisting of a large, fluid loop followed by a shorter stroke.

Stephan Olivier
Chief Executive Officer
AfriSam (South Africa) (Pty) Ltd

AfriSam pledges its continued commitment to uphold the 10 principles of the United Nations Global Compact



1 ORGANISATIONAL PROFILE

Since 1934 when it started its first cement plant in South Africa, AfriSam has established itself as a formidable concrete materials group committed to making growth possible on the African continent. Today, AfriSam is a leading supplier of superior quality construction materials and technical solutions.

OUR VISION:

To be the leading concrete materials business on the African continent

OUR MISSION:

To help develop our continent through what concrete makes possible

OUR VALUES:

Success is only possible by living AfriSam's values of People, Planet and Performance which inextricably connect all of our people and business activities:

- **PEOPLE:** Recognising that people are what make the business, we strive to conduct our business with integrity and in a courteous and respectful manner.
- **PLANET:** We utilise natural resources in a deliberate way and follow a responsible approach towards the impact of our actions on the community and environment.
- **PERFORMANCE:** We are uncompromising in our professionalism and strive to be the best in everything we do. We utilise our time, energy and resources to make a valuable contribution to our customers, colleagues and business partners.

1.1 Presence and capabilities

The AfriSam Group has operations in South Africa, Lesotho, Swaziland and Tanzania. It is the majority shareholder of Tanga Cement PLC, listed on the Tanzania stock exchange under its brand name Simba Cement, and holds 68.33% of its shares.

Cement facilities

AfriSam is strategically positioned and connected through its fully-integrated cement plants, milling operations, blending plants and distribution centres. There are three fully-integrated cement plants: two in South Africa and a third plant in Tanzania. The fully integrated plants have a combined cement producing capacity of six million tons of cement per year.

The South African fully-integrated cement plants are linked by a well-established road and rail transport network, a modern vertical roller mill grinding operation and three blending operations, of which one is in Swaziland. The company's slag grinding facility is also strategically located in Vanderbijlpark, Gauteng and has a slag milling capacity of 800 000 tons per annum.

Distribution

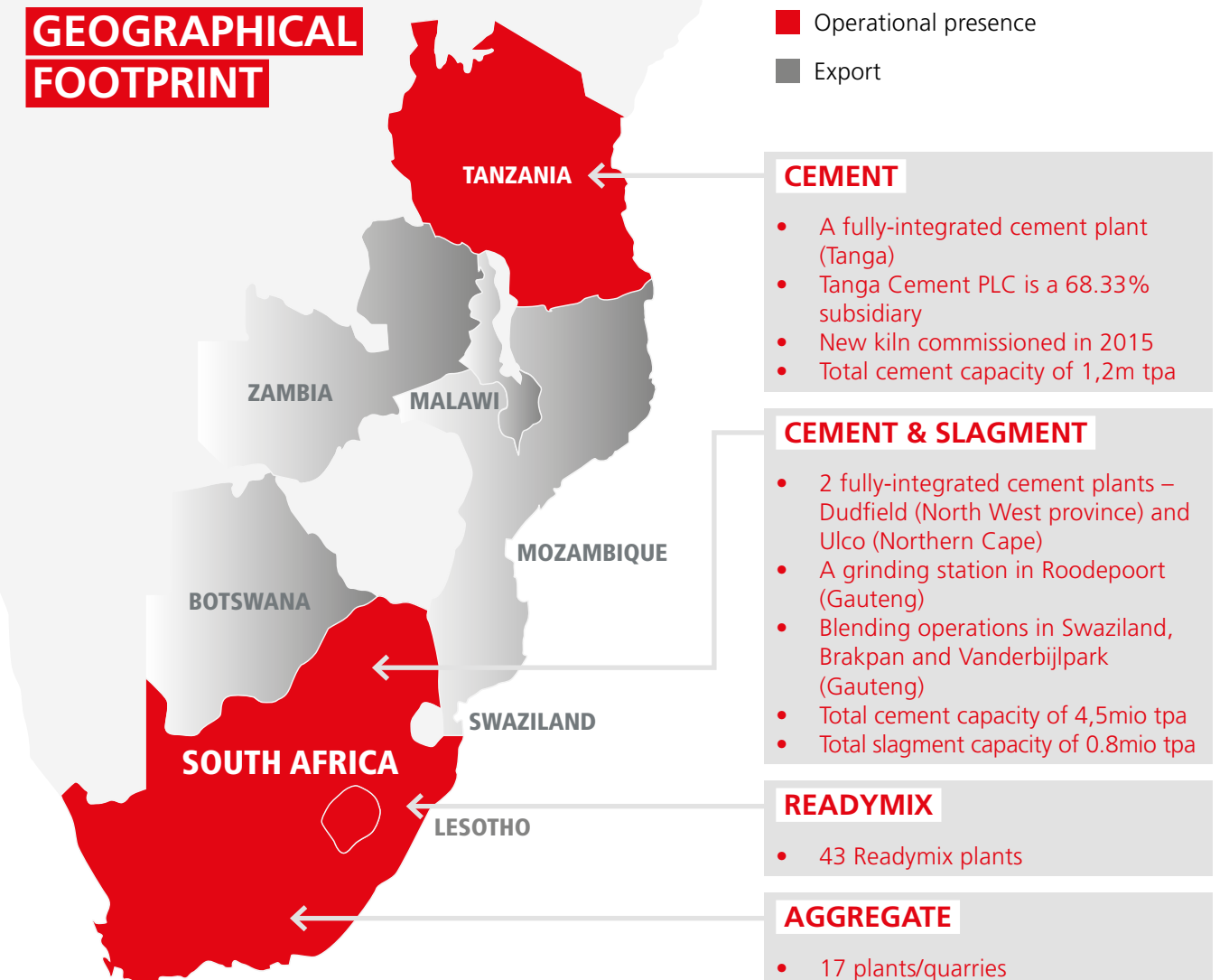
The South African footprint is supported by 11 strategically located distribution centres throughout the country, as well as in Botswana, Lesotho and Swaziland. Cement is exported to Mozambique and the Democratic Republic of Congo.

The Tanzanian operation has 10 strategically located cement distribution centres throughout this country, Burundi and Rwanda, and exports to Malawi.

Aggregates and Readymix

AfriSam's cement operations are strongly augmented by well-established aggregate and readymix operations located in all major growth nodes. There are currently 43 readymix operations capable of delivering more than two million cubic metres readymix concrete annually, and 17 aggregate quarries, producing over 10 million tons of aggregate.

GEOGRAPHICAL FOOTPRINT



1.2 Expansion and new acquisitions

During the year under review, AfriSam established a new readymix operation in Phoenix, KwaZulu-Natal. This acquisition has been accounted for in the information provided above.

AfriSam also acquired a minority stake in Concrete 4 U, a readymix concrete company operating in the Eastern Cape. AfriSam does not hold direct operational control in Concrete 4 U and therefore information about this company is not included in this report. However, Concrete 4 U is a certified member of the South African Readymix Association (SARMA) and complies with the stringent health, safety, environmental and quality standards set by this industry body.

AfriSam also increased its shareholding in Tanga Cement Plc from 66.3% to 68.33% in 2015.



AfriSam is the largest Aggregate materials provider in Southern Africa

1.3 Products and services

Cement

Over the decades, AfriSam’s cement range has been a significant contributor to various infrastructure developments on the continent. The company’s cement continues to be used in the provision of much needed houses, schools, roads, dams and other essential facilities for the development of the region.

AfriSam produces the following five types of cement, each uniquely developed for different applications:

CAPACITY: Almost 6 million tons of cement per annum (including a 1.2 million ton capacity in Tanzania)



Slagment

Slagment is the registered trade name of our Ground Granulated Blast Furnace Slag (GGBFS). It is a latent hydraulic binder used in concrete and other construction applications as a partial cement replacement material.

CAPACITY: 800 000 tons of slagment per annum from our Slagment operation in Vanderbijlpark

Aggregate

AfriSam’s Aggregate products are manufactured to the highest technical specifications to meet multi-purpose application needs, such as asphalt and road surfacing, concrete, base and sub-base material for road layering, as well as speciality aggregates including ballast and gabion stone.

CAPACITY: Over 10 million tons of Aggregate annually

Our Aggregate product range includes:

- Roadstone
- Concrete Aggregate
- Road Layer Works
- Speciality Aggregate

Readymix concrete

The readymix operations are all equipped with computerised weight and batching systems – based on the latest technology – that ensure the final concrete product meets the stringent technical specifications of builders, developers, architects and engineers. AfriSam’s concrete product manufacturing expertise is further supported by pumping services that are offered as value-added services to our customers. Our readymix operations can produce almost any mix required by customers and are able to supply high-volume projects.

CAPACITY: 2 million cubic metres per annum

Our readymix product range includes:

- Application brands – foundation mix, suspended slab mix, surface bed mix, column mix, post-tension mix and retainer mix
- Speciality brands – Flowcrete, Poolmix, Trenchcrete and Hydrafil
- Customised mixes – concrete mixes designed in collaboration with our customers to meet their specific requirements

Premixed products

AfriSam invests significantly in research and development and is continuously looking at ways of innovating the products and services it provides. As an example, the introduction of a premixed bagged range and bulk dry mortar was a natural extension of AfriSam’s existing product offering.

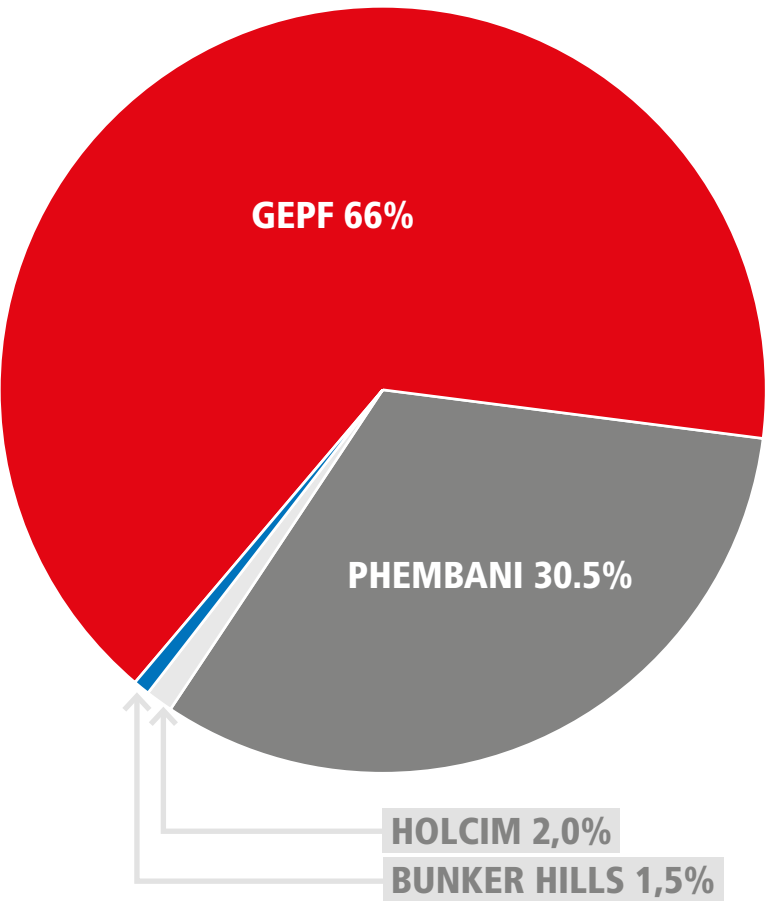
Access to industry specialists and technical support

AfriSam offers customers a Centre of Product Excellence where, in collaboration with its customers, products and solutions are developed, tested and applied, ensuring continuous improvement in the various aspects associated with construction materials.

The company also has a team of specialists covering the entire supply chain from mining to production and sales, supported by equally skilled and experienced functional experts in the information services, finance, human resources and environmental fields.

1.4 Ownership

AfriSam's majority shareholders are:



DID YOU KNOW?

GOVERNMENT EMPLOYEE PENSION FUND (GEPF):

This fund is duly represented by the Public Investment Corporation (PIC). Established in 1911, PIC Limited is one of the largest investment managers in Africa today, managing assets of over R1.8 trillion and still growing.

The PIC, a registered financial services provider, is wholly owned by the South African government, with the Minister of Finance as the shareholder representative.

It invests funds on behalf of public sector entities, based on investment mandates set by each of these clients and approved by the Financial Services Board (FSB).

PHEMBANI GROUP:

Phembani Group (Pty) Ltd was founded in 1994 and is based in Sandton, South Africa. It is a black-controlled pan-African group which holds investments in the four key platforms of Mining, Power, Energy and Infrastructure.



2 SUSTAINABILITY REPORTING

AfriSam has aligned with the internationally recognised G4 sustainability reporting principles and guidelines, which have informed the development of the reporting process. The GRI guidelines promote engagement with and responsiveness to multiple stakeholders. GRI reporting is voluntary and AfriSam has no obligation to report on sustainability or to make use of the GRI guidelines and principles. However, the company has decided to incorporate the guidelines so that the reporting process is as meaningful and effective as possible.

The process for determining content to be included in this report was guided by:

- The usefulness of the report to stakeholders (including interests and expectations of stakeholders)
- The purpose, experience and nature of AfriSam's core business
- The material environmental, social and economic impacts of the business
- The importance of reporting credibly and in accordance with the G4 'Core' guidelines
- The intention to report data for as many indicators as is reasonably and practically possible
- The availability of data for the reporting period

A materiality process was used to establish the relative importance of key environmental, social and governance issues for the organisation and its stakeholders. Issues were mapped and cross-referenced using risk and importance to the company as measures, and then against importance for stakeholders and the company's ability to influence these issues. The materiality process was pursued to inform processes relating to stakeholder engagement and to determine content for this report.

The report has been written with all stakeholders in mind and the company trusts that they will be able to access, read and understand the report, and offer feedback. Having said this, we believe that the report will be read mostly by employees, shareholders, customers and suppliers.



AfriSam has aligned with the internationally recognised G4 sustainability reporting principles and guidelines, which have informed the development of the reporting process

2.1 Stakeholder engagement

AfriSam is committed to foster healthy relationships with its various stakeholders through proactive engagement to ensure that it understands and addresses key issues and concerns.

The company identifies key stakeholders based on the following criteria:

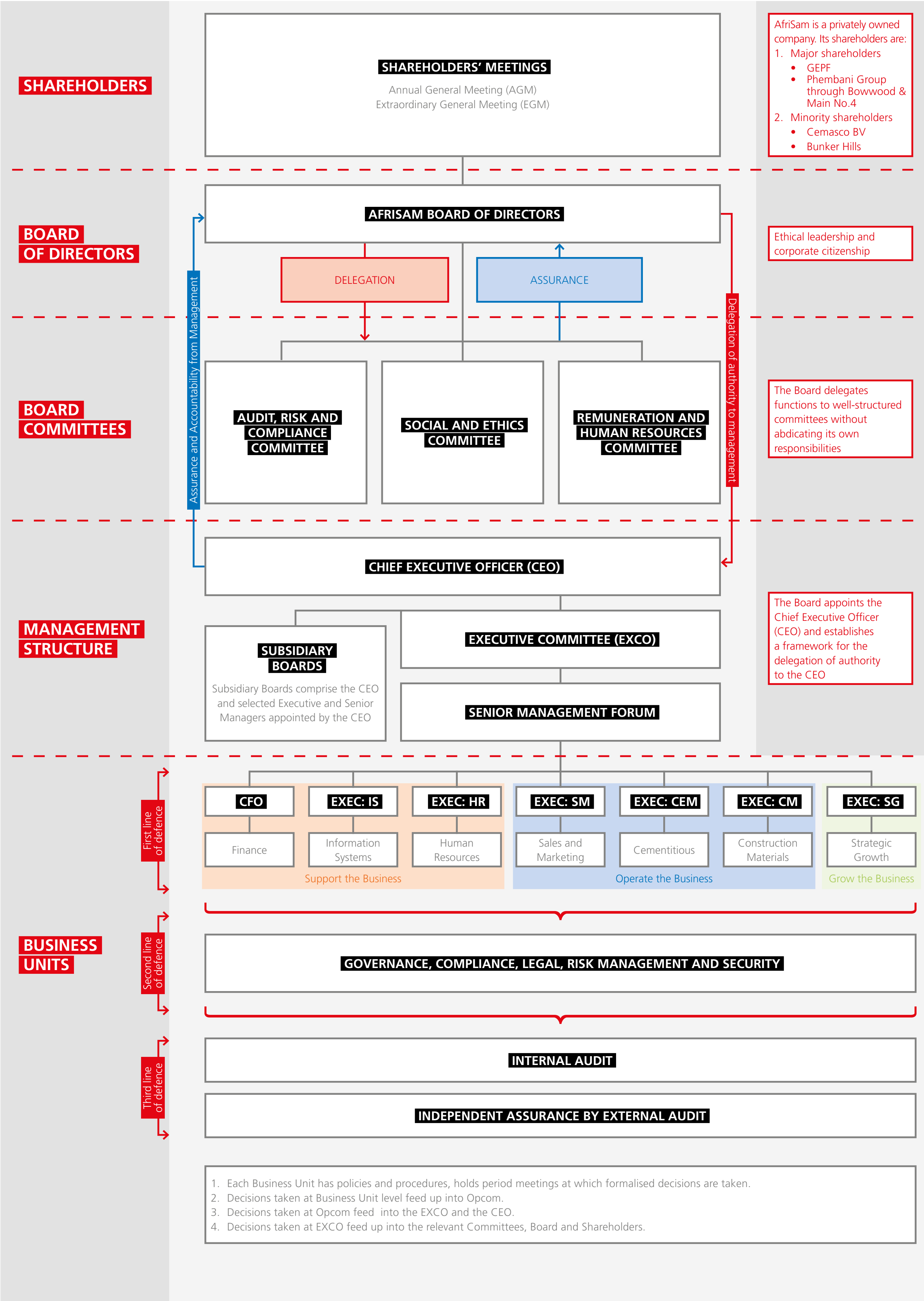
- **RESPONSIBILITY** – stakeholders to whom AfriSam and its operations have, or in the future may have, legal, financial and operational responsibilities in the form of regulation, contracts, policies or codes of practice
- **INFLUENCE** – stakeholders with influence or decision-making powers
- **PROXIMITY** – stakeholders that AfriSam and its operations interact with most including internal stakeholders, those with long-standing relationships and those stakeholders that AfriSam and its operation depend on in its day-to-day operations
- **DEPENDENCY** – stakeholders directly or indirectly dependent on our operations and activities in economic or financial terms, or in terms of local or regional infrastructure
- **REPRESENTATION** – stakeholders who, through regulation, custom or culture, can legitimately claim to represent a constituency, including those representing the ‘voiceless’ (e.g. the environment, children and future generations)
- **POLICY AND STRATEGIC INTENT** – stakeholders addressed in policy and value statements, including those who can give warning about emerging issues and risks

Following is a list of key stakeholders identified for the sustainability of our company, the issues identified and our engagement methods to ensure healthy relations:

| STAKEHOLDER | METHODS OF ENGAGEMENT | KEY ISSUES | ACTIONS TAKEN |
|---------------------------|--|---|--|
| EMPLOYEES | <ul style="list-style-type: none">• Exco Roadshows• Senior Management Meetings• Intranet, newsletters, presentations and briefings• Annual functions (year-end and site functions)• Internal staff surveys• Factory safety and environmental meetings• Staff notices | <ul style="list-style-type: none">• Job security• Company stability, performance and future growth plans• Remuneration and benefits• Organisational climate• Personal development and career progression• Performance management | <ul style="list-style-type: none">• Engagement with staff on AfriSam’s strategy, business results and future through information sessions, various written communication, as well as part of the Exco Roadshows• Implementation of a diversity management programme• Human Resources held information sessions at select operations to clarify the performance management system and payment of the short-term incentive scheme• Roll-out of an internal brand campaign to enforce ‘Creating Concrete Possibilities’ and instil internal pride• AfriSam has embarked on ‘The AfriSam Way’ to establish a culture that inspires high performance• Personal Development and Career Progression of employees are discussed during quarterly individual reviews |
| SHAREHOLDERS | <ul style="list-style-type: none">• Meetings• Written correspondence• Presentations• Annual General Meeting• Corporate website• Integrated report | <ul style="list-style-type: none">• Business performance• Provision of shareholder approval where required | <ul style="list-style-type: none">• Ongoing communication to update all shareholders• Quarterly updates on Economic, Social and Governance (ESG) matters• Obtaining shareholder approval on relevant corporate matters• Annual General Meeting took place in November 2015 |
| UNIONS | <ul style="list-style-type: none">• Central bargaining forum• Consultation meetings• Written correspondence | <ul style="list-style-type: none">• Company stability, performance and future growth plans• Organisational climate• Job security• Remuneration and benefits | <ul style="list-style-type: none">• Engagement with all unions at Ulco operation and diversity programme implemented• Regular engagement with union representatives on business results and expectations• Unions are informed of pertinent business matters through the quarterly Central Bargaining Unit (CBU), as well as through ad hoc meetings when required |
| CUSTOMERS | <ul style="list-style-type: none">• Voice of Customer survey• Social, online and mobile media• Interaction in store during brand promotions• Industry conference and retail events• Site and store visits by Sales team• Technical support and training events | <ul style="list-style-type: none">• Company stability, performance and future growth plans• Logistical constraints in high-growth nodes• Strength and colour variances | <ul style="list-style-type: none">• Ongoing engagement with customers through a focused sales interaction plan• Proactive engagement with customers to schedule readymix deliveries optimally• Education of customers to create an understanding of our products and their application |
| COMMUNITIES | <ul style="list-style-type: none">• Public forums• Meetings• Internet• Community engagement forum meetings• Upliftment projects | <ul style="list-style-type: none">• Local employment and procurement• Environmental-related issues (dust, pollution and noise)• Upliftment | <ul style="list-style-type: none">• AfriSam’s Enterprise and Supplier Development programme extended to the North West and Northern Cape provinces• Continuous engagement via stakeholder forums to share ongoing performance results and engage in dialogue on key issues• Implementation of CSR projects to sustainably uplift communities in which the company operates |
| GOVERNMENT AND REGULATORS | <ul style="list-style-type: none">• Conferences• Working groups• Meetings• Factory inspections• Participation in government public hearings and policy debates and written submissions (anti-dumping, carbon taxes)• Site inspections | <ul style="list-style-type: none">• Licence to operate• Mining rights and scorecard• Health and safety compliance• Environmental impact assessment approvals• Employment equity | <ul style="list-style-type: none">• Approval of Environmental Impact Assessments (EIA) obtained for key strategic projects• Active engagement with relevant authorities to strengthen relationships |
| MEDIA | <ul style="list-style-type: none">• Media events• Press releases• Digital platforms• Media site visits• Interviews | <ul style="list-style-type: none">• Company performance and future growth plans | <ul style="list-style-type: none">• Implementation of media relations and engagement plan |

3 GOVERNANCE

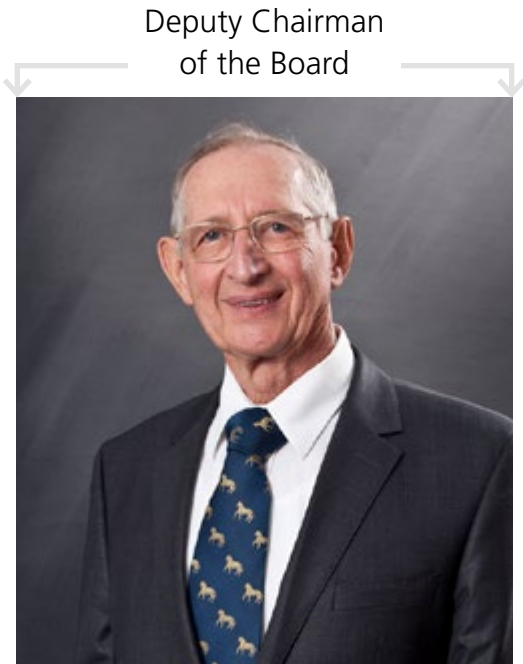
AfriSam is managed in compliance with the relevant legislation and regulations that govern its business. The governance framework below summarises AfriSam’s governance framework, roles and responsibilities:



3.1 Board of Directors



PHUTHUMA NHLEKO
Non-Executive Director
(Phembani)



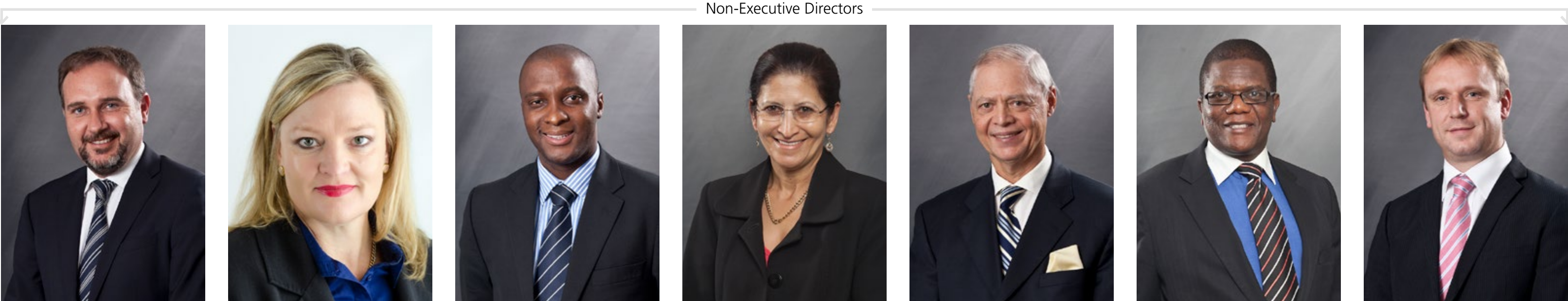
JAN STRYDOM
Non-Executive Director
(PIC)



STEPHAN OLIVIER
Chief Executive Officer



LEON SERFONTEIN
Chief Financial Officer



ROB WESSELS
Non-Executive Director
(Phembani)

MOIRA MOSES
Non-Executive Director
(PIC)
(Joined 15 December 2015)

ERNEST NESANE
Non-Executive Director
(PIC)
(Resigned December 2015)

FATIMA FAKOET
Non-Executive Director
(Independent)

TREVOR WAGNER
Non-Executive Director
(Independent)

JEFF MOLOBELA
Non-Executive Director
(Independent)

MERVIN MULLER
Non-Executive Director
(PIC) – Alternate

3.2 Executive Management Team

Executive Directors



STEPHAN OLIVIER
Chief Executive Officer
BSc, BSc (Hons), MSc,
PhD (Biochemistry)



LEON SERFONTEIN
Chief Financial Officer
BCom (Accountancy) Hons,
CA (SA)

Executive Management



RICHARD TOMES
Executive: Sales & Marketing
Master of Business Administration



HANNES MEYER
Executive: Cementitious
MSc (Chemistry)



SANDILE KHWELA
Executive: Human Resources
BA (Hons) Industrial Psychology,
MA Industrial Psychology



LOUISE VAN DER BANK
Executive: Information Services
BSc (Computer Science)



ROSHNI LAWRENCE
Executive: Strategic Growth
BSc (Hons) Metallurgy



AVI BHOORA
Executive: Construction Materials
National Diploma: Civil Engineering



3.3 Memberships and associations

We partner with a number of organisations to ensure we remain relevant and accountable to our customers and stakeholders. Our partnerships are with organisations that share our principles and which support causes aligned to our beliefs.

In addition to our memberships, we also sponsor events that these organisations may host (as we deem appropriate). We see ourselves as an extension of society and as such, invest significant time and effort in worthy causes that affect our communities. Through our memberships, we also try and influence the direction of industry towards responsible citizenry.

- South African Institute of Architects (SAIA) Awards for Sustainable Architecture
- World Wildlife Fund (WWF)
- Wildlife and Environment Society of South Africa (WESSA)
- Green Building Council of South Africa (GBCSA)
- The Concrete Institute (TCI)
- Concrete Manufacturers Association (CMA)
- Concrete Society of Southern Africa (CSSA)
- The Association of Cementitious Materials Producers (ACMP)
- Aggregate and Sand Producers Association of Southern Africa (ASPASA)
- Readymix Association of South Africa (SARMA)
- National Business Initiative (NBI)
- United Nations Global Compact (UNGC)

All of AfriSam's manufacturing facilities strive for compliance with the relevant laws and regulations that govern our business. In addition, production and processing are managed in compliance with ISO 9001:2008 to maintain the highest quality standards and meet customer requirements.

AfriSam operates a state-of-the-art SANAS-accredited ISO 17025 laboratory for its own requirements, as well as to render services to the industry.

All of AfriSam's bagged cement products carry the South African Bureau of Standards (SABS) seal of approval.

4 ECONOMIC SUSTAINABILITY

4.1 Supplier and enterprise development

The procurement of goods and services is a crucial component of AfriSam's overall business strategy. In line with our core values, we are committed to responsible procurement that positively contributes to a resilient supply chain and the economic and social development of communities in the areas in which we operate. For AfriSam, enterprise development is an integral part of our procurement policy, driving and fostering black small, medium and micro enterprise (SMME) growth.

We consider SMMEs surrounding our operations and provide these entrepreneurs with the necessary support and development for them to ultimately be included in AfriSam's database of registered vendors, thereby contributing to the growth of their businesses. Our Business Development Centres also provide SMMEs with a facility where they have access to computers, already set up with an accounting package that will enable them to manage their statements and invoices to their customers.

We view ourselves as a key player in the national agenda, which is focused on promoting a thriving SMME sector to assist in alleviating poverty. We have set ourselves targets that will ensure that AfriSam makes a meaningful contribution to transformation in South Africa. Through our Enterprise Development Programme, AfriSam will provide training and development to qualifying enterprises to grow and strengthen their businesses to a level at which they can trade with AfriSam and other companies.

Through this programme, our objective is to increase spend within communities close to AfriSam's operations. In the short term, our aim is to increase the capabilities of our current or potential community-based SMMEs. In the long term, we will concentrate our efforts on the development of a training package for broad-based black economic empowerment (B-BBEE) suppliers nationally, regionally and in communities.

AfriSam's Supplier and Development programme aims to provide SMMEs with the necessary development and support to grow their businesses



4.2 Preferential procurement

The procurement of goods and services is seen as a crucial component of our overall business strategy. In terms of our core values, AfriSam is committed to sustainable, responsible procurement that positively contributes to a resilient supply chain and the economic and social development of the communities in which we operate.

We support preferential procurement as a lever for economic transformation and B-BBEE. The entire supply chain has a common understanding and buy-in in the transformation imperative. AfriSam is committed to support and grow B-BBEE and SMMEs in South Africa with emphasis placed on procurement from empowered companies. The company is also dedicated to working with its existing suppliers to enable their transformation, as well as sourcing products and services from new suppliers that embody the principles of transformation.

By using its buying power, AfriSam has been instrumental in influencing many of its suppliers to produce their own B-BBEE scorecards and submitting these for the verification of their B-BBEE status. The number of new verification certificates and the improvement in the Group's own preferential procurement score demonstrate that suppliers have an improved understanding of their status and can take further steps to improve their scores.

For transformation within procurement to be sustainable, prices and service levels need to be competitive. AfriSam therefore assists its suppliers through local and global benchmarking and sourcing processes during which the entire supplier-offering is evaluated based on total cost of ownership (TCO), including B-BBEE contribution level, price, service, safety and quality.

AfriSam's procurement policy is underpinned by five core principles:

1. **SUPPLY CHAIN STANDARDS:** All procurement activities will be conducted in a fair, transparent and professional manner, in accordance with AfriSam's Procurement Policy and Procedures. All commitments to purchase on behalf of the company will be done through official AfriSam purchase orders. The awarding of tenders, contracts and orders are based on the evaluation of supplier capability, quality, price, delivery, 'after sales' service and B-BBEE status of the supplier. Payments will be made via electronic transfer, based on agreed payment terms and supplier reconciliations.
2. **WORKING IN PARTNERSHIP:** AfriSam is committed to building sound long-term business relationships with its key suppliers. As such, service level agreements with both local and global suppliers form the foundation of the company's procurement philosophy. AfriSam always seeks collaborative ways of working with its suppliers, local communities and government institutions. Supplier evaluations and joint business development initiatives are key drivers towards building partnerships.
3. **ENTERPRISE AND SUPPLIER DEVELOPMENT:** Enterprise and supplier development is a critical element of the company's overall B-BBEE strategy. AfriSam has an integrated strategy to meet the targets it has set itself and is determined to contribute in a meaningful and sustained manner to real transformation in the southern African region. Preference is given to suppliers that are actively involved in supporting transformation and meet AfriSam's minimum B-BBEE criteria.
4. **SAFETY:** AfriSam is dedicated to the safety of both its own employees, as well as that of its business partners. The company's safety motto of 'Zero Harm to People' therefore also applies to all new suppliers that intend doing business with the company. Persons entering any of the company's premises are required to undergo a safety induction.
5. **ETHICS AND GOVERNANCE:** Sound business principles and good governance underlie all procurement transactions. AfriSam recognises that good governance is based on four key principles: fairness, accountability, transparency and responsibility, applied consistently in our interaction with stakeholders. The company will not compromise on safety, health, environment, quality and service delivery requirements.

5 ENVIRONMENTAL SUSTAINABILITY

AfriSam actively drives environmental sustainability. We published our first environmental policy in 1994 based on the 16 principles of the International Chamber of Commerce's 'Business Charter for Sustainable Development'. We review and update this policy regularly and commit ourselves to its principles. One of our core values, 'Planet', reflects our commitment to the environment and guides our business decisions.

Today, we have a comprehensive sustainability roadmap which covers a broad range of focus areas, including energy use, waste management, water conservation, recycled raw materials and biodiversity conservation.

5.1 Energy

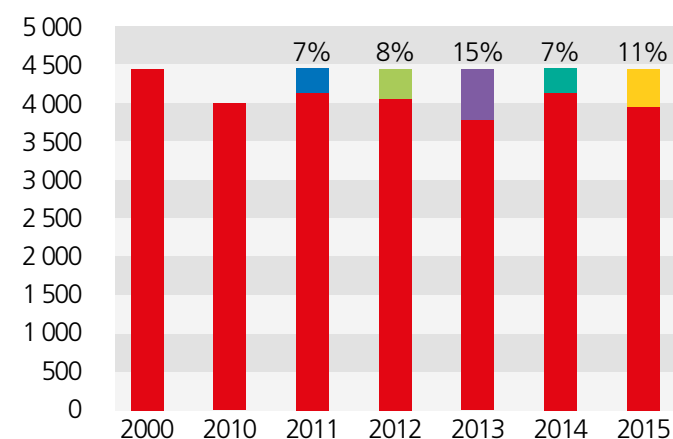
AfriSam has long realised the importance of our role in environmental conservation and much effort has been invested into reducing our energy consumption. Specific thermal energy consumption has been on a positive downward trend from early 2000. We have continued to track and measure our consumption in an effort to reduce it even further. In 2015, thermal energy consumption was 11% lower than in 2000. When comparing 2015 to 2000, specific electrical energy consumption was reduced by 12% as a result of equipment and process improvements.

We are continuously investigating sources of suitable alternative fuels and resources. In general, the cost for co-processing in kilns is still considerably higher than waste disposal to landfills but this has begun to change significantly, especially in the last two years. It is expected that the alternate fuels market will begin to grow soon. AfriSam currently has approval for the use of alternative fuels and raw materials in kiln 5 (Ulco), kiln 2 and kiln 3 (Dudfield). The company is using tyres as alternative fuel at its Ulco and Dudfield cement operations.

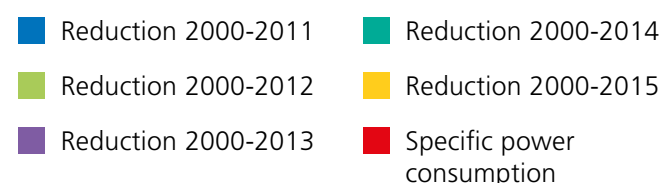
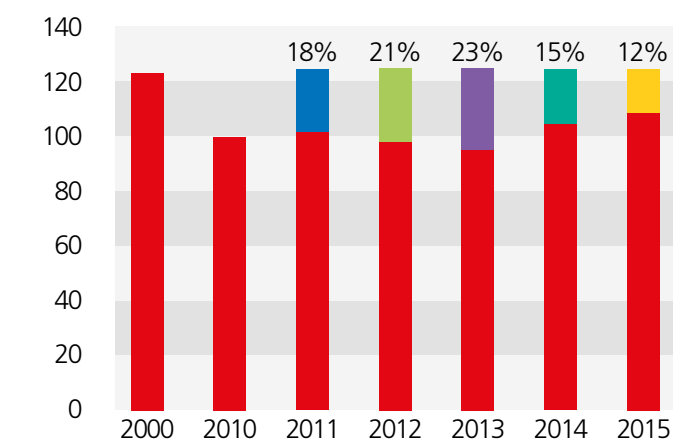
Going forward, our key focus areas will be:

- Expediting trials on prospective alternative fuels
- Continuously engaging with suppliers on new available fuel streams
- Continuously engaging on waste tyre allocations for kilns and implementing continuous use of tyres
- Utilising biomass from invader species as an energy source

**Specific heat consumption
(MJ/t clinker)**



**Specific power consumption
(kWh/t cem)**



5.2 Water conservation

The current water crisis in South Africa has featured prominently in headlines, but conserving water is not something new for us at AfriSam. We have long been implementing measures to reduce water consumption. All operations have water balances in place which allow for optimising this resource. We also practise recycling with as much grey water as possible, which reduces reliance on fresh water. A good example is our readymix operations where we intentionally use as much grey water as possible for batching purposes, thereby saving on freshwater consumption.

5.3 Waste management

Apart from water, recycling is extended to other areas of the business, and to minimise waste returned, all returned concrete is recycled at AfriSam's readymix facilities. The recycled concrete is used to manufacture interlocking concrete blocks and paving stones, as well as being recrushed to manufacture more products which are used at our facilities. In doing so, waste that would normally go to landfill sites is eliminated.

Employees are also encouraged to recycle paper, plastics, batteries and fluorescent globes at the office and at home.

5.4 Biodiversity conservation

Rehabilitation of land impacted by AfriSam’s mining activities is not just a legal requirement but a moral obligation. This level of long-term planning by AfriSam demonstrates a commitment that will ensure the land will be able to be enjoyed by future generations. We actively practise concurrent rehabilitation at our sites, which is in line with our policy to restore mined and quarried land to as close to its original state as possible. In many instances, alternative use is found for the land, such as turning it into reservoirs, dams or recreational facilities.

Environmental stewardship also requires companies to be proactive and this has been the case in Saldanha Bay, Western Cape, where a site owned by AfriSam on the Saldanha Peninsula has been earmarked for the construction of a cement manufacturing facility. This piece of land also contains pristine vegetation of exceptional conservation value. The Saldanha Limestone Strandveld is restricted to the Saldanha Peninsula, is very limited in extent and classified as ‘endangered’ by the NBSA.

AfriSam has set aside over 500ha of the land it owns in Saldanha for conservation purposes. This land is in the process of being certified with contract nature reserve status, the highest level of stewardship, and underscores AfriSam’s commitment to conserving natural resources, including flora, for future generations to enjoy.

DID YOU KNOW?

AfriSam’s commitment to environmental stewardship extends to that of the significant archaeological and paleontological finds at its quarry near Sterkfontein in the Cradle of Mankind. In this exceptional case, when AfriSam made the discovery, it took a decision to cease all mining operations there in the interest of preserving this human heritage site. It has rehabilitated the area and is in the process of donating it to the University of Witwatersrand for further study.

5.5 Emissions reduction

AfriSam launched ‘Project Green Cement’ in early 2000, signalling the start of the drive towards a low carbon dioxide (CO₂) product range. The increased use of selected mineral components cement extenders, mainly by-products from other industries, and careful selection and blending of these mineral components reduces the clinker content of the cement. Clinker is the most energy intensive component of the cement production process.

The green cement product range has allowed AfriSam to reduce its specific CO₂ emissions per ton of cement by more than 30% since 1990. The Green Cement Product range has also led to a reduction in:

- limestone mining – a non-renewable resource
- subsequent decreases in our mining footprint from reduced limestone transportation
- crushing and raw milling
- fuel consumption per ton of cement produced

The global cement industry produces an estimated 5% of total man-made CO₂ emissions. AfriSam has voluntarily committed to a reduction target and a programme of eco-efficiency to minimise its impact.

Through its future emission mitigation projects, we aspire to make even more strides in terms of emission reductions. We are currently considering a project to generate electricity from waste heat recovered from the kilns. The bankable feasibility study has recently been completed for a waste heat recovery project at our Ulco cement operation in the Northern Cape.

AfriSam has also pioneered cement kiln emission improvements in southern Africa and has achieved a number of industry firsts, including:

- The first cement producer to install Continuous Emission Measuring (CEM) equipment capable of measuring 13 gas streams on a continuous basis
- The first in the industry to install bag-house filter technology to control kiln emissions
- The first in the industry to begin non-compulsory annual emissions monitoring

QUICK FACT

As a result of ongoing research, AfriSam’s Eco Building Cement has a carbon footprint of 442g/kg, one of the lowest in the world. It also complies with the SANS50197-1 cement specification for common cements.

QUICK FACT

AfriSam was the first cement, aggregate and readymix producer in southern Africa to publish an environmental policy in 1996.

6 ETHICS AND INTEGRITY

The AfriSam Code of Ethics and Business Conduct Policy express our commitment to conducting our business in accordance with applicable laws, rules and regulations. The company fosters a culture of honesty, integrity, compliance and good corporate governance. For this reason, ethical behaviour is the responsibility of every employee and should be reflected in the relationships that we have with our customers, suppliers, shareholders and other stakeholders.

6.1 AfriSam Code of Ethics

This policy guides all employees' conduct as follows:

- **INTRODUCTION**

AfriSam strives to conduct its business according to the highest standards of business ethics and has incorporated a Code of Ethics and Business Conduct (the Code) in the day-to-day running of the company's business activities. The Code is underpinned by AfriSam's values of People, Planet and Performance, guiding employees to act with integrity and respect at all times and deliver services in a professional, courteous and honest manner.

- **STATEMENT OF INTENT, COMMITMENT AND PURPOSE**

Committed to ethical business conduct, the AfriSam Board of Directors has delegated the responsibility of creating and maintaining a culture of high ethical standards throughout the AfriSam Group to the Executive Committee. The policy's purpose is to provide employees with documented guidelines to support ethical decision-making and conduct within the company.

- **APPLICABILITY AND RESPONSIBILITY TO STAKEHOLDERS**

This policy applies to all internal and external stakeholders, including employees, business partners, supply chain stakeholders and directors of the AfriSam Group. As part of good corporate governance, as well as building and maintaining a sustainable business, the policy also outlines the AfriSam Board's accountability and responsibilities to the shareholders and all other stakeholders.

- **ETHICAL PRINCIPLES**

Integrity, respect, responsibility, customer-driven, diversity, fairness and environmental conscientiousness have been identified and embraced by the company as the seven core pillars of AfriSam's ethical principles.

- **COMPLIANCE WITH THE LAW, RULES AND REGULATIONS**

The company recognises that apart from direct financial loss, AfriSam's reputation could be harmed and its market position jeopardised by non-compliance with applicable legislation and regulations. Non-compliance may alter public opinion on AfriSam and may adversely affect the behaviour of the company's customers, suppliers, business partners or shareholders. For this reason, employees are required to stringently comply with applicable laws and regulations.

- **GOOD CORPORATE GOVERNANCE**

AfriSam embraces good corporate governance aimed at ethically adding value, maximising returns and safeguarding people, assets and the reputation of the company. For this reason, directors and employees are required to avoid conflicts of interest, maintain the confidentiality of all privileged information, as well as protect and properly utilise the assets of the company.

- **COMPANY INFORMATION AND RECORD KEEPING**

AfriSam is committed to reporting high-quality integrated company information, including information relating to the company's finances, operations and sustainability. To this end, no undisclosed or unrecorded funds, liabilities or contingencies may exist except when specifically permitted by the accounting principles in use. The company strictly forbids the falsification of any information.

- **COMPLIANCE WITH THE CODE**

In living AfriSam's values of People, Planet and Performance the Board of Directors, Management and employees of AfriSam commit to adhering to the guidelines as stipulated in this Code. Contravention of any aspects of this Code will be viewed in a serious light. Ethical behaviour and business conduct contributes in a positive manner towards the future of employees, the company and AfriSam's stakeholders in general.

6.2 AfriSam Values

Our value system is a reflection of what we believe in as a company and guides the way we conduct our business. Our three core values of People, Planet and Performance are the thread that ties our business together and inform every decision that we make (the Values are described in section 1).

6.3 Zero Tolerance policy

The company has a Zero Tolerance policy for unethical behaviour. As such, we have a monthly communication mailer that is send out to all staff reminding them of this policy and simultaneously, educating them on types of unacceptable behaviour, our value system and general information to enforce this type of thinking. We also use the various communication channels to communicate this message and any specific incidents to keep our staff informed on the topic.

We encourage staff to report incidents of corruption, fraud, dishonesty and any other behaviour that violates our Code. Our Tip-Off anonymous hotline is a tool that employees can use to report any such incidents without fear of victimisation or of being identified.

Where there are violations, our company disciplinary procedure guides us on the course of action to be taken. This procedure is also aligned with and follows the principles and guidelines of the Labour Relations Act.



7 SOCIAL SUSTAINABILITY

7.1 Labour practices and decent work

At AfriSam, our employees are our most valued asset and the ultimate driver behind the success of our business. As such, we strive to create a rewarding experience through the adoption of various employee benefit programmes.

Our Human Resources practices focus on promoting the attraction and retention of the best people. We view employee development as a path to providing value to both our customers and employees. We operate in accordance to the Labour Code (1996) and have had no incidents of misconduct.

As at 31 December 2015, the company's total turnover was 9.24% of its total permanent staff complement, of which 3.72% was 'uncontrolled' due to retirement, death or disability while 5.52% was 'controlled' in the form of resignations. This remains well below industry standards.

AfriSam has a number of policies that demonstrates its commitment to provide employees with a workplace where fair labour practices and decent working conditions are the order of the day. These include its Remuneration Strategy & Policy, Remuneration Procedure and Job Evaluation.

Employees at AfriSam receive market-related packages and the company conducts regular surveys to ensure that its remuneration principles are benchmarked against industry best practice.

7.2 Workforce breakdown

AfriSam's workforce breakdown demonstrates its commitment to a diverse and inclusive workplace.

| PERMANENT EMPLOYEE BREAKDOWN AS AT 31 DECEMBER 2015 | | | | | | | | | | | | | |
|---|---------|----------|--------|-------|-------|--------------|---------|----------|--------|-------|-------|------------|-------------|
| | FEMALE | | | | | FEMALE TOTAL | MALE | | | | | MALE TOTAL | GRAND TOTAL |
| | AFRICAN | COLOURED | INDIAN | OTHER | WHITE | | AFRICAN | COLOURED | INDIAN | OTHER | WHITE | | |
| Non-management | 97 | 40 | 17 | 5 | 74 | 233 | 788 | 91 | 20 | 17 | 147 | 1063 | 1296 |
| Disabled employees | 9 | | | | 3 | 12 | 12 | 1 | | | 1 | 14 | 26 |
| Able-bodied employees | 88 | 40 | 17 | 5 | 71 | 221 | 776 | 90 | 20 | 17 | 146 | 1049 | 1270 |
| First line management | 27 | 12 | 6 | 1 | 39 | 85 | 75 | 34 | 23 | 6 | 103 | 241 | 326 |
| Disabled employees | | 1 | 1 | | | 2 | | | | | 1 | 1 | 3 |
| Able-bodied employees | 27 | 11 | 5 | 1 | 39 | 83 | 75 | 34 | 23 | 6 | 102 | 240 | 323 |
| Middle management | 8 | 6 | 11 | 2 | 24 | 51 | 19 | 8 | 16 | 6 | 53 | 102 | 153 |
| Senior management | 1 | | 2 | | 6 | 9 | 5 | 4 | 5 | 1 | 22 | 37 | 46 |
| Executive management | | | 1 | | 1 | 2 | 1 | 1 | 1 | | 3 | 6 | 8 |
| Total | 133 | 58 | 37 | 8 | 144 | 380 | 888 | 138 | 65 | 30 | 328 | 1449 | 1829 |

| REGIONAL BREAKDOWN | | | | | | | | | | | |
|--------------------|--------------|------------|---------|---------------|---------|------------|------------|---------------|-----------|--------------|-------------|
| BOTSWANA | EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LESOTHO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | SWAZILAND | WESTERN CAPE | GRAND TOTAL |
| 1 | 22 | 8 | 949 | 181 | 10 | 23 | 305 | 205 | 33 | 92 | 1829 |

7.3 Occupational health and safety

AfriSam is committed to the health and safety of all individuals and groups with which it engages while carrying out its daily business activities. The company has a deeply entrenched safety culture and runs continuous awareness campaigns to keep safety at the forefront of the minds of its internal and external stakeholders at all times. To this end, AfriSam has implemented health and safety programmes and principles which are aligned with international standards but are tailored to suit its people, and its production and distribution requirements.

As the transportation of its product is an integral part of the company’s business, AfriSam’s suppliers and contractors are involved in the ‘safety drive report’ programme, which entails regular checks of contractors’ vehicles for roadworthiness and the training of drivers for road safety awareness.

Safety performance

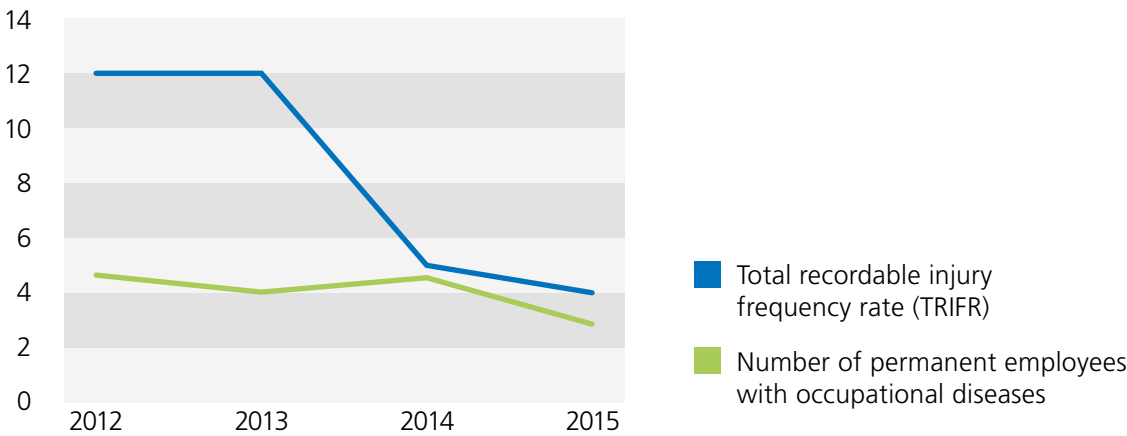
During 2015, AfriSam achieved its best safety performance since its measurement started in 2006. The company achieved a total recordable injury frequency rate (TRIFR) of 2.92 at the end of December 2015, which is well below the milestone rate of 5.12 set by the company. We are grateful that we did not suffer any fatalities or serious injuries during 2015.

Occupational health

All permanent staff undergoes medical surveillance monitoring. The frequency is risk-based, with most of our staff undergoing annual tests. Our medical surveillance tests are comprehensive, covering over 30 mandatory checks including tuberculosis, silicosis, noise-related hearing loss and AIDS.

All cases where an individual is tested positive for any of the above-mentioned issues are treated confidentially and with sensitivity. The authorities are notified of all reportable cases. Where feasible, the source of occupational disease is eliminated or reduced. Appropriate personal protective equipment (PPE) is also supplied. We have ongoing education and information sessions, which are normally conducted by occupational medical practitioners, occupational health nursing practitioners, peer educators and external service providers.

Employee injury rate and number of occupational diseases



In 2015, AfriSam achieved its best safety performance since it started measuring it in 2006



7.4 Training and education

At AfriSam we believe that our value of People is the ultimate driver behind our business and we strive to continuously empower and support our employees to be the best performing team. We therefore invest in the continuous learning and development of our employees to enable them to reach their full potential.

AfriSam has a dedicated Learning and Development (L&D) department with the objective of defining, designing, implementing, monitoring and evaluating all processes, methods, policies, procedures, systems and programmes that the company undertakes to train and develop its employees.

In 2015, on average employees spend about 5.5 days on formal training, over and above any on-the-job up-skilling and development received. All employees have formal personal development plans in place of which 99.3% of these were executed as per plan during 2015.

| SUMMARY OF HOURS SPENT ON FORMAL EMPLOYEE TRAINING | | | |
|--|---------|-------|--------|
| | FEMALES | MALES | TOTAL |
| African | 507 | 5 106 | 5 613 |
| Coloured | 257 | 1 162 | 1 419 |
| Indian | 89 | 240 | 329 |
| White | 411 | 2 268 | 2 679 |
| Total | 1 264 | 8 776 | 10 040 |

7.5 Diversity and equal opportunity

In 2015, AfriSam held Level 2 B-BBEE contributor status. The B-BBEE verification was performed by the National Empowerment Rating Agency (NERA).

In addition, AfriSam's inclusivity is demonstrated in its corporate social investment, enterprise and supplier development initiatives, as well as the employee breakdown as discussed earlier in this section.

8 PROTECTION OF HUMAN RIGHTS

Socio-economic development contributions consist of monetary or non-monetary contributions initiated and implemented by the company in favour of beneficiaries. The specific objective is facilitating sustainable access to the economy for these beneficiaries.

8.1 Community upliftment

Contributing to its host communities' development is one way in which AfriSam seeks to demonstrate its corporate responsibility for the good of all concerned. We recognise that being a good neighbour not only entails limiting environmental impacts, but also working with our stakeholders to improve their quality of life. In particular, we try to focus on areas that can make a difference to as many people as possible. These include education, development, conservation and legacy projects.

Projects during 2015 included:

HOOFWEG E-LEARNING AND RESOURCE CENTRE INVESTING IN EDUCATION

The community of Wesbank in the Western Cape has a new reason to celebrate, to be thankful and to dream even bigger. When the last brick was laid in the building of the multi-million rand multi-purpose e-Learning and Resource Centre, the lives of young learners in the community changed forever. A successful partnership between AfriSam, the Department of Mineral Resources and Airports Company South Africa made this possible.

With three primary schools and one secondary school in the area, more than 5 000 learners are expected to benefit from the centre.

The Principal of Hoofweg Primary Allystair Sauer couldn't be happier. "I am also happy that the centre will accommodate our elderly

community members through basic adult education and computer training classes. Since the launch in June, we are seeing a wonderful response from the community and a newfound confidence and enthusiasm from our learners."

The centre offers e-learning (teaching through information and technology), literacy, numeracy, IT literacy and library services. The library facility serves as the mainstream teaching resource for grade 4 – 7 learners, with the school using their existing media centre room for the foundation phase learners. The centre is fully integrated into Hoofweg Primary's school programme in the mornings and opened to surrounding schools and the community in the afternoons.



During 2015, **R11.5 MILLION** was invested in community upliftment projects

DONATION OF FIRE-FIGHTING EQUIPMENT
PROTECTING COMMUNITIES' LIVELIHOODS

AfriSam contributed towards the safety and prosperity of local community members when it donated much needed fire-extinguishing equipment to emerging farmers at Koopmansfontein farm in the Frances Baard District Municipality, Northern Cape. The donation included 15 backpack fire-extinguishers, as well as a water tank with a 760-litre holding capacity.

Frequent veld fires at the farm put the crops and the lives of the farmers at risk and AfriSam's Ulco operation always responds to the community's call for assistance by dispatching its own fire team to stop the fire.

However, Koopmansfontein farm is 30km away from the Ulco operation and by the time the fire team arrives onsite, some damage to crops and property has already occurred.

With the donation of the backpack fire-extinguishers and water tank to the farmers at Koopmansfontein farm, AfriSam has empowered the local community to control the fire until the Ulco fire team arrives. This will greatly assist in protecting the crops, lives and livelihood of the farmers and their dependants.



AfriSam lends a helping hand to emerging farmers

CHEERS TO OUR GRADUATES
EMPOWERING THE YOUTH

AfriSam's partnership with Delta Environmental Centre (DEC) has yielded positive results with the successful graduation of all sponsored students. The company teamed up with the DEC last year to offer youth in the North West province an opportunity to study in the environmental education sector.

Now a year later, all students from Wolmaransstad have completed their accredited short courses in the Youth Environmental Services (YES) programme. The learners will be awarded with a national diploma in Environmental Education, Training and Development Practice on completion of the 240 credits required at Level 5 on the National Qualification Framework.

The 'give youth a green chance' initiative was launched by Minister of Environmental Affairs Edna Molewa in 2013 for learners who expressed an interest in being part of the YES Programme in the province.



At the Kutlwanong Home Craft Development Trust, community members gain skills that can contribute to their livelihoods

KUTLWANONG HOME CRAFT DEVELOPMENT TRUST
NURTURING ENTREPRENEURSHIP

AfriSam funds the Kutlwanong Home Craft Development Trust which aims to empower marginalised individuals and communities to improve their lives through equipping them with life skills in sewing and catering. The project also focuses on developing entrepreneurial skills as a form of empowering its participants to be self-reliant and self-employed. About 66 people are trained every year, enabling them to generate income from their new skills. The courses offered span 16 weeks and are accredited by the services SETA. The trust was registered in 2001 and to date over 1 000 students have been trained at Kutlwanong.

8.2 Protection of human rights

AfriSam has a number of policies and procedures in place to ensure that the company provides a workplace where every stakeholder is treated with dignity, respect and fairness.

These policies make provision for the protection from discrimination, forced labour, exploitation through excessive overtime, harassment and nepotism, among others, while also providing employees with a workplace that promotes diversity, accessibility for the disabled, as well as mechanisms to manage grievances in a fair manner.

In 2015, an allegation of racism was reported at one of our cement operations in the Northern Cape. This matter received urgent priority from AfriSam's Executive Committee and as a subsequent action, this operation participated in an extensive diversity management programme. This matter has been resolved with all employees focusing on team cohesion moving forward.

AfriSam believes in the freedom of association and have recognised agreements in place with three trade unions namely the National Union of Mineworkers (NUM), Solidarity and Building Allied Mining and Construction Workers Union (BAMCWU).

Percentage of employees belonging to a trade union:

| UNION MEMBERSHIP AS % OF ALL EMPLOYEES | |
|--|--------|
| UNIONISED | 48.83% |
| NON-UNIONISED | 51.17% |



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