



From the office of the President

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To our Stakeholders:

I reaffirm the Dangote Group's commitment to an ethical approach in all our dealings with our various stakeholders, according to the 10 Principles of the United Nations Global Compact, which encompass our fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

As part of our commitment to these principles, we took some key actions to implement the Global Compact Principles in our processes, during the outgoing year. They include the establishment of a Health, Safety, Social and Environment (HSSE) Department within the Group, and the formulation of our HSSE Policy, which we have communicated to our stakeholders. These developments are in line with our avowed commitment to ensuring that we operate according to global best practices.

Our Communication on Progress (COP), which is attached, highlights the specific details of our activities. We will share this information with our stakeholders through our various communication channels. We will strive to uphold these principles that have contributed immensely to our enduring success story, both within and outside the shores of our home country, Nigeria.

We will also remain committed to maintaining a culture of integrity and transparency that we have established in our operations.

Yours sincerely,

ALIKO DANGOTE
President/Chief Executive

Introduction

Dangote Industries Limited (or the Group) as a signatory to the United Nations Global Compact, strives to align its operations and activities to the 10 principles governing all signatories. This Communication on Progress (COP), is from January 2016 to December 2016.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights' abuses.

Assessment, Policy and Goals

Human rights policy is aimed at providing equal opportunity for both sexes and all races. Several high positions in the Business Units are occupied by women. One of the subsidiaries, NASCON Allied Industries Plc has a female chairman of Board of Directors. Both sexes are represented on the boards of the different subsidiaries.

The Group has a robust policy as regards:

- Recruitment and selection policy
- Disengagement policy
- Equitable compensation policy
- Training and development
- Staff appraisal and promotion policy
- Reward and recognition policy
- Leave categories; annual, maternity, compassionate, exam, study
- Grievances procedure and discipline.

Company policies are documented in the staff handbook and communicated to staff as reminders from time to time via internal memos.

Dangote Group operates a transparent and competitive process of employment. Openings and vacancies are advertised for qualified candidates to apply. The principles underlying the recruitment process are fairness, credibility, equal opportunity, merit and optimizing of career prospects for staff.

In cases where conflicts arise between subordinates and superiors, there are established channels for resolution. Staff found wanting or involved in criminal activities face disciplinary panel to determine the degree of the offence and the appropriate measures. The staff have access to fair hearing and where they disagree, they can apply to the courts.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Union membership:

The Group recognizes the right of staff to engage in trade unionism. Employees are allowed to voluntarily join or exit from and participate in trade union activities. Registered trade unions help in proactive management of industrial disputes.

Dangote Group staff are members of the following trade unions:

- Association of Food, Beverage and Tobacco Employers(AFBTE)
- Textile Garment and Senior Staff Association

- National Union of Textile Garment & Tailoring Workers of Nigeria
- Maritime Workers Union of Nigeria
- National Union of Food, Beverage, and Tobacco Employees
- Food, Beverage and Tobacco Senior Staff Association

Dangote Group is a member of Cement Manufacturers Association of Nigeria, Manufacturers Association of Nigeria etc.

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goal

Dangote Group adheres to all labour legislations within the countries it operates. The Group does not permit nor engage in child, forced or compulsory labour.

Staff are required to give the standard one month notice or in lieu of a month salary when they want to resign. As a proactive conglomerate, it has developed a crisis management manual detailing how to prevent flashpoints from developing and in the case of crisis, how to manage and reduce the impact.

Applicants for vacant positions are considered on their merit, qualification and experience. Gender, race and religion are not factors in determining employment prospects in the Group.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

The Group recently adopted a Health and Safety, Social and Environmental (HSSE) Policy, which has to be implemented by all Dangote's Business Units and operations. The policy emphasizes the importance for the Group, as a regional player, to comply with relevant laws and regulations, continuously improve its HSSE performance, build positive and sustainable relationship with its key stakeholders, and communicate its progress with regard to HSSE. A number of HSSE Group Standards will be issued with the aim of providing the operations with guiding tools for the implementation of good management practices in some key areas for the business such as HSSE risk management, stakeholder engagement, community investment, land acquisition and resettlement, occupational health and safety, energy and carbon emissions, incident reporting and investigation, and HSSE monitoring and reporting. This process has already started and is expected to be completed by the end of 2017.

Implementation

A Group HSSE team was established in 2016 as a first step in the HSSE policy implementation process. In addition, Business Units and Projects are currently in a process of enhancing their HSSE capabilities, mainly through recruitment of experienced personnel. In fact, capacity building is considered a key pre-condition in the three-year HSSE implementation strategy. Other key elements of such strategy include (i) the engagement and commitment of both Group and BU leaders, (ii) comprehensive understanding of HSSE impacts and risks resulting from Group activities, (iii) implementation of Group key HSSE standards, and (iv) HSSE monitoring, auditing and reporting.

Measurement of outcomes

The comprehensive and structured monitoring of Group's HSSE performances will effectively start in 2017 and this will provide a measure of our progress in HSSE Policy and Standards implementation. However, at present, the preliminary effects of Group HSSE efforts are an increasing management and staff awareness to environmental, health and safety, and social risks resulting from Group activities, particularly from those with potential higher impacts (i.e. oil refinery, fertilizer, cement), and the adoption, at the design phase, of new plants of state-of-art technologies embedding environmental and safety criteria in line with stringent international standards, such as those defined by the World Bank Guidelines.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

As defined by Transparency International, Dangote Group sees corruption as 'the misuse or abuse of entrusted power for private or business gain; any act that seeks to compromise the integrity of an office, a process, or law for personal or own business effect.' It includes bribery, fraud and other related offences.

The Group is committed to the highest standards of ethical conduct in all its endeavours. It has zero tolerance for bribery and corruption, and other forms of unethical practices among employees, between the Group and its employees, and with all external parties.

Dangote Group's anti-corruption policy is robust and recognizes that fraud occurs only when the opportunity creates itself where internal controls are weak, people are greedy or in dire need, and people act on personal convictions. All forms of controls are deployed to ensure that appropriate mitigation is in place for entity and process level controls. Periodic fraud risk assessments are conducted to ensure that actual and likely fraud risks are identified and treated promptly.

Entity level controls include the strict implementation of the Group's Code of Conduct and Ethics, and its whistle-blower procedures amongst others.

The Group has issued the following guidelines on anti-corruption:

- Integrity

Integrity is an essential component of the Group's relationship with its employees, customers, and external stakeholders. All employees are

required to exhibit utmost integrity in their personal and business relations, and demonstrate honesty in the discharge of assigned duties and responsibilities. No staff is permitted to ask for, receive or agree to receive from a customer, contractor or supplier to the Group, anything of value for his/her personal value in consideration of services rendered, being rendered or to be rendered.

- Prohibited payments

The Group prohibits all inappropriate payments of any kind. Staff are banned from using the Group's funds or assets for any unlawful purpose, including making or offering to make any payment of money directly or indirectly, to obtain undue advantage in the conduct of business.

- Gift items

Employees shall not seek or accept, directly or indirectly, gifts, entertainment opportunities or other types of gain or benefit from anyone soliciting or doing business with Group.

- Facilitation payments

The Group prohibits payments being made to bribe government or public officials to secure or expedite the performance of a routine business activity involving any subsidiary of the Group.