

The Dangote Women's Network leadership at its annual workshop endorsed corporate aspirations to 'inspire' and 'sustain' through "The Dangote Way: 7 Pillars", including Group Executive Directors, Halima Dangote and Fatima Dangote, Group Chief Risk Officer, Dr Nike Fajemirokun, Group Chief Tax Officer, Titi Fowokan and Group Chief Sustainability & Governance Officer, Dr Ndidi Nnoli.

## Sustainability

As one of Africa's leading manufacturers, we are conscious that we must conduct our business in a manner that is sustainable for our stakeholders, our economy and our environment.

The Dangote Way	50
Financial sustainability	58
Institutional sustainability	61
Operational sustainability	63
Cultural sustainability	65
Economic sustainability	68
Social sustainability	71
Environmental sustainability	74

## The Dangote Way



DR NDIDI NNOLI Group Chief, Sustainability & Governance

Over the past decade, the profitability and strong cash generation of Dangote Cement's operations in Nigeria have enabled the expansion of our business across Sub-Saharan Africa, with a mixture of integrated, grinding and import facilities to meet the demands of local markets.

We have invested billions of dollars to develop skills, create local value and build new capacity across Africa to support industrialisation that is mindful of the need to develop sustainable local economies in our countries of operation.

We have contributed towards Nigeria's self-sufficiency in cement, with additional potential to improve the country's balance of trade through cement exports.

Furthermore, we have created thousands of jobs across the continent by developing factories, logistics, sales, distribution and support services.



MASSIMO BETTANIN Group Chief, Health, Safety & Environment

We play an important role in all of the economies in which we operate and consciously strive to support local businesses that service our operations. This, in turn, improves the lives and prospects of our host communities and countries.

Beyond global best practices, we understand that to fully implement and sustain our sustainability strategy, there is a need to engage all our stakeholders in developing our strategy, approach and implementation of our sustainability programme.

We believe that impact assessment is crucial to understanding the roles that key players must play in order to change their social and economic environments.

To achieve this, we have developed a framework towards sustainability across seven sustainability pillars, which we call *"The Dangote Way"*.

These seven pillars encompass our corporate values and provide a "We have invested billions of dollars to develop skills, create local value and build new capacity across Africa to support industrialisation that is mindful of the need to develop sustainable local economies in our countries of operation"

model around which our sustainability reporting is centered.

Our sustainability pillars have been developed through an extensive stakeholder engagement process, led by the Sustainability and Governance Department of the Dangote Group.

They embody the Dangote approach to sustainability and reflect our unique approach towards engendering sustainability as a process across our operations, and the commitment we have to embed at every level of our operations, with support from the highest levels of governance within the organisation.

As is clear from the diagram opposite, we regard the Cultural pillar as one that is integral to all the others. It is therefore imortant that we observe these cultural values when we consider all other aspects of the Company and its efforts towards achieving profitable and sustainable business operations across the African continent.

### **7 Sustainability Pillars** "The Dangote Way"

### **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.



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 a respect for cultural diversity and giving back to the societies in which we operate. To achieve this, we actively encourage teamwork, empowerment, inclusion, respect, 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

### 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





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.

## Our commitment to sustainability reporting

As the global population rises and urban infrastructure expands, building sustainable cities is both a challenge and a priority. As Africa's leading cement producer, we have the ability to make a real impact on whether that expansion is managed in a sustainable way, not just for the environment but for our Company.

Every one of us is committed to making it a priority to share our sustainability journey, goals, programmes and initiatives with all stakeholders. As we align our efforts with both domestic and international standards on sustainability reporting, this report builds on best practices encoded in:

- The Rulebook of the Nigerian Stock Exchange (Sustainability Disclosure Guidelines);
- United Nations Global Compact (UNGC), which is a principlebased framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption;
- Global Reporting Initiative: Global Standards/G4 Sustainability Reporting Guidelines;

- Cement Sustainability Initiative: Key Sustainability Issues.
- Sustainable Development Goals (SDGs)

In line with our approach to sustainability, we have exceeded our commitment to the three-year road map published in our 2016 Annual Report, by initiating the development and implementation of a robust sustainability reporting process, methodology and benchmarking against international best practices. This roadmap is set out below.

### 2016

- Benchmarking: Lafarge, CEMEX, PPC, ACC;
- Selection of pilot KPIs to monitor and report (Fatalities, FFR, LTIs, LTIR, GHG, water);
- Monitoring of the reporting framework we have developed;
- Preliminary identification of applicable reporting standards;
- Reporting guidelines in line with CSI standards developed and communicated to all sites;
- Management review of pilot results.

### 2017

- Detailed management review of pilot results to improve reporting reliability and consistency to be completed;
- Identification of key stakeholders and understanding of their expectations;
- Identification of KPIs to report based on CSI/UNGC review and stakeholder expectations;
- Foundation training for relevant staff.

### 2018

- Review of CSI KPIs and UNGC requirements;
- Development of procedure/criteria for materiality assessment;
- Roll-out of the monitoring and reporting system across the business to include depots and transport;
- Internal data assurance;
- Identification and set-up of targets for improvement, taking into account stakeholders' expectation and business needs/resources;
- Management review of monitoring/reporting content (i.e. materiality, stakeholder inclusiveness, completeness) and quality (i.e. comparability, accuracy, clarity, reliability, etc.).
- Baseline studies against GRI and CSI standards.
- Intermediate and professional training of relevant staff.



# Benchmarking our performance against global best practice

We benchmark the performance of our 7 Sustainability Pillars against global indicators including the Cement Sustainability Initiative of the World Business Council for Sustainable Development (WBCSD), which merges human rights laws from the International Labour Organisation's five core labor standards and the United Nations' Universal Declaration of Human Rights.

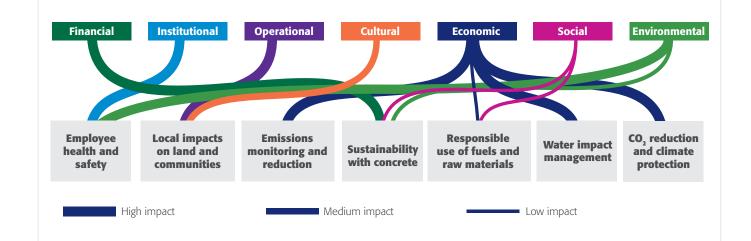
In working towards the CSI benchmarking exercise, we have focused on the four main work areas outlined below:



World Business Council for Sustainable Development

### The World Business Council for Sustainable

**Development** is a CEO-led global advocacy association of some 200 international companies, dealing exclusively with business and sustainable development



## 1. GHG emissions and climate protection

Our GHG emissions are assessed monthly and the data reported to management and Group HSSE for discussion during monthly Executive Committee meetings.

## 2. Responsible use of raw materials

Our operations are dependent on having long-term access to mineralbased raw materials in the vicinity of our plants. These raw materials are sourced locally from our quarries and the overburden removed is used for land reclamation after mining.

### 3. Occupational health & safety

We endeavor to adopt technical and organisational best practices to continuously improve our H&S performance. The Group HSSE team has deployed a Group-wide HSE reporting framework to track collective performance indicators on health and safety.

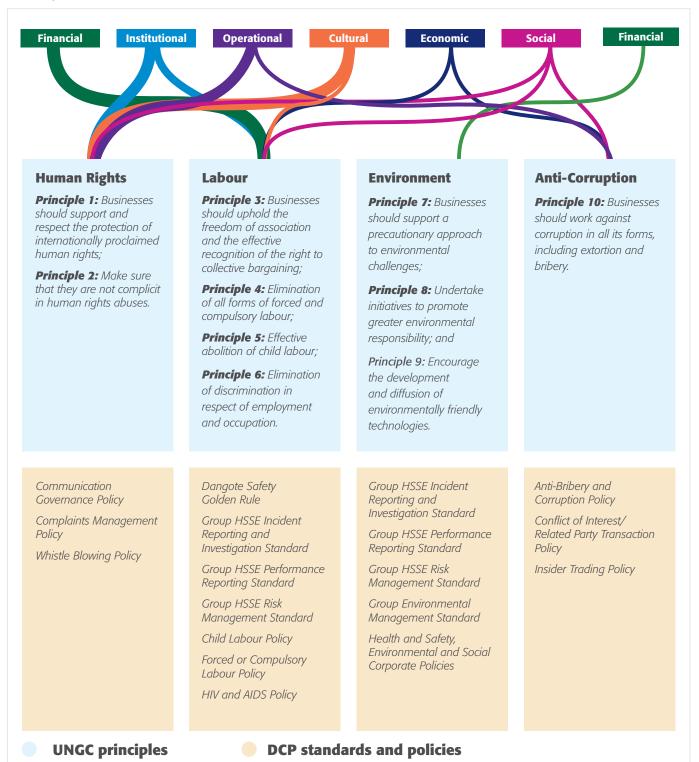
## 4. Local impacts on land and communities

We aim to create value not only for our Company but also for the communities in which we operate. At all of our plants we have a Community Development Agreement that is discussed and agreed with the community. Our contributions from these activities have ranged from building of schools, hospitals to renovation of community facilities.

### Aligning our 7 Sustainability Pillars to the UN Global Compact

Aligning with the principles of the United Nations Global Compact, our 7 Sustainability Pillars ensure that our sustainability strategy is embedded within our value system and corporate culture. They incorporate a principled approach to how we do business by documenting and formalising the unique and integral culture that will drive our sustained success across the African continent.





### Aligning our 7 Sustainability Pillars to the Sustainable Development Goals (SDGs)

The UN's Sustainable Development Goals (SDGs) clearly recognise the role of businesses in sub-national, national and global development.

At Dangote Cement we are continuously developing frameworks that enable us make material contributions to sustainable economic development at a global level, with a specific focus on our home market of Sub-Saharan Africa.

The 17 Sustainable Development Goals (SDGs) and their 169 related targets of the 2030 Agenda were adopted by world leaders in September 2015. These goals seek to address the most important economic, social and environmental challenges to governance in our time.

We contribute directly and indirectly to each and every SDG as we recognise the importance of our alignment to these goals.

SDGs	DCP Impact
1 <sup>NO</sup> ₽overty <b>Ň¥ŤŤŤŤ</b>	<ul> <li>Creating jobs in local communities, for example we have more than 15,000 staff in Nigeria.</li> <li>Providing competitive wage rate that exceeds the national minimum wage.</li> <li>Supporting local entrepreneurial initiatives including Micro SME programmes to promote access to finance, business development activities and access to markets.</li> </ul>
2 ZERO HUNGER	<ul> <li>Supplementing low-harvest periods with our annual food support program to local women across our areas of operations.</li> <li>Providing jobs to residents of our host communities. For example, we have provided 632 direct jobs for Ogun State residents, 491 direct jobs for Ibese residents and enabled 530 jobs via awarded contracts.</li> </ul>
<b>3</b> GOOD HEALTH AND WELL-BEING	<ul> <li>Providing healthcare clinics for local communities near our Obajana plant</li> <li>Providing healthcare facilities for staff at plants</li> <li>Providing access to clean water through borehole drilling initiatives</li> </ul>
4 QUALITY EDUCATION	<ul> <li>Providing high-quality, industry-focused technical and management training to staff through Dangote Academy.</li> <li>Demonstrating commitment to education through the award of annual scholarships to students in our host communities, enabling equal and social mobility opportunities regardless of circumstances of birth. For example, we award annual scholarships of NGN10million per year in Gboko and have awarded scholarships in Ibese year on year- since 2012.</li> <li>Improving school enrollment rates by removing financial barriers through scholarship programs. In Aga Olowo, near Ibese, we have built classrooms that have saved students from travelling long distances to other schools.</li> <li>Promoting quality education by building classrooms, providing books and equipping science laboratories, improving the curriculum, awarding scholarships to qualified individuals and supporting enhanced training of teachers.</li> </ul>
5 GENDER EQUALITY	<ul> <li>Fostering business relationships with women-owned enterprises as a good percentage (over 40%) of our suppliers are women.</li> <li>Ensuring the inclusive growth of our women via the Dangote Women's Network initiative.</li> </ul>

SDGs	DCP Impact
6 CLEAN WATER AND SANITATION	<ul> <li>Basing our manufacturing process on minimal water consumption.</li> <li>Recycling water at our cement manufacturing plants.</li> <li>Harvesting of rain water for cooling purposes at our plants.</li> <li>Providing clean water through several borehole projects. For example, we have constructed 21 boreholes in Ibese.</li> <li>Extending pipe water from our treatment plant for community use in Gboko.</li> </ul>
7 AFFORDABLE AND CLEAN ENERGY	<ul> <li>Use of cleaner fossil fuel of natural gas at our largest Nigerian plants, making use of other sources of fuel as a necessary alternative when the gas supply becomes unreliable.</li> <li>Well over \\$100m has been invested in rural electrification for our host communities.</li> </ul>
8 DECENT WORK AND ECONOMIC GROWTH	<ul> <li>Complying with labour laws and providing safe and healthy working environment for our employees.</li> <li>Creating economic opportunities for local suppliers.</li> <li>Building and upscaling skills and knowledge to make individuals ready for absorption into the industry, through the Dangote Academy (via junior, vocational and graduate engineers training schemes.</li> <li>Continuously contributing to the Nigerian economy in terms of GDP growth, employment, diversification of the economy and balance of trade</li> </ul>
9 INDUSTRY, INNOVATION ANDINFRASTRUCTURE	<ul> <li>Introducing higher-quality, stronger cement like the Dangote 3x (42.5R grade) cement.</li> <li>Building plants with new and innovative specifications to reduce energy usage.</li> <li>Intensifying our efforts to maximise use of locally sourced inputs such as coal and gypsum.</li> <li>Constructing and repairing roads to improve access, interconnectivity and promote economic growth in our host communities. In Ibese, we spent about ¥3.8B on roads that have boosted economic activities along the route via significant appreciation of land, the opening of new businesses and improved mobility for products including farm produce, which helps to improve sales and distribution and reduce wastage of food.</li> </ul>
10 REDUCED INEQUALITIES	<ul> <li>Improving economic activities in rural, host communities that have now turned into thriving commercial centres evidenced by significant value appreciation of local land.</li> <li>Upskilling and creating employment in the communities where we operate improves access to opportunities for economic empowerment in rural areas.</li> <li>Executing direct economic empowerment initiatives with sensitivity to women and other vulnerable groups has contributed to better economic integration and reduced inequalities.</li> <li>Providing clean water through several borehole projects across our host communities. For instance, 21 borehole projects have been completed in Ibese.</li> </ul>
11 SUSTAINABLE CITIES	<ul> <li>Providing high quality cement at affordable prices contribute to the goal of achieving well-built, safe and affordable housing for all.</li> <li>Our CSR initiatives are developed with high sensitivity to the vulnerable and neglected, thus resulting in prosperous, peaceful and more sustainable communities.</li> </ul>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul> <li>Restoring mined land via reclamation strategy for use in agriculture and other purposes.</li> <li>Consuming water in the production process responsibly.</li> <li>Using rain water for cooling processes.</li> <li>Committing to the implementation and maintenance of the National Industrial Standards ISO 14001:2004 Environmental Management System (EMS).</li> </ul>

SDGs	DCP Impact
13 CLIMATE	<ul> <li>Producing cement responsibly, limiting CO<sub>2</sub> emissions to globally acceptable standards.</li> <li>Investing in state-of-the-art bag filters and electrostatic precipitators at all plants to ensure minimal dust emissions, making DCP one of the industry's cleanest cement companies in Nigeria and across Africa.</li> </ul>
14 LIFE BELOW WATER	<ul> <li>Adopting a manufacturing process with minimal water consumption.</li> <li>Adhering strictly to non-discharge of toxic waste water or water pollutants.</li> <li>Using rainwater to carry out cooling functions at our plants to lessen the pressure on other water sources.</li> </ul>
15 UFE ON LAND	<ul> <li>Using relevant policies to curtail and bring within acceptable standards hazards to land associated with limestone mining and cement production such as dust emission, destruction of natural ecosystem, noise pollution, wastewater discharge, water acidification and deforestation.</li> <li>Minimising our impact on the natural environment where possible.</li> </ul>
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul> <li>Adopting responsible procurement policies and practices that allow for fair and transparent competition and zero tolerance for bribery and corruption.</li> <li>Adopting a strong stance against child labour and other irresponsible labour practices here at DCP and from our suppliers.</li> <li>Ensuring a safe work environment for all staff and external parties to keep at the least possible hazard level at our work sites.</li> <li>We help in providing relief materials to victims and Internally Displaced Persons (IDPs) in some conflict areas.</li> </ul>
<b>17</b> PARTNERSHIPS FOR THE GOALS	<ul> <li>Participating in initiatives, partnerships and forums like GCCA and CSI that promote sustainable and responsible cement manufacturing practices.</li> <li>Partnering with technical schools and universities via the Dangote Academy to improve skills for the industry and youth employment creation.</li> <li>Committing to the Global Compact initiative with periodic communication on progress.</li> <li>Collaborating with international organisations, governments and other private sector players to make SDGs mainstream on a national scale and global scale.</li> <li>Collaborating with NGOs to conduct vocational training to youths in our host communities. For example:</li> <li>Conducted vocational training for 50 youths in conjunction with the Otunba Ibikunle Foundation, for learning bead making, tie and die, graphic printing</li> <li>Dangote Academy partnering with VETA (Vocational Education Training Authority) on training technicians for our plant in Tanzania.</li> </ul>



## Financial sustainability

As the largest public company in Nigeria and one of only three companies with a Premium Listing on the Nigerian Stock Exchange, we are committed to ensuring we maintain profitable financial sustainability that in turn creates direct and indirect contributions to national economic development. We quantify these impacts as our *Gross Value Added*.

Furthermore, we operate in line with international financial reporting

standards and ensure adherence to best practices in corporate governance through structures and policies that consistently comply with all relevant laws and regulations in the countries in which we operate.

Description		
Direct economic value generated		
Financial implications and other risks and opportunities due to climate change		
Align the financial system with sustainability indicators ROI, ROE: creating value beyond shareholders, to include employees and external stakeholders; strengthening financial system governance and regulatory oversight with respect to the triple bottom-line Driving consistent profitable growth in tandem with the other Pillars Regional growth as a Pan-African player		
DCP Pillar indicators		
Credit ratings		

### Our impact

Our mission "To deliver strong returns to shareholders..." builds on the Dangote Group's founding vision of being "...a world class enterprise that is passionate about the standard of living of the general populace and giving high returns to stakeholders".

These statements underline our commitment to shareholders and stakeholders alike.

Our Financial Sustainability Pillar is the cornerstone for the unprecedented growth and impact achieved by Dangote Cement over the years.

### **Our return to shareholders**

As Africa's largest cement company, we have sustained high levels of

financial performance, enabled by disciplined business practices and sound investment strategies across Africa.

Our commitment to growth and expansion has been accompanied by a strong commitment to provide returns for shareholders through annual dividend payments that are recommended by our Board and approved by shareholders.

Our history of dividend payments predates our listing on the Nigerian Stock Exchange in 2010. We have consistently paid annual dividends with recent payments per share of ₦7.00, ₦6.00, ₦8.00, ₦8.50 and ₦10.50 between 2013-2017. The capital gains from our shares have also been strong since we went public. in 2010. Our shares began trading at ₩122 at the time of listing and traded at ₩265 per share on the Nigerian Stock Exchange in March 2017.

This sustained increase in value reflects our consistent growth in revenue and profitability and our return on investment for shareholders.

It also reflects continuing institutional demand for our shares and we regularly engage with major international pension funds around the world to discuss potential investment in our Company.

## Sustainability

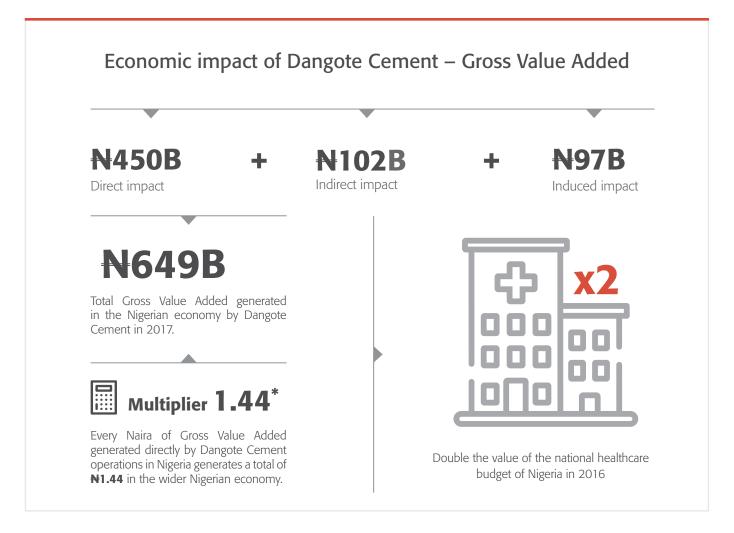
Financial indicators	2015	2016	% change	2017	% change
Revenue (₦B)	491.7	615.1	25%	805.6	31%
EBITDA margin	53.4%	41.8%	-11.6pp	48.2%	6.4pp
Net debt/EBITDA	0.78x	0.94x	0.16x	0.52x	-0.42x
Net gearing	31.7%	33.2%	1.5pp	26.1%	-7.1pp
ROCE	20.9%	18.5%	-2.4pp	26.8%	8.3pp

### Our return to stakeholders

We contribute to the general economic sustainability of the countries in which we operate by creating hundreds of

direct and indirect jobs, paying wages, favoring local procurement where possible and by paying applicable local taxes in our host countries.

All of these activites contribute to sustainable value creation in all sectors of the local host economy and the wider national economies.



We measure our wider impact by calculating our Gross Value Added (GVA)\*\*, which is a metric also used by the Federal Government of Nigeria to measure the direct contribution of each individual producer, industry or sector in the Nigerian economy and quantify its overall contribution.

When summed for all Nigerian businesses, GVA represents the total contribution of business entities to the creation of GDP.

<sup>\*</sup> Presented multiplier refers to the impact generated among suppliers and sub-suppliers (indirect impacts) as well as the induced impact of household spending on the economy).

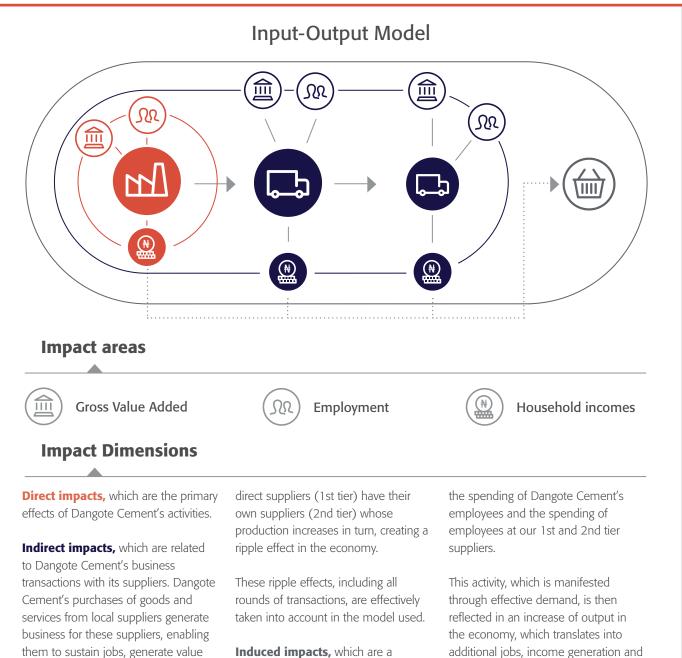
It does not account for impacts generated across distributors and retailers. \*\* The following formula was used to calculate the GVA of Dangote Cement: Total revenues – bought-in materials and services.

### **№101.489 trillion** - GVA in the Nigerian economy in 2016

8.8% represents the GVA contribution of the manufacturing sector to GDP (#8.903 trillion) 7.3% represents the GVA contribution of the cement industry to Manufacturing (#630B<sup>2</sup>) Of the total GVA attributable to the cement industry, DCP contributes around 70% (N450B)

Through the use of the Input-Output model for the Nigerian economy, we are able to present our total contribution to the Nigerian economy, including our direct, indirect and induced impact, as explained below. By ensuring financial sustainability through the generation

of strong revenue streams and local procurement, we contribute to value creation across all sectors of the economy.



Induced impacts, which are a consequence of the additional activity created in the economy through

additional jobs, income generation and value creation.

2 Estimate based on the GDP contribution of the Nigerian cement industry

added and income. But the effects

do not end there: Dangote Cement's

## Institutional sustainability

Our approach to institutional sustainability involves balancing the interests and objectives of our internal and external stakeholders. We are committed to embedding sustainability in every aspect of our

operations, driven by the highest level of governance. This, in turn, provides strong guidance on the way we do business. We believe that effective governance drives high levels of performance, encourages

trust at all levels of the organisation and ensures the sustainability of Dangote Cement as an organisation. It also encourages investment that we can deploy to the benefits of our stakeholders and to society.

GRI disclosures	Description
Governance structure	102-19 Delegating authority
GRI 102	102-20 Executive-level responsibility for economic, environmental, and social topics 102-21 Consulting stakeholders on economic, environmental, and social topics 102-26 Role of highest governance body in setting purpose, values, and strategy 102-29 Identifying and managing economic, environmental, and social impacts
	102-30 Effectiveness of risk management processes 102-31 Review of economic, environmental, and social topics
	102-32 Highest governance body's role in sustainability reporting
	102-33 Communicating critical concerns 102-34 Nature and total number of critical concerns
	102-35 Remuneration policies 102-36 Process for determining remuneration
	102-37 Stakeholders' involvement in remuneration 102-38 Annual total compensation ratio
	102-39 Percentage increase in annual total compensation ratio

#### DCP disclosures

Corporate governance policies and structures Tax compliance Investment/investor relations disclosures Legal and regulatory compliance Strategies, policies and standards Succession planning

#### **DCP Pillar indicators**

Regulatory compliance Responsible tax payment Corporate governance policies Institutional capacity Employee Code of Conduct Succession planning Talent attraction and retention

### Our Impact

### **Institutional capacity**

Our governance policies and practices are designed to ensure institutional sustainability, where business is conducted in an objective, fair and transparent manner that conforms to

high ethical standards. These enable responsible operations driven by highly qualified and committed employees, as well as the creation of strong and sustainable relationships with customers and suppliers.

As one of the largest employers in Nigeria, with more than 15,400 employees in Nigeria and 24,000 employees across Africa, we seek to attract and retain the best talent to ensure the success of our business.

### **Succession planning**

At Dangote Cement, we understand the importance of undisrupted business operations to profitability. Succession planning is therefore a strategic priority for us in order to maintain the stability, viability and bottom line of our Company. Ensuring a smooth transition of our top-level managers remains one of our most important priorities. We have looked beyond the Senior Exective level and ensured that our succession planning efforts permeate all levels of staff in the form of our Business Continuity Management Strategy. Our succession planning policy for senior management incorporates strategic talent development through a process of identifying and preparing employees with strong potential for mentoring, training and development to enable them move into a higher role. Leadership transition is a strategic initiative driven by the Board and embraced by Human Resources and the Executive Team. It is an ongoing process, not one that is triggered by an impending departure.

This focus on institutional sustainability is in line with our strategy to become

the leading global player in the cement industry. We will continue to focus our efforts on expanding our operations beyond Nigeria, and aligning our human capital and organisational development to support the sustainability of our ambitious business goals. In 2017, Dangote received the ISO Certification for Business Continuity Management. This provides assurance that we have the people and resources required to respond to and resume business in the event of a major disaster, with minimal financial losses, reputational damage or business shutdown.



#### **Regulatory compliance**

As a listed company, we adhere strictly to the SEC regulations for listed companies as well as the Nigerian Stock Exchange (NSE) Guidelines for Listed Companies (the "Green Book").

### Dangote Cement received an NSE Award for the Most Compliant Listed Company in 2017.

In addition we strive to comply with the laws and regulations of the countries in which we operate. We understand the importance of compliance with tax regulations and the overall importance of tax payments in building the Nigerian economy. We are committed to increased transparency on taxes paid. In the interests of transparency, we report on taxes paid per region on an annual basis in our Annual Report and Accounts.



## Operational sustainability

Our focus on operational sustainability involves maximising the addition of value to raw material and local content, including technical and product development expertise, in order to more comprehensively and cost effectively serve the needs of our customers. But operational sustainability must take account of economic and environmental considerations as well. Therefore, we are constantly

striving for improvements in all our operations. This includes the use of energy efficient technology, increasing the use of by-products for production and reducing our dependence on fossil fuels.

GRI disclosuress	Description	
GRI 308	Supplier environmental assessment	
GRI 102-9	Supply chain	
GRI 414	Supplier social assessment	
GRI 204	Procurement practices	
GRI 301-306	301: Materials; 302: Energy; 306: Effluents and Waste	
DCP disclosures		
Operational efficiency; resource management; energy efficiency; innovation; supply chain management; procurement		
DCP Pillar indicators		
Resource management; local content development; operational efficiency; innovation; supply chain management		

### Our Impact

### **Resource management**

Our operations depend on long-term access to raw materials in 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, including water management, as a key strategic goal.

### Local content development

Local content is a requirement for companies to use domestically manufactured goods or domestically supplied services in order to operate in an economy. We prioritise local resource utilisation and have explored backward integration where appropriate to source critical inputs. This, in turn, helps local economies achieve greater self-sufficiency and more sustainable economic growth.

For instance, in Nigeria we use coal mined locally by Nigerian companies including our parent, Dangote Industries. This supports local jobs and reduces the need for imported coal, which in turn helps Nigeria's trade balance.



### **Operational efficiency**

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 give a higher volume of cement per Kg of clinker used, which reduces energy usage and CO<sub>2</sub> emissions per Kg of cement produced.
- 00

Vertical roller mills for raw material, coal and cement grinding which are 40-50% more efficient of traditional ball mills and allow the creation of finer, stronger cement.



Mechanical material transport and transfer system equipped only with conveyors and bucket elevators which are up to 80% more efficient that 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 allow a better process control with direct effect on the quality of our cement and indirectly a 3-5% energy reduction compared to plant 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. VSD can reduce input power by 40-80% (depending on the % flow rate) compared to dampers.

Pre-heater/pre-calciner processes, which are regarded as the most efficient technologies.

#### Innovation

We are committed to research and development to improve our overall production efficiency. We have dedicated Research and Development Units across all our local sites and we constantly strive to improve our quality standards based on feedback from the seminars and training programs we hold with our customers.

Our plants are all equipped with cutting edge technology like Prompt Gamma Neutron Activation Analysis (PGNAA) for online analysis of raw materials at the quarry, robotic laboratories and fully-automated central control room systems.

We have constantly deployed the most advanced machinery at our new plants, which improves the overall efficiency of cement production and the quality we achieve. Our Dangote 3X brand cement was formulated to meet the needs of our customers for cement with the qualities of extra strength, quality and yield.

#### Supply chain management

In 2017, our direct procurement spend was \$1.3B. Our suppliers range from small independent firms to large international companies. We support our medium and small-scale distributors by taking on high capital outlays needed to help them build their redistribution capacity to lastmile markets. We invested more than ₦15B to purchase 125 trucks that we gave our distributors (with a five-year payback period at no interest) for transporting products from our depots to retail outlets in an efficient manner.

In our own business, we have a 100% quality culture with zero tolerance for failure to meet standards. This also applies to our suppliers.

We require our tier-1 suppliers to gain certification to the following standards: Quality Management System, QMS ISO 9001:2015, Environmental Management System, EMS ISO 14001:2015 and Occupational Health and Safety Management System OHSAS 18001:2007. In addition, all suppliers are required to comply with the DCP Supplier Guiding Principles, which encompass workers' rights and ethical business practices.

Our focus on sustainable and responsible sourcing is core to our operational sustainability. We strive to ensure all of our plants work closely with local suppliers and service providers and through the creation of local jobs we contribute to value creation at all our locations.

Our emphasis on operational efficiency translates to promoting sustainable local economies by means of enhanced earnings, wages, investment, purchases, and taxes. Our business operations have helped to improve Nigeria's balance of trade and generated significant foreign exchange savings by substituting imports with locally sourced raw material and human capital, which also gives us an operational and competitive edge in Nigeria's cement market.

## Cultural sustainability

At Dangote Cement, we believe in the importance of embedding our identity and values in our workplace and incorporating corporate culture as a core driver in the way we do business. We consider the training and development of our employees to be an Executive priority. Our 20 top Executive Managers led training programmes at our Dangote Academy in 2017, all of which contributed significantly to foster a consistent, sustainable culture of mentoring and value alignment across Dangote Cement's operations across Africa. Among our employees, we promote a culture of inclusiveness, empowerment and giving back to society, which aligns with our desire to engage holistically and integrally with our working environment.

GRI disclosures	Description
GRI 102:16-17	102-16: Values, principles, standards, and norms of behavior 102-17: Mechanisms for advice and concerns about ethics
Stakeholder Engagement GRI 102:40-44	102-40 List of stakeholder groups 102-41 Collective bargaining agreements 102-42 Identifying and selecting stakeholders 102-43 Approach to stakeholder engagement 102-44 Key topics and concerns raised
DCP disclosures	
Organisational values and culture aligned Leadership buy-in and tone at the top Employee engagement and identity in a Talent development (Dangote Academy Brand values and protection Stakeholder inclusiveness	
DCP Pillar indicators	
Employee identity Cultural integration Stakeholder inclusion Diversity in the workplace Inclusive work environment Brand, values and protection	

### Our Impact

### **Employee identity**

Our staff handbook guides employee conduct, safeguards our ideal work ethic and ensures consistency of corporate culture across all of our locations.

The Handbook codifies the values expected of all staff and is provided to them from joining. It is updated regularly to reflect our latest thinking.

### **Cultural integration**

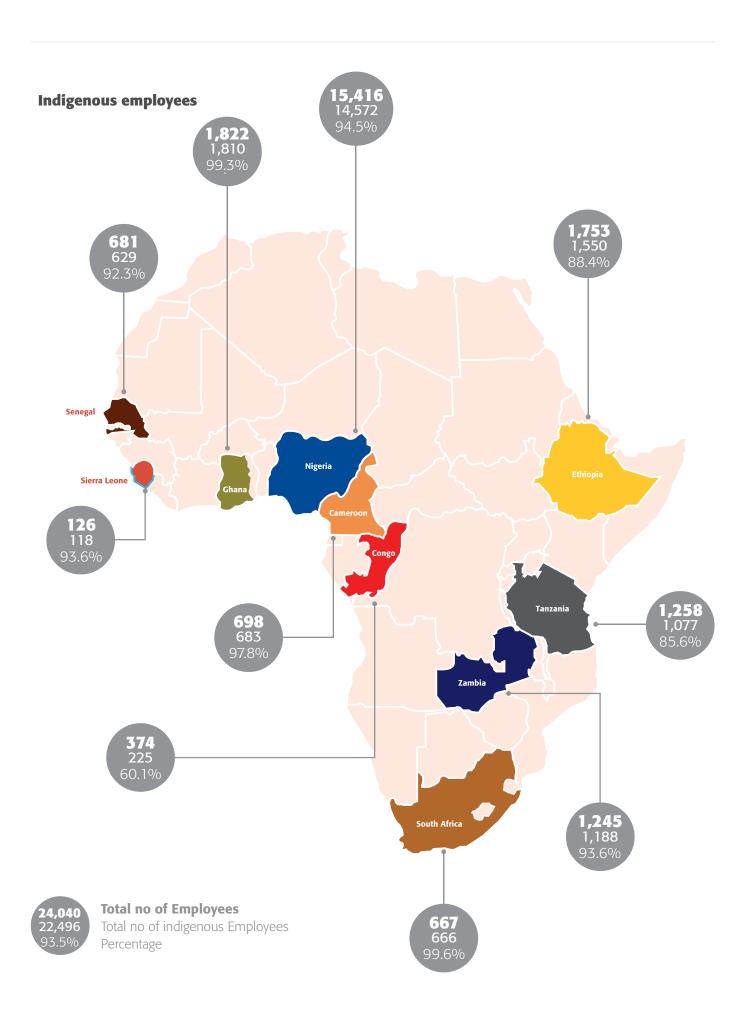
As a Pan-African business we believe it is important to act as good corporate citizen in all our host communities. Our employees are an integral part of our corporate culture in all our countries of operation.

### **Stakeholder inclusion**

In view of the strongly local focus of our business operations, we can

only be successful in the long term if we maintain good cooperative relationships with the various stakeholders in society. We seek to establish and maintain a dialogue based on trust with all our relevant stakeholder groups, locally nationally and internationally.

The resulting exchange of ideas and opinions helps us identify critical issues



at an early stage and gain greater acceptance for our activities in our immediate localities.

Plant management teams are generally responsible for such stakeholder relationships. Wherever necessary, they are supported by the Group's Corporate Communication Department. We take criticism expressed by our stakeholder groups seriously and we discuss with them the points they bring up.

We have adopted new approaches in many places in order to reconcile the interests of the Company with those of the local community.

To further refine our sustainability ambitions during the past year, we have engaged in ongoing dialogue with internal and external stakeholders on defining our Group-wide sustainability vision, also implementing active changes to more effectively contribute to the global sustainable development agenda.

### Diversity in the workplace

We understand that a healthy mix of people across gender, sex, race and ethnicity will contribute the differing points of view and opinion that are crucial to workplace success. This diversity of experience and outlook enables us to be more dynamic in generating ideas that help to improve our work processes and position us in the forefront of the adoption of new and innovative business practices, to the benefit of all stakeholders.

We have made a continuous effort to include more women in our leadership and workforce and have embraced the positive initiatives of the Dangote Women's Network.

### **Inclusive work environment**

The Dangote Women's Network, founded in 2016, runs programmes to empower, encourage, support and motivate women and offer them opportunities to achieve their full potential within the Dangote Group.

The Network has developed a close relationship with the Aliko Dangote Foundation, with which it fulfils some of its philanthropic outreach programs, including support of our own women.

The women of Dangote Cement play a critical role in developing and integrating the 7 Sustainability Pillars as part of our day to day work-life.

In 2017, the Network recorded the following impacts:

- There has been an increase in female management in the company, with more women occupying leadership positions following the appointment in 2016 of our first female Board Member
- There were changes to the maternity leave policy, including women being entitled to draw their full salaries during their maternity leave period.
- The Network offers programs and discussions to it members covering topics varying from financial security to improving work-home life balance
- Health assistance is offered to Network members when required
- Mentorship programs are offered to provide a platform for women in business to support each other
- Engraining the philanthropic culture of the company and providing charitable platforms to staff that want to give back to their communities, including ¥20 million and donations in kind such

as products from other Dangote companies, which were given to Internally Displaced Persons in Borno State.

### Brand values and protection

Doing business means a lot more than just achieving outstanding financial results. At the core of the Dangote Cement philosophy, we operate as an empowering brand that aims to touch the lives of ordinary people.

As a result, our business has evolved into one that deploys significant investment in building customer relationships.

In 2017, we commenced the process of deploying 1,000 trucks to customers, which will be concluded by the middle of 2018.

In addition, 150 smaller trucks for retail distribution have already been provided to customers at no cost.

We are deploying 3,000 branded containers to assist our partners with dry and lockable storage facilities that improve security and reduce wastage caused by moisture.

This initiative will have a multiplier effect on our distributors' ability to serve their customers better.

We have also supported 25,000 outlets across Nigeria (almost 80% of the universe of Dangote Cement's retailer base) with trade presence materials including branded tarpaulins, parasols, tables and chairs.

These help to create a higher-profile and more pleasant environment in which to sell our cement to their own customers.

## Economic sustainability

As the leading cement producer in Africa, we have the power to make a significant impact across all of our areas of operation. By ensuring financial stability through continuous growth, use of locally sourced materials and services for our production, and by

providing decent working conditions and pay, we directly impact the sustainability of our host economies.

GRI disclosures	Description	
GRI 201-6: Economic	201: Economic performance 202: Market presence 203: Indirect economic impacts 204: Procurement practices 205: Anti-corruption 206: Anti-competitive behaviour	
DCP disclosures		
Stakeholder return on investment Contribution to national economic Job creation, new skills developm Sustainable local economies and Import substitution and local cont Value chain and economic impact	nowledge transfer ent development	
DCP Pillar indicators		
Job creation Household income Income generation		

### Our impact

With nearly 46Mta capacity across our operations in 10 countries, we have quickly become the continent's leading supplier of cement.

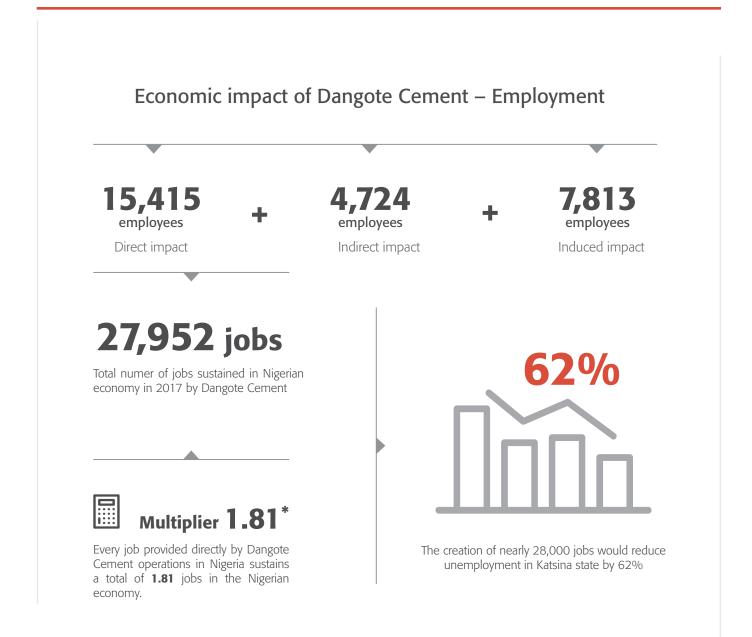
To put our size into context, our 13Mta Obajana plant in Nigeria has enough capacity to supply the total cement needs of many African countries including South Africa and Ethiopia.

### **Contribution to job creation**

As the largest manufacturer in Nigeria, we have created jobs throughout our operations for many thousands of Nigerians. Our activities also create thousands of jobs in the economy by way of indirect and induced impact. In an era when unemployment, particularly amongst youth, has been a huge challenge confronting the Nigerian economy, Dangote Cement remains committed to reducing the unemployment rate in Nigeria through various initiatives, including:

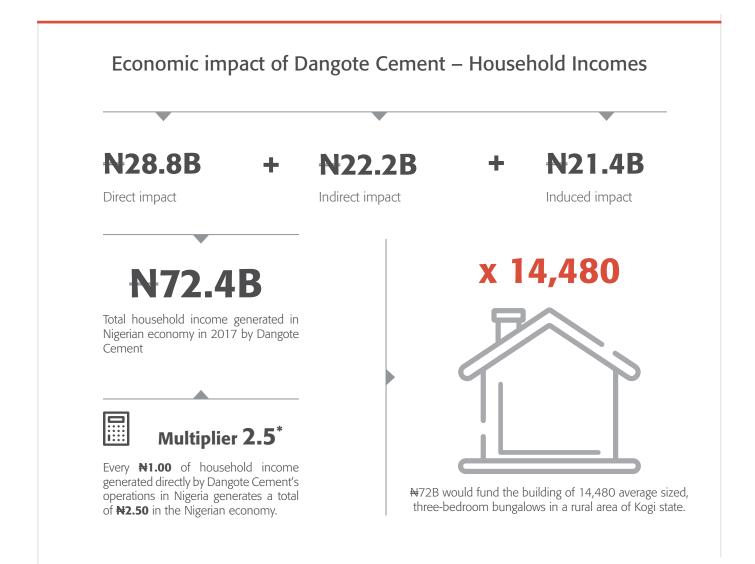
- Partnering with development banks, non-governmental organisations and vocational training centers to equip unemployed persons to become skilled employees and successful entrepreneurs;
- Partnerships at state and national level, encourage access to funding for newly trained entrepreneurs to start their businesses
- Internship placements across all our business functions. This improves the employability and business acumen of our interns upon completion of their internships as they will have acquired important skills and capabilities during their training.
- Graduate traineeship programmes that enable young managers to understand our business in a holistic way, lead key projects and in the process build professional and leadership capabilities.

In Nigeria, we estimate that more than 15,000 jobs we sustain directly have a multiplier effect in the economy beyond our operations. In fact, we believe that nearly 28,000 jobs are sustained in Nigeria because of the existence of our operations, enough to make a significant economic impact. Across Africa, we believe our operations sustain more than 43,000 direct and indirect jobs throughout the 10 countries in which we have operations.



## Contribution to income generation

By creating jobs across Africa we also contribute to income generation in local communites. Through this, not only do we provide resources that ensure sustainable livelihoods, we also indirectly contribute to ensuring access to basic services and education, increase the quality of living and create an inclusive environment for the sustainable growth of our local host communities and the wider economies in which they are located.



We estimate that our contribution to household income in the Nigerian economy is more than ₩72B, including indirect and induced impacts. Our presented multiplier refers to the impact generated among suppliers and sub-suppliers (indirect impacts) as well across the economy as a whole through household spending (induced impact). It does not account for impact generated across distributors and retailers.

## Social sustainability

Companies that have been consistently rated as "best places to work" have higher market values and employee morale, along with lower than average employee turnover.

At Dangote Cement, we understand the importance of profitable growth that benefits not just our shareholders, but also our employees and local economies. Therefore, our social initiatives work hand in hand with the local communities in regions where we operate.

By building a strong workforce through the employment of local people and contractors, the empowerment of youth, the provision of educational support, provision of high quality infrastructure, driving improvements in local healthcare as well as in community welfare, we contribute in a significant way to the United Nations Sustainable Development Goals (SDGs) and reinforce our stand as an advocate for sustainable development in Nigeria and elsewhere. We strive to maintain a strong health and safety culture at all our locations, which reflects our commitment towards a zero-harm working environment for all.

GRI disclosures	Description		
GRI 400: Social	<ul> <li>401: Employment</li> <li>402: Labor/management relations</li> <li>403: Occupational health and safety</li> <li>404: Training and education</li> <li>405: Diversity and equal</li> <li>opportunity</li> <li>406: Non-discrimination</li> <li>407: Freedom of association and collective bargaining</li> <li>408: Child labour</li> <li>409: Forced or compulsory labour</li> </ul>	<ul> <li>410: Security practices</li> <li>411: Rights of indigenous peoples</li> <li>412: Human rights assessment</li> <li>413: Local communities</li> <li>414: Supplier social assessment</li> <li>415: Public policy</li> <li>416: Customer health safety</li> <li>417: Marketing and labeling</li> <li>418: Customer privacy</li> <li>419: Socioeconomic compliance</li> </ul>	
DCP disclosures			
Wages, pensions, leave, transportation, termination and National Housing Fund as per national laws Equal opportunity, diversity and human rights Health and safety Training and development, skills acquisition Social investments, community involvement			
DCP Pillar Indicators			

Health and safety Training and development Community engagement Social investment

### Our impact

### Occupational health and safety initiatives (OHS)

We have attained Occupational Health and Safety Assessment series BS: OHSAS 18001:2007 certification. As a result of the scale and nature of our operating model as Africa's largest cement company, occupational health and safety are a priority for us. We are focused on improving our overall H&S performance and making people more aware of workplace safety. We focus not just on our own employees but also on external third parties. "Zero Harm" is the ultimate goal of Dangote Cement. Most of our plants are OHSAS 18001 certified meaning OHS is integrated into normal operations. We believe that a strong OHS culture is promoted when the Executive leadership team is visible at shop floor level and seen to be leading by example. In order to enable us build and reinforce a positive OHS culture, the following key initiatives were taken in 2017:

- Monthly safety theme drive;
- Monthly safety gate meeting;
- Safety observation tour by Executive leadership team;
- Incident investigation of all incidents including, near misses;
- Sharing of experiences/findings of all incidents;
- Informal communication through a WhatsApp groups and formal communication through shared network folder;
- Development and improvement of relevant SOPs based on the results of inspections, audits and risk assessment activities;
- Periodic training programs and workshops for high-risk activities;
- Establishing life-saving rules and progressive consequence management;
- Empowerment of employees to stop any unsafe act or work.

We are continuously working to reduce risk through people engagement, capability building, advance engineering solutions for high risk activities and further strengthening our OHS management system. We have begun to embed OHS in our line managers' responsibilities rather than merely making it the responsibility of the OHS team.

OHS data consolidated at corporate level on a monthly basis includes:

- leading indicators (i.e. training, inspections and audits) and
- lagging indicators (i.e. fatalities, LTIs, near misses). OHS performance is reviewed monthly and reported to the Board every quarter.

### **OHS training**

The HSSE Unit has rolled out multiple training programs across our sites in Africa including confined space training.

We are committed to improving the technical and organisational aspects of OHS. Although we still have incidents at our facilities, we are making concerted efforts towards achieving our goal of a Zero-Harm work environment, especially through group-wide training programs. We are also increasing the responsibility of line managers to ensure compliance with the Company's health and safety guidelines.

### **Skills development**

Dangote Cement is constantly providing training opportunities for its employees (and others) through the Dangote Academy.

Our training department and associated training institutions (within and outside of Nigeria) have recorded success in the development and roll-out of robust technical training programs with modules specific to the operation of our cement plants.

This is to ensure that existing and new employees receive the requisite training and skills set for their roles, and that we have a pool of competent, skilled people on which to draw as we grow and expand across Africa.

In 2017, our main human resources activities were focused upon the following areas:

- Recruitment
- Training and development
- Organisational development
- Reorganisation of the corporate HR function.

There is an annual learning and development plan for staff, based on competency gaps and training needs identified during performance appraisal. This plan is augmented by the annual learning and development budget approved by Executive Management. Furthermore, staff are also offered opportunities to attend training that addresses their inter-disciplinary needs and improves their leadership competencies in addition to their core competencies. There are extensive options for soft skills acquisition both in class and with e-learning.

In order to maintain the high work standards required of DCP staff, we have also implemented the Performance Management System (PMS), which requires Key Performance Indicators (KPIs) to be set by staff at the beginning of each financial year. These are reviewed periodically to ensure optimal performance and development.

### **Technical skills development**

The Dangote Academy was established in 2010 to develop the skills necessary for the operation of cement plants and other manufacturing facilities in the Dangote Group. It provides training in technical and management skills for existing employees and people wishing to join Dangote Cement and other Dangote companies.

Since 2014, 20,009 staff members have been trained at the Dangote Academy in programmes such as

- Management and development
- Information technology
- Technical and engineering skills

In 2017, the Academy continued to drive our key training initiatives, including the Graduate Engineers Training Scheme, the Vocational training Scheme and the Junior Technician Scheme.

By 2017, the Dangote Academy had graduated more than 600 qualified engineers and technicians into the workforce. More than 90% of those who graduated from the Academy are now working in the Dangote Group.

## Sustainability

### Social investments

Strategic social investment is achieved through collaborative community projects based on our core themes of education, employment and community health projects. In doing this we help our local communities and contribute significantly to tackling wider societal needs, which in the long run helps us to maintain our social "license to operate." In 2017, we donated more than ₩1B as part of our CSR efforts across Africa, focusing on the development of infrastructure, the encouragement of entrepreneurship, improving education and women's empowerment.

### **Community engagement**

Dangote Cement has three large cement plants in Nigeria: Gboko, Ibese, Obajana.



### Gboko

Established by the Federal government of Nigeria, the company was then privatised in 2000 when Dangote Group acquired a 35% shareholding, and subsequently full control.

More than 50 individual projects have been completed by the plant since Dangote Cement took control.

### Almost ¥225m has been spent by the Gboko plant on initiatives including:

- ₩100m spent on scholarships
- Increasing access to high-quality education
- ► ₩89m on community electrification
- Helping businesses such as hairdressers, barbers and grinders within the community
- **₩20m** spent on 30 tricycles
- Improved transportation within local communities
- H15m spent on 21 boreholes
   Providing access to clean and safe water supplies
- ¥400,000 spent annually on the Food Support Program
- Supporting women and children in low-harvest seasons



#### Ibese

One of the largest non-oil investments in Nigeria.

More than 35 individual projects have been completed by the plant since its inceoption.

## ₩4.1bn spent by Ibese plant on initiatives including:

- N3.8bn spent on various road construction projects, including concrete roads
- N84.2m spent on provision of potable water
- ¥83.7m spent on construction of classrooms
- ₩39m spent on healthcare interventions
- ₩22m spent on scholarships
- \#17.3m spent on electrification projects
- N3.8m spent on road construction and repairs
- N2.4m spent on vocational training and community information technology training



### Obajana

Largest cement plant in Africa

More than 10 large-scale projects have been completed by the plant since its creation.

## ₩854.24m spent by Obajana plant on initiatives including:

- ➡588m spent on road reconstruction
- **₩160m** spent on a development centre
- ₩23m spent on boreholes in various community areas
- ₩22m spent on electrification projects
- **₩20m** spent on construction of a magistrate's court
- **\#18m** spent on scholarships and education-related projects

## Environmental sustainability

Dangote Cement believes that sustainable environmental management, together with a proactive approach to addressing the challenges and opportunities of climate change, is fundamental to maintaining a succesful business. We are committed to maintaining excellent standards of environmental performance. We recognise the part that we can play in improving the environment, particularly in and around our sites of operation. We apply economically sound sustainable development principles to our business and seek to maximise energy efficiency and minimise the environmental impact of our operations.

GRI disclosures	Description
GRI 300: Environmental	<ul> <li>301: Materials</li> <li>302: Energy</li> <li>303: Water</li> <li>304: Biodiversity</li> <li>305: Emissions</li> <li>306: Effluents and waste</li> <li>307: Environmental compliance</li> <li>308: Supplier environmental assessment</li> </ul>
DCP disclosures	
Permits and license/environmental comp Air emissions management Water management Environmental management	liance
DCP Pillar indicators	
CO <sub>2</sub> emissions Dust emissions Water management Environmental governance	

### Our performance and commitments

### **GHG emissions**

Due to the high temperatures needed to turn limestone into clinker, the production of cement consumes a significant amount of energy and this in turn causes combustion-related CO<sub>2</sub> emissions.

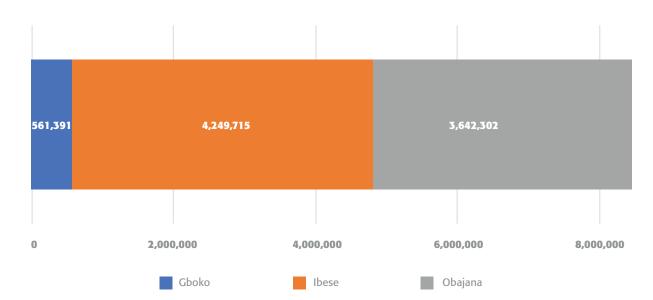
When the raw material is heated to over 1,450 Celsius, it is de-acidified, which leads to further, process-related  $CO_2$  emissions.

We have put in place greenhouse gas emission reduction initiatives at our plants such as:

- Use of natural gas where practical to minimise emissions of greenhouse gases and other pollutants.
- CO<sub>2</sub> emissions monitoring a view to reduction as required by national and international bodies such as the International Finance Corporation.

GHG emission sources have been identified in line with the specific guidelines published by the Cement Sustainability Initiative (CO<sub>2</sub> and Energy Accounting and Reporting Standard for the Cement Industry, 2011).

GHG emissions are assessed monthly and the data reported to business unit management and Group HSSE and discussed during our monthly Executive Committee meetings.



### Estimated total CO2 emissions at Dangote Cement's Nigerian sites, 2017 (tonnes)

### **Dust emissions**

All our plants are equipped with upto-date dust abatement technologies including electrostatic filters and baghouse filters. These technologies allow our plants to maintain dust emissions below 30 mg/Nm3 at the kiln stacks, well below the local regulatory and IFC threshold limits.

#### Water management

Water is scarce in many parts of the world and climate change is exacerbating this situation. Even though the construction materials industry consumes relatively little water compared to other sectors, the scarcity of fresh water at several of our locations presents a challenge. We are committed to the goal of mitigating the impact of our activities on natural water resources to the greatest extent possible.

Our Obajana plant operates an earthen dam that collects storm water from the catchment areas around the plant.



**Dr. Ndidi Nnoli** Group Chief, Sustainability & Governance

This water is pumped to the plant and fed into a water treatment plant made up of a clarifier for suspended particulate matter, settling tank, sand filter, and carbon filters. Treated water is then conveyed to on-site storage tanks and circulated to the various plant sections through a closed circuit.

Our Ibese and Gboko plants also collect water resulting from mine operations and use it, after treatment, to support other operations in the factory.

These initiatives allow the three sites, which account for about 50% of total DCP water consumption, to avoid using more valuable groundwater resources, thus reducing the DCP water footprint.

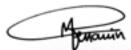
We comply with stringent environmental regulations to ensure that our raw material quarrying will not endanger local water sources, which may be used by local communities.

### **Environmental governance**

We are committed to the implementation and maintenance of the National Industrial Standards ISO 14001:2004 Environmental Management System (EMS), which ensures a systematic approach to environmental management within the defined scope of our operations.

We aim to comply with relevant legal requirements with a view to providing a sustainable environment for manufacturing, packaging, distribution and sales of cement and continuous improvement of our operations.

We conduct environmental baseline studies before building our plants and also carry out periodic environmental monitoring of air emission and air quality with particular attention to dust, waste water discharge, and noise emissions. We ensure that all our plants are issued EIA/ESIA permits as required by the local legislation and the international good practices.



Massimo Bettanin Group Chief, HSSE