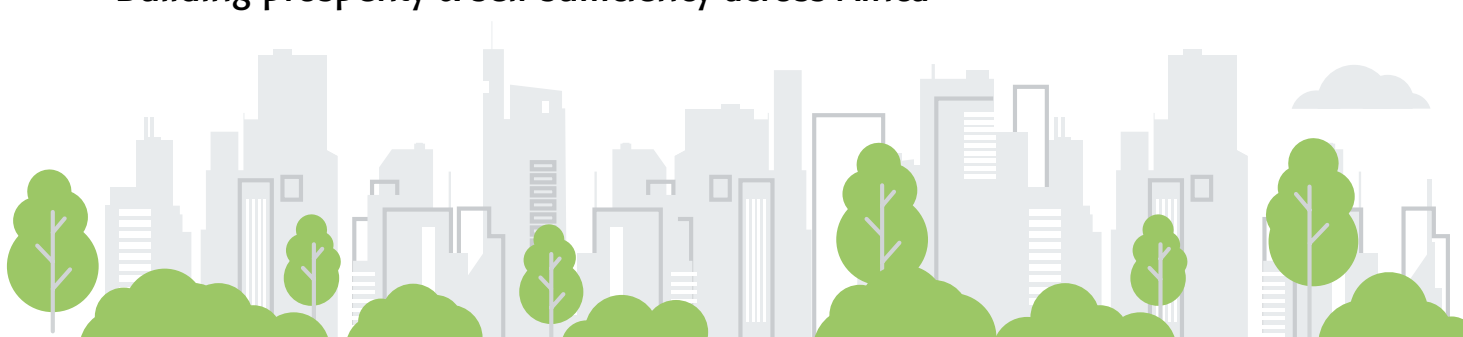




2018 Sustainability Report

Championing Impact & Sustainability

“Building prosperity & self-sufficiency across Africa”



The Dangote Way

Building prosperity & self-sufficiency across Africa

The Dangote Way is based upon the Seven Sustainability Pillars that support our approach to creating a world-class, multinational manufacturing company.

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

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

”



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



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

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

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

grow sustainably and make even greater impact.

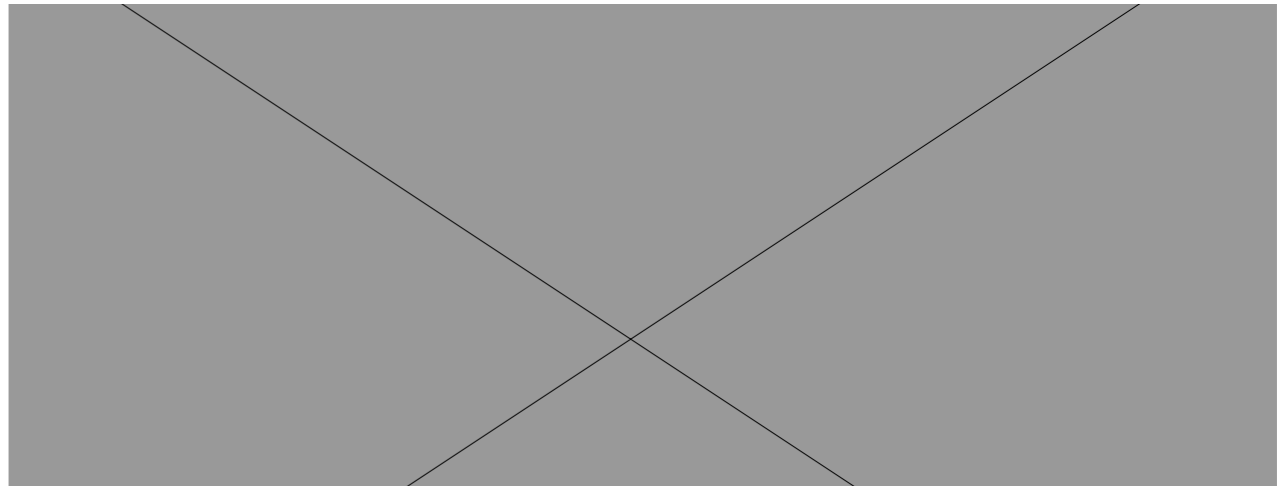
For us operationalizing the Dangote Way means supporting Africa to develop rapidly and sustainably. This is why we continue to invest in sectors that have the potential to bolster infrastructure development, massive job creation, and to reverse Africa’s decades of import dependence which has stifled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

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

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

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

We cannot achieve these objectives without the active involvement of all members of the Dangote family. This is why we ensure that



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

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

We also realise that the adoption of global sustainability principles and standards is good for our business.

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

Like I said, during a 2017 interview with Bloomberg, “It’s not all about making money. It’s about making impact. For more than 20 years, Dangote was just a trading company. Then we decided we wanted to be an industrial giant – and we had to start somewhere. It wasn’t just about cement. It was about

industrialization. If you look at what Dangote Group is doing, it’s about improving people’s lives”.

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



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



ENGR JOSEPH MAKOJU
Group Managing Director/
Chief Executive Officer

CEO's Statement

A Successful Year and Strategy for Sustainable Growth

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

Nigeria serves as our Headquarters and largest impact and production location. For reasons of materiality, we feel obliged to single out

and report impact in our home country. For instance, the gross value we created in our Nigerian operations rose from N476 billion as at financial year 2017 to N504 billion in 2018, representing a 5.9% growth. On social impact, the number of students in Nigerian local communities that benefited from our scholarship schemes doubled from about 400 in 2017 to over 980 in 2018, leading to a record increase in student enrolment in host communities. Our employee headcount also increased with over 900 new hires in the year under review, supporting government's efforts at fighting unemployment among youth and in local communities surrounding rapidly industrialising localities such as our areas of operation.

With over 500 sustainability champions and 100 sustainability data owners designated and trained across our Nigerian and Pan African operations in 2018, we are poised to move to the next level

in our sustainability journey. We are building the needed capacity, systems, processes and policy framework that would enable us lead this evolving sustainability space in Nigeria, Africa and global. We are excited about how far we have gone in our goal of embedding sustainability into every aspect of our business operations as evidenced.

Our Leadership Team clearly understands the problem of climate change and global warming and the collective impact of our business operations in this regard. We also understand that as the biggest cement company in Africa and one of the top 10 in the world, our direct and indirect environmental, social and economic impact could be massive, both positively and negatively. We are therefore fully committed to working with stakeholders at the national and global levels to ensure that we curtail, mitigate and significantly reduce our

environmental footprints across our huge value chain, as well as positively and sustainably enhance the socioeconomic potentials of our host communities.

For us, in 2018 the definition of business growth has been expanded beyond prioritising operations, finance and risk management to include the development of a corporate culture that prioritises compliance with national laws, regulations and global best practices, improves the health and safety of our employees and products, and continuously tracks and reports our performance in the management of our environmental, economic and social risks. We aim to optimise the positive impact we make in the lives of our employees, investors and shareholders, local communities and the larger society. Our commitment is backed by the quality of corporate governance that our institution deploys, and we are proud to state that the mission of Sustainability across the 7 Pillars, which we call "The Dangote Way", is being driven by the highest levels of governance at Dangote Cement Plc.

As has become characteristic of our operations, we remain committed to supporting the efforts of African governments to reduce their import dependence in cement. We are proud to drive self-reliance in the production of this essential commodity and help build infrastructure, industries,

schools, hospitals, housing, and a new African future that we all will be proud of. We are in business not just to make profits, but also to impact our societies and world, positively. We will strive to sustain our first position in profitability, market leadership, sustainable growth and development impact on our local communities, markets, economies and countries in which we operate.

This is why we have commissioned a five year sustainability impact plan (2019-2023) that would enable us use our business operations to achieve sustainable development. We are focused on ensuring that our market presence and operations in our different host countries lead to positive impact on employment numbers, school enrolment, primary healthcare, household income, entrepreneurship and thereby to a reduction in the number of persons living below the poverty line.

In 2018, Dangote Cement continued on its strong growth trajectory in Nigeria and Pan- Africa. Gross revenues grew by 11.8%, from N805.6 billion in 2017 to N900.7 billion in the year under review. Our Profit before tax rose from N289.6 billion to N300.7 billion within the same period. Our performance was driven by strong demand for our high quality, fairly priced products, which has also sustained our market share and dominance.

Beyond our financial numbers, we are excited about the progress our Sustainability & Governance Team has recorded across our other performance parameters in 2018, defined by The Dangote Way and the 7 Sustainability Pillar Methodology we adopted. This involves reporting more comprehensively including our financial, economic, operational, institutional, social, environmental and cultural sustainability and impact. I am pleased to present our first substantive stand-alone Sustainability Report. It is heartwarming to report that our sustainability vision has been embraced by our board directors as well as even the reception desk where you are welcomed to our offices.

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

ENGR JOSEPH MAKOJU
Group Managing Director/ Chief
Executive Officer



DR NDIDI NNOLI

**Group Chief
Sustainability &
Governance**

Our Approach – Determining material topics and indicators for sustainability

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

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

Leveraging the 7-Pillar approach to sustainability, which we have

called "The Dangote Way", every aspect of our business is touched and involved in the agenda to build a sustainable global brand. Our sustainability journey is centered around people and systems and involves all business functions including Operations, Marketing, Finance, Risk, Community Relations, Health & Safety, Environment, Social, Procurement, Human Resources, Legal and Compliance. Most importantly, we have prioritized internal stakeholder engagement in order to nurture a culture of sustainability thinking and doing among all our employees.

Our 2018 activities were interlinked, with every new initiative cascading into the next. The feedback from our employee survey, for example, prompted a group-wide sustainability training program, which we co-facilitated with the Sustainable Business Initiative of the University of Edinburgh. Following the survey, which 1170 staff participated in, we prioritized certain sustainability indicators in accordance with GRI Standards.

Our resulting Materiality Matrix can be found in the Appendix of this report. This Matrix was developed and shared with a cross-section of employees and other stakeholders for further validation, after which we presented it for final sign-off to the DCP Board of Directors.

A significant fall-out from the Employee Survey was our maiden Sustainability Week, which was inspired by ideas from our staff. The Sustainability Week initiative took "Living The Dangote Way" from the workplace to communities across 6 major African locations, with initiatives supported by top management across 9 DCP Plants and almost entirely employee-led. Projects carried out during the Week included environmental sanitation, waste management, economic empowerment, educational, health and road infrastructure development, with some of these subsequently adopted as programs to sustain by the business. In addition to the positive socio-economic impact, the initiative providing

a unique platform for bonding and networking across functions, involving both senior and junior colleagues working side-by-side for a good cause. At different levels, the week-long initiative also offered Dangote employees an opportunity to demonstrate their social commitment to host communities in the different countries where we operate. Overall, this engagement unleashed enormous goodwill which is reflecting positively on our brand and on employee commitment to our sustainability journey.

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

during the year, in accordance with the Global Reporting Initiative (GRI).

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

The 2017 Sustainability baseline covered Nigeria, while our 2018 Sustainability Report focuses on four African countries: Nigeria, Senegal, South Africa and Ethiopia. This is in line with our journey

to produce a GRI-compliant Sustainability Report across all our Africa Operations by 2020. We have already identified the topics that significantly influence the views and decisions of stakeholders as well as reflect our economic, environmental and social impact. We are committed to achieving full regulatory compliance, against which objective we have benchmarked our reporting against various local and global standards, as outlined on the following page. These include the Global Reporting Initiative (GRI), IFC Performance Standards, Global Cement and Concrete Association (GCCA), United Nations Global Compact (UNGC), Sustainable Development Goals (SDGs), Securities Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE), all of which provide certification and/or guidelines for driving a sustainable business. In this manner, a culture of regulatory compliance has been designed to coincide with the spirit of "The Dangote Way".

Our Approach...Cont'd

Regulatory compliance

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

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

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

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

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

to the Application of the Code, Board of Directors, Relationship with Shareholders, Relationship with other Stakeholders, Risk Management and Audit, Accountability and Reporting, Communication, Code of Ethics and Interpretation. With our institutional and cultural pillars, we are making concerted efforts to align with all thirty-seven provisions that make up the SEC code. We believe that by aligning with this Code, we would be strengthening our commitment to building a strong governance structure and a compliant and responsible business.

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

with Goals 1, 3, 4, 5, 10, and 16; while our cultural pillar 4, 5, 10, 11, 16 and 17. Our cultural pillar essentially provides the framework for integrating sustainability into our business processes and values. We seek to foster a corporate culture that aligns sustainability “thinking” with sustainability “doing” and in this regard our cultural sustainability pillar pays a unique and important role to support our commitment in driving sustainable development in all the markets where we operate.

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

Our compliance with various principles, guidelines, standards and laws highlighted above enables us to build internal sustainability policies, systems and structures that are in line with best practices. We are also promoting and encouraging employee volunteerism and have dedicated our group-wide sustainability week initiative to demonstrating our innovative approach to social responsibility. We will also continue to ensure the high-quality of our product as a sustainable, durable and resilient building material to drive the realisation of the infrastructural needs of the new Africa we envision, being one that harnesses the continent's young growing urban population to create prosperity for all.

The Performance Standards on Environmental and Social Sustainability by the International Financial Corporation (IFC) also informs the Corporation's approach to effective ESG and risk management. The IFC Performance Standards were developed as guidelines for IFC clients and partners, and have become globally recognized and accepted as a credible sustainability framework. 6 of our 7 Sustainability Pillars -

institutional, cultural, operational, environmental and social, align with the IFC Performance Standards. By benchmarking against global standards, we continually strive to go beyond the industry level of compliance locally to standardise our performance globally.

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



DR NIDI NNOLI
Group Chief
Sustainability & Governance

2018 Report Overview - Welcome



Employee Volunteerism:

DCP employees preparing roads for repairs during the inaugural 2018 Sustainability Week.

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

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

At Dangote Cement, we have adopted a stakeholder-oriented approach in order to clearly define who we are, where we are and where we want to be. By aligning with The Dangote Way, we ensure that every aspect of our business aligns with global sustainability principles. Through the 7 pillars (institutional, cultural, operational and environmental, economic,

social, financial), every business function is engaged and involved in our sustainability journey, thereby embedding sustainability - beyond issues of risk management or compliance.

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

In our cultural pillar, 2018 saw tremendous progress in efforts to build a workplace where the highest level of leadership champions our sustainability acculturation goal, and where diversity, equality, values, ethics, rule of law and active staff involvement are nurtured. Our


pilot Sustainability Week was held in September 2018 with over 500 employees in about 6 countries coming out for different community development projects. Our performance in the operational and environmental pillars show progress in our commitment to innovation in production processes and standards, particularly in Operational Health and Safety. Likewise, we continuously strive to enhance our environmental stewardship and are committing more resources to improvements in line with growing concerns about energy efficiency, resource optimisation, circular economy, carbon emissions and climate change. In 2018, we won the SERAS Award for best company in Supply Chain Management, one of the key indicators we track under our operational pillar.

Our financial performance in 2018 once again gives credence to our commitment to growing a world class business that increasingly creates and sustains value for all stakeholders. Compared with 2017, our gross revenues in the year under review grew by 11.9 percent, from N805 billion to N901 billion. Our profit before tax also rose by 13.8 percent year-on-year, from N454 billion to N517 billion in 2018. A review of our value added performance shows that our earnings per share rose from N11.6 to N22.8, a 96.5 percent increase over the 2017 figure. Wages, salaries and

other employees' benefits also increased by 15.4 percent, from N49.9 billion to N57.6 billion. Similarly, wealth created for local suppliers and vendors across our supply chain rose by 4 percent, from N281 billion in 2017 to N292 billion in the year under review. In addition to nurturing our growth numbers which is critical to our financial pillar, we also made tremendous progress in our economic and social pillars in 2018. With over N1.4 billion new investments in social projects and nearly 1000 students benefitting from Dangote scholarships in our Nigerian operations alone, we remain focused on building lasting relationships with host communities, enhancing their socioeconomic wellbeing and sustaining our social license to operate. We also continue to improve on our health and safety standards in the workplace and in local communities as well as our investments in human capital development.


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

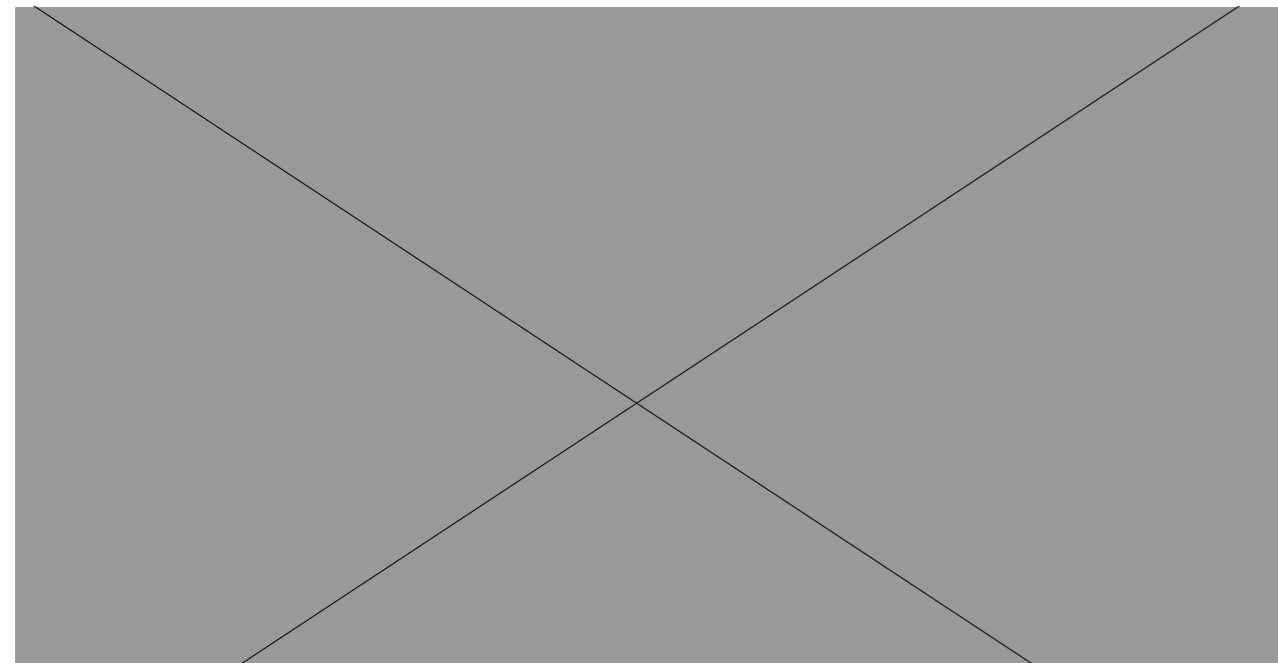
2018 Milestones

 Extensive Stakeholder Engagement, Materiality Assessment and Baseline Survey against Global Peers with 50 core GRI indicators to track and report performance;

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

 Deployed Sustainability Week, which mobilized hundreds of employees to engage in voluntary Waste Management, Community Infrastructural Development and boost Social Performance across 7 African countries and 9 DCP Plants;

 Developed Sharepoint Sustainability Data Management System for data collection across 13 DCP Africa Plants for Sustainability Reporting, which is to be automated in 2019.



500 Sustainability Champions & Volunteers Trained for Social Impact



2018 Africa Sustainability Enterprise & Responsibility Awards

2.

Our Sustainability Journey -

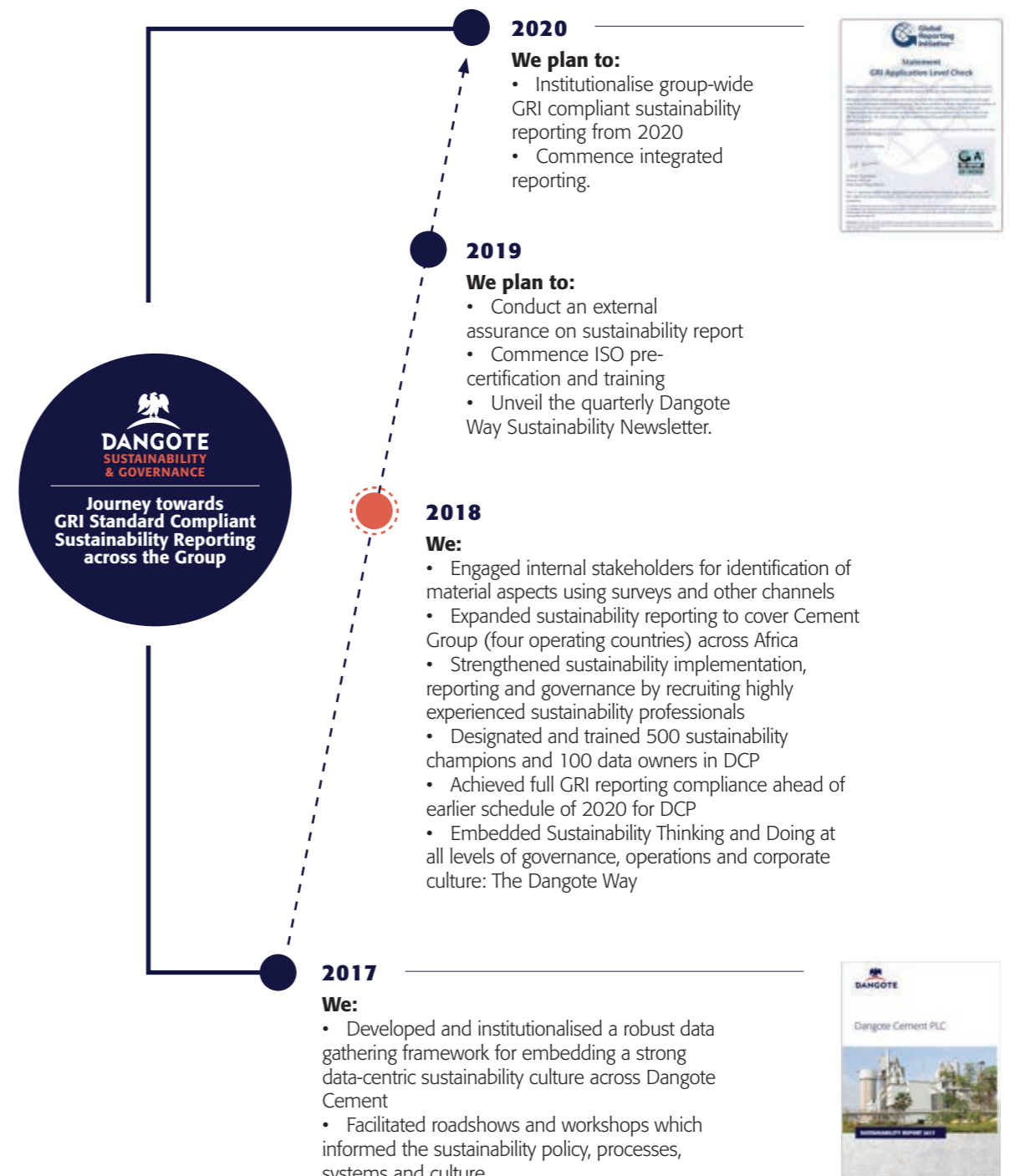
Olakunle Alake
GMD, DIL

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



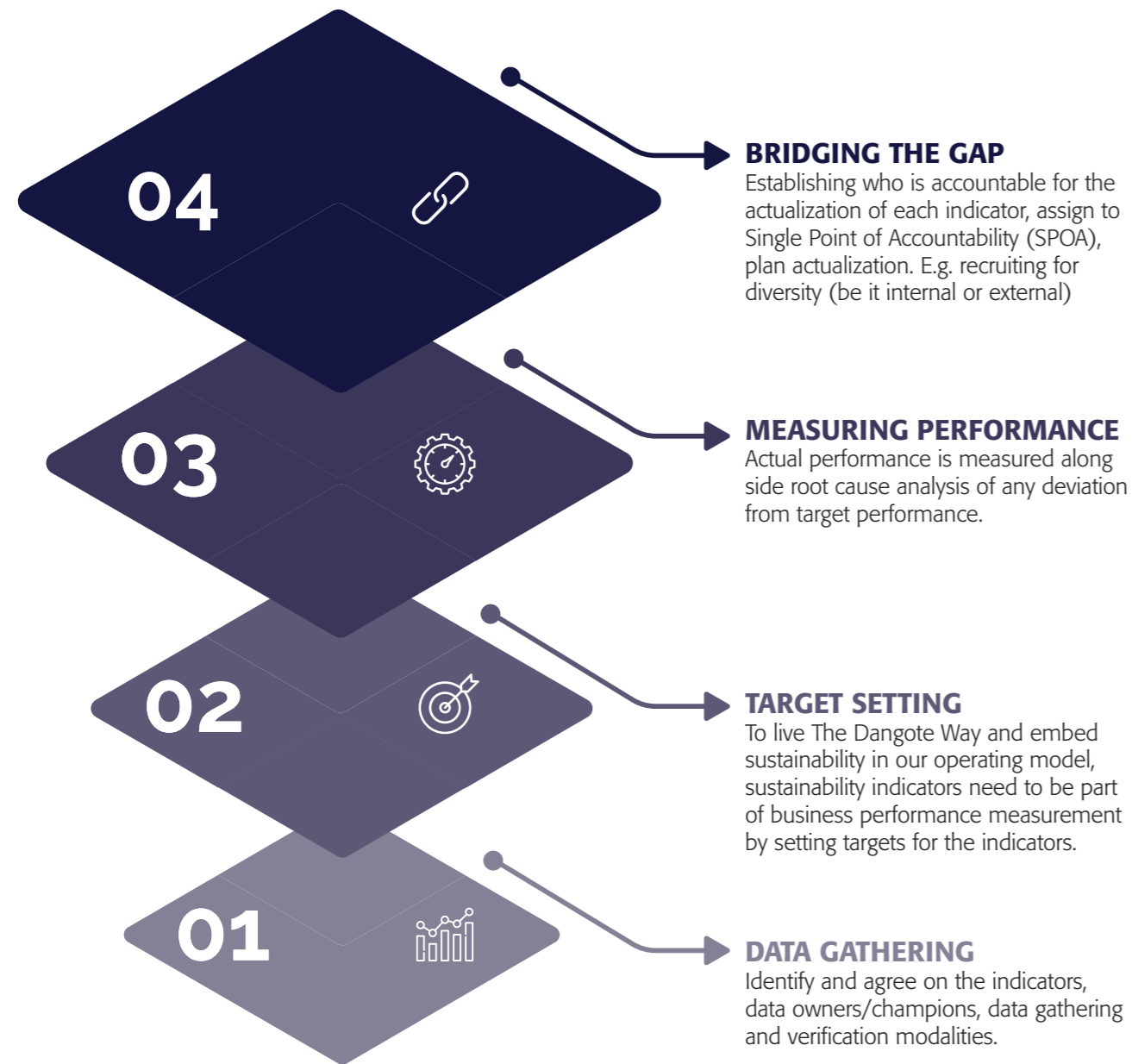
Dangote's phased journey towards world-class sustainability reporting

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



Towards operationalising a data-centric sustainability culture

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



Sustainability Governance

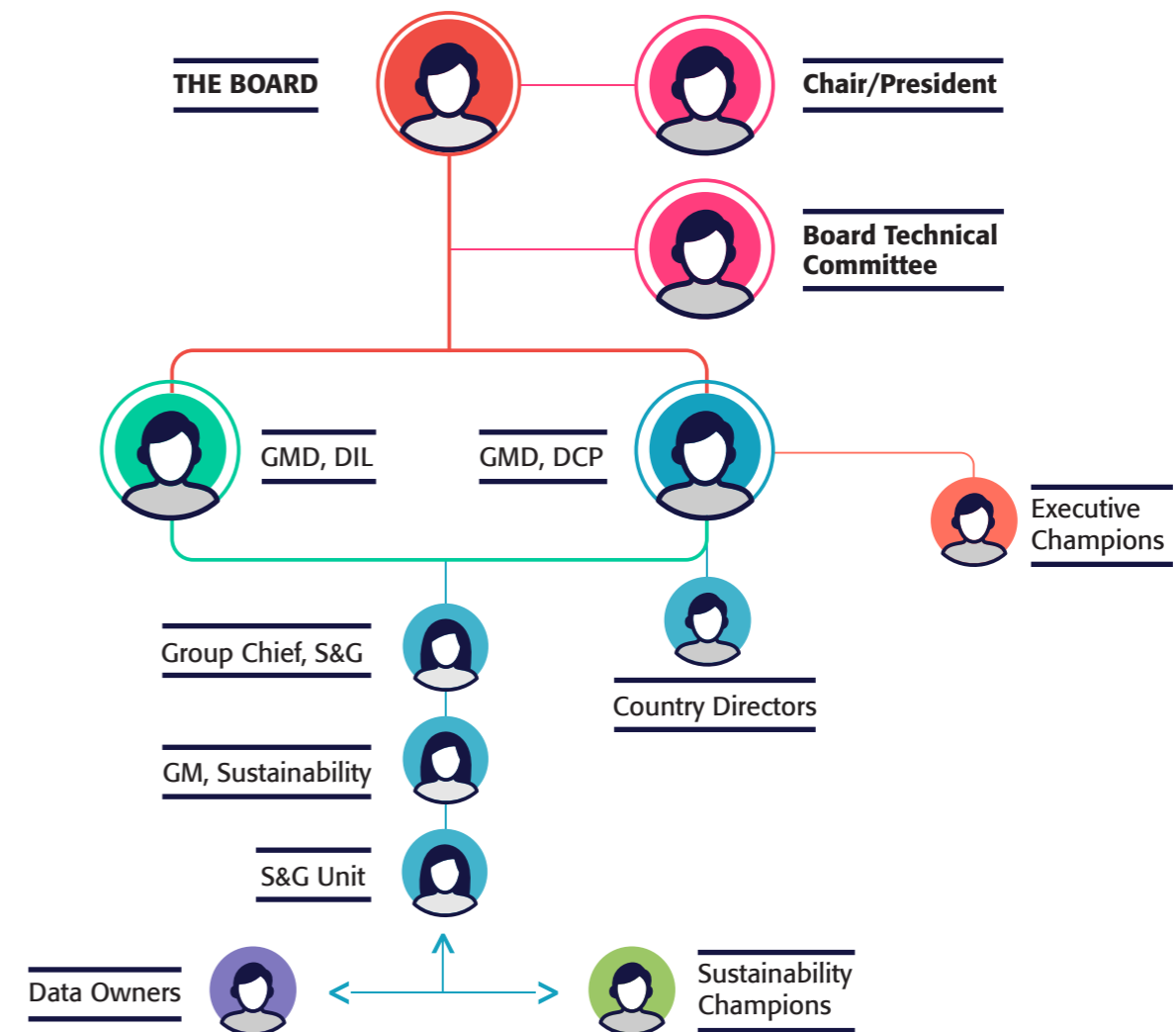
Sustainability governance at Dangote stems from the highest echelon of the group and cascades down across all levels.

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

Our Sustainability and Governance unit drives awareness and provides training on sustainable business practices across our operational network. The Group Chief manages a team of sustainability professionals who liaise with sustainability champions that have been nominated in all the relevant department/units of the group.

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

SUSTAINABILITY GOVERNANCE STRUCTURE



500 Sustainability Champions Networked and Educated in 2018

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



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

CASE STUDY

SUSTAINABILITY WEEK

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

Sustainability Week projects

500 Volunteers	13 Locations	6 Countries
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Sustainability standards and codes that we comply with:



The SERAS Awards 2018

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

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

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

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

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

3.

Value Creation -

Why sustainability is important for our business

Ernest Ebi
Non-Executive
Director

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



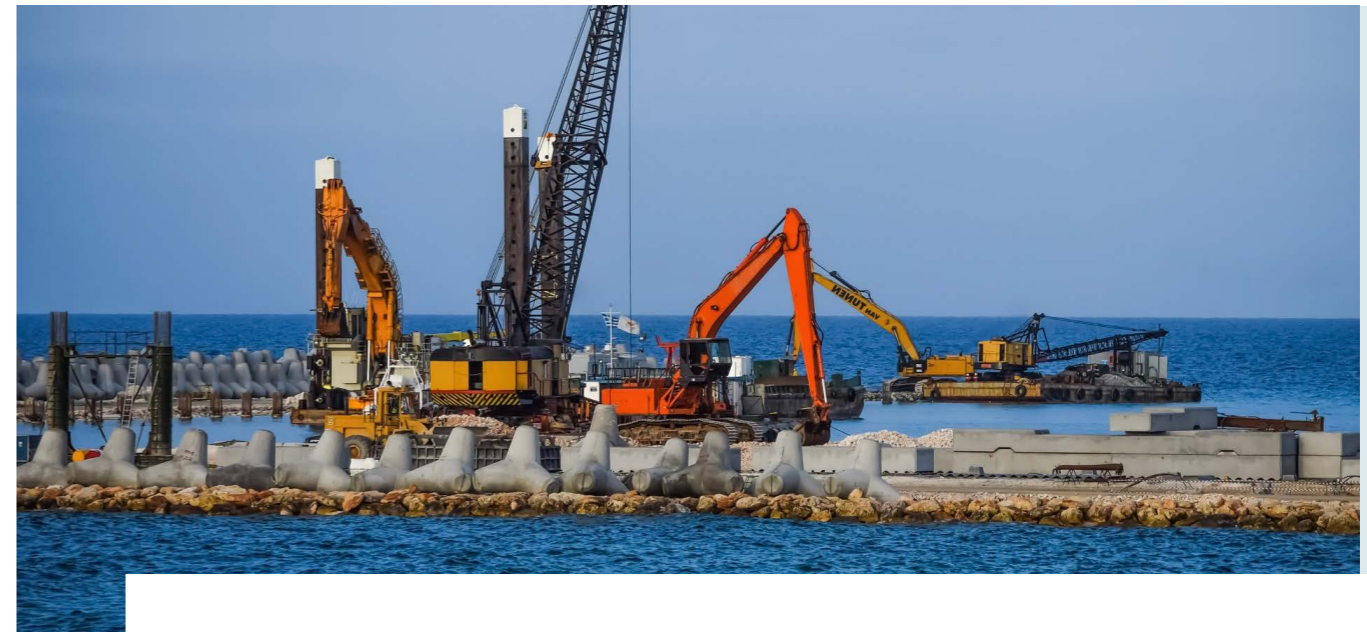
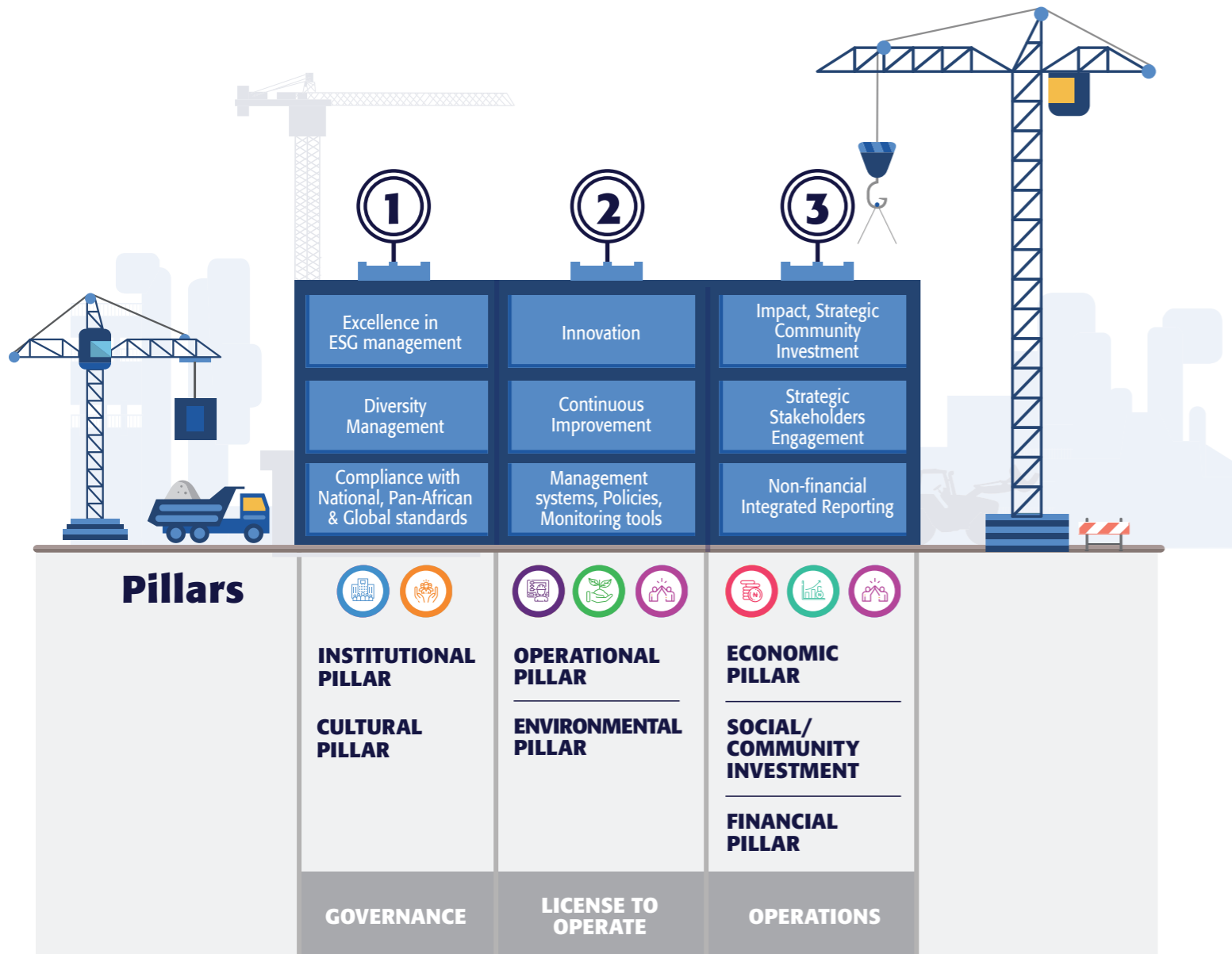
Our Values

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

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

Value Creation Model

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



How we propose to achieve Sustainability Leadership in Africa

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

1. FOUNDATIONS: PLAY TO CREATE NEW VALUE

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

2. CHANGE MANAGEMENT: PLAY TO CAPITALISE

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

3. LEADERSHIP: PLAY TO WIN

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

4. SECTION ONE -

How we strengthen governance



INSTITUTIONAL & CULTURAL



Strategic objective: 1.1. Compliance with national, Pan-African and global standards

Description

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

Strategic objective: 1.2. Diversity management

Description

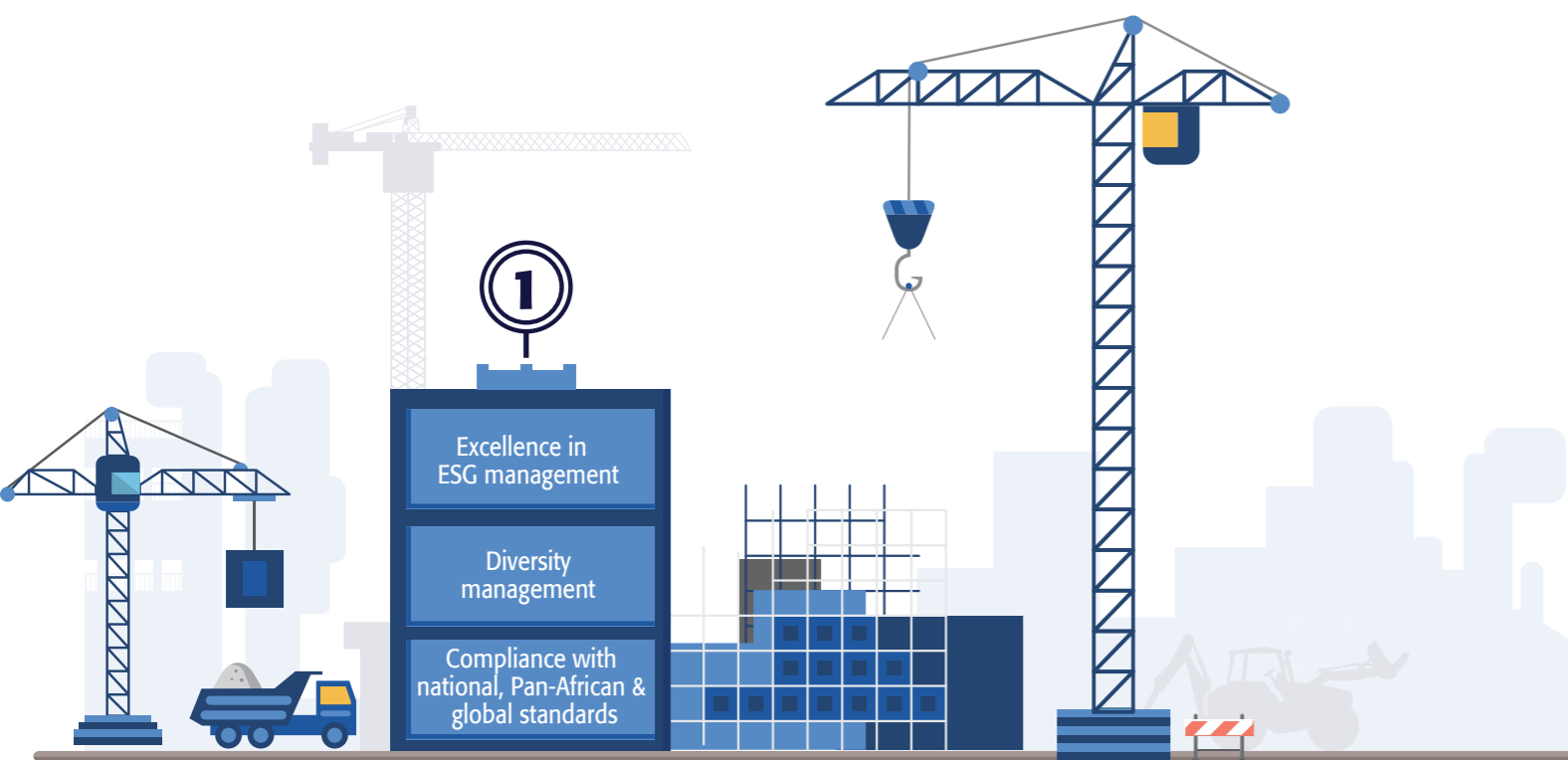
For us, diversity means a workforce with a mix of visible, underlying differences in ethnicity, culture, religion, nationality, age, gender, education and appearance.

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

Strategic objective: 1.3. Excellence in ESG management

Description

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



STEP 1 EXPECTED OUTCOME:

To achieve Excellence in GOVERNANCE.

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

Institutional



Definition

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

Management Approach

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

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



Dr Nike Fajemirokun
Group Executive Director



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

What are the standards we comply with?

PILLAR: Institutional

GRI	IFC	UN SDG's	SEC Code	UNGC	NSE	NCCG
GRI 102: General Disclosures	<p>Performance Standard 7: Indigenous Peoples</p> <p>Performance Standard 8: Cultural Heritage</p>	<p>SDG 8: Decent work and economic growth</p> <p>SDG 16: Peace, justice and strong institution</p> <p>SDG 17: Partnership for the Goals</p>	<p>Code: 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 15, 16, 17, 19, 21, 22, 23, 24, 25, 26, 27, 29, 30, 32, 34, 35, 36</p>	<p>HUMAN RIGHTS:</p> <ul style="list-style-type: none"> • 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. <p>LABOR:</p> <ul style="list-style-type: none"> • Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; • Principle 6: The elimination of discrimination in respect of employment and occupation. <p>ANTI-CORRUPTION:</p> <ul style="list-style-type: none"> • Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. <p>ENVIRONMENT:</p> <ul style="list-style-type: none"> • Principle 7: Businesses should support a precautionary approach to environmental challenges; 	Governance	<p>Principle 7, 8, 9, 10, 11, 12, 13, 14, 15 & 16 (Board of Directors)</p> <p>Principle 21, 22 & 23 Relationship with Shareholders</p> <p>Principles 24 & 25 (Business Conduct with Ethics)</p> <p>Principle 26 (Sustainability)</p> <p>Principles 27 & 28 (Transparency)</p> <p>Principle 17, 18, 19 & 20 (Assurance)</p>

LEGEND:

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

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

Performance Tracker

KPIs

ORGANISATIONAL TRANSPARENCY

2

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

BOARD DIVERSITY

12.5%

Female composition on Board

BOARD COMPOSITION

20%

Increase in Independent Non-Executive Directors

Our Sustainability Commitment

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

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

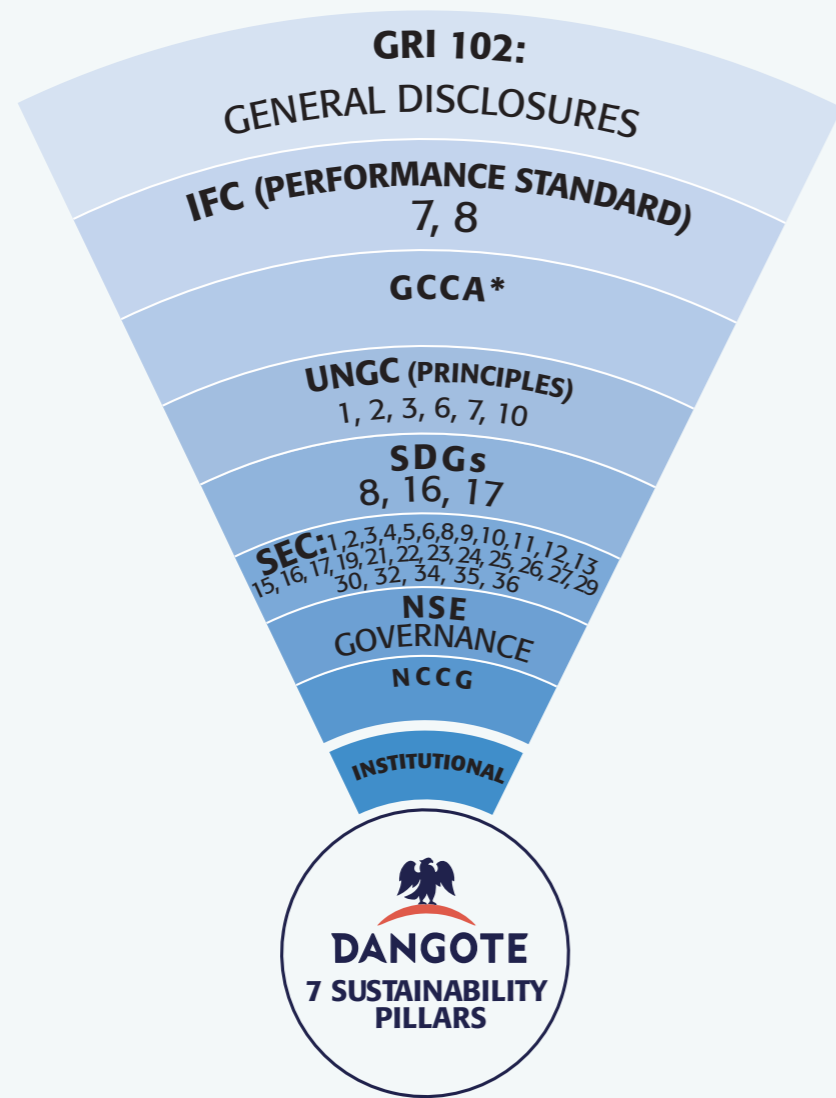


Aliyu Suleiman
Group Chief Strategy



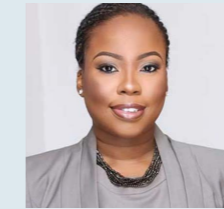
I believe with the 7 Sustainability Pillars, we have a well-defined and clearly laid out strategy to deliver sustainable growth and impact.

Institutional Standards



Institutional Indicators

- Corporate governance
- Risk management
- Culture based on ethics and integrity
- Stakeholders' engagement



SUSTAINABILITY AND RISK ARE TWO SIDES OF A COIN

DR ADENIKE FAJEMIROKUN
Chief Risk Officer DIL

Interview

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

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

Q. How is sustainability embedded in your risk management?

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

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

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

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

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

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

















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

Corporate governance

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

The Board of Directors

● Attended ● Not attended ○ Not yet joined

 Aliko Dangote GCON Chairman Attendance ●●●●●●●●	 Joseph Makoju OFR GCSO Group Chief Executive Officer Attendance ●●●●●●●●	 Brian Egan Group Chief Financial Officer Attendance ●●●●●●●●	 Abdu Dantata Non-Executive Director Attendance ●●●●●●●●
 Cherie Blair Independent Non-Executive Director Attendance ○●●●●●●●	 Devakumar Edwin Non-Executive Director Attendance ●●●●●●●●	 Dorothy Ufot SAN Independent Non-Executive Director Attendance ●●●●●●●●	 Douraid Zaghouani Non-Executive Director Attendance ●●●●●●●●
 Emmanuel Ikazoboh Independent Non-Executive Director Attendance ●●●●●●●●	 Ernest Ebi Independent Non-Executive Director Attendance ●●●●●●●●	 Fidelis Madavo Non-Executive Director Attendance ●●●●●●●●	 Sir Michael Davis Independent Non-Executive Director Attendance ○●●●●●●●
 Olakunle Alake Bachelors degree in Civil Engineering Non-Executive Director Attendance ●●●●●●●●	 Olusegun Olusanya Independent Non-Executive Director Attendance ●●●●●●●●	 Sani Dangote Non-Executive Director Attendance ●●●●●●●●	 Viswanathan Shankar Independent Non-Executive Director Attendance ●●●●●●●●

The Committees



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

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

Governance at Dangote Cement is managed in compliance with various local corporate governance laws such as the SEC Consolidated Rules, Investments and Securities Act, The Complaints Management Framework of the Nigerian Capital Market, Code of Corporate Governance For Public Companies, Nigerian Code of Corporate Governance, NSE Corporate Compliance, NSE Sustainability Disclosure Guidelines, King IV Code on Corporate Governance and other relevant local governance guidelines.

We also comply with several socio-environmental guidelines and policies that are specific to sub-lines of our business such as mining.

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

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



MAHMUD KAZAURE
Head of Legal

COMPLYING WITH SEC DISCLOSURE REQUIREMENTS



Q. Diversity and inclusion is topical today. How does Dangote apply this concept, especially at the executive level?

A. We are developing a gender-balanced and inclusive work environment where diverse talents can thrive and contribute to superior business results. This is evidenced by the absence of discriminatory gender policies and practices. We ensure gender equity in our employment across all levels. In line with our company's policy, employees are regarded equally irrespective of race, colour, religion, sex or ethnic background. In our recruitment or promotion practices, suitability for the job is hinged solely on merit - qualification, leadership qualities, experience, knowledge of the job, as well as good conduct and character.

Q. How does Dangote Cement align its business interests with national interests?

A. Some of the priorities of any progressive government are job creation, enhanced

living conditions and development of infrastructure, all of which align with Dangote Cement's interests. In Nigeria, we have contributed significantly to self-sufficiency in cement production, moving the country from a major importer barely a decade ago, to a net exporter of the commodity.

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

A. Our legal team works closely with the Risk, Compliance, Internal Audit and other relevant departments to proactively manage our risk exposures. Our ultimate objective is to ensure that observed risks do not crystallise.

Culture based on ethics and integrity

We recognise that a culture of integrity is critical to achieving our long-term sustainable growth. In order to achieve this, Dangote prides itself in setting the tone from the top by having a Board Committee - The Audit, Compliance and Risk Management Committee - saddled with the responsibility of overseeing the Company's compliance programme and adherence to the Code of Business Ethics.

The Board is guided by our Directors' Code of Ethics, which clearly sets out the standards of conduct expected of them. Our directors renew

their commitment to this code on a yearly basis. Our employees are also guided by the same high standards of ethics. Our employee code of conduct is disseminated to all levels of employees during onboarding. It is also contained in the Employee Handbook, which all employees can assess.

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



THE STAFF HANDBOOK

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



Whistle-blowing mechanism

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

All employees and stakeholders have the opportunity to make confidential disclosures

about suspected impropriety or wrongdoing. The Anti-Fraud Committee decides on the appropriate method and level of investigation.

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

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

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

Anti-corruption

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

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

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



CONFIRMED INCIDENTS OF CORRUPTION IN 2018

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

Human Rights

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

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

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

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

Cultural



Definition

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

Management Approach

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

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



Musa Rabiu
Group Chief,
Human Resource
Officer

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



The global standards we are committed to

PILLAR: Cultural

GRI	IFC	UN-SDGs	SEC Code	UNGC	NSE	NCCG
<p>GRI 102: General Disclosures</p> <p>GRI 400: Social Standard Series</p>	<p>Performance Standard 5: Land Acquisition & Involuntary Resettlement</p> <p>Performance Standard 7: Indigenous Peoples</p> <p>Performance Standard 8: Cultural Heritage</p>	<p>SDG 4: Quality Educationh</p> <p>SDG 5: Gender Equality</p> <p>SDG 10: Reduced Inequalities</p> <p>SDG 11: Sustainable cities and communities</p> <p>SDG 16: Peace, justice and strong institution</p> <p>SDG 17: Partnership for the Goals</p>	<p>Code: 14, 18, 28</p>	<p>HUMAN RIGHTS:</p> <ul style="list-style-type: none"> • 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. <p>HUMAN RIGHTS:</p> <ul style="list-style-type: none"> • Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; • Principle 4: The elimination of all forms of forced and compulsory labor; • Principle 5: The effective abolition of child labor; and • Principle 6: The elimination of discrimination in respect of employment and occupation. 	<p>Governance</p>	<p>Principle 7, 8, 9, 10, 11, 12, 13, 14, 15 & 16 (Board of Directors)</p> <p>Principle 21, 22 & 23 Relationship with Shareholders</p> <p>Principles 24 & 25 (Business Conduct with Ethics)</p> <p>Principle 26 (Sustainability)</p> <p>Principles 27 & 28 (Transparency)</p>

LEGEND:

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

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

Performance Tracker

KPIs

TRAINING EXPENDITURE

134M

Expended on training and capacity building in 2018

SUSTAINABILITY CHAMPIONS TRAINED

500

Sustainability Champions designated and trained in 2018

INTERNAL ENGAGEMENT

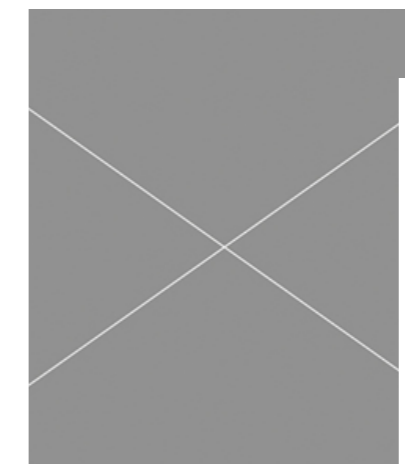
623

Dangote Cement employees took part in the 2018 internal stakeholders survey

Our Sustainability Commitment

For an African economy with a problem of high unemployment rate, we see job creation as a corporate responsibility.

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

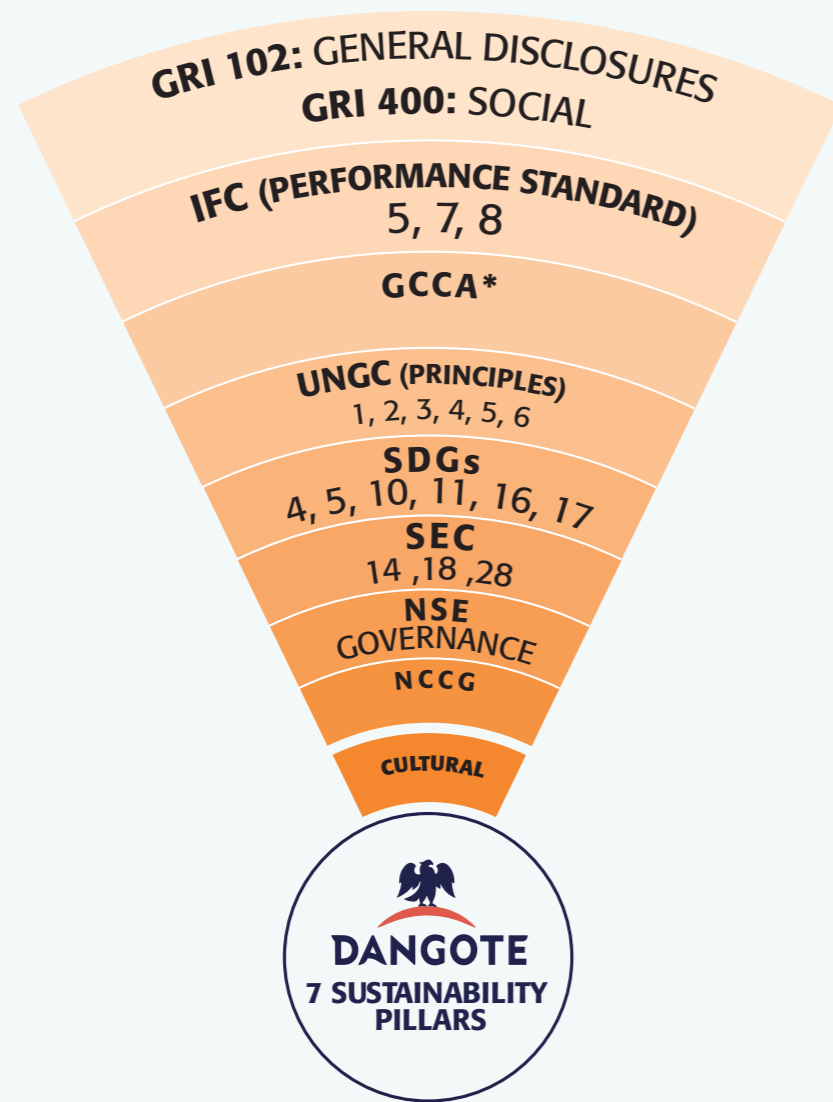


Musa Hassan-Tom
Head of Compliance

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



Cultural Standards

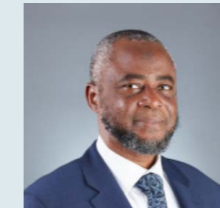


Cultural Indicators

- ☑ New hires and turnover
- ☑ Employee distribution
- ☑ Diversity
- ☑ Inclusive workplace and non-discrimination
- ☑ Collective bargaining
- ☑ Learning and development



Interview



DR. MUSA RABIU
Group Chief Human Resources Officer

MANAGING OUR MOST IMPORTANT CAPITAL

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

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

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

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

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

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

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

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

CASE STUDY

WOMEN IN MANUFACTURING

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

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



Labour practices

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

A clear tone at the top encourages an inclusive workplace where all employees are given a level playing ground to thrive in their careers. We

have deployed multiple programmes that foster inclusiveness, such as our quarterly CEO forum, Departmental meetings and workplace surveys in addition to our open door policy which encourages staff to engage with line managers on personal and work related problems.

Child, forced and compulsory labour

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

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

Non-discrimination

Dangote Cement’s recruitment policy stipulates non-discrimination in its recruitment process. For every position that is open the most qualified person is recruited irrespective of gender, religion, ethnic group, physical condition or state of origin. Where employees become disabled they are retrained to be able to cope in the work environment as much as is practicable. information about the Company through the Internal Communications Unit, which publishes information on our website and intranet.

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

CASE STUDY

In Zambia, there were two reported cases of discrimination in 2018. The first one centred around unequal pay (including benefits) for equal work performed by locals and expatriates. The second allegation was that the locals were denied the opportunities to rise beyond certain positions. For instance, GM positions are held only by expatriates.

Steps have been taken to investigate and address these concerns. For example, succession planning that prioritises local employees is being implemented. Job evaluation is also being carried out to determine which locals qualify for what managerial positions. Salary survey to benchmark what competitors are paying still needs to be done in the near future.

Freedom of Association and Collective Bargaining

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

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

Building a Work Environment where employees are empowered to thrive

Benefits and Compensation

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

Good Practices

Creating a work environment for growth

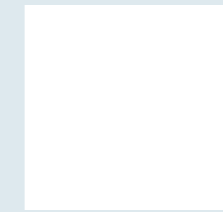
We place a premium on supporting our employees to achieve their career goals and aspirations, we do this by providing a work environment where they find job satisfaction and are motivated for higher productivity. We have systems in place (including employee recruitment and promotion processes, employee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

CIP – Corporate Interactive Platform

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

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

Interview



JULIET OSHAGBEMI
Head of Dangote Academy

DANGOTE ACADEMY – LEARNING FOR EMPOWERMENT



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

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

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

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

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

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

Q. What initiatives are planned for 2019?

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

Learning and development

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

Good Practices

Full-time education study leave

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

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

In 2018, 44.5% (11,707) of our employees across all our plants and head office (including transport workers) were trained for a total of 381,704 hours. Within the reporting year, N134 million was spent on employee training and development.

COUNTRY	Total Number of Employees Trained per Employee Level									
	Executive/Snr Mgt		Management		Senior/Professional		Junior/Technician		TOTAL	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Nigeria - HQ	0	4	5	82	39	115	0	28	44	229
Nigeria - Gboko	0	0	0	16	15	126	2	232	17	374
Nigeria - Ibese	0	0	1	26	20	392	7	1034	28	1452
Nigeria - Obajana	0	0	0	52	18	318	7	1443	25	1813
Ethiopia	0	2	0	11	1	41	27	380	28	462
Senegal	2	13	2	20	14	48	8	44	26	125
South Africa	4	19	23	23	47	248	130	442	204	732
TOTAL	6	38	31	230	154	1288	181	3603	372	5159

COUNTRY	Number of training hours (without hours of anti-corruption training) provided to employees									
	Executive/Snr Mgt		Management		Senior/Professional		Junior/Technician		TOTAL	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Nigeria - HQ	0	72	80	1352	6800	1952	0	224	760	3600
Nigeria - Gboko	0	0	0	384	360	3024	48	0	408	3408
Nigeria - Ibese	0	0	24	416	320	6272	112	16512	456	23200
Nigeria - Obajana	0	0	0	832	432	7632	168	23088	60	31552
Ethiopia	0	2	0	6	0	4	0	25	0	37
Senegal	72	430	144	729	112	384	64	352	392	1895
South Africa	376	496	369	272	752	2441	2136	5976	3633	9185
TOTAL	448	1000	617	3991	2656	21709	2528	46177	6249	72877

CASE STUDY

— REWARDING CULTURE – INTERNATIONAL SECONDMENTS IN SENEGAL

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

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



Training engineers

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

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

Graduate Drivers Academy

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

Professional Trainee Programme (PTP)

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

Dangote Sustainability Survey

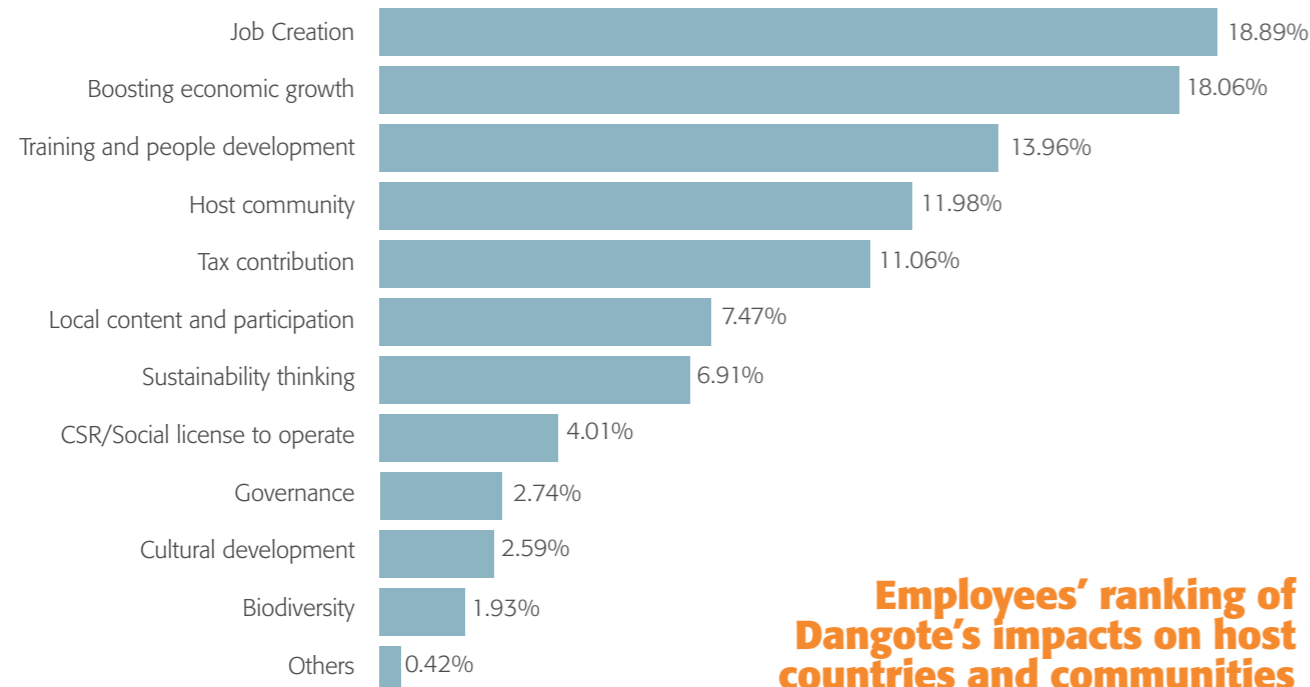
Effective employee engagement and assessment of level of awareness are important to sustainability acculturation. This is why we made concerted efforts to “actively listen to ourselves” during the reporting year. In May 2018, we engaged a demographically diverse group of internal stakeholders through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

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

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

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

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



Employees’ ranking of Dangote’s impacts on host countries and communities

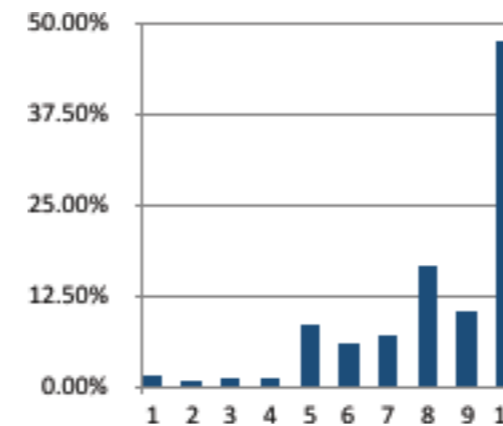
To further our alignment with the SDGs, we collected responses on our top 5 contributions to the United Nations Goals. Responses indicated that, amongst other goals, Dangote is contributing most significantly to ‘No poverty’ (SDG1), ‘good health’ (SDG3), ‘quality education’ (SDG4), ‘decent work and economic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

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

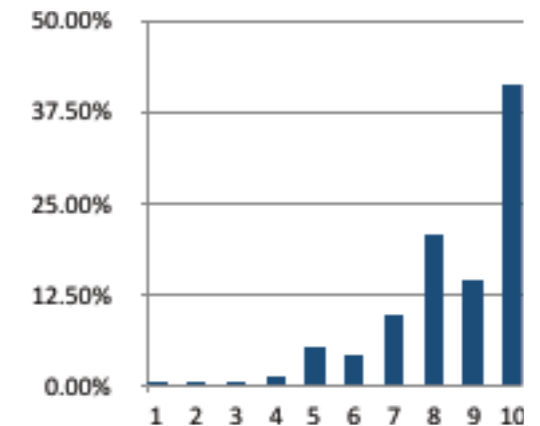
were, ‘support for local communities’, 14.30%; ‘educational activities’, 12.81%; ‘provision of internship opportunities for young people’, 10.09%; ‘networking opportunities’, 9.40%; ‘establishment of partnerships with global and local NGOs’, 8.97%; while other initiatives including angel investments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

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

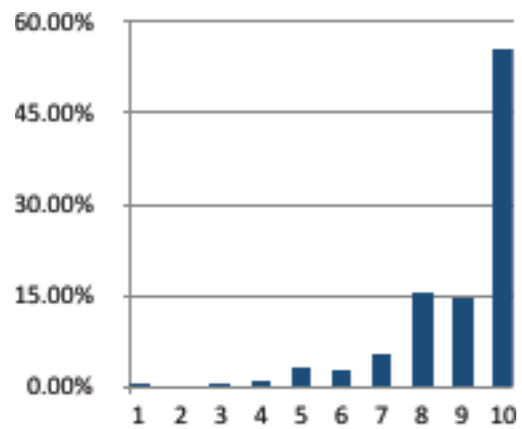
Employees ranking of sustainability success factors



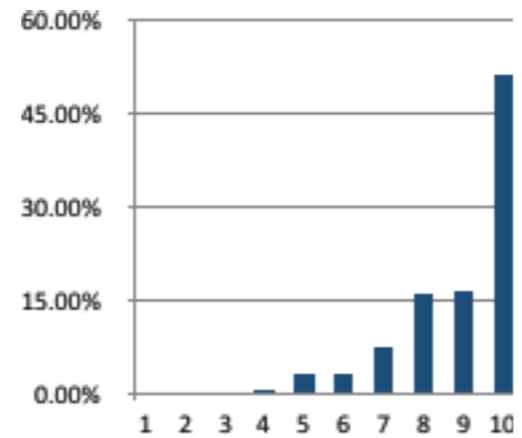
To make Dangote sustainability agenda successful, it will be nice to have management buy-in



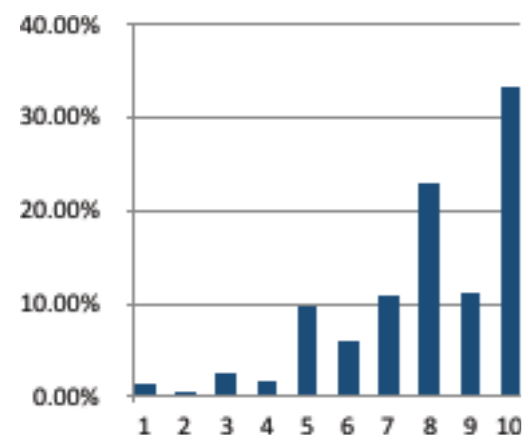
To make Dangote sustainability agenda successful, it will be nice to have incentives and rewards for employees’ sustainability led projects



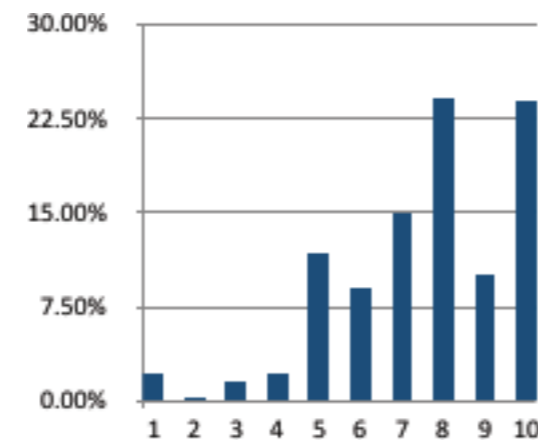
To make Dangote sustainability agenda successful it will be nice to have sustainability training for all



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



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



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

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



THE UNIVERSITY of EDINBURGH

Dangote Sustainability Champions Training Program

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

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

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

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

01

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

02

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

03

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

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

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

Training objectives:

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

Solutions proffered:

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

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

Challenges identified:

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

Sustainability Week



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

2018 Dangote Sustainability Week

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

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

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

The massive success of the 2018 Sustainability Week clearly illustrates the business case for sustainability and the critical synergy that should exist between the trio of employees, host communities and corporate leadership. It also demonstrates that when impact is bottom-up, measurable, meaningful to employees and host communities (i.e. based on stakeholder engagement and proper needs assessment), it is more sustainable and better appreciated by communities and markets. We believe that the business case becomes even more viable when driven by our employees and backed by a sustainability culture, even without any direct financial investments.

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

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

Nigeria

HQ

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

Ibese

- Donation of materials to Ibese market women

Obajana

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

Gboko

- Educational outreach
- Rehabilitation of road at Yandew roundabout

DCP Depot Isolo

- Community Environmental Sanitation programme

NASCON Nigeria

- Community awareness and environmental sanitation

Dangote Apapa

(Flour, Sugar, Greenview, Port Operations)

- Environmental sanitation
- Refuse disposal

Cameroon

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

Congo

- Rehabilitation of clinic and road in Bounsa District

Tanzania

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

Ghana

- Beach sanitation in Tema

Senegal

- Plant sanitation and sustainability awareness programmes

Did you Know:

NIGERIA

Most populous country in Africa	7th Most populous country in The World	203,452,505 <small>July 2018 est.</small>
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Population growth projected to reach 392 Million in 2050 (This would make Nigeria the world's fourth most populous country)

Multi-ethnic population, with over 250 ethnic groups in total:

27.4% HAUSA	14.1% IGBO (IBO)	13.9% YORUBA	6.3% FULANI
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Including heterogeneous religious population:

50% MUSLIM	40% CHRISTIAN	10% TRADITIONAL
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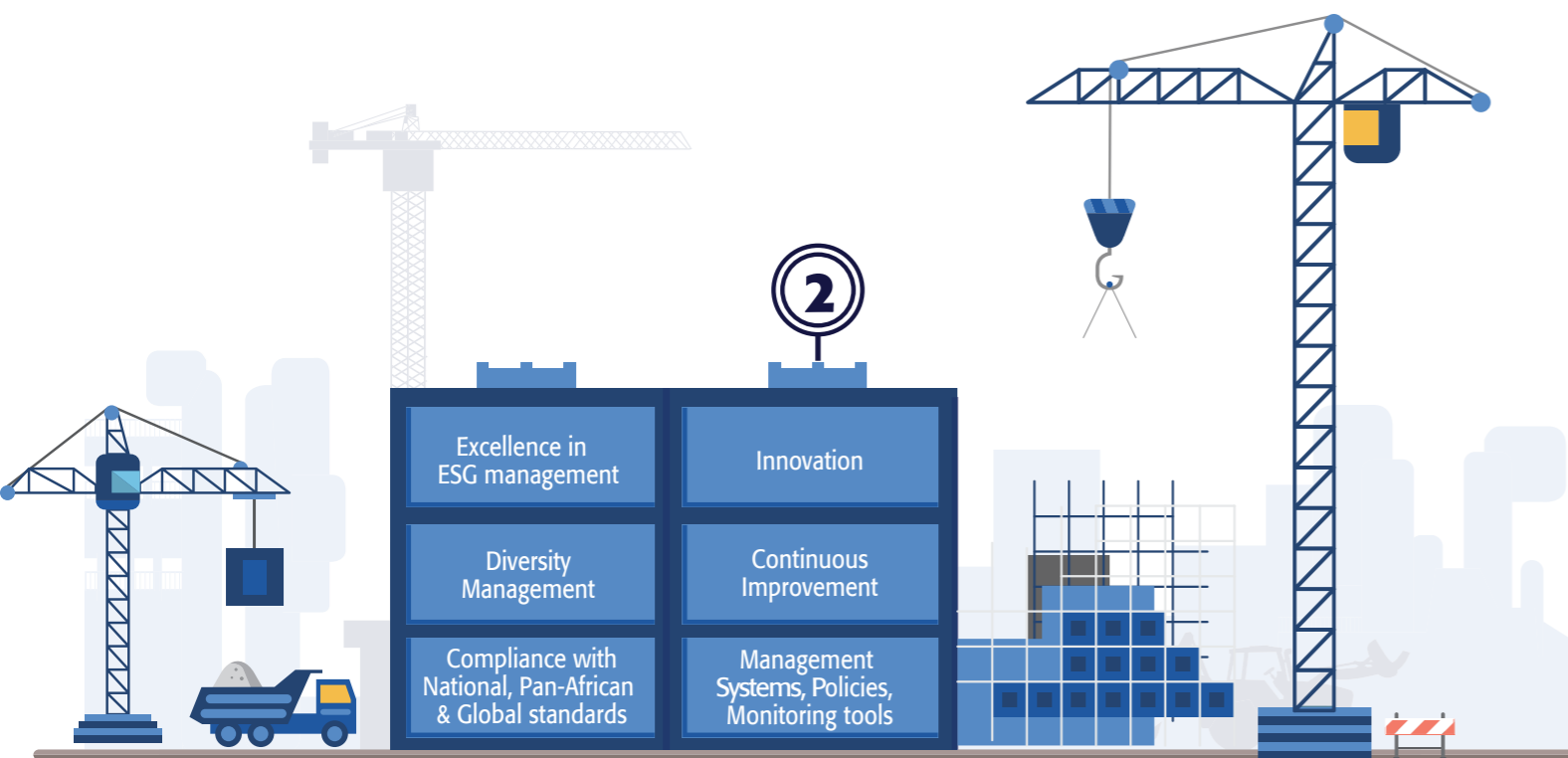
5. SECTION TWO - How we improve our operations



OPERATIONAL PILLAR



ENVIRONMENTAL PILLAR



OPERATIONAL & ENVIRONMENTAL



Strategic objective: 2.1. Management systems, policies, monitoring tools

Description

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

Strategic objective: 2.2. Continuous improvement

Description

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

Strategic objective: 2.3. Innovation

Description

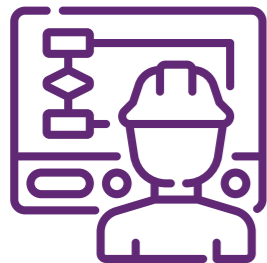
Adopt, develop and invest in innovative systems and technologies which will enable us to save cost, especially with regards to energy consumption.

STEP 2 EXPECTED OUTCOME:

Prioritisation of **OPERATIONAL** efficiency.

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

Operational



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

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

Definition

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

Management Approach

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

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

N208.6B

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

3Mta

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



Arvind Pathak
Group Chief
Operations
Officer



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

The global standards we are committed to

PILLAR: Operational

GCCA	GRI	IFC	UN-SDGs	UNGC	NSE	NCCG
<p>Circular Economy:</p> <ul style="list-style-type: none"> Promote the principles of a circular economy across the value chain Guidelines developed for fuel and raw material use in cement 	<p>GRI 103: Management Approach</p>	<p>Performance Standard 3: Resource Efficiency and Pollution Prevention Performance</p> <p>Performance Standard 5: Land Acquisition & Involuntary Resettlement</p>	<p>SDG 8: Decent work and economic growth</p> <p>SDG 9: Industry, innovation and infrastructure</p> <p>SDG 12: Responsible consumption and production</p> <p>SDG 13: Climate Action institution</p>	<p>HUMAN RIGHTS:</p> <ul style="list-style-type: none"> 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. <p>ANTI CORRUPTION:</p> <ul style="list-style-type: none"> Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. 	<p>Environmental</p>	<p>Principle 26 (Sustainability)</p>

LEGEND:

GCCA - Global Cement and Concrete Association
GRI - Global Reporting Initiative
IFC - International Financial Corporation
UNGC - United Nations Global Compact

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

Performance Tracker

KPIs

LOCAL PROCUREMENT

79%

85% patronage of local contractors, suppliers, vendors, distributors, in our supply chain

CAPACITY UTILISATION

49%

Ccapacity utilisation of plants in our Nigerian operations

SUPER-DISTRIBUTORS

568

Super-distributors in our Nigerian operations

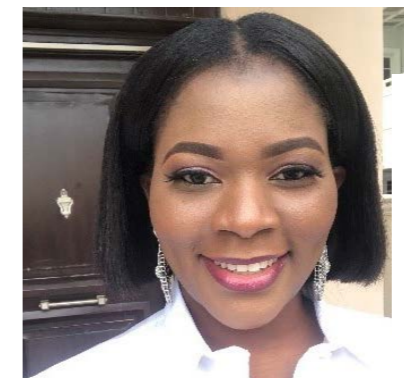
Our Sustainability Commitment

Key elements of our business model are:

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

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

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

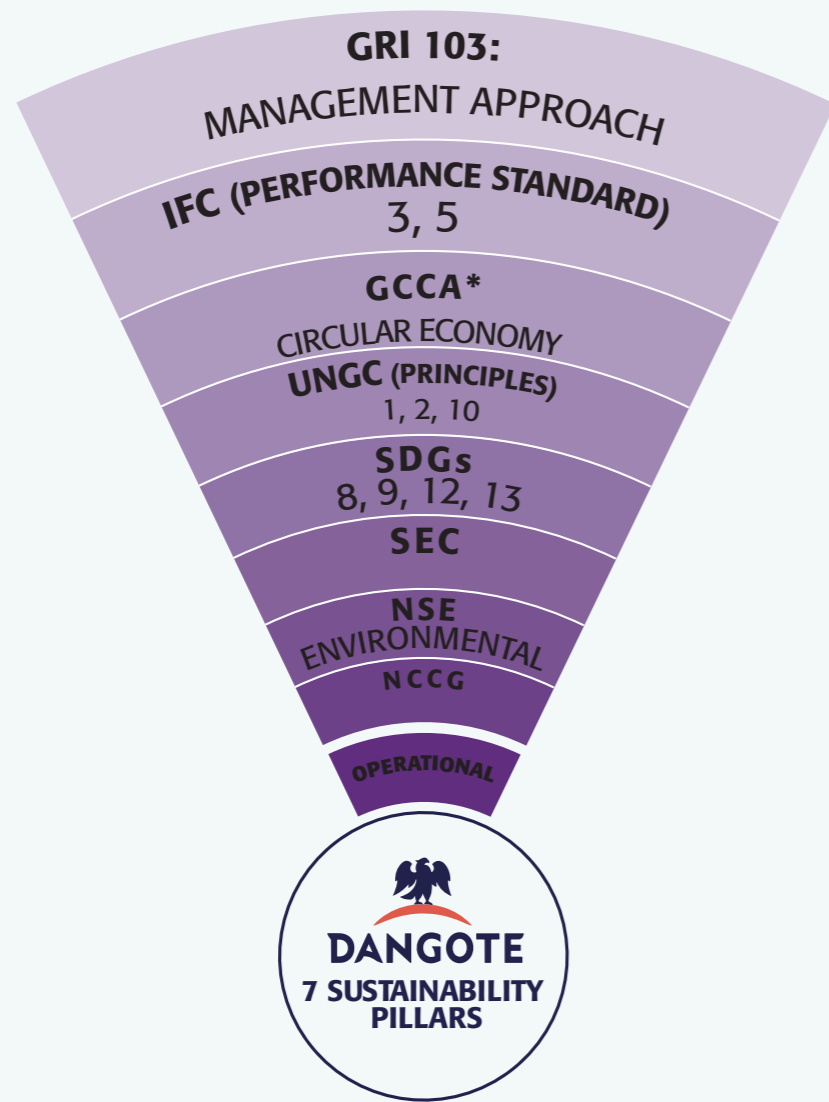


Ejura Ejumedia
xxxx

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



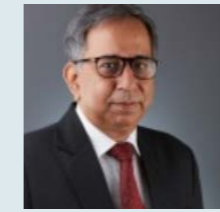
Operational Indicators



Operational Indicators

- Innovation
- Due diligence
- Product quality
- Resource management
- Product health and safety
- Health and safety
- Customer service

Interview



ARVIND PATHAK
Chief Operational Risk

NURTURING PEOPLE, THE ENVIRONMENT AND OUR BUSINESS



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

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

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

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

attract penalties. Our operations across Africa are guided by these global standards.

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

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

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

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

Product quality and market competitiveness

Who are our customers?

- ✔ **Government Contractors**
- ✔ **Construction companies**
- ✔ **Distributors**
- ✔ **Private sector contractors**
- ✔ **Real estate and infrastructure developers**
- ✔ **Retailers**

Innovation

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

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

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

In 2018, we launched two new products into our main market, Nigeria: Falcon and BlocMaster. Falcon is a 32.5-grade cement that addresses needs at the lower end of the market, where strength is less of a requirement. As such, it is

ideal for buildings such as single-storey houses, walls, mortaring and driveways. Our new BlocMaster cement is a premium 42.5R product, rapidly setting to provide excellent early strength after one day, and superior strength after 28 days. It is ideal for block makers, often small entrepreneurs in the informal sector, enabling them to turn their moulds quicker than with other products.

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

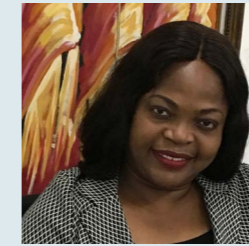
32.5N

A CEMENT GRADE SUITABLE FOR LOW-LOAD BUILDING NEEDS

42.5R

A STRONGER, MORE RAPIDLY SETTING CEMENT FOR MULTIPLE APPLICATIONS

Interview



BUILDING REQUISITE SYSTEMS AND STRUCTURES



EUNICE SAMPSON
GM/Head, Sustainability,
Dangote Cement Plc

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

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

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

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

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

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

Product Quality

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

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

In 2019 we will begin the process of holding our major suppliers, vendors and contractors for their environment and social practices. For instance, they will be required to commit to and implement our sustainability Code as a condition for our business relationship.

Product health and safety

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

employees and contractors. Management is held accountable for ensuring safe behaviour, implementing workplace improvements on a regular basis and promoting a culture of safety in our everyday activities.

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

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

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

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

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

Good Practices

Our Safe Work Initiative

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

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

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

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

Customer service

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

Ultimately, we aim to create solid relationships with our customers by establishing the foundations for long-lasting partnerships. We leverage our cutting-edge business processes to develop superior cement solutions.

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

Good Practices



Customer Service Week

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

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

The 2018 edition focused on how we could leverage the global event to achieve great service delivery, productivity, and build lasting relationships with customers and among co-workers. The event took place from the 2nd

to the 5th of October 2018 and will hold from the 7th-11th of October 2019. Dangote Cement Operations in Nigeria has 7,248 direct retailers (customers) of which approximately 568 are classified as Super Retailers responsible for the distribution of a significant amount of our products across various geo-political zones. As part of activities to commemorate the 2018 Customer Service week, each of our external customers received a specially customised e-card to symbolise Dangote Cement's appreciation for their contributions that have ensured our market dominance. Our key distributors are critical not just to our business but to the Nigerian economy. They oversee tens of thousands of other commercial re-selling operations providing employment, sustaining livelihoods and empowering households in different markets. Also as part of the event, employees participated in competitive quizzes and were rewarded with cash prizes. The quizzes sought to improve working knowledge of all aspects of the business and to foster corporate ownership among team members.

Supply Chain Management

Suppliers Sustainability Programme

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

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

Our 2020 goal is to evaluate at least 30% of our major suppliers and vendors using environmental and social criteria. As part of our procurement practice, we prioritise patronage of local vendors. In 2018, 79% of our total procurements were sourced locally. Of the total of N208.6 billion, N165 billion was spent on local purchases. Our suppliers range from Small and Medium-scale Enterprises (SMEs) to large multinational companies.

Good Practices



Customer Trucks Empowerment Scheme (CTES)

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

In 2018, two DIL subsidiaries received the SERAS Sustainability Awards for:



Best Company in
Hunger & Food Security



Best in Supply Chain
Management

Suppliers due diligence

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

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

This evaluation is periodically reviewed and suppliers scored based on their performance. Suppliers' ratings are integrated into their scorecards to track and reward those that demonstrate improved sustainability practices.

Dangote subsidiaries are expected to screen new suppliers using environmental criteria.

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

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

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

Our Senegal operation also evaluates the salaries and social conditions of third party employees to ensure that the rights of young worker are not violated. South Africa, on the other hand, is not a high risk country for child labour. Use of child labour in South Africa is a criminal offence under section 43 of the basic conditions of employment act and the National Child Labour Programme of Action for South Africa, Phase IV. However, as a preventive practice, Sephaku administers Standard Request for Proposal (RFP) questionnaires to

suppliers where they are made to disclose any past criminal offences or indictments. Provision is being made in 2019 for background screening to be done on key suppliers to rule out environmental and social violations.

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

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

Resource Management

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

Our strategy for resource efficiency also involves the use of alternative raw materials such as Iron

Ore in cement production which is a cheaper alternative to traditional components. At Dangote Cement, we understand that water is a finite resource that should be managed responsibly. In our operations, we ensure that water is used efficiently and reused or recycled as much as is practicable.

Health and Safety

As the leading cement company in Africa, we understand the importance of health and safety for our workers, visitors and host communities. We are continuously improving our processes to enhance safety and minimise harmful incidents. We are working towards achieving our “Goal Zero” on fatalities and recordable injuries by implementing the best health and safety practices across all our sites. In 2018, we focused on improving compliance with applicable laws, regulations and Dangote Cement’s own HSE policies and standards.

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

We are strengthening our accident investigation processes and competencies are being developed in this area. We closely monitor implementation of all corrective actions arising from all incidents and HSE audits. We try to ensure that no accident is repeated. We are also more proactive in our HSE risk management, entrenching it from being a standalone activity into a key performance indicator. During 2018, we emphasised to our employees the benefits of reporting all incidents without fear of punishment. We promoted compliance with the Group’s 15 Golden Safety Rules and strengthened our safety reporting format.

In 2018, we also introduced our Safe System of Work initiative, including job hazard analysis, pre-work

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

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

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

LOST TIME INJURIES

22

2017: 47

LTI PERCENTAGE DECREASE

53%

HSSE System Framework



Elvis Akalusi
Head, Health & Safety, Ibese



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

Environmental



Definition

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

Management Approach

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

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



Massimo Bettannin
Group Chief,
HSSE



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

The global standards we are committed to

PILLAR: Environmental

GCCA's	GRI	IFC	UN SDG's	UNGC	NSE	NCCG
<p>Climate Change & Energy:</p> <ul style="list-style-type: none"> • Develop a climate change mitigation strategy, and publish targets and progress. <p>Environment & Nature:</p> <ul style="list-style-type: none"> • Apply Environment & Nature guidelines Set emission targets and report publicly on progress 	<p>GRI 300: Environmental Standard Series</p>	<p>Performance Standard 1: Assessment & Management of Environmental & Social Risks and Impacts.</p> <p>Performance Standard 6: LBiodiversity Conservation & Sustainable Management of Living Natural Resources Performance</p> <p>Performance Standard 3: Resource Efficiency and Pollution Prevention</p>	<p>SDG 6: Clean water and sanitation SGD</p> <p>SDG 7: Affordable and Clean Energy</p> <p>SDG 9: Industry, innovation and infrastructure</p> <p>SDG 12: Responsible consumption and production</p> <p>SDG 13: Climate Action institution</p>	<p>ENVIRONMENT:</p> <ul style="list-style-type: none"> • Principle 7: Businesses should support a precautionary approach to environmental challenges; • Principle 8: Undertake initiatives to promote greater environmental responsibility; and • Principle 9: Encourage the development and diffusion of environmentally friendly technologies. 	Environmental	Principle 26 (Sustainability)

LEGEND:

- GCCA** - Global Cement and Concrete Association
- GRI** - Global Reporting Initiative
- IFC** - International Financial Corporation
- UNGC** - United Nations Global Compact
- SDG** - Sustainable Development Goals
- NCCG** - Nigerian Code of Corporate Governance
- NSE** - Nigerian Stock Exchange

Performance Tracker

KPIs

TOTAL VOLUME OF GREENHOUSE GASES

687Kg CO2

Per tonne cementitious material produced in 2018

CO2 EMISSIONS [T CO2]

-7.2%

Reduction in CO2 emissions in our South African operations

WATER CONSUMPTION

+29%

Increase in water usage in our South African operations due to increased production

Environmental Management & Compliance

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

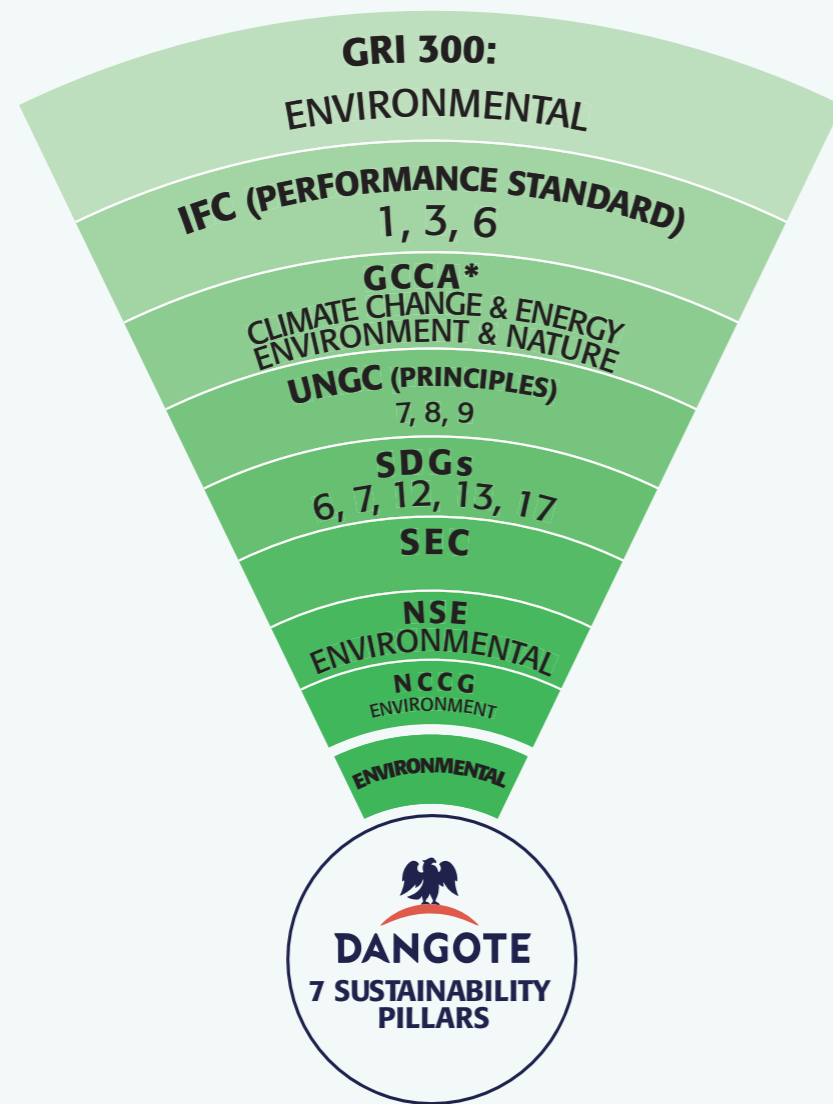
As the largest cement company in Africa, we understand the environmental impacts of our operations and are committed to complying with all relevant environmental regulations in the countries where we operate. We invest in

technologies and systems that would help to significantly reduce our environmental impact.

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

We are committed to implementing ISO 14001:2004 Environmental Management System (EMS), which would improve our approach to environmental management within the defined scope of our operations.

Environmental Indicators



Environmental Indicators

- ✔ Operational efficiency
- ✔ Carbon management
- ✔ Circular economy
- ✔ Dust emissions
- ✔ Water management

Interview

ENVIRONMENTAL STEWARDSHIP AT DCP



MASSIMO BETTANIN
Group Chief, HSSE

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

A. As the largest cement manufacturer in Africa, Dangote Cement has potentially high environmental impact. The major polluting substances emitted during cement production are dust, Nitrogen oxide (NOx) and Sulphur dioxide (SO2). The actual amount emitted is of course dependent on the production inputs (the raw materials and fuels used), processes applied, and the condition and quality of the plant. Dangote Cement is continuously working to mitigate and minimise the impacts of its production on the environment. We strongly believe that sound environmental management, together with proactive approaches to addressing these challenges are fundamental to achieving environmental responsibility.

Q. What distinguishes DCP’s factories from its peers?

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

- Pre-heater and pre-calciner technologies, which are regarded as the most efficient technology because they recycle heat from the kilns to pre-heat the raw mixture and achieve much of the chemical transformation of limestone before it even enters the kiln;
- Vertical rolling mills for raw material, coal and cement grinding which are 40–50% more efficient than traditional ball mills;
- Mechanical material transport and transfer systems equipped only with conveyors and bucket elevators, which are up to 80% more efficient than the traditional pneumatic systems.

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

A. We understand that our line of business could come with huge environmental footprints if not properly managed. This is why we continuously look for better ways of combating our actual and potential impacts. We keep taking precautionary steps to tackling the impact our business could have on the wellbeing of the physical environment. Our ultimate goal is to reduce, as much as is feasible, our CO2 emissions, water consumption, waste generation and dust emissions. We also plan to leverage the advantages offered by the Circular Economy business model, by re-utilising wastes produced in our sites, such as old tyres and packaging materials. This way, we would be improving on our environmental performance and also significantly reducing our operational costs.

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

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

Operational Efficiency

The production of cement requires a lot of energy, which has significant economic and environmental implications. It is therefore imperative that we continue to enhance our energy efficiency. We plan to optimise the utilisation of Natural Gas, which

is a cleaner energy source, to improve our overall energy and operational efficiency. This could come with availability challenges. But we are committed to adopting global best practices in energy usage as much as is feasible.

Our plants are designed to achieve particulate emission levels (30mg/Nm3) far below what the environmental emission (100mg/Nm3) regulations in Nigeria permit.

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

- ✔ Utilising effective particulate emission control systems, including baghouse filters and electrostatic precipitators;
- ✔ Efficient energy recovery in kiln operation using mechanical flow regulator in the coolers;
- ✔ Use of cement additives to have a high cement clinker ratio which improves both energy usage and CO2 emissions per tonne of cement produced.
- ✔ Use of storm water harvesting and recycling (South African and Obajana operations) and use of water decanting from other mines (our Zambian operations);
- ✔ Vertical roller mills for raw material, coal and cement grinding which are 40-50% more efficient than traditional ball mills;
- ✔ Mechanical material transport and transfer system equipped only with conveyors and bucket elevators which are up to 80% more efficient than the traditional pneumatic system;
- ✔ Use of long OLBC conveyors for raw material transport rather than the less efficient dumpers;
- ✔ Robot lab equipment for automatic sampling and preparation for X-Ray screening which allows for a better process control with direct effect on the quality of our cement and indirectly, a 3-5% energy reduction compared to plants provided with manual sampling system;
- ✔ Big process fans provided with Variable Frequency Drivers (VFD) to vary the ventilation rate based on the actual demand/operating conditions. VFD can reduce input power by 40-80% (depending on the % flow rate) compared to dampers;
- ✔ Pre-heater and pre-calcinate which is regarded as the most efficient technology.

Precautionary Approach to Environmental Management

We have a robust risk assessment and management system that enables us to identify and manage environmental risks before they actually crystallise. As much as possible, we strive to identify and pre-empt operational and environmental risks as our way of averting irreversible damages to our business environment, employees, host communities and the general public.

We proactively manage any identified hazard and continuously deploy new technologies that would help improve our operational efficiency and environmental stewardship. Some of our processes are being redesigned to improve our performance in resource efficiency, waste management, carbon emission and so on.

Understanding & Managing our Carbon Footprint

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

The cement industry accounts for over 5% of the total global CO2 emissions annually. Approximately 60% of these emissions are produced during the conversion of limestone (CaCO3), a key natural ingredient, to clinker (CaO), an essential component of cement; whilst the remaining 40% of CO2 is generated by the combustion of fossil fuels in the kiln and to produce electricity.

However, our plants are mostly new and ultra-modern. They have been designed to be more energy efficient using cutting edge technology in cement production. These measures have resulted in operational cost savings and, at the same time, less CO2 emissions in our operations.

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

Total greenhouse gas emissions resulting from captive power plants and generators, kilns and vehicles used at the quarries and sites (Scope 1), as well as those associated with the use of purchased electricity (Scope 2), were estimated at 16.4 million tonnes, equivalent to a specific or average unit based emission of 687kgCO2eq / tonne of cementitious material produced.

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

CASE STUDY

WATER PRESERVATION IN SOUTH AFRICA

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

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

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

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

The plant has three authorised dams: a borrow pit of 275 000m³ and two Return Water Dams, each with storage capacity of 45 000m³.

The borrow pit, which is situated in the mining area, collects almost 190 000m³ per annum, and this is used for dust suppression. About 122,500 m³ volume of water from the return water dams is recycled and re-used as process water, reducing our need for boreholes. This means that we take far less groundwater, which can instead be used by local communities for agricultural and domestic purposes.

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



Eunice Sampson
General Manager/
Head, Sustainability,
Dangote Cement Plc



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

Interview

INVESTORS' ENVIRONMENTAL CONCERNS



CARL FRANKLIN
Head, Investor Relations

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

A. Greenhouse gas emission is seen as the biggest contributor to climate change and global warming. Given that cement production is rated as the third largest producer of CO₂ in the world, our investors, like other investors around the world, are interested in our CO₂ emissions, resource efficiency, waste management practices, dust emission, health and safety issues, and so on. Their major concern of course revolves around how effectively these issues are managed to ensure business and environmental sustainability.

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

A. I think environmental concerns will become even more significant for investors in the future. With sustainable finance framework increasingly

gaining traction among top business executives worldwide, environmental, social and governance issues will become key considerations in the investment decisions made by key investors. Companies that demonstrate sustainability stewardship will of course attract good investment opportunities relative to their peers.

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

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

Did you Know:

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

That is comparable to offsetting the yearly average carbon emissions from 1.3 million passenger vehicles.

6. SECTION THREE - How we build license to operate



ECONOMIC , SOCIAL, FINANCIAL



Strategic objective: 3.1. Economic Impact, strategic community investment

Description

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

Strategic objective: 3.2. Strategic stakeholder engagement

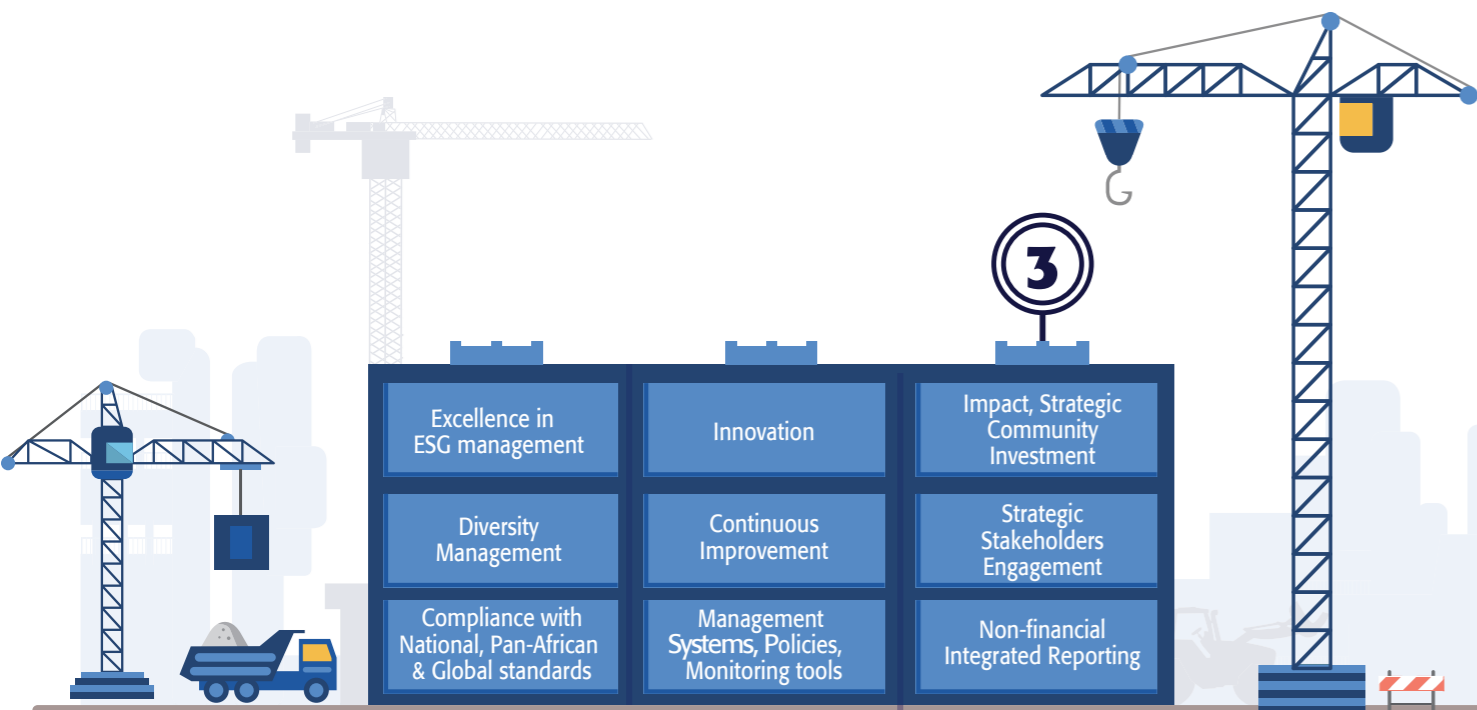
Description

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

Strategic objective: 3.3. Financial and non-financial Impact

Description

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



STEP 3 EXPECTED OUTCOME:

LICENSE TO OPERATE achieved.

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

Economic



Definition

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

Management Approach

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

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



**LUK
HAELTERMAN**
CEO, DCP
SENEGAL



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

The global standards we are committed to

PILLAR: Economic

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

LEGEND:

GRI - Global Reporting Initiative
IFC - International Financial Corporation
UNGC - United Nations Global Compact

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

Performance Tracker

KPIs

JOB SUSTAINED

37K

DIRECT, INDIRECT AND INDUCED JOBS SUSTAINED IN NIGERIA

GVA

N504B

TOTAL GROSS VALUE ADDED ACROSS THE DCP GROUP

HOUSEHOLD INCOME

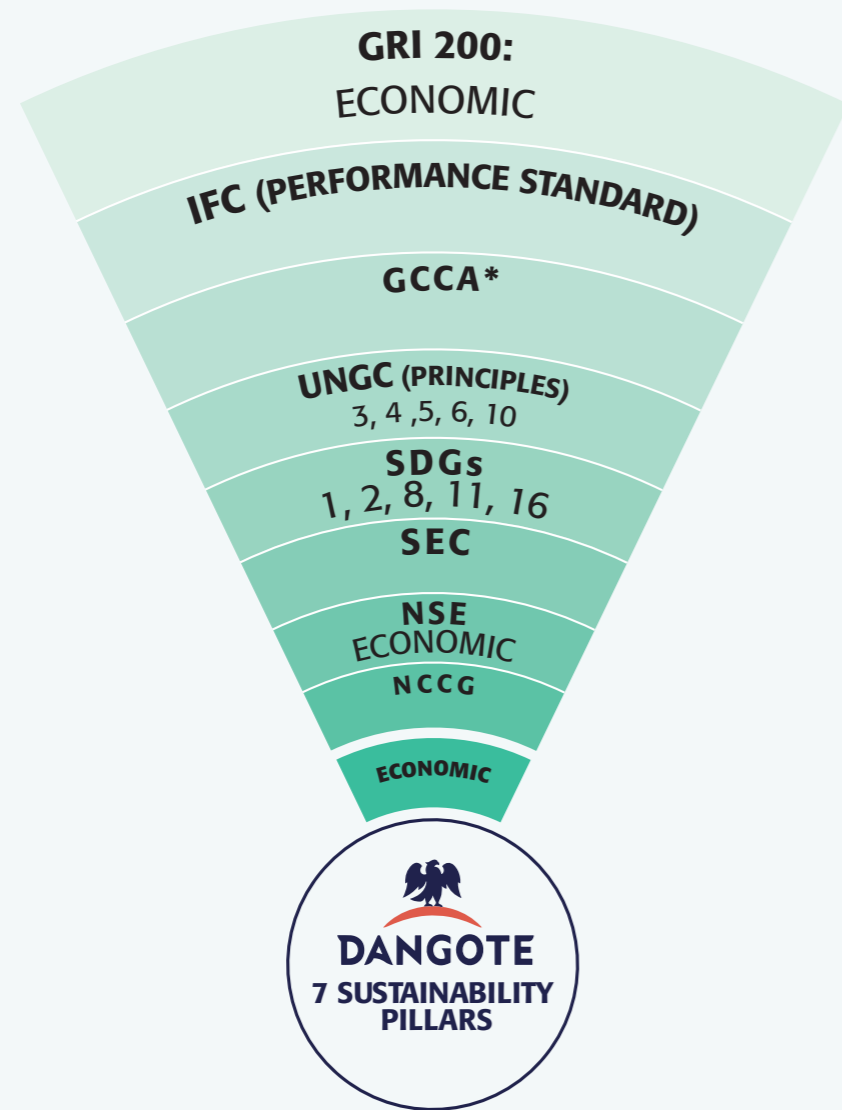
N72.7B

DIRECT, INDIRECT AND INDUCED HOUSEHOLD INCOME GENERATED

Our Sustainability Commitment

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

Economic Standards



Economic Indicators

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



MARKETING FOR DIFFERENTIATION

Interview

ADEYEMI FAJOBI
National Sales & Distribution Director, DCP

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

A. Building an efficient delivery system, as you noted, allows for timely distribution of our products to markets and ready buyers. This determines our reach and success in the marketplace. Thus, we take this responsibility very seriously. This is why we maintain the biggest fleet of trucks across the country – our trucks number over 8000 in Nigeria where we have our biggest operations. In Ghana, we also maintain a fleet of about 1000. We maintain our own delivery fleet in several other markets where we operate, enabling us to meet the needs of our customers and minimise downtime.

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

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

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

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

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

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

Dangote's contribution to the economic development of Africa

DEVELOPING MARKETS

SSA economic growth

+2.7%

2017 **2016**
+2.4% +1.3%

SOURCE: IMF Regional Economic Outlook, October 2018.

Nigerian GDP recovering

+1.93%

2017 **2016**
+0.8% -1.6%

SOURCE: Nigeria Bureau of Statistics, 2018.

- Nigeria's economy is the largest in Sub-Saharan Africa
- GDP at US\$376B (2017 estimate)
- Estimated population size of 195 million
- 2018 GDP growth at 1.93%
- Oil sector contributes nearly 9% of GDP, while agriculture contributes approximately 23%
- Higher oil prices, curtailed pipeline vandalism, and higher agricultural output are helping recovery after recent recession .

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

All the ten countries where we operate are developing economies with growth rate of between 2% and 5%. For Nigeria, our key market, 2018 GDP growth rate was 1.93%.

This economic growth is reflected in the fact that most of our host countries increased consumption of cement during the year. Our largest market, Nigeria, saw a 11% increase in cement consumption, from 18.6 million tonnes in 2017 to 20.6 million tonnes in 2018.

Although its core business is dependent on the Nigerian economy, Dangote Cement is a diversified business and this reduces the impact of economic and political uncertainties across our theatre of operations, as well as the impact of seasonal factors such as rainfall.

Cement demand is driven by GDP and population growth and this anchors our belief that we have strong potential for growth in the coming decades as our host countries bring infrastructure and housing up to international standards.

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

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

This enables us to compete very effectively in a Sub-Saharan African cement industry that is fragmented and characterised by smaller-scale operators with older technologies, some even using legacy technologies such as wet-process production, which is highly energy demanding. As a result, we can operate as the lowest-cost producer and support our cement manufacturing with strong investment in marketing and logistics.

Given recent financial pressures faced by some manufacturers in the region, it is obvious that our strategy has disrupted Sub-Saharan Africa's cement markets.

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

Our commitment to inclusive economic growth

Cement provides the strength upon which Africa's economy is being built. Using locally sourced materials and services, our products help nations become self-sufficient, enable people to build homes and places of work and enable us to support families and communities through the creation of jobs that provide a decent wage and good working

conditions. In regards to the economic pillar, we pride ourselves on ensuring inclusive economic growth, fair employment opportunities, fair labour practices and employee representation, as well as thorough regard for the health and safety of our employees, local communities and customers.

Contribution to job creation

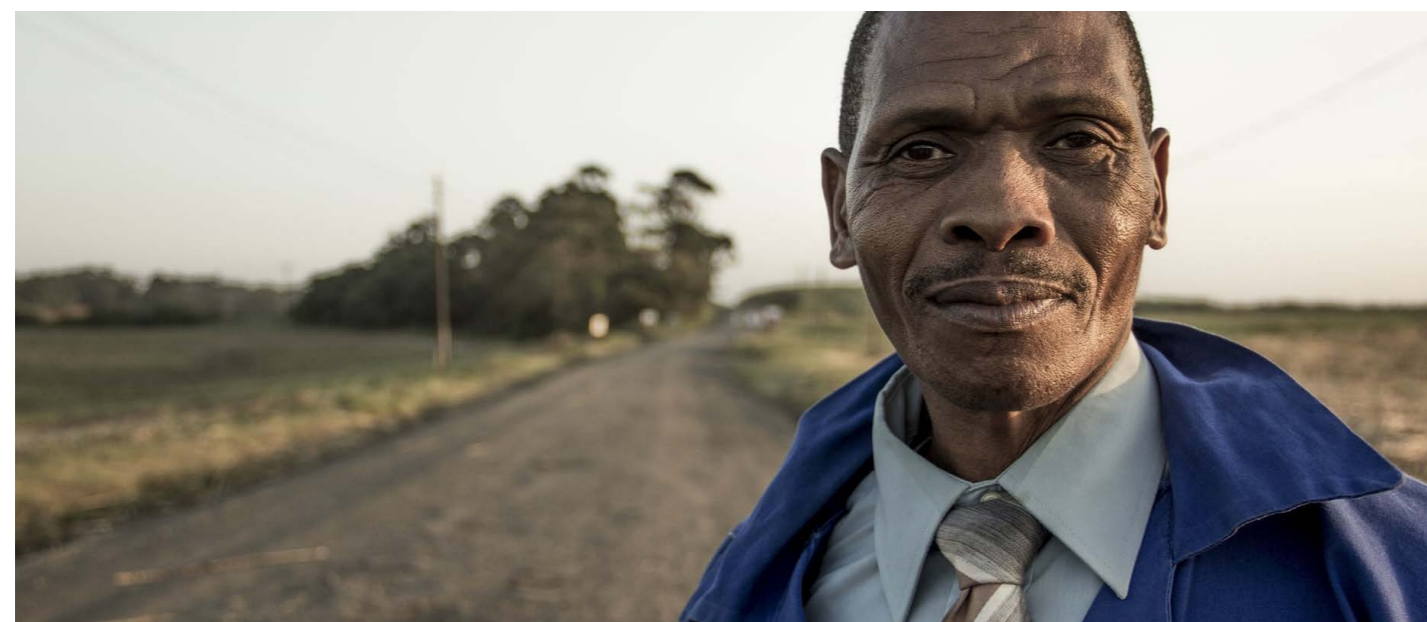
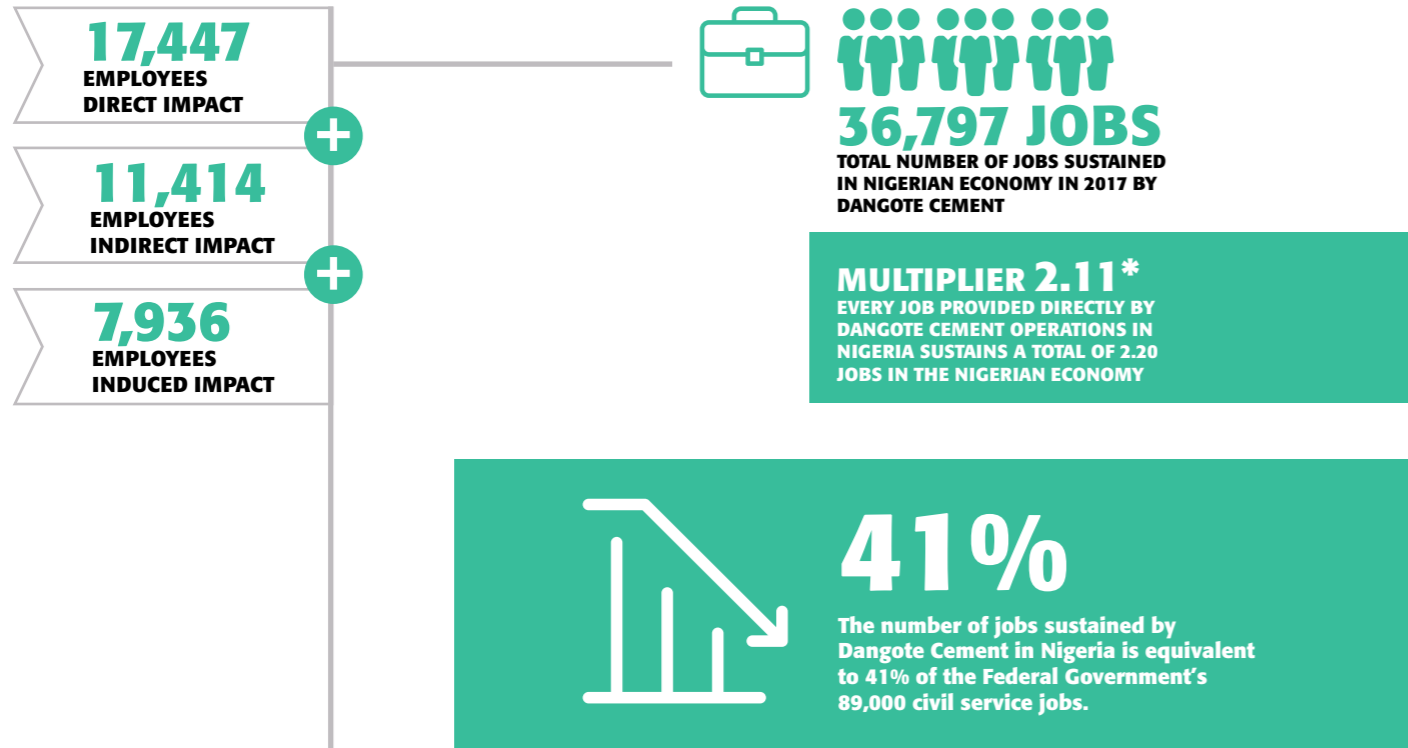
As the largest manufacturer in Nigeria and one of the larger employers in Sub-Saharan Africa, we have created jobs throughout our operations for many thousands of Nigerians and local people in nine other countries.

Aside from our direct job creation, our activities support thousands other jobs along our supply chain and elsewhere, by way of indirect and induced impact. In an era when unemployment, particularly amongst youth, has been a huge

challenge confronting many African economies, the jobs we create help to alleviate unemployment and poverty levels. In Nigeria, we estimate that the more than 17,000 jobs we sustain directly have a multiplier effect in the economy well beyond our operations.

In fact, we believe that nearly 37,000 jobs (direct, indirect, induced) jobs are sustained in Nigeria because of our operations, which makes a significant economic impact.

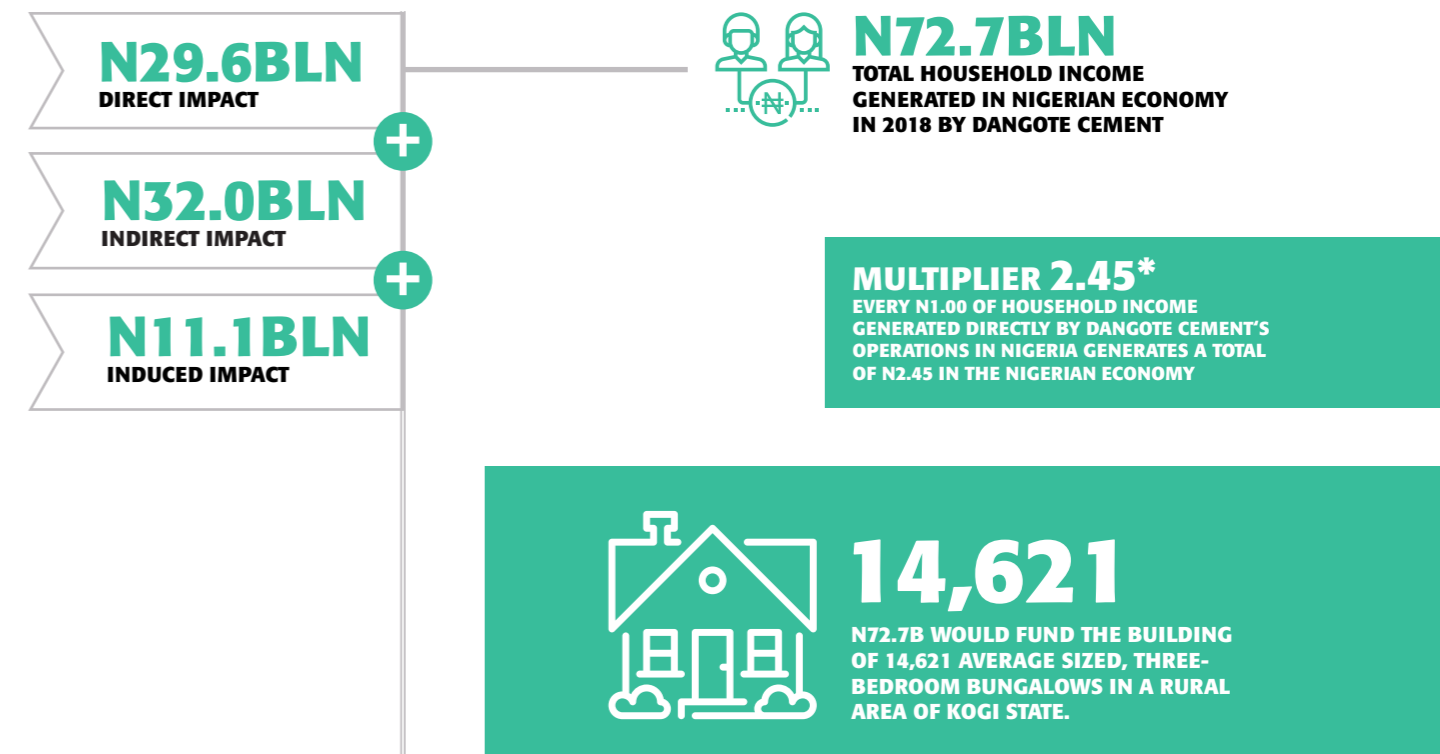
Economic impact of Dangote Cement – Employment



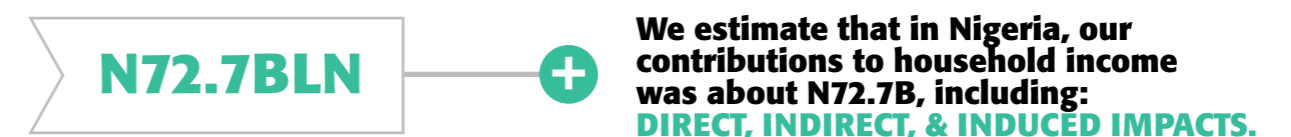
Contribution to income generation

By creating jobs across Africa we also drive income generation in host communities and others that benefit directly and indirectly from our market presence. This helps to increase local and national prosperity to the benefit of many more people than our headcount. We estimate that in Nigeria, our contribution to household income is more than 72.7 billion, including direct, indirect and induced impacts.

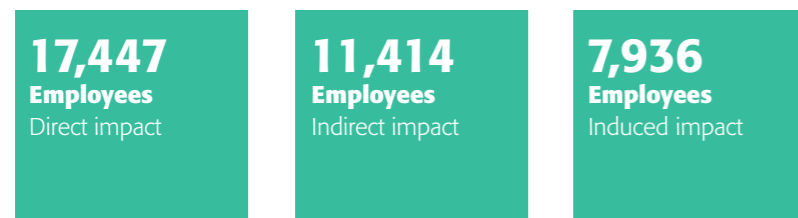
Economic impact of Dangote Cement – Household Income



Contribution to income generation – Host communities



Economic impact of Dangote Cement Employment in Nigeria



36,797 jobs

Directly sustained in Nigeria by Dangote Cement

2.11x*

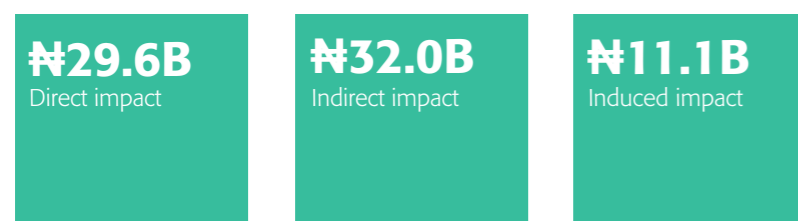
Every job provided directly by Dangote Cement operations in Nigeria sustains a total of 2.2 jobs in the economy

41%

The number of jobs sustained by Dangote Cement in Nigeria is equivalent to 41% of the Federal Government's 89,000 civil service jobs.

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

Economic impact of Dangote Cement Household incomes in Nigeria



₦72.7B

Total household income supported by Dangote Cement in the Nigerian economy in 2018

2.45x

Every ₦1.00 of household income generated directly by Dangote Cement's operations in Nigeria generates a total of ₦2.45 in the Nigerian economy.

14,621

₦72.7B would fund the building of 14,621 average-sized, three-bedroom bungalows in a rural area of Kogi State.

Contribution to job creation

As the largest manufacturer in Nigeria, and one of the larger employers in Sub-Saharan Africa, we have created jobs throughout our operations for many thousands of Nigerians and Africans in nine other countries.

Aside from our direct job creation, our activities support thousands more jobs in our supplier chain and elsewhere, by way of indirect and induced impact.

In an era when unemployment, particularly amongst youth, has been a huge challenge confronting many African economies, the jobs we create help to alleviate unemployment and poverty.

In Nigeria, we estimate that the more than 17,000 jobs we sustained directly (including transport workers) have a multiplier effect on the economy well beyond our operations.

In fact, we believe that nearly 37,000 jobs (direct, indirect, induced) jobs are sustained in Nigeria because of our operations, which makes a significant economic impact.

Contribution to income generation

By creating jobs across Africa we also drive income generation in host directly and indirectly from our presence.

This helps to increase local and national people than our headcount.

We estimate that in Nigeria, our contribution to household income is ₦73B, including direct, indirect and induced impacts.

CONTRIBUTION TO INCOME GENERATION IN HOST COMMUNITIES



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

CASE STUDY

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

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

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



Educational infrastructure

IMPACT IN LOCAL COMMUNITIES IN CAMEROON

We contributed largely to various communities that play host and are impacted by our operations in Cameroon. We can correctly say that our investments have created positive footprint on the environment, social, economic and community endeavours of local communities in Cameroon. On the environmental and cultural fronts, we reclaimed a ten hectare land for the local Douala community for the celebration of their annual cultural festival and other recreational activities.

In solidarity and support for the local community, our staff also participated in the cultural festival. We invested in some infrastructural projects such as building of a pharmacy block for the Batoke mining community, constructed a shed in the Limbe market, and built a town hall for the Tombel mining community. To support education for educationally underserved local communities, we offered scholarships to deserving beneficiaries of the Deido and Batoke communities.

Our host communities are among our most important stakeholders. They live close to our plants, they often are our employees, and they are impacted by our operations in ways that can be beneficial or detrimental. They have given us, directly or tacitly, the right to build a factory, mine their land and transport our products through their communities. In effect, they have given us a "social licence to operate".

We recognise that the benefits of this licence must be mutual and therefore we understand the need to continue to invest in our host communities, create new job opportunities for local people, provide scholarships for their children, provide healthcare, housing, education and access to water where necessary, support local businesses and contractors

and develop local infrastructure. Furthermore, we must operate with minimal harmful impact on our local communities, taking care to respect their land and property, their animals, the air that they breathe, their dignity, their cultural and religious beliefs and their way of life.

We are committed to helping young businesses and entrepreneurs to grow and achieve their full potential. In addition to the multiplier effect that our value chain activities have on the real sectors of all the economies where we operate, we have also engaged directly in the empowerment of start-ups with innovative business ideas. We prioritise the patronage of local businesses in the effort to boost their productivity, earnings and profitability.

SENEGAL



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

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

- Construction of the Solidarity Bridge of Keur Moussa, which has benefited eleven villages cut off from the nearby town by flooding;
- Rehabilitation of roads in Ngomene;
- Construction of a college in Niakhip;
- Construction of a maternity hospital in Pout;
- Construction of classrooms, a teacher's house and toilets for a school in Dias;
- Rehabilitation of a primary school and construction of a health centre in Mont Rolland.

Community infrastructure development

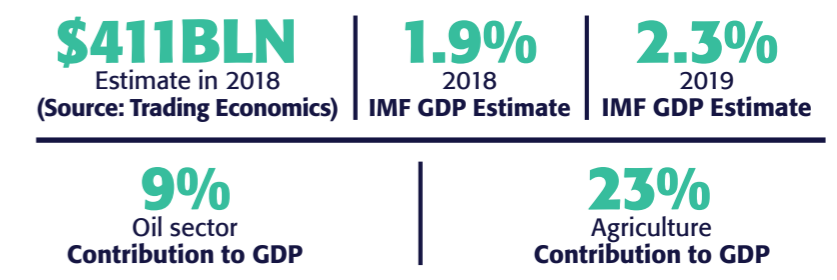
We understand that governments alone cannot meet the needs of our local communities. As a major stakeholder in these communities, we remain committed to supporting the development of social amenities. In 2017, more than 5 billion was spent by the three Nigerian plants on various community development projects, especially road networks, schools, hospitals and several other public utilities in the effort to close some of the infrastructural gaps.



Looking at the 2017 and 2018 figures of Direct and Total Gross Value Added in Nigeria, it can be rightly said that Dangote Cement is contributing immensely to the Nigerian economy as well as to Africa's growth.

Did you Know:

Nigeria's economy is the largest in Sub-Saharan Africa and the most important to Dangote Cement



Higher oil price, less pipeline disruption, increased agricultural output helping recovery after recent recession.

APPENDIX -

About the Report -

The SERAS Award

DCP won the 2018 Sustainability, Enterprise and Responsibility Awards in Supply Chain Management



Dr. Ndid Nnoli
Group Chief
Sustainability &
Governance

This is the first standalone sustainability report for Dangote Cement. The Report is prepared in accordance with the **Global Reporting Initiative (GRI)** Standards, core option. Beyond GRI, our Reporting Framework is centered around the 7 Pillars of Sustainability adopted by Dangote Cement Plc as **"The Dangote Way"**, benchmarked against 7 national and global sustainability principles and standards.

”

This year's Sustainability Report focuses on 4 major markets: **Nigeria** (Gboko, Ibese and Obajana), **South Africa**, **Senegal** and **Ethiopia**, it however also provides an insight into all our areas of operation. We will reach full GRI compliance across the whole Dangote Cement Group by 2020."

Input-output Methodology

In order to measure the impacts of Dangote Cement on the Nigerian economy, an advanced Input-Output model is used. The model is based on the work of Noble Prize winning economist Wassily Leontif, and it uses the latest available input-output tables for the Nigerian economy. Thanks to the model, one is able to quantify the “backwards” positive economic effect Dangote has on the Nigerian economy through its direct production and its value chain. The following impacts were captured in the analysis:

Direct Impacts

Which are the effects of Dangote Cement Nigeria activities themselves.

Indirect Impacts

Which relate to the company’s business transactions with its suppliers. Dangote Cement Nigeria’s purchases of goods and services from local suppliers generate business for these suppliers, thus enabling them sustain and create jobs, while also generating value added and income. Additionally, indirect impacts also include the second tier of suppliers, so the suppliers of Dangote’s suppliers. These suppliers’ production is also the result of the initial impulse from Dangote’s business activities. This creates a ripple effect in the economy. All such effects are taken into account in the model.

Induced Impacts

Which are consequences of an additional impulse created in the economy through the spending of Dangote Cement’s employees and the employees of their first and second tier suppliers. This impulse comes from the increased in demand, then causes an increase in output in the economy and leads to the creation of additional jobs, value added, and income generation.

Our 2018 Sustainability Report is the first standalone report for the Dangote Cement Group prepared based on the most recognized international standards and guidelines:



 <p>In accordance with the Global Reporting Initiative (GRI) Standards core option, labeled by the GRI Materiality Disclosures Service</p>	 <p>Referencing to The Global Cement and Concrete Association (GCCA) sustainability guidelines, IFC’s Performance standards and UN Sustainable Development Goals (SDGs)</p>
 <p>THE Nigerian STOCK EXCHANGE RC: 2321</p> <p>In line with Nigerian Stock Exchange</p>	 <p>United Nations Global Compact</p> <p>In line with UN Global Compact requirements</p>
 <p>SUSTAINABLE DEVELOPMENT GOALS</p>	 <p>Corporate Governance Code</p>

The sustainability report comes out annually covering the events and actions of each reporting period starting from the 1st January to the 31st December each year (2018 in this example) [GRI 102-50; GRI 102-52]. Previous report (released in April of 2018) was embedded as part of the Group’s Annual Financial Report for 2017 [GRI 102-51].

[GRI 102-45; GRI 102-48; GRI 102-49] This year’s report focuses the scope of GRI indicators on the 4 major markets for Dangote Cement: Nigeria (Gboko, Ibese and Obajana), South Africa, Senegal and Ethiopia. Additionally, case studies on performance and key initiatives are presented also from other 6 Pan-African locations (Cameroon, Congo, Ghana, Sierra Leone, Tanzania, Zambia). In some cases, GRI indicators cover all 10 markets

across Africa (relevant information marked within the content). In 2020, Dangote plans to prepare the GRI report covering the whole Cement Group.

Limited external assurance was carried out on some indicators in the report by PricewaterhouseCoopers, using the ISAE 3000 Standards in line with non-financial reporting assurance principles. [GRI 102-45].

The Report is structured to align with our 7 customized sustainability pillars (The Dangote Way), which are institutional, cultural, social, financial, economic, operational and environmental. The seven pillars are a reflection of our business impact materiality and demonstrates our commitment to embedding sustainability principles across our entire value chain.

Materiality process –

Determining material topics & indicators for the 2018 sustainability report

As part of our journey to best practices in Reporting, we had referenced our 2017 Sustainability Report against the Global Reporting Initiative (GRI). This year, the Sustainability & Governance Function mapped those topics that significantly influenced the assessments and decisions of stakeholders regarding our economic, environmental and social impact. In 2018, we have complied with the GRI Sustainability Reporting Guidelines in determining materiality according to our internal stakeholders, with the aspiration to fully engage all external stakeholders in 2019.

In May 2018, we carried out a comprehensive employee survey across all of our locations which has guided the development and focus of this report. Also as GRI recommends that qualitative analysis, quantitative assessment and discussion be used to determine if a topic is material, this survey targeted a diverse group of employees for a representative sampling of Dangote Cement across Africa. A total of 1,170 stakeholders across twelve locations participated. Through this survey, we were able to identify the main topics that Dangote Cement's employees consider to be material for our

reporting. In addition, an external benchmarking of topics reported by manufacturers in both the cement and non-cement industries was carried out, looking at CEMEX, LafargeHolcim, Argos, Heidelberg Cement, Budimex and our joint venture Sephaku Cement, which is listed on the Johannesburg Stock Exchange. This process contributed significantly towards enabling us to create a meaningful and high-quality sustainability report for Dangote Cement this year and on which we could improve in 2019.

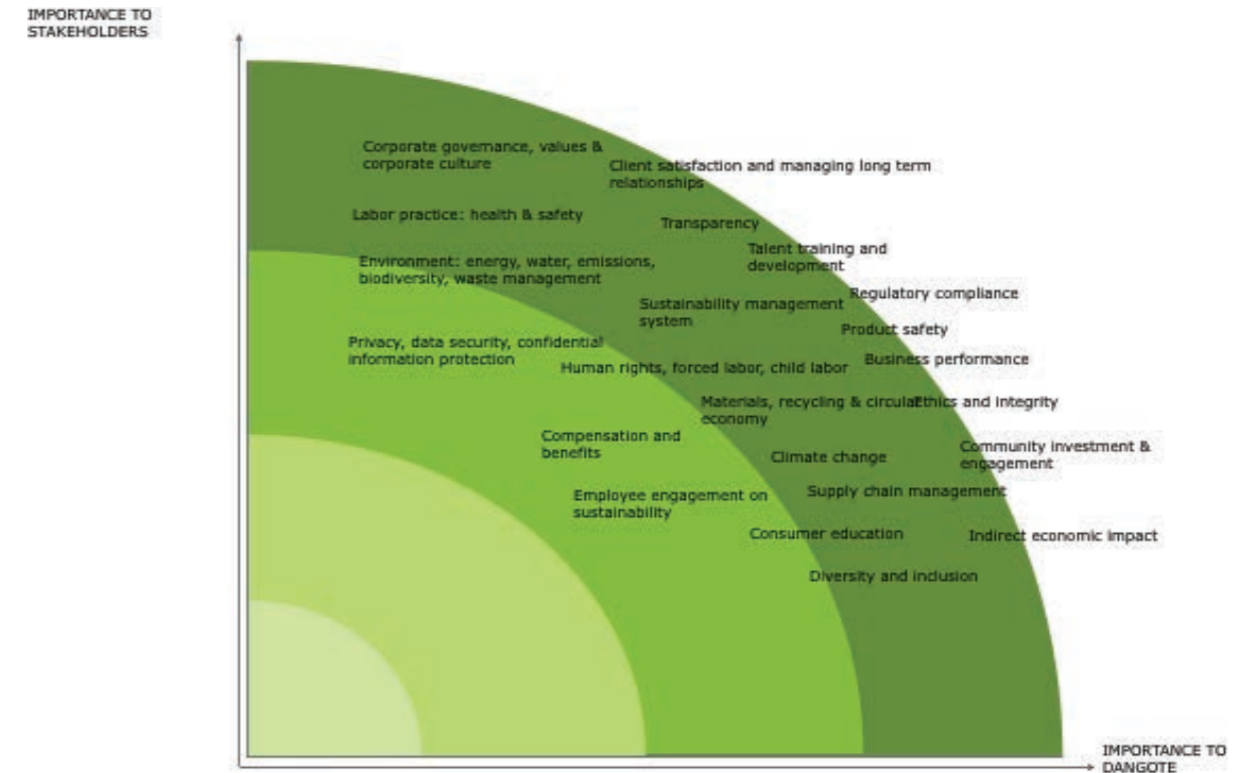
We are aware that public and shareholder feedback is crucial within the guidelines set by the GRI board and therefore must be factored into every action we take in our journey towards GRI compliance. Although external stakeholder engagement was not our aim this year, we decided that some form of public engagement should be carried out. This resulted in a media survey from which our team identified key topics frequently reported, to identify at least the direction of public interest. This insight was factored into the topics considered as material for 2018. A list of prioritised indicators was then created on a materiality matrix

and shared with a cross-section of employees, data owners and board members at Dangote Cement for validation. These individuals were asked to rate each indicator's level of importance from their perspective, especially where they disagreed with the proposed placement on the matrix. Once the matrix was updated we presented it for final validation and conclusion. The result is shown to the right.

This is the first standalone sustainability report for Dangote Cement. The Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, core option. Beyond GRI, our Reporting Framework is centered around the 7 Pillars of Sustainability adopted by Dangote Cement Plc as "The Dangote Way", benchmarked against 7 national and global indicators. This year's Sustainability Report focuses on 4 major markets: Nigeria (Gboko, Ibese and Obajana), South Africa, Senegal and Ethiopia however also provides an insight across all our areas of operation.

We will reach full GRI compliance across the whole Dangote Cement Group by 2020.

Dangote's Materiality Matrix 2018



Our process for materiality identification followed GRI Standards methodology:

1. STEP 1: IDENTIFICATION

Identification of relevant topics from the perspective of sustainable development within the key areas of the organisation's impact: economic; environmental; social

How we accessed it?

- Review of Dangote's 7 pillars
- External benchmark of topics reported by cement and non-cement industry
- Review of media survey
- Review of employee survey
- GRI sector supplements (cement and non-cement)

2. STEP 2: PRIORITISATION

Involvement of key stakeholders in the process of assessing the relevance of the indicated topics from the perspective of the organisation's interior. We have conducted a survey fulfilled by over 1000 employees

3. STEP 3: VALIDATION

In order to confirm the effects of prioritisation of relevant topics, we have conducted around 15 interviews with top management which enabled us to define key issues to be reported and constraints occurring within key impact areas (relevant topics).