



DANGOTE CEMENT PLC

UNITED NATIONS GLOBAL COMPACT
Communication On Progress (COP)

March 2020



Our Commitment to Building
A Sustainable Business Culture

PRESIDENT'S STATEMENT

When we signed up as a member of the United Nations Global Compact (UNGC) at the turn of last decade (2010), we had the singular purpose of contributing meaningfully to the social, economic and environmental wellbeing of all the countries where we run our business, in line with the Ten UNGC Principles. Exactly a decade later, we are pleased to say that we have progressively entrenched these principles into our sustainability strategy, ensuring that they guide our business policies and practices, especially in the way we engage our diverse stakeholders and partners within our value chain.

We are aware of the environmental and social challenges which currently plague our world, including rising cases of unusual disease pandemics, socio-economic inequalities, youth unemployment, environmental degradation and of course, the menace of climate change and global warming.

As a leading African business conglomerate, we recognize that we have the privilege as well as the responsibility to work with other stakeholders in tackling these challenges systematically, and with a sense of determination. This has engineered our



OUR COMMITMENT TO BUILDING A SUSTAINABLE BUSINESS CULTURE

development of sustainability initiatives that reflect the importance that we attach to our economic, social and environmental performance. This commitment is further demonstrated in the enthusiasm with which we continue to operationalize our 7 Dangote Sustainability Pillars: Institutional, Operational, Financial, Economic, Environmental, Social and Cultural, which collectively reflect the ethos behind The Dangote Way.

Through our business practices, we continue to forge sustainable partnerships both locally and internationally, as we strive to align our environmental, social and governance (ESG) performance with the United Nations' Sustainable Development Goals, designed to improve human capital development and overall socioeconomic and environmental wellbeing.

Dangote's 2020 Communication on Progress (COP) further highlights the sustainability initiatives and programs that we have undertaken in the course of 2019 and our commitment to continuous improvement in our ESG performance. We understand that this is a journey to promote sustainable growth and development, not just for our business, but for the larger economies and societies where we operate. We remain committed to the advancement of the Ten UNGC Principles anchored on best practices in Human Rights, Labour, Anticorruption and Environment. As we pursue a culture of sustainable business practices, we understand that this is a win-win endeavor that would support our vision of creating sustainable wealth, and enhancing the wellbeing of the present and future generations.

Aliko Dangote (GCON)
President/CEO, Dangote Industries Limited



THE TEN UNGC SUSTAINABILITY PRINCIPLES

HUMAN RIGHTS

PRINCIPLE 1:

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

Dangote Cement Plc, in line with the group policies and standards of its parent company, Dangote Industries Limited, comply with applicable Human Rights laws and integrate same across its internal functions and within the supply chain. 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 business, the Child labour abolition and prevention policy has been implemented.

Human Rights Assessment:

In 2019, we took proactive steps to assess and understand the human rights impacts of our business activities using internal and external engagements and consultative mechanisms. Also in 2019, we elicited feedback from key stakeholders on our hu-

man rights and other ESG performance, through our annual surveys.

Through our annual Sustainability Reports, we communicate our Human Rights performance and stewardship to all stakeholders and interested parties. Overtime, this has helped us to shape stakeholders' perceptions and earn their trust.

We are building a culture of ethical business, professionalism, anticorruption, excellent corporate governance and mutual trust and respect among all major stakeholders. We seek to embody our core values in the way we do business, including respect for cultural diversity and giving back to the societies in which we operate. We are committed to building a workforce of sustainability champions, and environmental and socio-economic impact enthusiasts, and create a work environment where sustainability is a way of life.

Promoting diversity in the workplace

We respect workplace diversity in ethnicity, religion, nationality, age, gender, education, among others. We are an equal opportunity employer and creates chances for all qualified persons that meet our employment requirements to join our workforce without any form of discrimination. Our principles include:

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



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information for continuous learning and development; and,

4. Extending our culture of diversity and inclusiveness to partners within our sphere of influence.

The diverse composition of our management team enables us to leverage varied experiences from

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

PRINCIPLE 2:

Make sure that we are not complicit in human rights abuses.

Grievance Mechanism:

We recognize the high cultural diversity in our workforce and host communities and how this could influence diversified views and expectations. We have developed grievance redressal systems that allow us to better address conflicts with all stakeholders and protect the rights of involved parties. As stipulated in Dangote's Staff Handbook, any employee who considers that he/she has been unjustly treated shall be given the opportunity to submit such a grievance and it shall be thoroughly examined by the appropriate authority.

Host communities are recognized as our business partners who have a stake in the business and whose stake should be protected. They are provided with functional platforms through which they can express their concerns about any of our business



activities. We ensure that channels of dialogue exist with all the communities in which we operate. By so doing, our host communities have access to key decision makers who represent Dangote businesses and are trained and committed to addressing their grievances. If the issues cannot be resolved at the local level, they can be escalated to the headquarters for prompt and mutually acceptable resolutions.

Grievance Incidents

In our cement operations, a total of 98 grievances were reported across eleven operations in 2019. South Africa, Zambia, Obajana, Ibese and Gboko received 28, 15, 12, 11 and 11 grievances, respectively. Ghana did not record any grievance in 2019.

All grievances were classified in eight general categories as shown in table below. Employment issues topped the list with 31 reported cases, followed by compensation concerns at 16. Local business opportunities and complaints about unresolved commitments have 12 and 10 reported grievances, respectively.

Employment issues attracted the highest number of grievances. This is understood given the high rate of unemployment within the regions where DCP operates. Land acquisition at Ibese and resettlement in Zambia also generated expression of concerns which are being addressed in line with the provisions of our grievance management policies and standards.

LABOUR PRACTICES

PRINCIPLE 3:

Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining

We respect the rights of our employees' freedom of association and collective bargaining expressed through the freedom to join or not to join a trade union or to have recognized employee representation in accordance with local laws in the markets where we operate, without fear of intimidation or reprisal.

In markets where our employees are represented by a legally recognized union or representative, we ensure that we establish constructive dialogue

mechanisms and mutually acceptable approaches to protecting the interest of both the employees and the business. Our aim of entrenching collective bargaining agreements is to create a high-performing work force – where employees are highly engaged and their views and career aspirations count.

PRINCIPLE 4:

The elimination of all forms of forced and compulsory labour

As part of commitments to collectively advance human rights practices and positively shape the labour market, we have a Forced or Compulsory Labour Prevention and Abolition Policy which aligns with applicable regulations and best practices.

Under this policy, employees regardless of their employment status, location, contractual arrangements or role are strongly mandated to desist from engaging in acts or practices that denote forced or compulsory labour, which could include acts that



promote slavery, bonded work and acts against operating labour laws. The policy also necessitates the creation of awareness amongst staff and contractors on issues of forced or compulsory labour, as well as supports progressive activities and initiatives designed to ban or prevent the practice of forced labour across our operations in Nigeria and Sub-Saharan Africa. All employees, including our contractors are required to abide by this policy and report suspected cases of forced or compulsory labour to relevant authorities where such cases will be investigated and addressed as appropriate. In all our operations, we take precautionary measures to ensure that cases of forced labour do not occur. The measures include

having close engagements with suppliers with high employee numbers to determine working conditions and wages as well as clear explanation of our labour and safety rules to third party contractors.

There were no reported cases of forced or compulsory labour across our operations in Nigeria and other markets in 2019.

PRINCIPLE 5:
Effective abolition of child labour

In the same vein, we have zero tolerance for child labour practices across all our plants and operations in Nigeria and Africa. We have a Child Labour Prevention Policy which abhors the hiring of children under 18 years. We do not permit the exploitation of children, and will not use child labor in any part of our value chain.

We remain committed to upholding (International Labour Organisation) ILO's Child Labour legislation which prohibits employment practices that deprives children of their childhood, their potential and their dignity, and is harmful to physical and mental development. As such, we engage and create awareness with our staff across all locations, especially plants and operations prone to child labour practices. We conduct due diligence when onboarding new suppliers and vendors to ensure that they are not prone to or culpable in child labour practices. We also conduct periodic spot checks and audits to identify our defaulters. There were no cases of child labour in our operations in 2019.

PRINCIPLE 6
Elimination of discrimination in respect of employment and occupation

Dangote Cement is an equal opportunities employer of labour. Suitability for employment and progression is driven purely by qualification, merit, relevant experience, competence, good conduct, sincerity, hard work, leadership qualities, and so on. We are deeply committed to an inclusive culture and do not discriminate against individuals on the basis of race, color, gender, age, tribe, national origin, religion, marital status, citizenship amongst others. We encourage staff to blow the whistle on any cases of discrimination and harassment and we treat those cases based on laid down rules.

In addition, we are mindful of the social practices of our partners locally and globally and engage only with vendors, suppliers, consultants, subcontractors and clients who operate in compliance with human rights laws. Again, it is instructive that we recorded zero cases of discrimination in all our plants in Nigeria and other operations in Africa in the year under review.

Part of the principles for advancing our Cultural Sustainability Pillar is the promotion of diversity and inclusivity in our work place. We are committed to creating an open and inclusive environment where all employees feel a sense of belonging.

ENVIRONMENT

At Dangote Cement, we understand that protecting the environment is an essential precondition for social justice and economic development.

We agree with UNGC Environment Principles 7, 8 and 9 which stipulate that businesses should take a proactive approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Our adherence to the UNGC Principles 7, 8 and 9 is operationalized via the Environmental Pillar of the organization's unique sustainability approach termed "Dangote 7-Sustainability Pillars".

In an effort to ensure that we accurately track and measure our environmental footprint, in 2019, we started the deployment of the EMEX data management system, a platform that would enable us effectively document and manage our environmental, social and governance performance.

PRINCIPLE 7:
Businesses Should Support a Precautionary Approach to Environmental Challenges

We recognize the importance of managing the environmental impacts resulting from our activities and building constructive and positive relationship with stakeholders based on trust and respect.

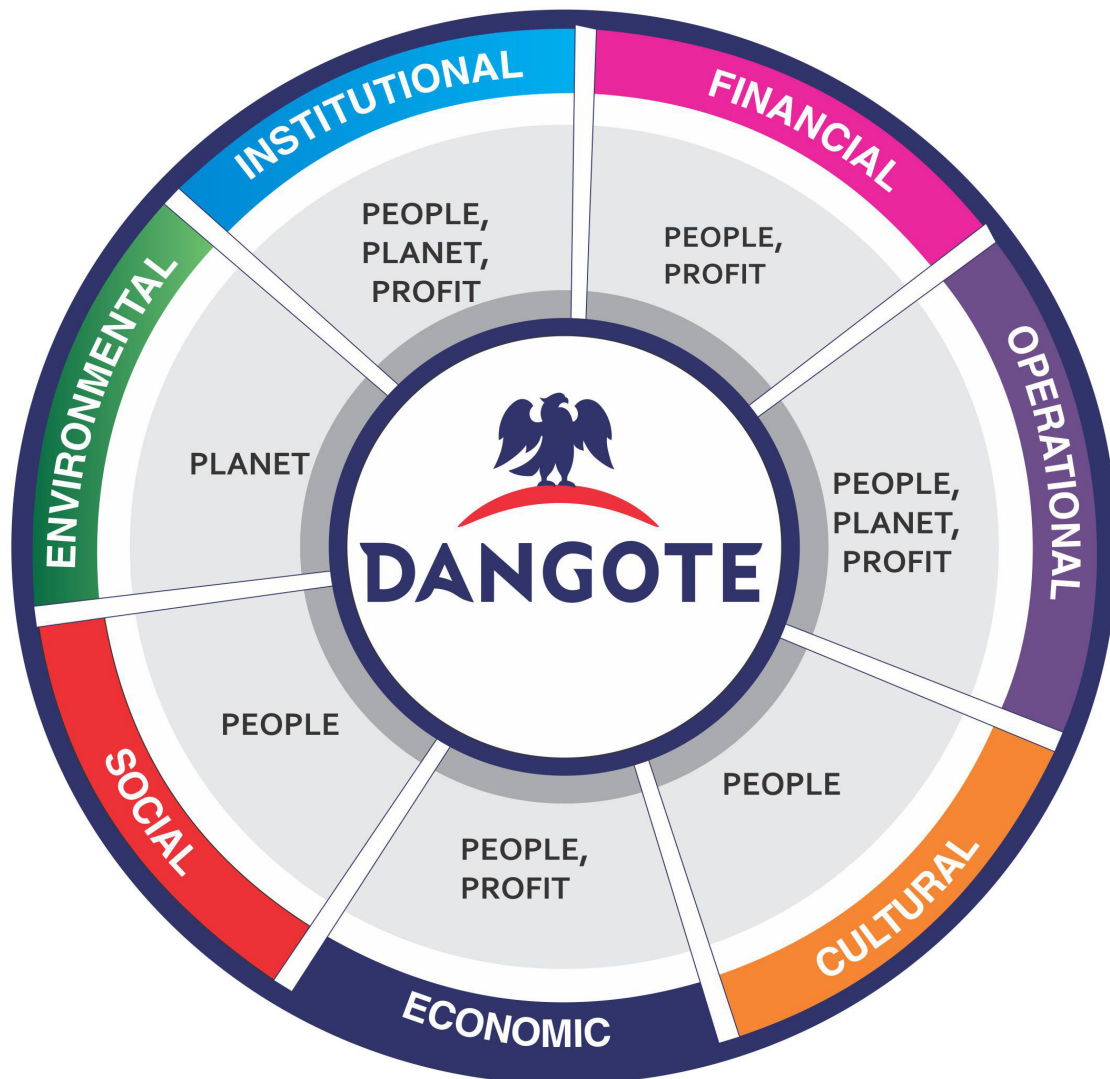


For all new projects and/or any significant modification of existing plant, a comprehensive Environmental & Social Impact Assessment (ESIA) is carried out to mitigate potential/significant environmental impacts and risks that might be associated with new installation as required by local regulations and Group policies.

In addition, structured, systematic and independent environmental audits are carried out by the Group Environmental team and external parties (i.e. Control Authorities, Certification Bodies, etc.) on a routine basis to verify the site Environmental Management System (EMS) effectiveness and the improvement of environmental performance.

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DANGOTE 7 SUSTAINABILITY PILLARS & THE TRIPLE BOTTOM-LINE





PRINCIPLE 8:
Undertake Initiatives to Promote Greater Environmental Responsibility

As a responsible business, we take the management of our environmental footprints seriously. Key Performance Indicators (KPIs) on relevant environmental aspects including Green House Gas (GHG) emissions, Dust, Water and Energy Consumption, Waste and Environmental Incidents are reported and reviewed at both Site, BU and Group level on a monthly basis, to better inform the company decision making process, stimulate the continuous improvement process and improve overall awareness.

In 2017, Dangote Cement initiated a process to address climate change-related issues within the business. One of the first steps was to set up the reporting systems to measure and report GHG emissions from all operations (i.e. kilns, quarries, cement plants and transport) and to ensure that all the operations adhered to the prescribed methodologies. The cement business achieved an important milestone through the disclosure of 2018 GHG emissions via the Carbon Disclosure Project (CDP), a process which will continue in the next year. Equally important was the publication of its first Sustainability Report last year in line with the Global Reporting Initiative (GRI) and Nigerian Stock Exchange (NSE) requirements.

Dangote Cement is a member of the Global Cement & Concrete Association (GCCA) and subscribes to the GCCA Sustainability Framework Guidelines. The GCCA gathers and publishes data recording the industry’s sustainability commitments, as well as publishing member guidelines and initiating research on five key areas relevant for the cement industry, namely climate change and energy, social responsibility, environment and nature, and circular economy.

The business supports and facilitates environmental-related initiatives undertaken by each facility during the World Environment Day.

PRINCIPLE 9:
Encourage the Development and Diffusion of Environmentally Friendly Technologies

Our plants have all been built in the last twelve years. They have been designed to be intrinsically efficient through the adoption of cutting edge technology in cement production such as (i) vertical roller mills for raw material, coal and cement grinding which are 40-50% more efficient than traditional ball mills, (ii) pre-heater and pre-calcinate plants which are regarded as the most efficient technology in the cement industry, (iii) mechanical material transport and transfer system equipped only with conveyors



and bucket elevators which are up to 80% more efficient than the traditional pneumatic systems, (iv) major process fans provided with Variable Frequency Drivers (VFD) to vary the ventilation rate based on the actual demand/operating conditions which can reduce the input power by 40-80% (depending on the % flow rate) compared to more traditional dampers, just to mention a few examples. These measures have resulted in less CO2 emissions per ton of clinker and cementitious material produced.

In order to minimize the release of Dust emissions to the environment (one of the most significant environmental aspects associated with cement production) and ensure compliance with both legal requirements and, where applicable, international standards, our cement kilns have been provided with the state-of-the-art dust abatement equipment including bag house filters and electrostatic precipitators. The good design of kilns, combined with good control and maintenance practices adopted, allows the plants to maintain the average dust emissions at the stacks in a range between 20 and 30 mg/Nm³, i.e. well below the typical regulatory threshold limits of the countries where we operate and the specifications of the IFC/World Bank.

Our facilities have been implementing waste management plans, including waste segregation and storage of both solid and liquid wastes. We are committed to continuous improvement in this regard.

Cement production is regarded as a 'dry' process using a relatively low amount of water per unit of finished product. However, most of DCP plants have been designed to recover, store and recycle groundwater resulting from quarry operations and/or the stormwater run-off decanting from the plant, thus reducing the consumption of freshwater and mitigate the potential impact on local communities and farming.



ANTI-CORRUPTION

PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery

We are 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.

We have zero tolerance for all forms of frauds, including but not limited to; bribery and corruption, asset misappropriation and financial statements fraud. We investigate any fraud or suspected fraud without regard to the individuals involved. This policy is part of the overall Anti-Fraud Compliance Programme within the organization:

Securities and Exchange Commission (SEC)
 Nigerian Customs Agency
 Immigration Act
 CBN Guidelines
 UK Bribery Act 2010
 Foreign Corrupt Practices Act

Anti-Fraud Programme

The Company has established a robust Anti-Fraud Programme that sets out the following:

- anti-fraud awareness and communication strategies;
- fraud and corruption prevention mechanisms;
- fraud and corruption detection mechanisms;
- fraud response mechanisms; and
- enforcement initiatives and sanction grid.

In addition, at Dangote Cement, we established an Anti-Fraud Management Committee to implement the Anti-Corruption Programme and to report fraud and misconduct-related issues to the Group Managing Director and the Board Audit, Compliance and Risk Management Committee.

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).

Whistle Blower Policy:

We believe strongly in the prevention and detection of fraudulent activities. To this extent, we constituted the Anti-Fraud Committee (AFC) charged with the responsibility of deciding all cases of allegations of irregularities, misconduct and improprieties which are initiated by whistle-blowing.

In line with SEC Code of Corporate Governance Section 32, we have a Whistle Blowing Policy that defines what constitutes acts of irregularities and other misconducts which are summarized as follows:

- Fraudulent activities
- Corruption
- Asset misappropriation
- Fraudulent financial statement
- Health & safety risk

Whistle Blowing Cases in 2019

Some of the investigated allegations initiated by whistle blowing include: stolen consignment and abandonment of truck, misappropriation of customer's fund by sales officer, deliberate overloading of trucks, unauthorized collection of cement, short delivery of bulk cement, fraudulent diversion of trucks, stealing of spare parts, conflict of interest in house-keeping contracts, among others. These were addressed in line with our anticorruption and business misconduct policies and standards.

