

# Dangote Cement Plc

Annual Report 2019

*Driving opportunities  
in new markets*



Dangote Cement Plc is Sub-Saharan Africa's leading cement company, with operations in ten countries.

In this Annual Report for 2019, we present a comprehensive account of our financial and operational performance during the last financial year.

For the first time, we have combined our Annual Report and our Sustainability Report. This report is structured around the 7 Sustainability Pillars of what we call "The Dangote Way".

## Contents

### Strategic report

- 01 Highlights
- 02 At a glance
- 04 The Dangote Way
- 06 Where we operate
- 08 Chairman's statement
- 10 Cultural
- 22 Economic
- 28 Markets
- 28 Business model
- 30 Strategy
- 34 Operational
- 42 Executive Committee
- 45 Interview with GMD/CEO
- 47 Regional overview
- 60 Social
- 70 Environmental
- 78 Institutional
- 88 Financial
- 94 Risk management

### Corporate governance

- 104 Chairman's corporate governance report
- 110 Board roles and activities
- 112 Board policies
- 114 Board of directors
- 117 Directors report
- 122 Audit, Compliance and Risk Management Committee report
- 125 Finance and Investment Committee Report
- 128 Technical and Sustainability Report
- 130 Remuneration, Governance and Nomination Committee Report

### Financial statements

- 136 Report of the Statutory Audit Committee
- 137 Certification pursuant to Section 60 of the Investments and Securities Act (ISA) 2007
- 138 Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements
- 139 Independent Joint Auditors' Report
- 142 Consolidated and separate statement of profit or loss
- 143 Consolidated and separate statement of comprehensive income
- 144 Consolidated and separate statement of financial position
- 145 Consolidated statement of changes in equity
- 146 Separate statement of changes in equity
- 147 Consolidated and separate statement of cash flows
- 148 Notes to the consolidated and separate financial statements
- 205 Five-year financial summary – other national disclosure Group
- 206 Five-year financial summary – other national disclosure Company
- 207 Statement of value added – other national disclosure

### Supplementary information

- 208 Share capital history
- 209 Shareholding range analysis
- 210 GRI content index
- 216 External assurance statement report
- 219 Related-party transactions
- 221 Compliance with SEC disclosure requirements
- 224 Notice of Annual General Meeting
- 225 Directors and professional advisers
- 226 Corporate information
- 227 Donations and sponsorships
- 231 Board and Committee meeting dates and attendance
- 234 Notes
- 237 e-Mandate Activation form
- 239 Proxy form



Find out more at [dangotecement.com](http://dangotecement.com)

# 2019: Strong performance despite a tough operating environment

## Financial highlights

Revenue down 1.1%

### ¥891.7B

2019	¥891.7B
2018	¥901.2B
2017	¥805.6B

Dividend remained strong

### ¥16.00 per share

2019	¥16.00
2018	¥16.00
2017	¥10.50

Group volumes up 0.6%

### 23.7Mt

(including clinker)

2019	23.7Mt
2018	23.5Mt
2017	21.9Mt

Net debt/EBITDA

### 0.58x

2019	0.58x
2018	0.39x
2017	0.52x

## Operational highlights

Group sales volumes up by 0.6%

Nigeria sales volumes flat at 14.1Mt

Pan Africa sales volumes up 1.9% to 9.6Mt

Strong volume growth in Tanzania and Sierra Leone

Maintained strong market share in Nigeria

Continued focus on sustainability drive

## At a glance

# A global leader

To be the partner of choice for those who are building Africa, creating sustainable value for all our stakeholders.

### Our purpose

To be the partner of choice for those who are building Africa, creating sustainable value for all our stakeholders.

### Our vision

Our vision is to be a global leader in cement production, respected for the quality of our products and services and for the way we conduct our business.

### Our mission

Our mission is to deliver strong returns to shareholders by selling high-quality products at affordable prices, backed by excellent customer service.

### Our values

## Service

## Leadership

## Entrepreneurship

## Excellence

### Building prosperity

## 45.6Mt capacity

## 10 countries



## 8 reasons to invest

Leading cement producer in diverse regional markets with excellent growth prospects

Industry-leading margins to drive excellent returns and strong balance sheet, with low net debt

45.6Mta capacity with modern, efficient factories

Robust governance, with five Independent Directors

Significant competitive advantages, operating in local markets

Fully committed to sustainable growth that benefits all stakeholders

One of the largest companies in Sub-Saharan Africa by revenue and market capitalisation

A unique investment opportunity offering exposure to Sub-Saharan Africa's growth potential

## The Dangote Way

Our 7 Sustainability Pillars support our unique approach to creating a world-class enterprise.

Driven by the goal of achieving the highest level of governance, the 7 Sustainability Pillars are embedded in our corporate culture and guide our approach to building a prosperous and sustainable business.

### Our 7 Sustainability Pillars



#### Cultural

Embody our core values into the way we do business, embracing respect, teamwork, empowerment, inclusion, integrity, learning and meritocracy within our organisation.

> Read more on pages 10–21



#### Economic

Promote inclusive economic benefits, self-reliance and self-sufficiency through the sustainable industrialisation of Africa's key markets for the benefit of all our stakeholders.

> Read more on pages 22–33



#### Operational

Deploy cost-effective, state-of-the-art production and distribution facilities and work with our partners to produce high-quality products that satisfy the needs of local markets.

> Read more on pages 34–41

**“Our commitment is further demonstrated in the enthusiasm with which we continue to operationalise our 7 Dangote Sustainability Pillars, which collectively reflect the ethos behind The Dangote Way.”**

**Aliko Dangote, GCON**  
Chairman,  
Dangote Cement PLC



**Social**

Nurture the growth and wellbeing of our employees and host communities, ensure they share in our success and enjoy high standards of health, safety and environmental care.

> Read more on pages 60–69



**Environmental**

Take care of our environment by creating sustainable practices to address the challenges of climate change, optimising our energy efficiency, water usage and emissions control.

> Read more on pages 70–77



**Financial**

Achieve sustainable financial growth by selling high-quality products at affordable prices, so we can deliver strong returns to shareholders and create value in our host economies.

> Read more on pages 88–93



**Institutional**

Build a world-class company based upon strong governance, sustainable growth, transparency, dialogue and compliance with laws and regulations.

> Read more on pages 78–87

# Where we operate

## Truly Pan-African

Dangote Cement has production capacity of 45.6 million tonnes per year across ten countries in Sub-Saharan Africa. We have integrated factories in seven countries, a clinker grinding plant in Cameroon and import and distribution facilities for bulk cement in Ghana and Sierra Leone. Together, these operations make us the largest cement producer in Sub-Saharan Africa.

### Serving our continent

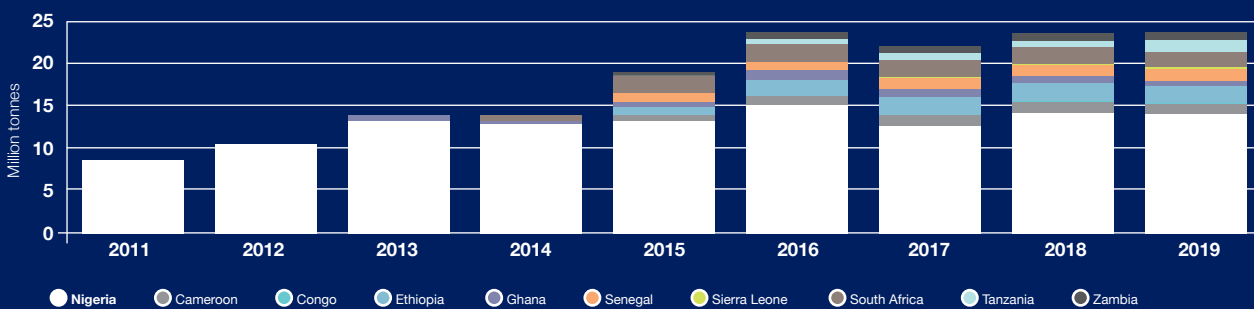
Based in Nigeria, we operate in many of Sub-Saharan Africa's key markets for cement, helping the continent become self-sufficient in this most basic commodity.

### Our regional strategy

We look for markets that have ample limestone, thriving economies, growing populations and a pressing need for housing and infrastructure.



### A track record of growth



**Type of operations**



Integrated



Import



Clinker grinding

**01 Nigeria**

Estimated market share  
**Low to mid 60s**

Capacity  
**29.3Mta**



**02 Tanzania**

Estimated market share  
**21%**

Capacity  
**3.0Mta**



**03 South Africa**

Capacity  
**2.8Mta**



**04 Ethiopia**

Estimated market share  
**26%**

Capacity  
**2.5Mta**



**05 Cameroon**

Estimated market share  
**39%**

Capacity  
**1.5Mta**



**06 Congo**

Estimated market share  
**33%**

Capacity  
**1.5Mta**



**07 Ghana**

Estimated market share  
**7.5%**

Capacity  
**1.5Mta**



**08 Senegal**

Estimated market share  
**23%**

Capacity  
**1.5Mta**



**09 Zambia**

Estimated market share  
**28%**

Capacity  
**1.5Mta**



**10 Sierra Leone**

Estimated market share  
**35%**

Capacity  
**0.5Mta**



**Looking ahead**

In 2020, we plan to open export facilities in Nigeria and begin exporting clinker and cement to our existing facilities both in Cameroon and the new grinding facilities we are building in West Africa. In addition, we plan to build new integrated factories in Nigeria and Niger that will strengthen our position as Africa's leading cement producer.



# Our unreserved commitment to building a sustainable business

### Group volumes

**23.7Mt**

2019: 23.5Mt

### Revenue

**₦891.7B**

2019: ₦901.2B

## Dear fellow stakeholders

Before I reflect on the year in review, I hope that you and your families are healthy and safe. The year 2020 has been unprecedented with the numerous uncertainties surrounding the COVID-19 pandemic. The world faces the stark reality of a major health crisis, accompanied by a devastating impact on the global economy. During these times, our top priority remains the health and safety of our employees, customers, suppliers and society at large. As Africa's largest cement manufacturer, we take seriously our role of social responsibility and we have taken deliberate steps to deploy resources to help our communities overcome hardships in this crisis. My thoughts and prayers go out to the world.

We have focused this 2019 Annual Report on our commitment to building a sustainable future for all our stakeholders, including the local communities that host our operations across Africa.

## The year in review

2019 was a strong year for us given the tough business environment across most of our operating geographies. Group sales and revenues were relatively flat compared to 2018. We recorded Group volumes of 23.7 million tonnes (Mt) and revenues of ₦891.7 billion. We recorded a strong EBITDA margin of 44.3%.

As a result of this performance, the Board has recommended for your approval a dividend of ₦16.00 per ordinary 50 kobo share. The Board maintains the 2018 dividend of N16.00 per share, reinforcing our commitment to shareholder value. If approved at the Annual General Meeting on 15th June, it will be payable to shareholders whose names are on the Company's register at the close of business on 25th May 2020.



**Aliko Dangote GCON**

Chairman

## Operating performance

Domestic sales of cement from our Nigerian plants increased by 2.2% to 13.7Mt in 2019, similar to Nigeria's GDP growth of 2.3%. Nigeria's cement sales, including exports were 14.1Mt. Our Pan-African operations including clinker contributed 9.6Mt, up 1.9% compared to 2018, with strong performances in Senegal, Tanzania, and Sierra Leone helping to offset temporary challenges in Congo, Ethiopia and a depressed economic environment in South Africa.

## Sustainability drive

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 diseases for instance the COVID-19 pandemic, socioeconomic inequalities, youth unemployment, environmental degradation and of course, the menace of climate change and global warming.

As a leading African business conglomerate, we recognise 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 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 operationalise 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 globally, as we strive to align our environmental, social and governance (ESG) performance with the United Nations' Sustainable Development Goals and other global principles and standards designed to improve human capital development and overall socioeconomic and environmental wellbeing.

## Board changes

We bid farewell to our Chief Executive Officer and Board member, Engr. Joseph Makaju, who has retired effective 31st January 2020 after 45 years in active service, including the last ten years of working in Dangote in various capacities. His impact on our business has been significant and we wish him well in the future.

The Board has approved the appointment of Mr. Michel Puchercos as his replacement on the Board of Directors, as the Group Managing Director/Chief Executive Officer effective 1st February 2020. Mr Puchercos brings over 20 years' experience in the cement industry, having served in various capacities at Lafarge Holcim.

In addition, Mr. Arvind Pathak was appointed as Deputy Managing Director on 29th October 2019; he previously served as the Chief Operating Officer of Dangote Cement. Mr. Brian Egan and Mr. Fidelis Madavo resigned on 28th February 2019 and 21st November 2019 respectively from the Board of Directors. We thank them for their contributions and we wish them well in the future.

## Outlook

The outlook for Dangote Cement is exciting. Our Board continues to consider all strategic and financial options for the Company. As an organisation, we are focused upon improvement in all areas and I wish to pay tribute to all our staff for their constant efforts towards achieving the vision of our Board and Executive Committee.

Thanks to the efforts that you have supported as shareholders, we are continuing its transformation into an

exporter of this basic but vital commodity. In 2020, we plan to open export facilities in Lagos and Port Harcourt that will enable us to export clinker, initially to our grinding facility in Cameroon and then to new grinding plants we are building in West Africa. Not only will these generate useful foreign currency in Nigeria, they will also help to increase the output of our Nigerian plants. These will help to improve job creation and increase prosperity in Nigeria, creating socioeconomic impacts that all stakeholders can be proud of.

That said, the outbreak of the COVID-19 pandemic is expected to pose a significant threat to global growth as concerns over the virus triggered shut down of industrial activities and supply chains. We are proactively monitoring key dimensions of our operations in order to mitigate negative financial impacts.

As a corporate socially responsible company, through the Aliko Dangote Foundation, the Group is at the forefront of efforts to curb the spread of the virus in Nigeria. I lead the CACOVID initiative, a coalition that mobilises private sector leadership and resources in the fight against COVID-19. We are bringing hope to Nigerians, by supporting the delivery of medical equipment and testing kits to all parts of the country and providing food relief to those most affected by the lockdown.

To our stakeholders, I hope you will enjoy reading our 2019 Annual Report and thank you for your continuing support.



## Aliko Dangote

Chairman  
30th March 2020

# Building a culture of sustainability



## Cultural standards

Our Cultural Pillar is the foundation upon which our organisational ethos is built. Through this pillar, we ensure that sustainability is embedded in our corporate culture. For us, it is an embodiment of ethical business, professionalism, anti-corruption, brand loyalty, excellent corporate governance, mutual trust, and respect among all stakeholders. We strive to ensure that every staff member across every hierarchy, and every operational activity in the organisation functions in tandem with these guiding principles.

We are committed to a workplace that is inclusive and accommodates 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 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 positive environmental and socio-economic impact enthusiasts. We aspire to create a work environment where sustainability is a way of life. We believe that our employees are the driving force of our strategy and our Human Assets Policies are based on the belief that the success of our organisation is directly linked to the quality of our human capital and the success of the individual staff members.

## Labour practices

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

A clear tone at the top encourages and supports the building of a workplace where employees are given opportunities to thrive in their careers. We have deployed multiple engagement channels that foster inclusiveness, such as departmental meetings, one-on-one consultations, and workplace surveys, in addition to our two-way communication culture that encourages staff to engage with line managers on personal and work-related matters.

## Our workforce

In 2019, we had a total staff strength of 18,064 (eighteen thousand and sixty-four), excluding Nigerian head count for expatriates and transport permanent employees. Of this number, 8,854 are permanent employees and 9,210 are temporary. Of the total permanent employees, 807 are females while 8,047 are males, representing 9% and 91% of female and male employees, respectively. In terms of age categorisation, 18 to 30 years are 1,320, 30 to 50 years are 6,309 and over 50 years are 1,225, representing 15%, 71% and 14%, respectively. Of the 8,854 total number of permanent employees, 7,534 are from Nigerian, South African, Senegal and Ethiopian operations, out of which 6,913 (92%) are male and 621 (8%) are female.

We understand that the industry where we play falls mostly within the STEM (science, technology, engineering, and mathematics) group, where global statistics show that women do not have sufficient representation. Through our Dangote Women Network (DWN) and other women empowerment initiatives, we are trying to change this narrative, by making our work environment and working conditions attractive for men and women that are qualified and willing to do the job.

## Employee growth and turn-over rate

For the reporting year, our permanent employees grew by 504 (6%) year-on-year, from 8,350 in 2018 to 8,854 in 2019, excluding new hires from Nigeria Transport division. Total new hires across Pan African operations was 1,066. A total of 525 employees exited the organisation in 2019. Also, in 2019, total number of new hires of permanent employees in the Nigerian, South African, Senegal and Ethiopian operations was 671, and the turnover in these same locations within the reporting year was 238.

Location	New Hires 2019	% of Total
Cameroon	37	3.47
Congo	68	6.38
Ethiopia	31	2.91
Gboko Plant	1	0.09
Ghana	7	0.66
Head Office	67	6.29
Ibese	285	26.74
Obajana Plant	205	19.23
Senegal	31	2.91
Sierra Leone	6	0.56
South Africa	51	4.78
Tanzania	122	11.44
Zambia	155	14.54
<b>Grand Total</b>	<b>1,066</b>	

In all operations, our total staff strength increased by 3.42% in 2019 compared to 2018.

	Total staff	Percentage increase
2018	17,447	<b>3.42%</b>
<b>2019</b>	<b>18,064</b>	

## Permanent employees grew by 504 in 2019

<b>2019</b>	<b>8,854</b>
<b>2018</b>	<b>8,350</b>



## Building a work environment where employees are empowered to thrive

Our employees are at the heart of our business strategy because they activate and bring it to fruition. We recognise the great role they play in contributing to the overall success of our organisation through the productivity and innovation that they bring to their various roles and functions. As such, we create an atmosphere of mutual trust and co-operation, where platforms for open dialogue and constant engagement are available and accessible to all levels of employees.

We strive to ensure that our employees are paid competitive wages and receive benefits that enable us to attract and retain the best talents. Some elements of benefits that accrue to our employees are as follows:

- The fixed elements of remuneration include salaries and other benefits such as group life insurance, workmen's comprehensive insurance, comprehensive health care, paid annual leave and parental leave.
- Variable benefits include long service awards, children education support allowance, professional and social club subscriptions.

Our operational HR Policies have been aligned with the Group's strategy and objectives of ensuring discipline, effective application, and fair treatment of all employees. Some of these include Equal Opportunity policy, Leave policy, Travel policy, Diversity policy, Harassment policy, Compensation and Benefit policy, Manpower Planning and Recruitment Policy, Education and Training Policy, among others, much of which are part of the Staff Handbook and therefore easily accessible to all employees.

Management is responsible for ensuring that these policies are understood, effectively communicated, and implemented throughout the business. Employees are responsible for ensuring that they understand and align with the expectations of these policies in their day-to-day work practices and apply them for enhanced productivity.

### Employee benefits

- Group life insurance
- Workmen's comprehensive insurance
- Comprehensive health care
- Paid annual leave
- Parental leave (maternity)
- Paid mourning leave
- Exam leave
- Children education support allowance
- Professional and social club subscriptions
- Long service awards
- Staff marriage cash present
- Birthday present

# The Dangote Way

## Cultural continued

### Learning and development

As an employer that expects quality output and innovative thinking, we understand how important it is to have a workforce that is well trained and empowered to thrive. We take seriously our responsibility of ensuring that we equip our employees with the functional Interdisciplinary competencies to perform excellently in their designated roles. To this end, we have adopted development programmes that continuously update and enhance our employees' skills. These programmes take many forms, ranging from formal structured learning, eLearning, on-the-job trainings and coaching and mentoring. We leverage our rich diversity to organise and administer trainings across our plants and business operations in ten African countries. In 2019, our training programmes were focused on developing employee competences in three identified areas: Core Competences, Inter-Discipline and Leadership Competences. Sustainability thinking cuts across all of the training areas and is increasingly integrated in the learning and development plan of our business.

We are deploying more digital platforms to optimise training costs and reach, while still increasing the benefits of constant learning and development to our employees in our drive to become a learning organisation. Total investments in our employees' training during the year are shown on the right.

In our training programmes, employees across all locations – Nigeria, Ethiopia, Senegal, South Africa, Tanzania, Cameroon, Ghana, Congo, Sierra Leone, and Zambia – and across all levels are given equal opportunities. Composition of the total number of employees trained in 2019 by category demonstrates our commitment to group-wide training initiatives that emphasise capacity building as an employee value proposition endeavour. In 2019, ₦598.5 million was invested in training 10,715 employees from DCP Nigeria, Ethiopia, Senegal and South Africa.

We have various mechanisms for monitoring the impact of our learning and development initiatives. One major way is the use of the post-training feedback forms which are distributed to course participants at the end of the training program for the purpose of obtaining feedback on newly acquired knowledge, how this would be applied on the job and subsequently translate to improved job performance and productivity going forward.

Our performance appraisal system makes provisions for employees working in conjunction with Line Managers and Discipline Leads to identify competence gaps and the interventions that are required to close them for the purpose of enabling them to perform their functions optimally. This process is a key component of our training management system, and the feedback received is considered in developing our training programs. The performance review process also gives Line Managers an opportunity to assess if learning took place and if employees' productivity and output are directly aligned with specific training and development initiatives.

#### 2017–2019 total spending on employees training

##### DCP Nigeria

2019	6,804
2018	4,908
2017	2,917

##### DCP Nigeria – employees training spending

	Naira
2017	₦464 million
2018	₦498 million
<b>2019</b>	<b>₦479 million</b>

##### DCP South Africa

2019	1,554
2018	394
2017	471

##### DCP South Africa – employees training spending

	Naira
2017	₦41 million
2018	₦25 million
<b>2019</b>	<b>₦42 million</b>

##### DCP Senegal

2019	246
2018	269
2017	257

##### DCP Senegal – employees training spending

	Naira
2017	₦38 million
2018	₦33 million
<b>2019</b>	<b>₦51 million</b>

##### DCP Ethiopia

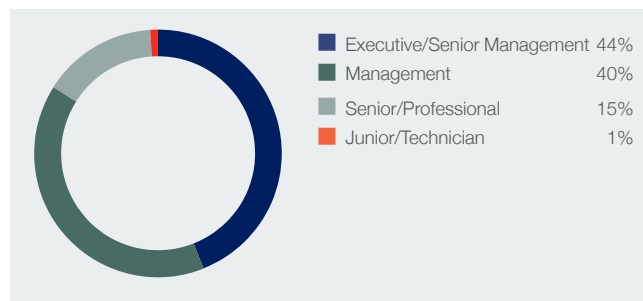
2019	2,111
2018	605
2017	847

##### DCP Ethiopia – employees training spending

	Naira
2017	₦2 million
2018	₦10 million
<b>2019</b>	<b>₦23 million</b>

Our understanding of the skill set we need to function optimally as a business, which is derived by evaluating the job competency and individual competency profiles, is the primary criteria for the selection of training programmes. These skills set are often not acquired in traditional learning environments but rather, through a combination of various methods such as e-learning, on the job training, etc, as required. We therefore consciously build skills for the growth and productivity of our employees and the business. Our training programmes are also selected in line with our strategic technological needs and to empower our employees to efficiently use modern tools to compete in the global space.

During the year, we undertook several initiatives to help achieve our human capital needs and meet strategic goals. We continued 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 are retained.



Our Human Resource Function and Dangote Academy worked in partnership to ensure that all the required training interventions were identified and implemented in line with our overall business goals and objectives.

The table below captures the total number of employees trained per employee levels across all our operations in 2019.

Country	Total Number of Employees Trained Per Employee Level								Total
	Executive/Senior Management		Management		Senior/Professional		Junior/Technician		
	Men	Women	Men	Women	Men	Women	Men	Women	
Nigeria – HQ	2	—	108	22	718	342	93	6	1,291
Nigeria – Gboko	—	—	11	—	65	6	—	—	82
Nigeria- Ibese	—	—	153	—	953	75	1223	12	2,416
Nigeria-Obajana	2	—	39	—	935	60	1708	271	3,015
Ethiopia	1	—	106	8	821	30	1080	65	2,111
Senegal	2	—	8	—	88	9	118	21	246
South – Africa	2	—	51	3	519	25	902	52	1554
Tanzania	2	—	56	—	560	44	602	57	1321
Cameroon	1	—	27	2	202	21	299	34	586
Ghana	1	—	43	—	301	69	439	43	896
Congo	1	—	47	4	261	48	459	39	859
Sierra Leone	1	—	3	—	13	3	19	6	45
Zambia	2	—	96	—	907	36	1182	93	2316
<b>Total</b>									<b>16,738</b>

We strive to ensure that our employees' expectations align with our training initiatives. In a recent survey, 87.6% of our employees considered career growth and development as key to their aspirations. In the same survey, 91.7% of our employees in Nigeria that participated in the materiality assessment consider employee engagement and sustainability education as very important to them. We leverage these critical feedbacks to fine-tune our business decisions on employees' training and engagement.

# The Dangote Way

## Cultural continued

### 2019 sustainability trainings

In 2019, supported and certified by the University of Edinburgh, the Sustainability & Governance Function alongside other facilitators organised a total of twelve (12) certified, classroom sustainability training programmes for Dangote Cement employees across diverse functions/departments, for our Nigerian operations in Obajana, Gboko, Ibesse and Headquarters, as well as in Senegal and South Africa. Additionally, virtual training programmes were held for other African locations. The trainings and workshops focused on various sustainability topics, such as Circular Economy (Waste to Energy); Innovative Social Investments (Social Impact); Sustainability Management Systems; Corporate Social Responsibility (Employee Volunteerism); GRI Certified Standards training course; 'Women in Sustainability'; ISO 26000 (Social Responsibility) Lead Implementer and Lead Auditor; Sustainability Data Management and Building A Sustainable Transport Management System.

In total, 249 employees with combined 2608 training hours undertook Sustainability trainings in 2019, with positive feedback on how their understanding of the importance of sustainability to business growth and longevity and their role in making it a corporate culture at Dangote Cement Plc, has been enhanced.

Highlights of our training programmes usually include presentations by different workgroups on innovative measures that could be adopted to further enhance operational efficiency, cost savings, health & safety, community engagements, and environmental and social stewardship across Dangote Cement operations.



### Dangote sustainability surveys – employees, communities, investors

Dangote's value creation model aims at balancing the Company's responsibilities to its diverse stakeholders. We therefore make concerted efforts to "actively listen to stakeholders". In the year under review, we conducted Sustainability Materiality Assessment surveys to gain insights into the critical issues that are of concern to our stakeholders. The surveys covered the different regions of our operations and included investors, employees, and communities. The result of the surveys helped us to identify the main issues of concern and interest to our stakeholders, while also helping us determine the material topics for sustainability reporting.

We deployed a robust and automated third-party data management tool for our 2019 Sustainability survey and materiality assessment. The online cloud-based solution allows our stakeholders to respond to survey questionnaires and submit responses from their respective locations, real-time, using devices such as laptops, tabs, and cell phones. This approach allowed for timely completion, guaranteed respondents' anonymity and confidentiality, and also eased the process of data collation and analysis.



The materiality assessment followed a systematic process comprising of six consecutive steps as shown below:

The quantitative analysis followed a methodological approach comprising of four steps:

**Step 1:** Quality assurance and data cleaning to remove repetition (duplicates) from data sets received from survey responses.

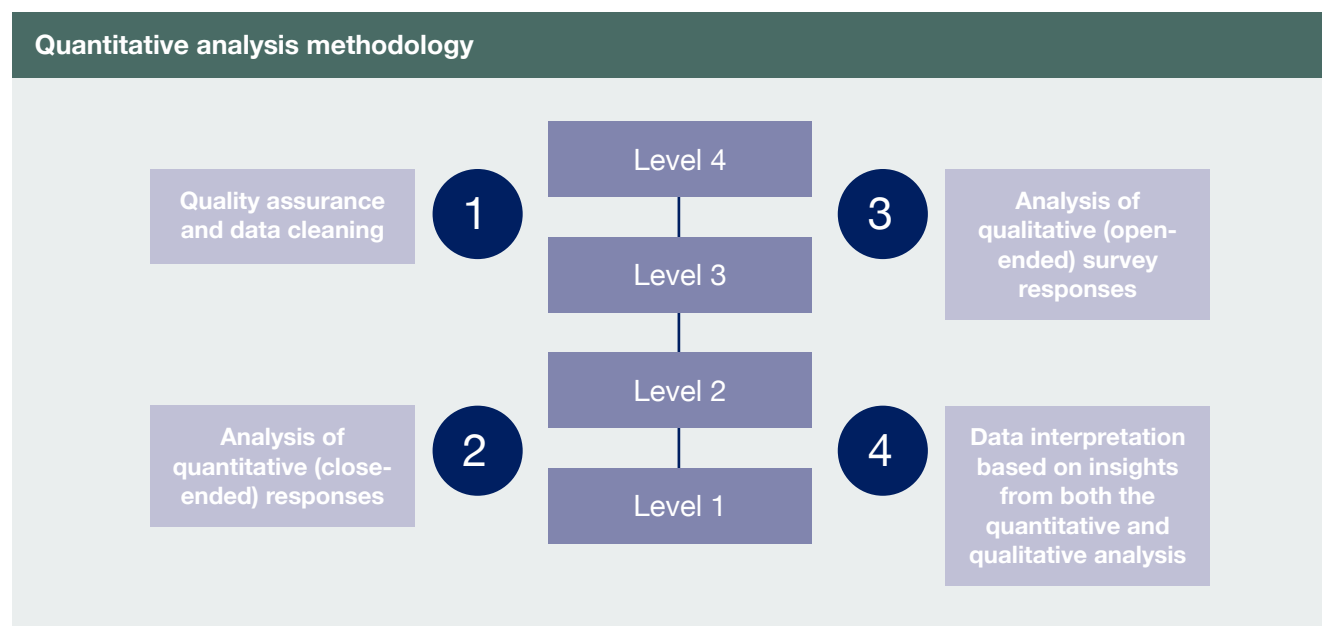
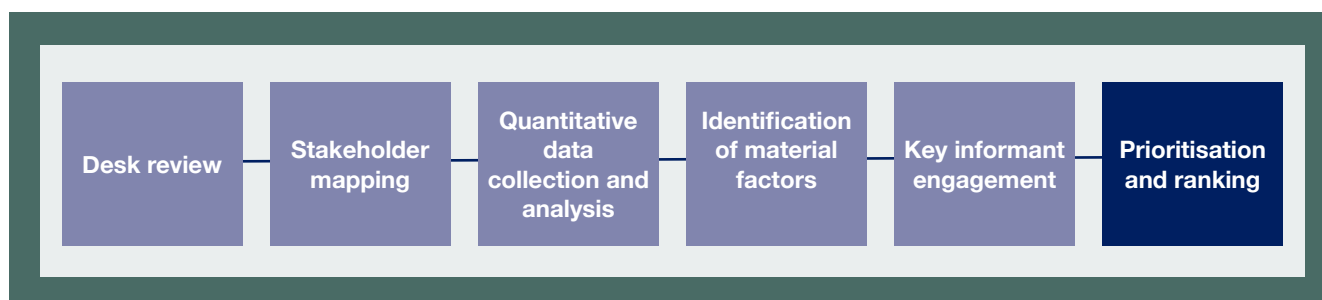
**Step 2:** Analysis of quantitative (close-ended) responses using IBM SPSS version 25 software to generate frequency tables and cross-tabulations. In addition, Microsoft Excel was used to create charts as required.

**Step 3:** Analysis of qualitative (open-ended) survey responses manually in Microsoft excel to reinforce the quantitative analysis.

**Steps 4:** Data interpretation based on insights from both the quantitative and qualitative analysis to identify the key sustainability indicators. An indicator was deemed “material” based on the response frequencies and ratings.

For Nigerian operations, the communities’ and employees’ sustainability indicators obtained from the data analysis process were then further triangulated through stakeholder engagement exercise (focus group discussions) at Ibesa and Obajana plants sites.

The results of these engagements, including the stakeholder surveys, were analysed by an independent sustainability consultant and further reviewed by the Group’s in-house sustainability experts who then formulated targeted interventions for the approval of executive management and Board.



# The Dangote Way

## Cultural continued

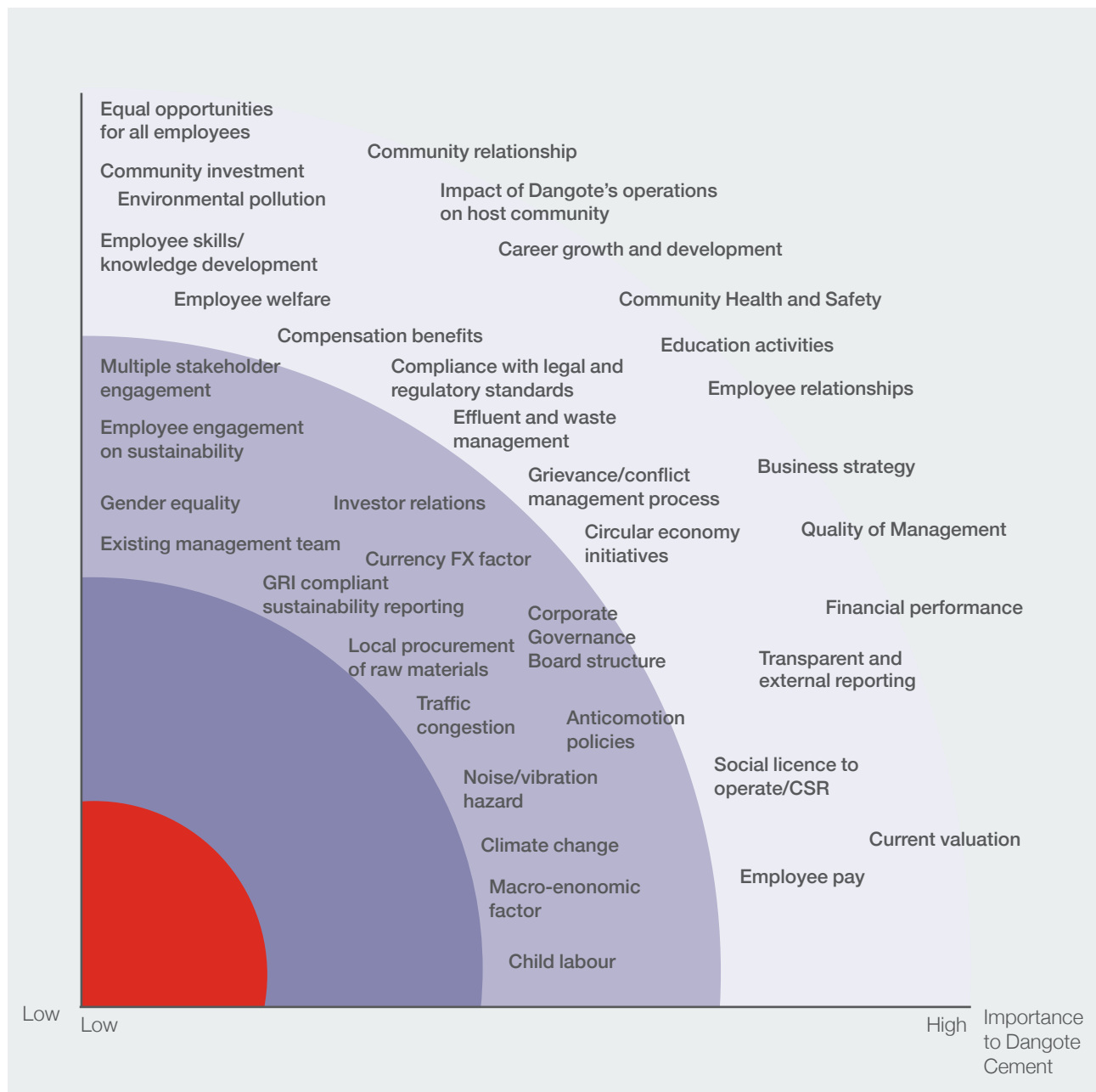
### Dangote Cement's materiality matrix 2019

The topics shown on the materiality matrix are indicators that have been identified by stakeholders (community, employees and investors) as material in 2019.

They also reflect issues that we have identified as material to our business operations.

These topics will therefore be reported in this year's report based on the following criteria:

- importance to Dangote's stakeholders
- impact on Dangote Cement Plc.



#### Key

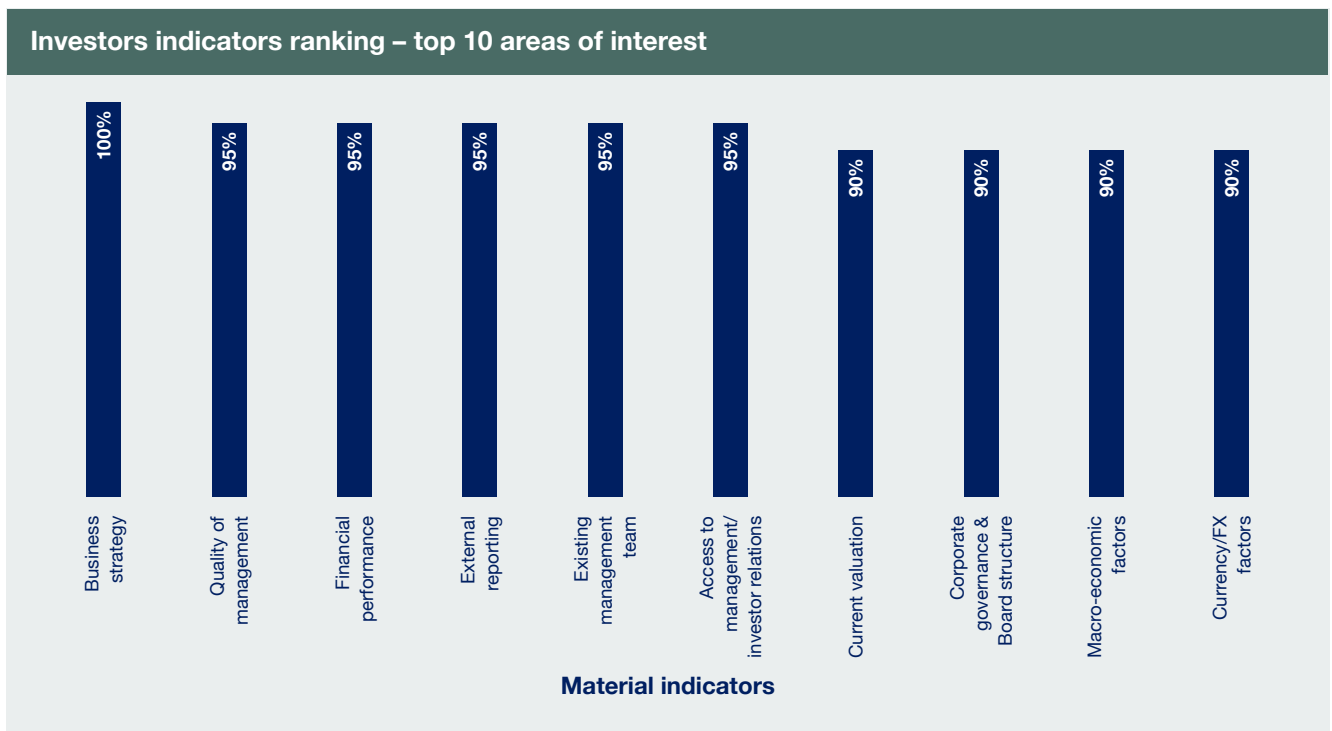
- Less important
- Moderately important
- Important
- Very important

## Investors survey

Integrated into the Company's process of value creation is the regular use of independent surveys to determine stakeholders' expectations. The survey involving investors are aimed at generating candid feedback on relationships with investors and how these could be developed and strengthened for the mutual benefits of both parties.

Among other feedbacks, investors indicated their interest in quality disclosures that enhance accountability on environmental and social stewardship. The impact that the Company's operations have on the environment was also of interest, as this was seen as an important business sustainability issue.

Detailed ranking of the key sustainability indicators from the investors' perspective are shown below:



# The Dangote Way

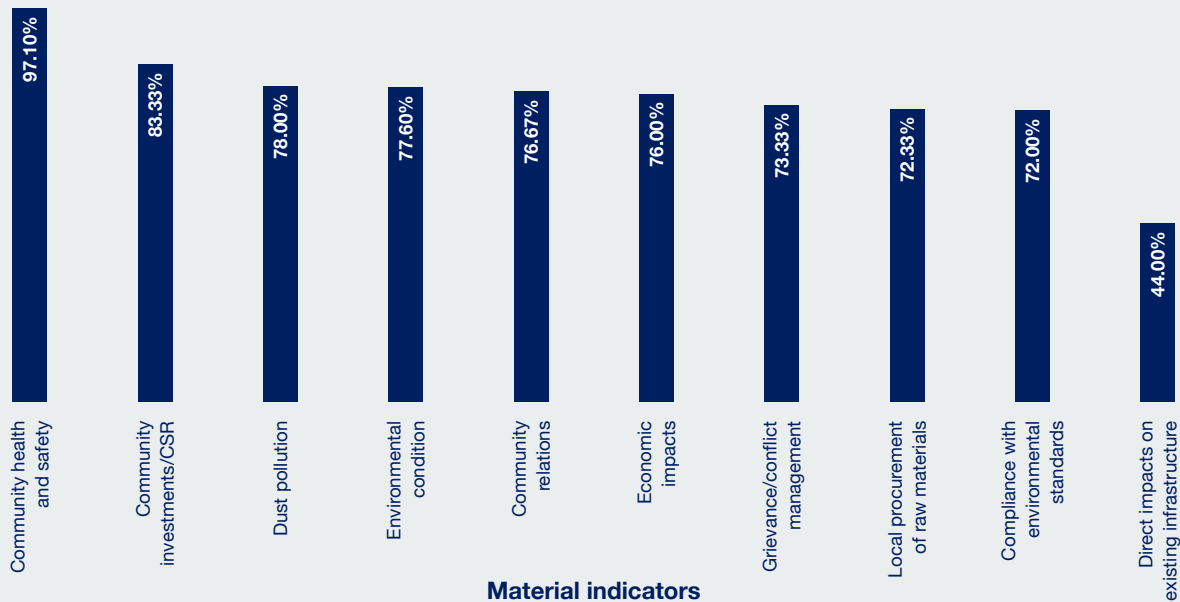
## Cultural continued

### Community survey

A clear understanding and management of the expectations of our local communities helps us create more sustainable value. We therefore engage communities using multiple channels, including independent surveys. These engagements help the Company to feel the pulse, understand their perceptions and concerns, and respond to their needs. The outcomes of these engagements also enable us to plan and make informed decisions on our social investment initiatives.

At the end of the 2019 Sustainability Materiality Assessment and Feedback Surveys for communities, a total of 13 key sustainability indicators were identified, and these have been ranked according to the communities' perspective and response frequency. The result and analysis are presented below.

#### Communities indicators ranking – top 10 areas of interest



According to feedback from the 2019 communities survey, the relationship between Dangote Cement Plc and host communities was described as 'very cordial' or 'cordial'. The communities acknowledge that the presence of Dangote Cement has led to socioeconomic development.

Our market presence has led to urbanisation of host communities. The communities are now more prominent, land value has increased, local businesses are thriving, infrastructures are upgraded, and new economic opportunities are open for the residents.

For example, the post-survey Key Informant Engagements (KIEs) indicated that, in host communities, Dangote Cement has provided direct employment to thousands of indigenes and local residents that are qualified and available to work. This has boosted economic activities, household income and patronage of local businesses. Our host communities have benefited from community development projects such as roads, electricity, schools, hospitals, potable water supplies, trainings, and skills acquisition programmes, as well as scholarships for students.

On the other hand, some of the negative impacts revealed by the survey include increased influx of people and the attendant security threats, dust and carbon emissions, higher costs of items, road accidents, and so on. We are taking these feedbacks seriously and are developing corrective actions for mitigating these concerns.

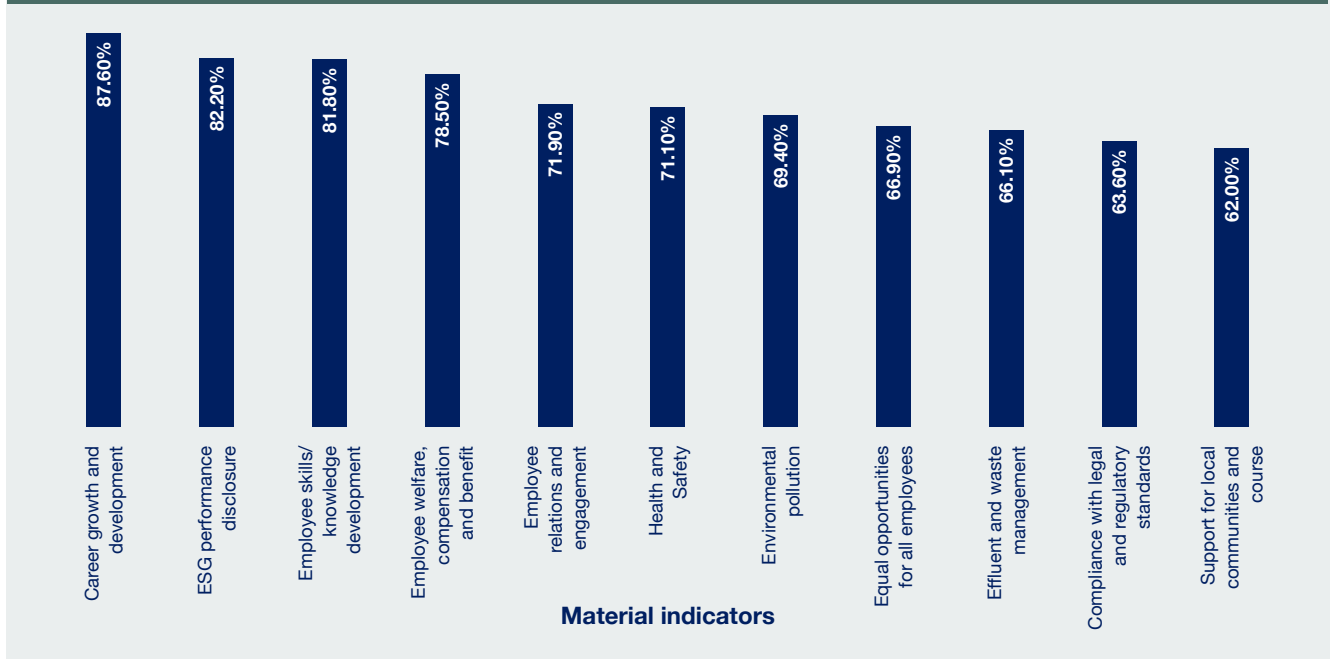


## Employees survey

As part of our commitment to listening to our employees, we administered our employee survey questionnaires to internal stakeholders in eight countries (Nigeria, Senegal, Tanzania, Cameroon, Ethiopia, Congo, Ghana, Zambia) during our 2019 financial year. The survey helped us to elicit employees' views and

perceptions on our internal processes and structures, our external activities and how these are managed and reported. The survey thus threw light on our employee's perception about the Company and their workplace. The survey results rankings are summarised below.

### Employees indicators ranking – top 10 areas of interest



During the 2019 survey, our employees identified 15 key sustainability indicators, and these have been ranked according to the response frequencies. Employees consider career growth and development, as well as employee engagement as key areas of interest. Employee engagements and education on sustainability was also seen as important, as it helps them understand the Environmental, Social and Governance (ESG) objectives, policies and plan of the Company, factors which are important for their overall career wellbeing and development.

In 2019, we constituted the Joint Consultative Committee (JCC) designed to foster dialogue between management and employees regarding decisions that impact both parties' wellbeing. Feedback received from the 2019 survey shows employees' appreciation of this initiative which many described as a platform for different departments to provide fair and timely resolution to employees' grievances. Other employee engagement initiatives undertaken in the course of the reporting year include the annual year end engagement and 2019 long service award, designed to appreciate and reward employees that have put in long years of quality service.

# The Dangote Way

## Cultural continued

### Sustainability week

We believe that building a corporate culture of sustainable policies and practices begins and ends with effective employee mobilisation and involvement. We have therefore instituted the Dangote Sustainability Week during which period we mobilise our employees to create value through initiatives and programs that support social, economic, and environmental wellbeing in host communities and markets.

The 2019 Sustainability Week recorded significant and measurable impacts. A total of 1,676 employees volunteered 11,504 hours on 63 initiatives across 12 Dangote Cement locations in nine African countries. In four of these countries (DCP Nigeria, Ethiopia, Senegal and South Africa), 1,041 employees volunteered 7,914 hours on 46 initiatives.

#### Summary of impacts

- 1,676 DCP employees volunteered during the 2019 Sustainability Week across 12 locations in nine countries.
- 11,504 hours were spent on numerous activities and initiatives by Dangote Cement employees during the week.
- 4,403 students in total, (including 27 with hearing impairment) were educated and trained on various initiatives alongside 200+ teachers/staff.
- 63 initiatives in total were carried out by the volunteers.
- 25 schools (primary and secondary) across all locations were part of the initiatives.
- Donations: 8,000 notebooks, 200 tables/benches, 1,000 storybooks/comics, four medical aid kits, 3,100 t-shirts and bags, 38 pictorial charts, 2 T-square, mosquito nets, sanitary towels, fans, toiletries, printer, cash gifts, among others.

- Over 2,500 students were given lunch (snacks, food, drinks) during the initiatives.
- Five Medical outreaches (eye, dental and vital checks) to over 70 beneficiaries in three locations.
- Empowerment programme for over 500 women and prison inmates (Ibese).
- Cleaning of ten markets in host communities.
- Grading and filling of four community roads (Ibese, Gboko).
- Over 35 external facilitators and expert groups supported with the initiatives.
- Over 50 external media houses covered the events.
- Inauguration of three healthcare facilities by Dangote Cement Senegal.
- Renovation of four classrooms by Dangote Cement Cameroon.





#### Selected KPIs achieved during the 2019 Sustainability Week

No	Key KPI	2019	2018
1	Employee volunteers	<b>1,676</b>	500
2	Volunteered hours	<b>11,504</b>	3,000
3	Locations	<b>12</b>	8
4	Countries	<b>9</b>	6
5	Total number of initiatives	<b>63</b>	30
6	Beneficiaries of skills acquisition initiatives for women	<b>100</b>	43



Some 2019 Sustainability Week highlights and their alignment with the UN SDGs



- 2** ZERO HUNGER  
 Over 2,500 students were given lunch (snacks, food, drink) during all initiatives
- 3** GOOD HEALTH AND WELL-BEING  
 Five medical outreaches (eye, dental and vital checks) to over 70 beneficiaries at three locations
- 4** QUALITY EDUCATION  
 25 schools (primary and secondary) across all locations were part of the initiatives
- 11** SUSTAINABLE CITIES AND COMMUNITIES  
 Grading and filling of four community roads in two locations



# Creating long-term value for local and national economies that host our operations



## Economic standards

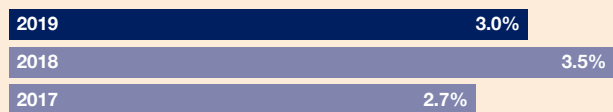
Through the principles behind our Economic Pillar, we strive to promote inclusive, sustainable economic growth, self-reliance, self-sufficiency and industrialisation across Africa, by establishing efficient production facilities and developing resilient local economies in strategic locations and key markets.

Our approach to economic sustainability is to invest in growing economies and in tandem, continuously grow our profit. We secure the future of our business by establishing efficient and world class production facilities and products that support industrialisation in all the economies where we operate.

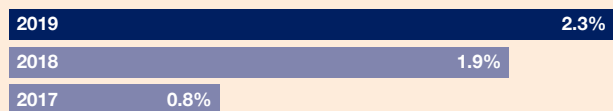
We ensure that our business activities and model strengthen national productivity, job creation, growth in household incomes as well as GDP growth and economic prosperity. We support our host countries and local communities by developing a value chain that prioritises the patronage of local labour, suppliers, vendors and contractors as our 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.

## Developing markets

### SSA economic growth +3.0%



### Nigerian GDP recovering +2.3%



- Nigeria's economy is the largest in Sub-Saharan Africa and also the largest Dangote Cement operation
- Nigeria grew by 2.3% in 2019
- Oil sector contributes 9% of GDP, while agriculture contributes approximately 25%
- Higher oil prices, less pipeline disruptions and increased agricultural output during the year under review, are helping recovery after recent recession

## The 2019 business landscape for Dangote Cement

Dangote Cement operates in ten countries across Sub-Saharan Africa, a region that the International Monetary Fund estimated would increase GDP by 3.0% in 2019. This compares favourably with other regional growth rates such as the 1.5% growth estimated for the European Union and 2.1% in Northern America. All our ten countries of operation have growing economies, ranging from 0.7% growth in South Africa to an estimated 7.4% in Ethiopia. Most of the economies in which we operate grew between 2% and 5%; the key Nigerian economy is still recovering from recession and the Nigerian National Bureau of Statistics reported a 2.3% growth in 2019. However, 2020 forecasts and the whole SSA market will be affected by the ongoing Coronavirus pandemic.

The economic growth in 2019 was reflected in the fact that most of our host countries increased consumption of cement during the year. Despite the slowdown due to elections, our largest market Nigeria saw only a 2% increase in cement consumption, from 20.7 million tonnes in 2018. 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 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 can 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 integrated 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 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. We avoid competing on price, preferring to offer a better-quality product at the same price as rival offerings. This has enabled us to gain good market shares very quickly when we have entered new markets across the region. Given recent financial pressures on other manufacturers in the region, it is

obvious that our strategy has disrupted Sub-Saharan Africa's cement markets. We strengthened our market leadership in 2019 and believe that our strategy will enable us to continue to grow and consolidate our strong position in Sub-Saharan Africa. The opportunities are enormous. The United Nations estimates that the region's population will grow to more than two billion people by 2050, with the urbanised population growing by 800 million over the same time. Providing housing, infrastructure and workplaces for them will be like building Europe and America afresh within Africa. That is a truly exciting opportunity for Dangote Cement and its stakeholders.

2020 has been hit hard by the COVID-19 pandemic. Its implications for the business are volatile and very different from country to country. We have taken the necessary measures to protect the health of our employees, customers, suppliers and communities. We have enacted a series of rigorous protocols in all our operations around Africa that are aligned with the recommendations of health authorities. This includes social distancing policies and virtual/remote working, and the elimination of face-to-face contact as much as possible. In addition, we are proactively monitoring key dimensions of our operations in order to mitigate negative financial impact. We are closely controlling our capital expenses, working capital needs and fixed costs to maintain strong and resilient cash positions. We are also strengthening our IT infrastructure to mitigate cyber exposures arising from increased cases of virtual and remote working. To maintain an optimal capital structure, we constantly consider appropriate options – such as accessing the debt capital market in Nigeria.



# The Dangote Way

## Economic continued

### Dangote's contribution to the economic development of Africa

#### Contribution to job creation

As the largest cement manufacturer in Nigeria, and one of the largest employers in Sub-Saharan Africa, we understand the challenges posed by the high rate of unemployment across the continent, particularly among the youth population.

Throughout our operations, we have created jobs for thousands of Nigerians and Africans in nine other countries. Aside from our direct job creation, our activities support thousands of jobs in our supply chain, by way of indirect and induced impacts.

According to our 2019 socioeconomic impact assessment study specifically on our operations in Nigeria, Ethiopia, Senegal and South Africa, we sustained 54,005 jobs (direct, indirect, induced) in these four markets in the year under review. Future studies will assess our detailed socioeconomic impact in other economies where we operate.

#### Jobs supported in 2019 – Nigeria, Ethiopia, Senegal and South Africa

Direct	16,485
Indirect	21,237
Induced	16,283
<b>Total*</b>	<b>54,005</b>

\* Direct, indirect and induced.

#### Contribution to income generation

Dangote Cement supports socioeconomic wellbeing in Africa by creating job opportunities which simultaneously drive income generation for households. The socioeconomic impact assessment study carried out on our 2019 operations shows that our contributions to household income in Nigeria, Ethiopia, Senegal and South Africa in 2019 is ₦146 billion in total (this includes direct, indirect, and induced impacts).

#### Jobs supported in 2019 – Nigeria, Ethiopia, Senegal and South Africa

Direct	₦51.20bn
Indirect	₦64.30bn
Induced	₦32.16bn
<b>Total*</b>	<b>₦146bn</b>

\* Direct, indirect and induced.

#### Economic performance

Dangote Cement is the largest publicly listed Company in Nigeria and one of only eight members of the Premium Board of the Nigerian Stock Exchange. We ensure adherence to best practices in financial management and compliance with relevant laws and regulations in the countries where we carry out our business.

Our commitment to high level of financial performance, strong growth and expansion has been driven by our corporate objective of providing robust returns on investments for our esteemed shareholders through annual dividend payments and by securing a Dangote brand that will continue to generate sustainable returns for our esteemed shareholders and investors. This has helped us to emerge as Africa's most respected and prominent business.

By maintaining strong financial growth, we ensure that we continue to create direct and indirect value for all our stakeholders.

#### Impact on GVA in 2019 – Nigeria

	₦851.6bn
Of GDP	0.6%
Of cement sub-sector GDP contribution	67%

#### Impact on GVA in 2019 – South Africa

	₦312bn
Of GDP	0.5%

#### Impact on GVA in 2019 – Ethiopia

	₦43.5bn
Of GDP	0.2%

#### Impact on GVA in 2019 – Senegal

	₦2.2bn
Of GDP	0.3%

### Impact: Economic Value Created and Distributed (EVC&D)

Impact drivers	Impact area	Impact value (positive or negative)	2019 ₦million	2018 ₦million	2017 ₦million
Direct, indirect and induced economic value generated and distributed	Revenue	Positive impact as discussed in the GVA	<b>891,671</b>	901,213	805,582
	Employee wages, salaries and benefits	Positive impact as seen in the household income	<b>60,603</b>	55,164	47,253
	Operating costs	Positive impact as seen in the indirect impacts on supply chain and GVA	<b>540,634</b>	520,236	471,207
	Dividend paid to shareholders	Positive impact as seen in the GVA	<b>272,648</b>	178,925	144,844
	Social/Community Investments	Positive impact in health, food and agriculture, water/sanitation, security and safety, environment/climate change, economic/SME development, empowerment, infrastructure (electricity, road and drainage), education and scholarships, and sports	<b>1,108</b>	1,287	1,020
	Gross Value Added (GVA)				
	Local Procurements (All operations)	Generated about 21,237 jobs across the local supply chain with household income of ₦66 billion	<b>284,845</b>	239,859	281,461

### Direct economic value created and distributed

At Dangote Cement, we continue to generate impressive returns for our stakeholders.

During the 2019 reporting year, we recorded slightly higher sales volume than 2018, although our gross revenue went down by 1.1% from ₦901 billion in 2018 to ₦891 billion in 2019 due to the huge discounts given to customers and border closure in Nigerian operations.

In the same vein, our profit after tax in 2019 was ₦200 billion as against ₦390 billion in 2018 (this includes one-off tax credit). This also led to a decrease in the earnings per share of ₦11.79, as against ₦22.83 in 2018.

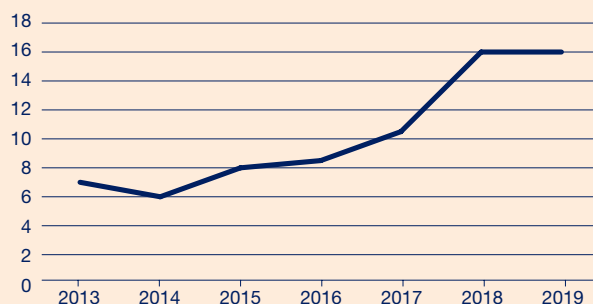
It is worthy of note that in Tanzania, we recorded tremendous revenue growth and net sales increase of about 94%. Also, in Sierra Leone, our sales volumes recorded a year-on-year growth of 116%.

### Dividend payment history – shareholders

At Dangote Cement, we pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover.

Our history of dividend payments predates our listing on the Nigerian Stock Exchange in 2010. We have consistently paid dividends over the years, with payments history of ₦7, ₦6, ₦8, ₦8.50, ₦10.5 and ₦16 per share in 2013, 2014, 2015, 2016, 2017 and 2018 respectively. In 2019, our proposed dividend payment of ₦16 per share ensures that we keep our promise of continuous wealth creation for our valued shareholders.

#### Dividend payment (₦)



# The Dangote Way

## Economic continued

### Community investments

As part of our corporate social responsibility, we spent ₦1.108 billion on community investments which include sponsorships, donations, charitable gifts and community affairs expenses, while in 2018, a total of ₦1.287 billion was spent for the same purpose across our countries of operations.

### Responsible tax payments

As a responsible corporate citizen, we ensure timely compliance with tax regulations in all the countries where we operate. This commitment enables us to support socioeconomic development in the African continent. By paying our taxes responsibly and transparently, we support government's plans for infrastructural development in our different markets. We also contribute towards the attainment of SDG 11 (Sustainable Cities and Communities). We report annually on our tax payments to governments. This way, we are transparent about how we manage our financial obligations. Tax payments for the period under review are detailed in the annual financial report section of this document.

### Indirect economic impacts

To support sustainable development and the United Nations Sustainable Development Goals (SDGs), we not only provide quality cement for construction purposes but also invest directly in infrastructural projects in our host countries. Building mutually beneficial relationships with our stakeholders and enabling economic prosperity in local communities are key to our economic sustainability pillar.

Description	2019
Value of socioeconomic impact	<b>₦1.108 billion</b>
Value of other market presence impacts (indirect and induced household income and tax)	<b>₦135 billion</b>



SDG	Target	Impact
 <p><b>No poverty</b></p>	<p>Target 1.1: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p> <p>Target 1.5: 'By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p>	<p>Many of the community investment projects were targeted at alleviating the financial burdens of the community members. For example, in August of 2019, DCP donated ₦50 million as financial support to the victims of a collapsed building in Ita Faji, Lagos Island.</p>
 <p><b>Zero hunger</b></p>	<p>Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p>	<p>The community engagement actions carried out by DCP Senegal during the Ramadan period, is very much in line with the 'zero hunger' sustainable development goal. The team donated food supplies to the villagers worth over ₦7.2 million, thus aligning with the target.</p>
 <p><b>Good health and well-being</b></p>	<p>Target 3.13: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.</p>	<p>The community investment actions of DCP Nigeria align with this target. The company has invested funds toward the construction of health clinics in their Oyo/Iwaa and Ibese communities.</p>
 <p><b>Quality education</b></p>	<p>Target 4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.</p> <p>Target 4.8: Build and upgrade educational facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.</p>	<p>As part of its community investment initiatives DCP Ethiopia funded the construction of schools and libraries in the Oromia region of the country. This supports the listed SDG targets.</p>
 <p><b>Gender equality</b></p>	<p>Target 5.1: End all forms of discrimination against all women and girls everywhere.</p>	<p>As part of its community investment, DCP Senegal donated ₦1.6 million to women associations.</p>
 <p><b>Reduced inequalities</b></p>	<p>Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	<p>DCP's community investment initiatives align with this target. The impetus behind these initiatives is to support and empower the communities that host the company. For example, DCP South Africa makes donations to support farmers in host communities.</p>

# Long-term cement demand in Africa



“We serve market needs by working with partners to deliver the best products and services for our valued customers and stakeholders. Consumers are at the centre of everything we do; we serve consumers better through continuous innovation, operational excellence, effective logistics support and a “consumer goods” approach to selling one of the world’s most basic products.”



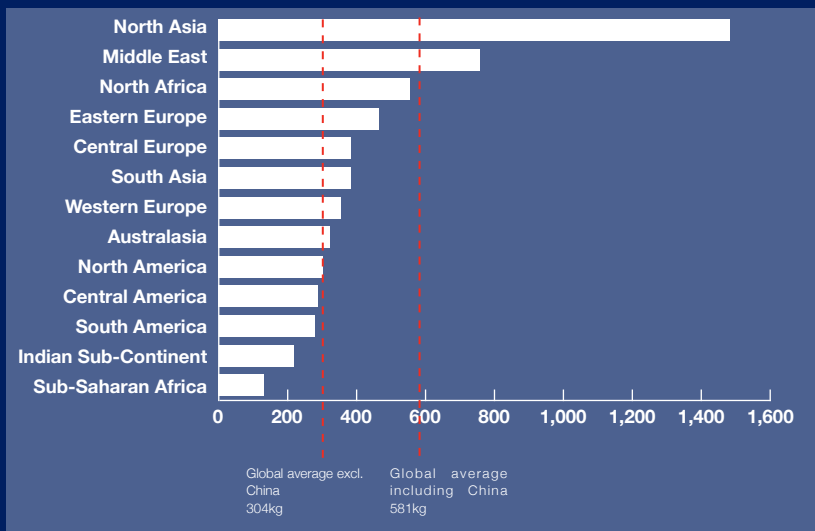
Funmi Sanni, Marketing Director

## African cement market

Catching up with the rest of the world

After China and India, Sub-Saharan Africa will be the next growth market for cement as its economies emerge from poverty and enter a “build-out” phase that will drive strong demand.

### Per-capita cement consumption (kg)



Source: CemNet.com estimates.

### Positive long-term mega trends

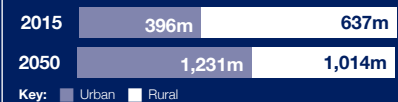
Cement demand will be driven by economic prosperity, political stability, increasing investment in homes and infrastructure, population growth and improved access to finance for building.

All of these trends will ensure that per-capita consumption of cement grows strongly across Africa in the coming decades, as countries develop and their people create wealth and enjoy greater prosperity.

### Rapid urbanisation presents a significant opportunity

Between 2015 and 2050, the urban population of Africa could grow by more than 800 million people.

### Population growth 2015–2050



## Infrastructure investment is a priority



### G20 report highlights urgent need for growth

In July 2018, the Global Infrastructure Hub, a G20 initiative, estimated that US\$2.4 trillion of investment was needed for Africa to bring its infrastructure up to global standards by 2040. This includes meeting the UN Sustainable Development Goals of providing universal access to drinking water, sanitation and electricity for a growing population, as well as developing transport and telecommunications infrastructure across the African continent.

# \$2.4 trillion

Investment needed between 2016–2040

# A well-resourced industry disruptor with a clear strategy for value creation

## Business model

### Relationships and resources

#### Financial strength

Strong balance sheet and excellent credit ratings give us good access to finance at favourable terms from leading local and international lenders.

#### Business partnerships

Long-term and constructive partnerships with key suppliers and resellers in each market.

#### Innovation

Product innovation through strong industry expertise and excellent market knowledge, enabled by the most modern technologies.

#### Natural resources

Proximity to key natural resources such as limestone.

#### Human capital

Strong commitment to staff development through Dangote Academy's extensive training programme to create the engineers and managers we need to sustain our business success.

#### Social licence

A constant commitment to working with local communities to create jobs, procure local products and services and provide other benefits such as roads, water and healthcare.

### How we create value

#### Market selection and plant procurement

##### Competitive advantages

- Able to negotiate good investment incentives
- Financial strength enables us to negotiate discounts on plant procurement
- Innovative plant construction techniques reduce build costs

#### Quarries and mining

##### Competitive advantages

- New mines enable optimal extraction of limestone
- Strong emphasis on quality control before transport of raw materials to factory
- Factories always near mines

#### Premium product

##### Competitive advantages

- Lower cost of production
- Strong focus on quality
- Higher-grade cements serve need for stronger products as building height increases
- Product innovation for specialist needs, e.g. rapid-setting cement for block makers

### Sales and distribution

#### Competitive advantages

- Large investment in logistics
- Good relationships with key market dealers
- Rapid loading of trucks using automated systems
- FMCG approach to sales
- Strong assistance programme for resellers

### Production

#### Competitive advantages

- Modern, energy-efficient plants reduce costs and improve product quality
- Large size of plants enables significant economies of scale; at 13Mta, our Obajana plant alone has more capacity than many African countries
- Plants designed to operate at high standards of environmental care in an increasingly regulated industry
- High degree of automation

## Competitive advantages and business integration

### The importance of integration

Dangote Cement operates with a high degree of business integration that addresses many of the challenges of doing business in Africa, for example:

#### Power and fuel

Kiln fuel and power represent major costs in the production of cement, and shortages of either will disrupt production at great cost. We generate our own electricity in countries such as Nigeria, Senegal and Zambia.

#### Logistics

Third-party logistics are not so well developed in many of our markets, including Nigeria, so we prefer to operate our own fleets to ensure efficient deliveries to customers.

#### Training

We have a strong commitment to training our staff at the Dangote Academy, to augment Africa's educational system and produce the specialist cement engineers we need.

# Our five strategic objectives.

## Strategic objectives

01

Focus on optimising the efficiency of our existing assets, to increase output and lower costs

02

Increase our leadership of existing markets and become the number one supplier with at least 30% market share

## Description

We aim to be the lowest-cost producer in each market, by increasing output and thereby diluting our fixed costs. This enables us to improve margins, strengthen our balance sheet and increase returns for our shareholders.

We aim to increase market share through higher cement production, backed by excellent logistics, marketing and customer service. By doing so, we improve margins as we increase capacity utilisation.

## Performance

- EBITDA margin of 44.3%
- Increased use of cheaper sources of fuel
- Higher output from key Nigerian plants
- Gas turbines in Tanzania

- Capacity and market leader in five countries including Nigeria
- New product launches in Nigeria to address wider local market needs
- Several plants now close to full capacity utilization



**03**

Tap into high-value export markets, generating useful foreign currency that we can deploy outside Nigeria

We have not only made Nigeria self-sufficient in cement, but also turned it into a net exporter. In addition, we are exporting cement from countries including Senegal, Cameroon, Congo, Zambia and Tanzania.

- 0.5Mt cement exported from Nigeria, generating \$45 million in FX
- Clinker export facilities being built in Nigeria



**04**

Expand prudently into attractive and high-growth cement markets across Sub-Saharan Africa

We will continue to look for attractive markets characterised by good economic growth, large and growing populations and a small or fragmented cement industry that is ripe for disruption.

- Constructing additional clinker grinding plants in West and Central Africa to feed from Nigeria
- New 1.5Mt plant planned for Niger



**05**

Adhere to high standards of corporate governance and improve our efforts in sustainability

Strong corporate governance provides reassurance that we are committed to building a sustainable company for the benefit of all our stakeholders and for the environment in which we exist.

- Group-wide sustainability initiative



# Modern, efficient factories producing the highest quality cement for local market needs



## Operational standards

Our Operational Sustainability Pillar defines how we serve and satisfy our markets by working together with partners to deliver best quality products and services to our valued customers and stakeholders through continuous product improvement and innovation, new business development, employment of state-of-the-art technologies and systems to constantly optimise cost-efficiencies and competitiveness.

Driving operational efficiency for us means maintaining 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 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 utilizing available production capital optimally and resourcefully. We are committed to adopting the circular economy model as our way of ensuring operational and cost efficiency, resource consumption minimisation and environmental responsibility. We implement the policy of continuous improvement in our production processes and invest in state-of-the-art production facilities that minimise the negative environmental and social impacts that could result from our business operations.

## Group volumes

**+0.6%**

2019	23.7Mt
2018	23.5Mt
2017	21.9Mt

Group volume growth was mostly driven by ramp up in Pan-Africa most notably in Tanzania and Sierra Leone.

## Nigerian volumes

**-0.4%**

2019	14.1Mt
2018	14.2Mt
2017	12.7Mt

Nigerian volumes came in relatively flat owing to the closure of the land borders in the second half of the year.

## Pan-African volumes

**+1.9%**

2019	9.6Mt
2018	9.4Mt
2017	9.4Mt

Pan-African volumes were supported by good volume growth in Tanzania, Senegal and Sierra Leone.

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.

### Supply chain management

Dangote Cement is a vertically integrated cement company with complete haulage needs, met within the Group in order to ensure an efficient supply chain.

We have also nurtured extensive dealers' network in all our markets. In Nigeria for example, the Company maintains excellent relations with all dealers, offering attractive returns on Cement sales and ensuring shared prosperity across the chain.

We do not just make cement; we support many businesses that participate in the supply chain and help them thrive and build their own businesses. In 2019, a total of ₦225 billion was spent for local and imported procurements in our Nigeria operations. Our distributorship network also grew significantly. The number of retailers and distributors in our our Nigerian distribution chain grew year-on-year, from 7,000 to 10,000, and from 568 to 685, respectively, representing a percentage growth of 43% and 21% for each category.

# 51.9%

Capacity utilisation across our factories

Our Distributors' Network	2018	2019	Percentage Growth
Retailers	7,000	10,000	43%
Distributors	568	685	21%



# The Dangote Way

## Operational continued

### Product quality and market competitiveness

We believe in continuous improvement in product quality and innovation. Our research and technology initiatives support our plant operations across the production value chain and make our production processes robust, efficient, and continuously competitive.

We have a long value chain – beginning at mining and running through raw materials preparation, clinker burning, cement grinding and production, packaging and finally delivering to the customers. While this makes it a complex business chain, it also offers opportunities for sustainable improvement along the length of the value chain. Our focus areas are higher efficiency in limestone, laterite and other minerals beneficiation, reducing emission levels (in terms of dust, noise and other forms of pollution) across our value chain, optimised limestone and other material mix, efficiency in lowering CO<sub>2</sub> generation, efficiency in cement bag loading systems, improving profitability while producing higher-quality, stronger brand of cement at lower cost.

Our plants are mostly 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).

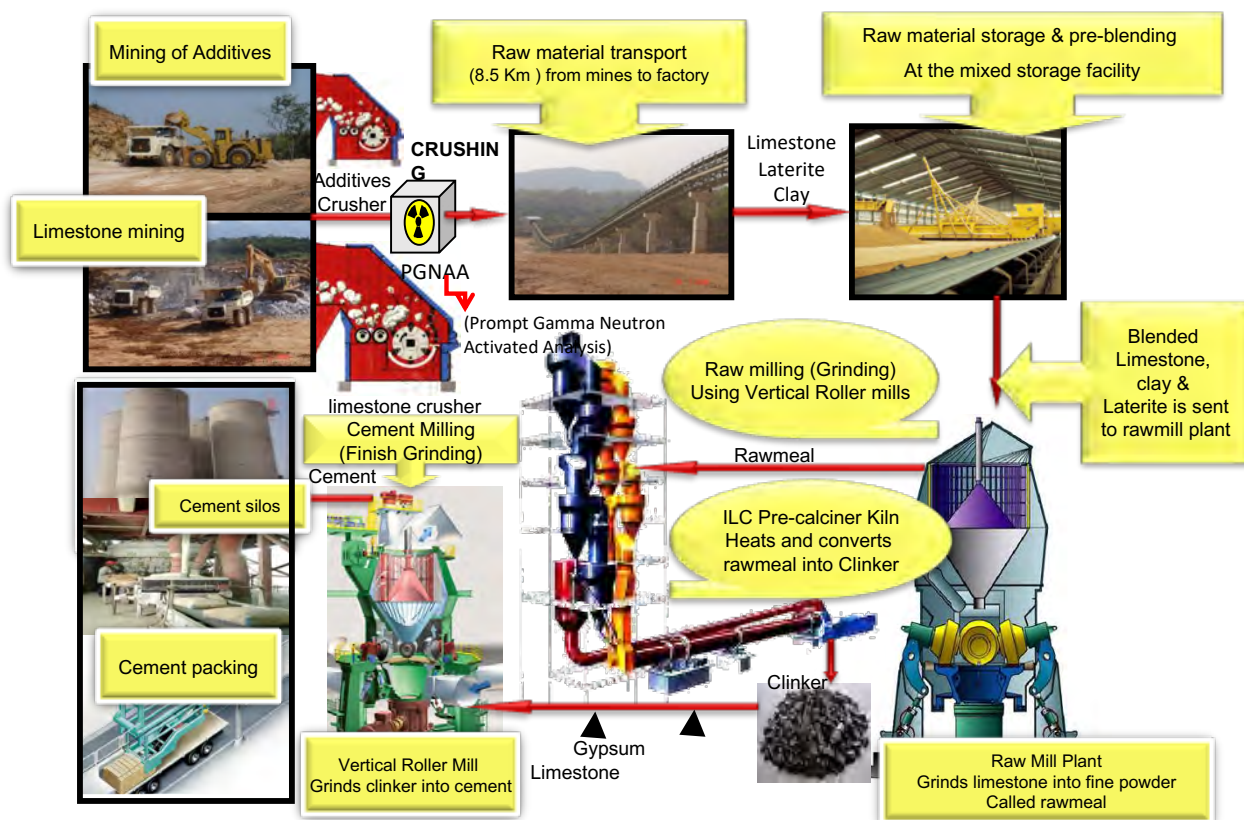
We have constantly deployed the most advanced machinery at our new plants that improve overall efficiency in cement production.

In many countries where we operate, we significantly support the local economies towards self-sufficiency in cement production. We accompany this with product quality guarantee.

We ensure that all our products and services are consistently tested for quality assurance and safety. To drive consistency around product quality and mitigate product failure, Quality Contract initiative was launched between Sales & Marketing and the plants, aimed at routine evaluation and test of cement produced before bagging. This is to ensure guaranteed product quality for our valued customers at all times.

The quality and innovativeness that goes into our production, and the value that our products create for consumers and users are reasons why we enjoy strong market share, and are the clear market leader in most of the industries where we play. In our Nigerian operations, we enjoyed over 60% market share in 2019.

### Our production value chain



### Supply chain impact – Customer Trucks Empowerment Scheme (CTES)

Our route to market model in our Nigerian operations is based on the strategy of covering the value chain to consumers through key distributors, leveraging the depot-led distribution model.

Building an efficient delivery system allows for timely distribution of our products to markets and ready buyers, which determines our reach and success in the marketplace.

We maintain our own delivery fleet in several markets where we operate, enabling us to meet the needs of our customers better and faster, while also minimising downtimes.

As part of efforts to empower our supply chain, we developed our 'Customer Trucks Empowerment Scheme' (CTES) through which we provide trucks to key partners at no interest. Trucks under our CTES initiative have grown exponentially in the last two years. This has had significant impact on product evacuation and turnaround time in our marketing operations. It has also benefitted our trade partners immensely with monetary value of the scheme growing by 91.8% between 2017 and 2019.

Through our CTES, we empower our partners and distributors with the requisite capacity to deliver optimally in areas where products are required. This is a win-win investment that ensures seamless transportation of our products from our depots to retail outlets.

### Procurement practices

Our value chain is perhaps the largest in the African cement market. We are constantly improving best practices in procurement in an effort to build a supply chain that provides win-win opportunities for all stakeholders.

We support our SME distributors by investing towards their business growth. We maintain and enforce transparent procurement practices across our business, that deliberately prioritise patronage of local businesses. Our procurement practices reflect our operating philosophy and core value of unwavering adherence to integrity in procurement activities.

We ensure transparency and equal opportunities for all bidders, while also encouraging best environmental, social and governance standards within our sphere of influence.

We are committed to advancing the economic wellbeing of our host communities. We therefore give priority to the local market in making our procurement decisions. Requisitions from end users are first sourced locally. It is only in cases where vendors for specific goods and services could not be sourced in the local markets that we resort to importation.

In all our operations, total procurement spending has consistently grown in the last three years; from over ₦370 billion in 2017 to ₦418 billion in 2018, and ₦434 billion in 2019. At ₦239.8 billion and ₦284.8 billion, the percentage spending on local procurements (compared to total procurement spending) grew from 57% in 2018 to 66% in 2019, respectively. Our local suppliers range from Small and Medium-Scale Enterprises (SMEs) to large multinational companies.

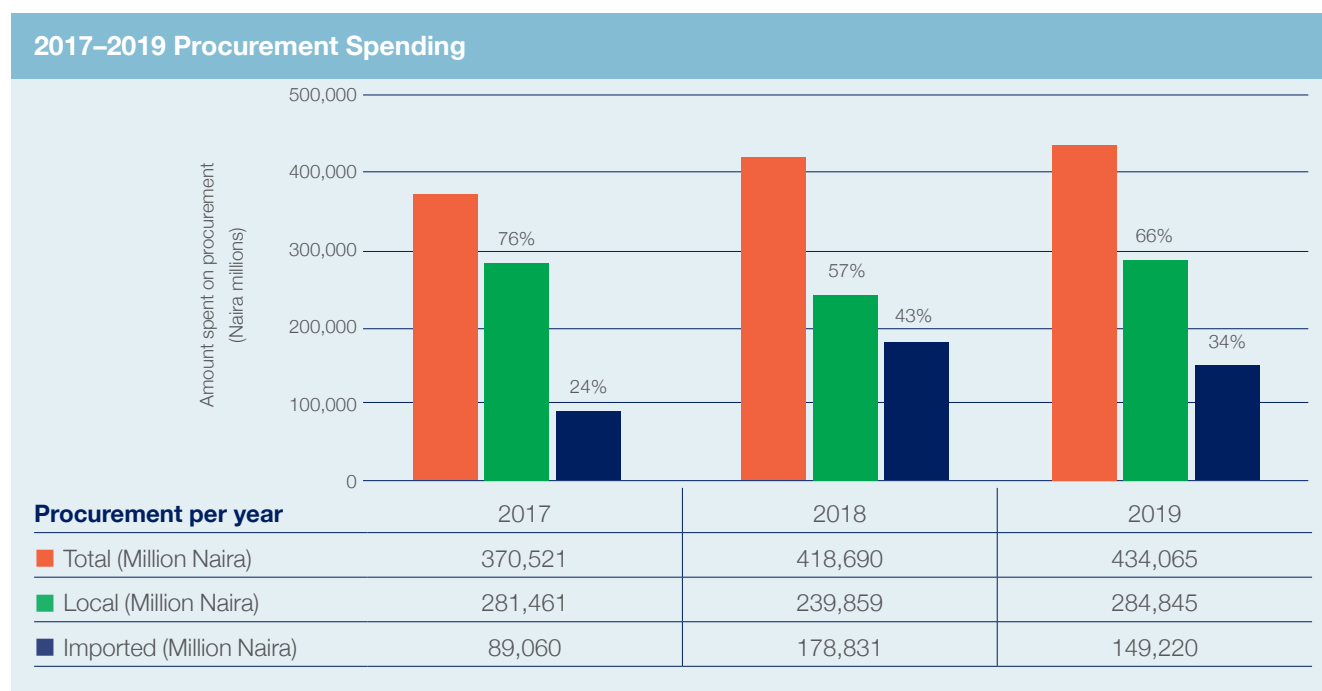
Patronising local products and services is our way of supporting a stable local economy and propelling sustainable growth and development in the African continent.



# The Dangote Way

## Operational continued

### Procurement practices continued



#### Suppliers' ESG assessment

We are currently developing Codes and Standards for measuring and tracking supplier's environmental, social and governance (ESG) performance. We will prioritise entities that are committed to environmental protection, good labour standards, promoting human rights, fostering equal opportunities, eliminating corruption and anti-competitive behaviour, and ensuring occupational health and safety in the workplace. These values will be uppermost in the Company's ESG Code of Conduct for Suppliers, Vendors and Contractors that will be introduced from 2020. This is our way of positively influencing our values within our supply chain. Part of our 2020 goal is to begin to evaluate our major suppliers and vendors using environmental and social criteria.

#### Marketing and labelling practices

In a business where growth is essential for survival, we continually plan and invest in our strategy for becoming one of the world's leading cement companies and retaining our position in Africa, which we believe will be the next big growth market for cement. In view of this, we will remain focused on strategies for improving our route to market and promotional campaigns that support growth in sales volume. Some of our strategic campaigns in 2019 include the Dangote Bag of Goodies Consumer Promo, detailed below.

#### Dangote bag of goodies consumer promo 2019

On 4th July, 2019 we launched a promo to excite and reward our loyal consumers in a National Consumer Promotion (NCP approved) initiative tagged: Dangote Bag of Goodies (DBOG) promo. The promo objectives amongst others were to touch lives and empower millions of Nigerian consumers who use Dangote Cement products.

The promo offered many items to winners, including Cars, Motorcycles, 43" LED TVs, specially created Dangote Food packs and millions of cash and telephone airtime. The initiative was also designed to serve as a palliative for the tough economy and ameliorate challenges through direct appreciation of loyal customers. The DBOG was unique and unprecedented in the cement industry both in scale and reach.

Prizes won included 39 cars, 24 tricycles, 24 motorcycles, 550 refrigerators, 400 television sets, ₦220 million cash of ₦1,000 and ₦10,000 each, 300,000 Dangote foods packs and airtime across all major telephone networks.

## Sales and marketing initiatives and socioeconomic impacts across our supply chain (distributors' network)

Impact areas	Calculated impact value in 2019
<b>Distributors' network:</b>	
Retailers	Generated about 67,000 indirect jobs with increase in household income earnings
Distributors	Generated about 4,500 indirect jobs with increase in household income earnings
<b>Dangote bag of goodies consumer promo 2019:</b>	
Impact on beneficiaries of the promo	Over ₦2 billion in savings for beneficiaries

### Compliance with marketing and labelling guidelines

Responsible value creation has meant stricter compliance with regulatory provisions, and this includes compliance with marketing, product safety and labelling regulations. We understand that our products could sometimes be hazardous and cause injury to people when they are not used correctly. We therefore provide instructions on usage, leveraging the CEMBUREAU guidelines on use of wet cement.

All relevant safety and disposal information, including local and international standards that govern the labelling and information contained on the packaging of our products are clearly displayed on the product bags.

Endorsed by the Standards Organisation of Nigeria (SON) and having fulfilled all regulatory requirements, our labelling strategy is executed with simple marking using machine-readable symbols, (batch code), linking back to actual production details, content, product pack sizes or formatting and easy user application instructions, to achieve best quality result. Labels are directly printed on the cement bag, made of polypropylene materials which are easily recycled and reused by end users.



There were no incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling, health and safety impacts, provision and use, and marketing communications, including advertising, promotion, and sponsorship during the year under review. There were also no fines from any of our major regulators such as the Nigerian Stock Exchange, Securities and Exchange Commission and the Financial Regulatory Council as at year end 31st December 2019.

### Customer privacy

Our marketing practices conform to the highest standards of ethics and are based on transparency, honesty, and full disclosure. Customer privacy is respected, and customer information is kept confidential.

In all the markets where we operate, we are obliged to comply with and adhere to data protection laws (such as the Nigerian Data Protection Regulation, 2019); and we ensure compliance with these regulations.

We care about how customer data is used and shared, and we place a premium on the trust afforded us by our customers. We utilise the highest standards of data privacy in storing information sourced from our value chain and communicate clearly to our customers the type of data we collect, what it is used for and additional analysis performed on the data, if any.

No complaints were received regarding any breaches of customer privacy or misuse of personal data in the reporting year.

Further details about our privacy and data protection policy can be gotten on our websites: <https://dangote-group.africa-newsroom.com/privacy-policy>.

# The Dangote Way

## Operational continued

### Product innovation

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 applications such as single-storey houses, walls, mortaring and driveways.

BlocMaster is a premium 42.5R cement, setting rapidly to provide excellent early strength after one day, and superior strength after 28 days.

It is ideal for block makers, 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.

## FALCON

Suitable for low-load building needs

## BlocMaster

A stronger, more rapidly setting cement for multiple applications



## Innovation in manufacturing

We have begun to explore the use of alternative fuels in our kilns to reduce carbon emissions across the Group. One possibility we are examining is to use discarded tyres as kiln fuel.

As Nigeria's largest fleet operator, we have plenty of waste tyres from our trucks. By shredding them and using them as fuel, we can improve our waste management, reduce our use of coal and gas and thereby help to improve our operating margins.

## Evolving needs

Africa's cement market is moving our way. Our plants are designed to produce high-quality, stronger grades of cement that will increasingly be needed as Africa's housing needs move from low-rise homes towards multi-storey developments and countries invest in large infrastructure projects such as bridges and dams.

## Future investments

We will continue to invest in product development and improvements in our efficiency. By gathering customer feedback that drives constant innovation and improvement, we aim to maintain leadership in our key markets across Sub-Saharan Africa.

## Total demand in our markets

# 65.8Mt

Source: CemNet.com, estimates.

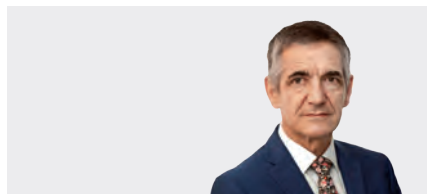
## Using high technology to assure quality

Quality control begins at the quarry, where we use gamma ray analysers to optimise the mixture of raw materials heading to the plant on conveyor belts. In the factories, samples are collected along the production line and tested at our robotic laboratories shown opposite.



# The Dangote Way

## Executive committee



**Michel Puchercos**  
Group Managing Director/  
Chief Executive Officer (GMD/CEO)

Michel has more than 20 years experience in the cement industry having served in various capacity in Lafarge: as the President & Chief Executive Officer of Lafarge Halla Cement; Director of Strategy and Systems at Lafarge Gypsum; Chief Executive Officer of Bamburi Cement and Hima Cement; and Chairman of Mbeya Cement in Tanzania. His last appointment was as the Group Managing Director and Country CEO of Lafarge AFRICA Plc, a company listed on the Premium Board of the Nigerian Stock Exchange (Lagos).



**Arvind Pathak**  
Deputy Group Managing Director

Arvind was appointed as Deputy Group Managing Director in 2019 after previously being Chief Operating Officer. He has more than 30 years' experience in the cement industry.

Before joining Dangote Cement, Arvind worked at Reliance Cement as CEO. He was previously the Regional CEO in ACC Limited, having worked most of his tenure in operations and maintenance of plant as well as leading important greenfield projects for the company.

He holds a degree in Electrical Engineering and a postgraduate degree in Industrial Engineering and Management. He has also been trained in a number of international management colleges.



**Guillaume Moyaen**  
Acting Group Chief Financial Officer

Guillaume joined Dangote Cement in February 2019 as Group CFO (Operations) and was appointed Acting Group CFO in March 2019. He is in charge of Finance and IT and has more than 20 years' experience in multi-national industrial and services companies notably operating in emerging and frontier markets. His career cuts across Finance, Risk Management, Internal Control, Audit, IT and Procurement working in senior positions in Manufacturing, Engineering, Oil and Gas, Nuclear Energy, Mining and Consulting sectors notably with the Areva Group, the Ola Energy Group and KPMG. Guillaume is a Chartered Accountant and holds an MBA degree from Columbia Business School.



**Mahmud Kazaure**  
Company Secretary and Chief Legal Officer

Mahmud joined Dangote Industries Ltd in 2011 and was subsequently appointed as Company Secretary of DCP in 2013. He has broad legal experience including commercial law, international business and civil litigation as well as contractual and legislative drafting. He is licensed to practise law in Nigeria, in Maryland and New York in the United States of America, and also before the Supreme Court of the United States. He obtained a Bachelor of Laws degree from Ahmadu Bello University, Zaria, in 1986 and was called to the Nigerian Bar in 1987. He also obtained a Master of Comparative Jurisprudence degree from Howard University School of Law, Washington DC, in 1994.



**Adenike Fajemirokun**  
Group Chief Risk Officer

Dr. Adenike Fajemirokun is the Group Chief Risk Officer, leading the Risk Management functions for the Group and its various Businesses across Africa, and overseeing the company's governance model and enterprise Risk programme.

She is a renowned Risk Management & Insurance specialist with over 21 years diverse experience in developing and implementing Risk Management strategies in Financial, Engineering, Manufacturing and other Industries.

Prior to specializing in the Risk Management field, Dr. Adenike held positions in finance as a front office quantitative analyst at Goldman Sachs London and New York. She served in top management roles at Deutsche Bank AG, UK as UK Head Operational Risk and Director of the Management Group for leverage finance at the Corporate and investment Bank.

Dr. Fajemirokun holds a B.Eng. in Civil, Structural and Fire Engineering and a Ph.D in Risk Informed Engineering, both from the University of Manchester. A Fellow of the Engineering and Physical Sciences Research Council (EPSRC), and Specialist member (SIRM) of the Global Institute of Risk Management.



**Edward Imoedemhe**  
Deputy Company Secretary

Edward Imoedemhe is the Deputy Company Secretary/Legal Adviser of DCP. He joined Dangote Group of companies (DCP) in May 2013. He has since brought his experience to bear in various roles in the group legal department, including in regulatory and compliance, corporate and company secretarial services, litigation and dispute resolutions, contracts management and commercial, business development and incorporation amongst others. He has over 22 years' post-call experience with a Master's Degree in Maritime and Commercial Law. He served as Head Legal & Secretariat in a telecoms firm from 2006 to 2013 and Company Secretary/Legal Adviser in an Oil & Gas/Shipping firm among others, before joining DCP.



**Juan-Carlos Rincon**  
National Director Logistics (Head of Transport)

Juan-Carlos joined Dangote Cement in 2012 and has 24 years' experience in the cement industry, having worked in multinational cement groups such as Diamante, Cemex, Asamer, and the Austrian engineering consultancy firm Austroplan.

He brings to the Group a high degree of managerial knowledge and international experience gained from working in the global cement industry at sites in different countries. He has held Senior Management positions in different parts of the world, including time as Chief Executive Officer of the Libyan Cement Company, as President of Dalmatia Cement in Croatia, and as Regional Human Resources Director for Cemex in South-East Asia.



**Kashinath Bhairappa**  
Director of Projects

Kashinath joined Dangote Cement in February 2001 as a General Manager and was subsequently elevated to Deputy Director of Projects, responsible for looking after Dangote Cement's projects.

He previously worked with different cement manufacturers in India, including BK Birla Group (Cement), Ambuja Cements and Grasim Industries Limited at different levels in project management and execution. He obtained a BA in Mechanical Engineering from Karnataka University, Karnataka State, in 1973.



**Knut Ulvmoen**  
Supply Chain Director

Knut joined Dangote Industries Limited in 1996 as Finance Director. He previously had extensive finance experience in companies including Norcem, Bulkcem and Scancem.

As Group Managing Director of Dangote Cement, from 2002 to 2007, he was instrumental in Dangote Cement's transition from importing cement to becoming Nigeria's leading manufacturer. As part of this expansion, he was a key figure in the acquisition of Benue Cement Company and in the development of plans to build the Obajana Cement factory in Kogi State.

In addition to his work in cement, he was also involved in the development of Dangote Industries Limited's flour and sugar operations.



**Massimo Bettanin**  
Head, Health & Safety, Social and Environment

Massimo joined Dangote Industries Limited in May 2016 as Group Chief HSSE. He has more than 25 years of experience in a wide range of sustainability, environmental and health & safety management, compliance and performance related activities and projects. Thanks to a broad field experience, he built up a wealth of knowledge of key E&S issues and risks across several industrial sectors including Oil & Gas, Cement, Pulp & Paper, Manufacturing, Mining and Transport.

Before joining Dangote, Massimo worked as Senior Partner, in Europe and Africa, at Environmental Resource Management, a leading consulting firm on sustainability.

He holds a degree in Economic Science and a postgraduate diploma in Environmental Engineering and Management.



**Musa Rabiu**  
Group Chief Human Resource Officer

Musa joined Dangote Cement in March 2017 as Group Chief Human Resources Officer. He is a strategic management professional with over 30 years' experience acquired while working for a number of leading companies in the country including the Nigerian National Petroleum Corporation (NNPC). He also worked for Shell Petroleum Development Company, between 1990 and 2008, in various capacities.



**Dr Ndidi Nnoli**  
Chief Sustainability and Governance Officer

Dr Ndidi Nnoli joined Dangote Group as Chief Sustainability and Governance Officer in March 2017, to operationalise Sustainability across the business. Immediately prior, she served as faculty, teaching sustainability, ethics and social entrepreneurship at Lagos Business School using the 7 Pillar Methodology. She is a member of the Global Reporting Initiative (GRI) Stakeholder Council; Nigeria Integrated Reporting Committee and is Co-chair of the Private Sector Advisory Group (PSAG) on SDGs.

She holds a B.Sc. (Economics), International Relations from London School of Economics & Political Science (LSE) and a Ph.D. in Sustainability & Governance, Johann Wolfgang Goethe University, Frankfurt. She is an alumnus of Wharton Business School and attended executive programs at INSEAD and Judge Business School, Cambridge. She has 24 years' leadership experience in sustainability, strategy, financial inclusion, early-stage gender-lens investing and MSME business development.

# The Dangote Way

## Executive committee continued



**Oliver Obu**  
Group Financial Controller Designate

Oliver joined Dangote Industries as a management trainee in 2012, specialising in finance. After substantial in-house training he was assigned to Dangote Cement in 2015, as Head of Internal Reporting and Planning.

He is a key member of the Company's Finance team, shaping its internal reporting and planning framework as well as working on the development of financial models for numerous projects undertaken by the Group. Oliver holds a BA in Economics and Statistics from the University of Benin and an MBA from the Lagos Business School in Nigeria.



**Dr Ravi Sood**  
Director of Operations, Nigeria

Ravi was appointed Director of Operations, Nigeria in June 2018. He has over 34 years of success in managing cement manufacturing units in different countries.

He was Plant Director Tabuk Cement Co., Saudi Arabia, Technical Director, with Holcim in Eastern Europe and Relation Director with Lafarge, Austria. Previously, he was the Director of Research & Development at Dangote Cement, during which he made substantial contribution to Dangote Cement product development (42.5R, 3X brand).

He holds a PhD in Materials Science from the Indian Institute of Technology, Delhi.

He was previously Registrar/CEO, Chartered Institute of Personnel Management (CIPM), and a Fellow of the Institute. He holds a BSc in Economics and an MSc in Economics, with specialisation in Econometrics, both from Ahmadu Bello University, Zaria. He also gained the degree of Doctor of Business Administration at Leeds Beckett University, in the United Kingdom.



**Rajesh Kumar Kothari**  
Director of Operations, Pan-Africa

Rajesh joined Dangote Cements as the Director Operations (Pan Africa) in October 2019. He is a competent technical professional with 39 years of wide and varied experience in cement manufacturing process right from "quarry" to "lorry" specially, green and brownfield projects as well as plant maintenance.

Rajesh has played a significant role in technical, production and maintenance while working in companies like Shree Digvijay Cement Co. Ltd for 20 years, Saurashtra Chemicals Limited for two years and Ambuja Cements Limited – a flag ship company of Lafarge Holcim for 18 years.

He is a qualified Mechanical Engineer B.E. (Mechanical) from Sardar Patel University, W Nagar, Gujarat, India in 1978.



**Temilade Aduroja**  
Head, Investor Relations

Temilade Aduroja was appointed Head, Investor relations in 2020. She is an experienced equity research professional with expertise in Africa Infrastructure and Oil & Gas sectors. She was rated 3rd and 2nd in 2018 and 2019 Finance Mail Sub-Saharan Africa Analyst of the year. She is a finance professional with over ten years of experience with a demonstrated history of working in the investment banking industry.

Temilade is skilled in Capital Markets, Portfolio Management, Corporate Finance and Investments. She has worked at Standard Chartered Bank, Price Waterhouse Coopers, Renaissance Capital, and is joining DCP from Standard Bank Group where she was the Senior Africa Infrastructure and Oil & Gas Equity Analyst.



**Vipul Agrawal**  
Group Head Sales and Marketing

Vipul Agrawal is a Professional of 37 years of varied experience in cement and construction sector of which the last 12 years have been as functional head and member of Business Unit's Executive Committee at LafargeHolcim.

His comprehensive Sub Sahara Africa knowledge and experience in building materials & construction covered Nigeria, East, Central and Southern Africa.

He is a graduate in Civil Engineering from M.S University, Baroda and Postgraduate in Construction Project Management. He has attended courses in Marketing and Business Development at INSEAD and HEC Schools in France.



**Michel Puchercos**  
Group Managing Director/Chief Executive Officer

## Strong financial performance in a challenging environment

Revenue down 1.1%

**₦891.7B**

2019	₦891.7B
2018	₦901.2B
2017	₦805.6B

Dividend remained strong

**₦16.00** per share

2019	₦16.00
2018	₦16.00
2017	₦10.50

Group volumes up 0.6%

**23.7Mt**

2019	23.7Mt
2018	23.5Mt
2017	21.9Mt

Dangote Cement maintained strong financial performance despite a low growth environment, pricing pressure and increasing competition in key markets. We undoubtedly faced several challenges in 2019 but we continue to be Africa's leading cement company. Group volumes were up 0.6% to 23.7Mt supported by a ramp up in volumes in Pan-Africa – Tanzania's volumes increased by 94% YoY. We maintained our leadership in Nigeria despite a low growth environment.

**Q**  
**Welcome to Dangote Cement PLC and how has the transition been so far?**

**A**  
I am delighted to have taken on this role and look forward to exciting times ahead at Dangote Cement. I am grateful to be part of this entrepreneurial team and thankful for the warm welcome and support I have received during my transition.

**Q**  
**2020 has already been hit by the COVID-19 pandemic, how is Dangote Cement PLC handling the situation?**

**A**  
We have proactively deployed all recommended measures to protect the health and well-being of our employees, customers, suppliers and communities. As such, we have implemented several rigorous protocols in all our operations across the continent; and we are closely monitoring all markets according to the guidelines provided by the authorities in each country.

The COVID-19 pandemic implications from a business standpoint are different from country to country. We have activated our business continuity management processes in line with the Group policy. However, our manufacturing, sales and delivery operations are being managed to the extent possible in line with the Group, extant government and WHO guidelines. We continue to provide superior services and deliver high quality products to our customers.

# Interview with GMD/CEO continued

**Q**  
**How does Dangote Cement thrive in a challenging operating environment?**

**A**  
Our size and strength has enabled us perform well in tough operating conditions as we continue to be the market leader in most of the ten countries where we operate. Our strategy is to be the lowest cost producer, while delivering the best quality product. We are an agile company responding fast to changes and continuously challenging ourselves to progress and grow stronger.

**Q**  
**What are your views on Dangote Cement's sustainability drive?**

**A**  
As Africa's largest Cement Group with a hard-earned reputation for excellent business practices and quality products, our vision is to be a world-class enterprise that is passionate about supporting the wellbeing of the society, while still giving high return on investment to our esteemed shareholders. This, without doubt translates to a world in which communities and societies become more prosperous, safer, healthier and more environmentally sustainable.

2019 has been an important year in our Sustainability journey. Having successfully aligned our sustainability practices along our seven priority areas – operational, social, institutional, financial, economic, environmental and cultural sustainability – we are now building a framework for mainstreaming these into every aspect of our operations and functions.

We will continue to advance our sustainability agenda and forge partnerships for sustainable development and corporate responsibility. By delivering on our sustainability goals and targets, we demonstrate our commitment to positively contributing to our society and the environment thereby ultimately supporting a healthier and safer planet.

**Q**  
**Looking ahead, what are Dangote Cements priorities for 2020?**

**A**  
Our export strategy from Nigeria to other West African countries is a key focus for us in 2020. We are on track to commence the export of clinker and cement from Nigeria via our export terminals in Apapa and Onne. This will enable us earn foreign currency for Nigeria and replace non-African clinker imports for our West and Central African grinding plants. In the Nigerian market, we plan to improve our route to market and continue deploying innovative marketing approaches to empower customers and support volume

growth in 2020. Cost improvement efforts will continue across all territories of operations, notably leveraging alternative fuel initiatives.

**Q**  
**What is the outlook for Dangote Cement?**

**A**  
I believe the future looks very bright for Dangote Cement. We have established a very strong platform for future growth and consolidation across Africa.

We are on track to be a global leader in cement production, recognised for the quality of our products and services, and for the way we conduct our business.

“In the Nigerian market, we plan to improve our route to market and continue our promotions campaign. Cost improvement efforts will continue across all territories of operations, notably related to alternative fuel initiatives.”

# Regional overview



**Ravi Sood**

Director of Operations, Nigeria

**Rajesh Kumar Kothari**

Director of Operations, Pan-Africa

“In 2020, Dangote Cement will commence exporting clinker via shipping from Nigeria to feed grinding plants in West and Central Africa.”

## Operating review

Nigeria’s operations remained firm despite a challenging operating environment. Pan-African operations performed well due to strong growth notably in Tanzania and Senegal.

### Nigerian operations

Nigeria’s cement market grew slightly in 2019. We estimate that total market consumption was up between 2%-3% on the 20.7Mt estimated in 2018. The market was impacted negatively by the disruptions related to the 2019 election cycles, heavy rains and the loss in land export volumes due to the border closure.

Dangote Cement’s Nigerian operations remained flat at 14.1Mt in 2019, including export sales of 0.45Mt. Domestic sales in Nigeria were nearly 13.7Mt, compared to 13.4Mt in 2019. This implies a 2% growth mirroring the estimated GDP growth for the year.

However, land exports reduced to 0.45Mt from 0.7Mt for the full year owing to the border closure in the last few months of 2019.

Revenues for the Nigerian operations decreased by 1.3% to ₦610.2B, due to the higher level of discounting in key markets. The “Bag of Goodies” promotion, launched in July, drove strong

increases in our Nigerian volumes in the third quarter. This innovative marketing effort enabled us to maintain our market share despite the 4.5Mt new capacity which came into the market during the year. We recorded an EBITDA of ₦361.2 at a margin of 59.2% excluding central costs and eliminations (2018: ₦397.4, 64.3%).

Dangote Cement will commence exporting clinker via shipping from the Apapa and Onne ports to West and Central Africa.

### Pan-African operations

Pan-African operations sold 9.44Mt of cement in 2019, up 0.8% on the 9.37Mt sold in 2018. Including clinker, Pan-Africa volume was 9.6Mt. The total Pan-African volume represents 40.1% of Group volumes.

Pan-African revenues of ₦282.7B were 0.2% lower than FY 2018 and represented 31.7% of total Group revenues. The region’s EBITDA contribution of ₦47.9B (before central costs and eliminations), represented 12.1% of Group EBITDA, at a regional margin of 16.9%, compared to a margin of 17.3% in 2018.

The lower profitability was mainly attributable to depressed economic conditions in South Africa and Zambia. Technical issues challenged the performance of our Ethiopian operations. That said, stronger performance was recorded in Tanzania, Senegal and Sierra Leone. Looking ahead, we expect to further deploy our clinker and cement export strategy across West and Central Africa. The completion of our 1.5Mt grinding plant in Cote d’Ivoire is expected by the end of 2020.

## Truly Pan-African

Dangote Cement has production capacity of 45.6 million tonnes per year across ten countries in Sub-Saharan Africa. We have integrated factories in seven countries, a clinker grinding plant in Cameroon and import and distribution facilities for bulk cement in Ghana and Sierra Leone. Together, these operations make us the largest cement producer in Sub-Saharan Africa.



### 01 Nigeria

Sales volumes	Revenue
<b>14.1Mt</b>	<b>₦610.2B</b>



### 02 Tanzania

Sales volumes	Revenue
<b>1.2Mt</b>	<b>₦38.5B</b>



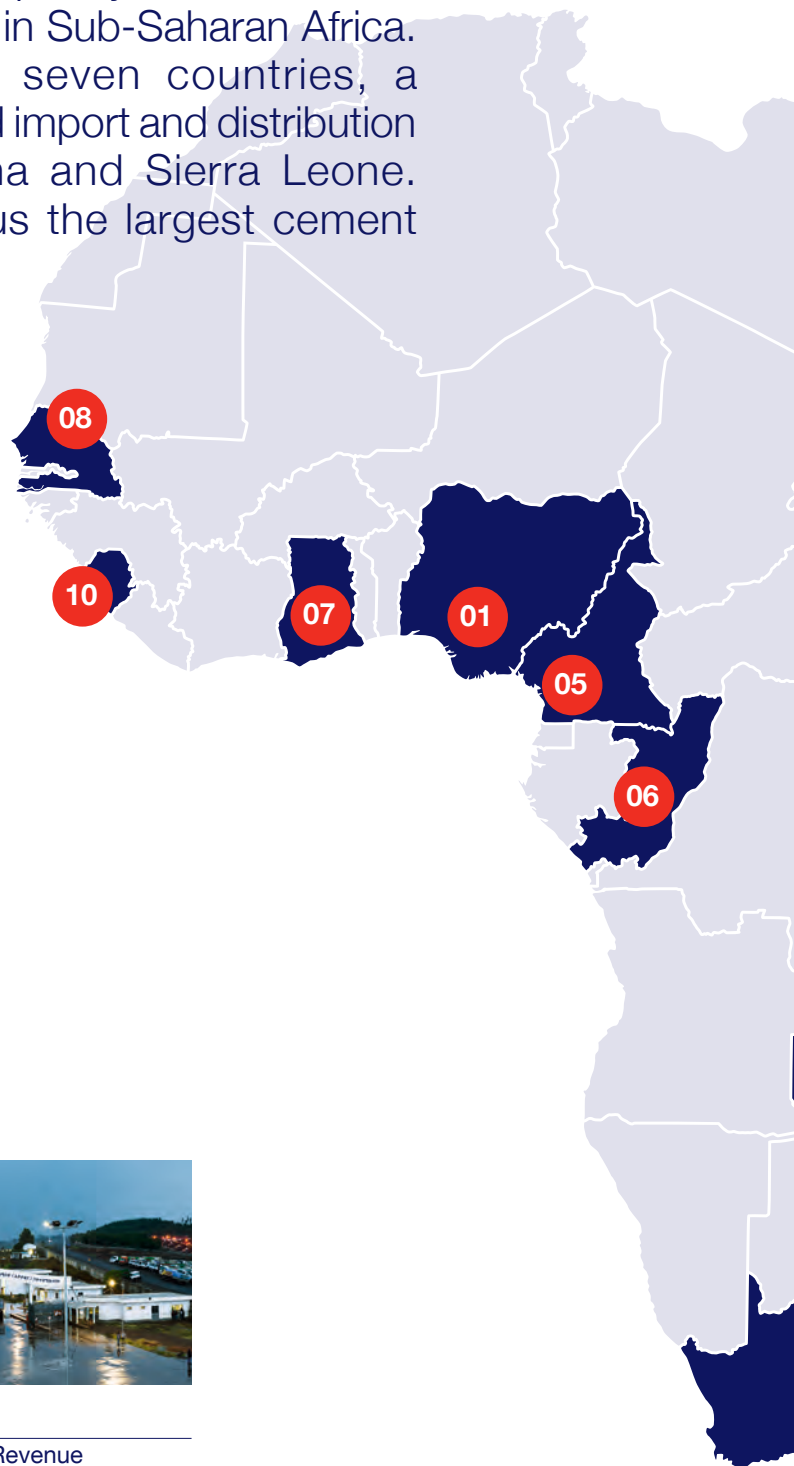
### 03 South Africa

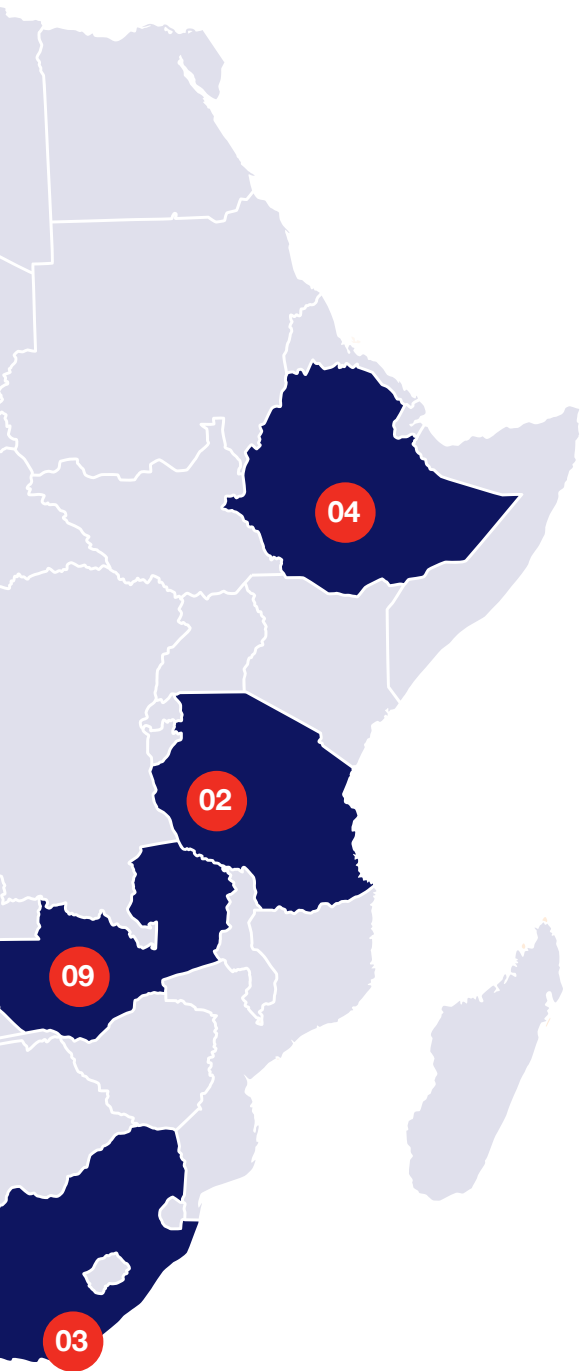
Sales volumes	Revenue
Cannot be published due to local competition laws	<b>₦46.4B</b>



### 04 Ethiopia

Sales volumes	Revenue
<b>2.0Mt</b>	<b>₦53.9B</b>





### 05 Cameroon

Sales volumes	Revenue
<b>1.1Mt</b>	<b>₦45.7B</b>



### 06 Congo

Sales volumes	Revenue
<b>0.2Mt</b>	<b>₦7.7B</b>



### 07 Ghana

Sales volumes	Revenue
<b>0.5Mt</b>	<b>₦18.3B</b>



### 08 Senegal

Sales volumes	Revenue
<b>1.5Mt</b>	<b>₦38.3B</b>



### 09 Zambia

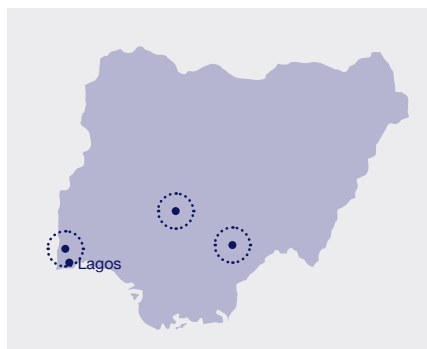
Sales volumes	Revenue
<b>1.0Mt</b>	<b>₦24.7B</b>



### 10 Sierra Leone

Sales volumes	Revenue
<b>0.2Mt</b>	<b>₦7.9B</b>

# Regional overview continued



## Nigeria

Nigeria is where we began operations more than a decade ago and where we now have three of the largest and most efficient cement plants in Sub-Saharan Africa.

### Sales volumes

**14.1Mt**

2018: 14.2Mt  
-0.4%

### Revenue

**₦610.2B**

2018: ₦618.3B  
-1.31%

### Key statistics

#### Demographics

Population	198m
Urbanisation	50%
2019 GDP growth	2.3%

#### Market

Total capacity	48.3Mta
Cement consumption	97kg/person
Total market	21.2Mt

#### Dangote presence

Location	Obajana, Ibese, Gboko
Capacity	29.3Mta
Type	Integrated
Kiln fuel	Gas, coal
Power	Gas, diesel

### Market

Nigeria is the largest market for cement in Sub-Saharan Africa and a highly attractive production centre, having significant deposits of limestone close to large demand centres and good economic prospects that will enable its population of 198 million to increase their consumption of cement in the coming decades.

Furthermore, Nigeria has local sources of fuel such as gas and coal, prohibits importation of cement and incentivises exports into neighbouring countries, many of which lack limestone. Therefore, as the largest producer in Nigeria, our home market can be considered the whole of the ECOWAS trading region, which represents about a third of Africa by countries, population and GDP, as well as neighbouring Cameroon.

### Performance

Dangote Cement's Nigerian volumes remained flat at 14.1Mt in 2019, including export sales of 0.45Mt. Domestic sales in Nigeria were nearly 13.7Mt, compared to 13.4Mt in 2019. This implies a 2% growth mirroring the estimated GDP growth for the year. However, land exports reduced to 0.45Mt from 0.7Mt for the full year owing to the border closure in the last few months of 2019.

Revenues for the Nigerian operations decreased by 1.3% to ₦610.2B, due to the higher level of discounting in key markets. The "Bag of Goodies" promotion, launched in July, drove strong increases in our Nigerian volumes in the third quarter. This innovative marketing effort enabled us to maintain our market share despite the 4.5Mt new capacity which came into the market during the year.



### Living The Dangote Way

During Sustainability Week in 2019, hundreds of staff from our Head Office and plants took part in initiatives to help our local communities, ranging from the donation of school items, healthcare equipment to litter clearing. During the week, we reinforced a culture of sustainability among our staff and we believe that a ripple effect will be apparent in how they conduct their jobs and personal tasks.

## Tanzania

Our 3Mt factory in Mtwara has now been installed with gas turbines to power the factory.

### Sales volumes

**1.2Mt**

2018: 0.6Mt  
94%

### Market

Tanzania's robust economy has driven growth in infrastructure and housing, with major government projects including roads, railways and airports.

At 3.0Mta, our integrated plant at Mtwara is the largest of Tanzania's 13 cement plants, most of which are located near the coast.

Although we are some distance from the capital, Dar es Salaam, we have a delivery fleet of nearly 600 trucks that will help us to achieve a good market share within Tanzania, as well as enabling us to export into Mozambique.

### Revenue

**₹38.5B**

2018: ₹19.5B  
97.9%

### Performance

We witnessed an increase in government infrastructure spending and an increase in cement demand from the southern region in 2019.

Tanzania contributed positively at EBITDA level. Our plant was stable for the full year after a shut down for five months in 2018. As a result, our volumes (including clinker) was up 94% to 1.2Mt. Our clinker sales also ramped-up in 2019. Cash cost reduced significantly owing to the use of the temporary gas turbines in 2019. We expect our cash cost to further improve once our gas power plant is completed.



### Key statistics

#### Demographics

Population	56m
Urbanisation	34%
2019 GDP growth	5.2%

#### Market

Total capacity	11.3Mta
Cement consumption	78kg/person
Total market	4.45Mt

#### Dangote presence

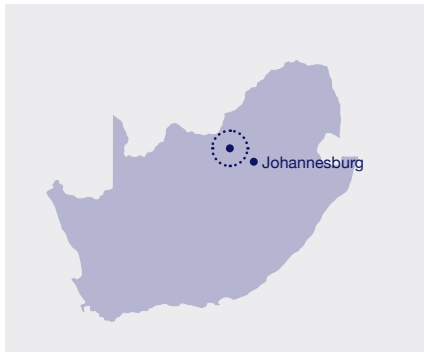
Location	Mtwara
Capacity	3.0Mta
Type	Integrated
Kiln fuel	Coal, gas
Power	Gas

### Living The Dangote Way

We are part of the grand infrastructural transformation taking place in Tanzania. We touch millions of lives by providing cement used for construction of housing, railways, roads, airports and other infrastructure critical for Tanzania's continuing economic development. We are committed to the long-term development of the country and will continue to develop and provide quality products that will support rapid urbanisation and infrastructure development.



# Regional overview continued



## South Africa

Although its economy is subdued, South Africa remains one of Africa’s largest markets for cement. Our facilities at Aganang and Delmas can produce up to 2.8Mt per year.

### Sales volumes

Cannot be published due to local competition laws

### Revenue

**₹46.4B**  
2018: ₹59.0B  
-21.4%

### Key statistics

#### Demographics

Population	59m
Urbanisation	66%
2019 GDP growth	0.7%

#### Market

Total capacity	16.8Mta
Cement consumption	229kg/person
Total market	12.4Mt

#### Dangote presence

Location	Aganang, Delmas
Capacity	2.8Mta
Type	Integrated
Kiln fuel	Coal
Power	Grid

### Market

The subdued state of South Africa’s cement market reflects the country’s economy, which is estimated to have grown by 0.7% in 2019.

South Africa has about 16.8Mta capacity. Although local competition rules prohibit us from publishing sales volumes, our factories operate at good capacity utilisation in South Africa. Our facilities at Aganang 2 and Delmas are among the most modern and efficient in the country, serving key markets around Gauteng and other provinces such as Limpopo, Kwa-Zulu Natal, Mpumalanga and North West. South Africa is one of the few countries in which we outsource distribution and there is a well-developed retail market.

### Performance

The annual sales volume decreased by 9.4% y-o-y mainly due to low demand and increased competition from importers and blenders.

The newly introduced Falcon brand supported volumes in highly contested markets during the second half of the year.

The South African government introduced a carbon tax on 1st June 2019 for all manufacturing industries. Based upon our carbon emissions from cement production, we expect to pay approximately ZAR40 million per annum.



### Living The Dangote Way

Operating in one of the largest cement markets in Africa, with 66% urbanisation, Dangote Cement South Africa strives to contribute towards industrial growth and economic development of South Africa and making cement accessible and affordable for its population of 57 million. While serving the urban centres, we also aim to ensure inclusiveness by making concerted efforts to serve markets in both suburban and rural areas of the country.

## Ethiopia

Strong economic growth and a large and expanding population make Ethiopia an attractive market for cement, with high demand for infrastructure and housing.

### Sales volumes

**2.0Mt**

2018: 2.1Mt  
-4.0%

### Revenue

**₹53.9B**

2018: ₹51.4B  
4.9%

### Market

Ethiopia's strong economy was expected to record 7.4% GDP growth in 2019 and its construction industry is flourishing as the country builds houses and major infrastructure projects under its Growth & Transformation Plan.

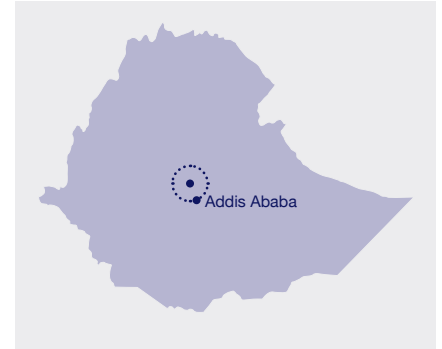
Although its market is estimated at more than 9Mt, per-capita consumption lags behind many African countries at about 84kg/person, suggesting considerable growth potential as the country modernises and people migrate to cities.

While the country seems overserved with 15Mta capacity, much of it is ageing, small-scale and unable to compete with modern cement production facilities like our 2.5Mta plant at Mughher, particularly given our additional strength in distribution.

### Performance

The overall market size increased marginally by 1% in the year due to a slowdown in the economic activities arising from the ongoing acute foreign exchange shortages, low government expenditure, liquidity crunch by the banks and security concerns.

Sales at our 2.5Mta factory in Mughher, Ethiopia, were 2.0Mt in the full year 2019, with a market share of about 25.8%. Our performance in Ethiopia was affected by the shortages of limestone due to technical challenges and power rationing. Our market share declined from 27.0% to 25.8% mainly due to these production challenges.



### Key statistics

#### Demographics

Population	96m
Urbanisation	21%
2019 GDP growth	7.4%

#### Market

Total capacity	15.2Mta
Cement consumption	84kg/person
Total market	7.6Mt

#### Dangote presence

Location	Mughher
Capacity	2.5Mta
Type	Integrated
Kiln fuel	Coal
Power	Grid

### Living The Dangote Way

In Ethiopia, we are making progress in further improving our relationships with the local community in a region that has experienced troubles over the past two years. We aim to offer more employment and business opportunities for the local people and have been working with them to resolve our differences. We look forward to a harmonious and mutually beneficial relationship with the community.



# Regional overview continued



## Cameroon

Cameroon lacks sufficient limestone for large-scale cement manufacturing so we import clinker for grinding. Soon, we will supply clinker from Nigeria.

### Sales volumes

**1.1Mt**

2018: 1.2Mt  
-6.5%

### Revenue

**₦45.7B**

2018: ₦48.7B  
-6.2%

### Key statistics

#### Demographics

Population	26m
Urbanisation	56%
2019 GDP growth	4.0%

#### Market

Total capacity	15.0Mta
Cement consumption	108kg/person
Total market	2.8Mt

#### Dangote presence

Location	Douala
Capacity	1.5Mta
Type	Grinding
Kiln fuel	n/a
Power	Grid

### Market

Cameroon's strong economy is expected to have achieved 4.0% growth in 2019, supporting good demand for cement, driven by housing and infrastructure projects.

We estimate the total market to have been 2.8Mt in 2019, supplied by national capacity of 5.7Mta, most of which is provided by six clinker grinding plants around the port of Douala.

Imports of bulk cement were banned in 2016. Although our plant in Cameroon has mostly relied on clinker from outside Africa, we intend to supply it with our own clinker, produced at factories in Nigeria or Congo.

### Performance

With a new competitor in the market, sales volumes at Cameroon fell marginally to 1.1Mt and we estimate our market share to have been 39%.

We faced a decrease in volumes against security challenges in the North West and South West region of the country as well as new competitor capacity. Overall, volumes dropped by 6.5% in 2019 versus 2018 owing to strengthened competition in key markets.

We focused on marketing improvements with initiatives such as sales force training, reinforcement of distributor sales capabilities, extending credit terms and accelerating distributor bonus payments.



### Living The Dangote Way

We are actively working to help and empower our local communities.

We reclaimed land for the Douala community to celebrate its culture, built a pharmacy for the Batkoe mining community and a town hall for the Tombel mining community, and provided scholarships to help students of the Deido and Batoke communities.

## Congo

Our 1.5Mta factory in Mfila can supply almost all the country's needs, reduce its dependence on imported cement and enable it to become an exporter.

### Sales volumes

**0.2Mt**

2018: 0.2Mt  
11.5%

### Revenue

**₦7.7B**

2018: ₦7.5B  
1.8%

### Market

The Republic of Congo has a well-developed economy that is reflected in its relatively high per-capita consumption of cement, at an estimated 150kg/ person. However, government spending is low at present, which is depressing demand for cement.

Opened in September 2017, our 1.5Mta Mfila plant is the largest of five plants in the country.

It is ideally located to supply the capital, Brazzaville, as well as export markets in the Democratic Republic of Congo and Central African Republic.

### Performance

Our 1.5Mta integrated plant in Mfila, Republic of Congo sold 243Kt of cement for the full year 2019, up 11.5% compared to the full year 2018. Our market share for the fourth quarter came in at 33%.

In the absence of major infrastructure projects, the cement market was mostly driven by commercial building and private infrastructure projects in 2019. Clinker exports started in 2019.

Our sales were boosted by exports to the CAR and Cameroon during the year.



### Key statistics

#### Demographics

Population	5m
Urbanisation	67%
2019 GDP growth	4.0%

#### Market

Total capacity	3.2Mta
Cement consumption	150kg/person
Total market	0.736Mt

#### Dangote presence

Location	Mfila
Capacity	1.5Mta
Type	Integrated
Kiln fuel	Coal
Power	Grid

### Living The Dangote Way

As the country's largest producer, we provide market leadership through innovative pricing and retail strategies as we contribute towards meeting the cement demands of Congo. Not only are we helping the country become self-sufficient in cement, we also plan to increase its exports, benefiting its economy.



# Regional overview continued



## Ghana

An important market for cement in West Africa, Ghana lacks sufficient limestone and is obliged to import clinker or bulk cement, which we plan to supply from Nigeria.

### Sales volumes

**0.5Mt**

2018: 0.8Mt  
-34.0%

### Revenue

**₦18.3B**

2018: ₦25.4B  
-28.0%

### Key statistics

#### Demographics

Population	30m
Urbanisation	56%
2019 GDP growth	7.5%

#### Market

Total capacity	11.6Mta
Cement consumption	205kg/person
Total market	6.7Mt

#### Dangote presence

Location	Tema
Capacity	1.5Mta
Type	Import
Kiln fuel	n/a
Power	Grid

### Market

With per-capita consumption of about 205kg/person and total demand of more than 6Mt in 2019, Ghana is an attractive market for cement in West Africa. Its economy is strong and this is driving housing and infrastructure growth across the country.

However, Ghana lacks sufficient limestone to support large-scale manufacturing. As a result, it relies upon imports of clinker and bulk cement, although the latter is likely to be prohibited in the near future.

At present we import bulk cement but plan to build a grinding plant at Takoradi, with clinker being supplied from our Nigerian operations.

### Performance

Compared with 2018, we sold less cement in Ghana in 2019, mainly as a result of our decision to scale down importation by road from Nigeria because of the cost and complexity involved and to focus on our more profitable markets.

We are continuing to focus on our efficiency initiatives such as reducing customer waiting and collection times at the plant.

Dangote Cement Ghana sold over 500Kt of cement for the full year 2019, down 34% compared to the full year 2018. Our market share for the fourth quarter came in at 6%.



### Living The Dangote Way

We are enhancing our customer handling efficiency by reducing customer waiting and supply time. We will continue on this path to ensure that we create satisfied customers who in turn create other customers for us, through word-of-mouth referrals. Our goal is to increase our market share and reduce the country's reliance on cement and clinker manufactured outside of Africa.

## Senegal

Senegal commenced operations in 2014 when it was already oversupplied by local producers, but quickly gained a significant market share selling higher-quality cement.

### Sales volumes

**1.4Mt**

2018: 1.3Mt  
8.4%

### Market

Senegal's booming economy makes it an excellent market for cement, with per-capita consumption of about 235kg/person supporting growth in housing and infrastructure projects such as the Dakar Airport Railway and the Ilaa-Touba Highway.

Unlike many countries along the coast of West Africa, Senegal has large reserves of limestone that make it an ideal place from which to export both inland to Mali and to coastal neighbours such as Gambia.

Although the market was oversupplied when we entered in 2014, we quickly took significant market share by selling higher-quality cement at competitive prices from our 1.5Mta factory in Pout.

### Revenue

**₦38.3B**

2018: ₦35.0B  
9.5%

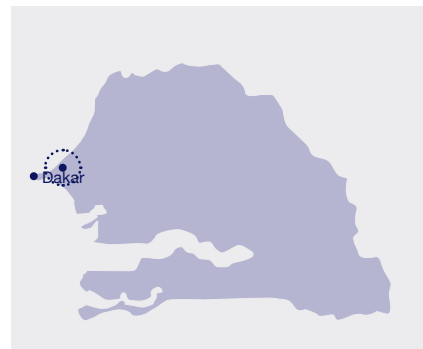
### Performance

Senegal continues to be one of our best performing markets, where we sell everything we produce. The market continues to grow supported by a growing middle class and the decentralisation initiative taken by the government enabling new cities and zones to be built.

Sales from our 1.5Mta plant in Pout increased by 8.4% to more than 1.4Mt in the full year 2019, with the plant's output continuing to exceed its rated capacity. Our market share improved to 23% in 2019 from 19% in 2018.

The 32.5-grade product enabled us to address the lower end of the market with a product more suited to its needs.

In addition, although most sales were in domestic markets, we continue to export to Mali.



### Key statistics

#### Demographics

Population	16m
Urbanisation	47%
2019 GDP growth	6.0%

#### Market

Total capacity	8.2Mta
Cement consumption	247kg/person
Total market	6.6Mt

#### Dangote presence

Location	Pout
Capacity	1.5Mta
Type	Integrated
Kiln fuel	Coal
Power	Coal

### Living The Dangote Way

Senegalese culture is important to us. We have supported and actively participated in the cultural days of host communities such as Pout, Keur, Moussa, Montrolland and Diass. In addition, we work to help local communities build schools, healthcare centres and roads, and encourage women's empowerment through education. We do these because of our firm belief that a thriving socioeconomic environment is necessary for the country to flourish and for our business to remain sustainable.



# Regional overview continued



## Zambia

Our 1.5Mta factory at Ndola sits in the heart of the Copperbelt mining area, with good access to Zambia’s major cities and neighbouring countries.

### Sales volumes

**1.0Mt**

2018: 1.0Mt  
-5.6%

### Revenue

**₦24.7B**

2018: ₦33.1B  
-25.5%

### Key statistics

#### Demographics

Population	18m
Urbanisation	44%
2019 GDP growth	2.0%

#### Market

Total capacity	4.6Mta
Cement consumption	98kg/person
Total market	3.5Mt

#### Dangote presence

Location	Ndola
Capacity	1.5Mta
Type	Integrated
Kiln fuel	Coal
Power	Coal

### Market

Zambia’s relatively strong economy is being supported by rising global copper prices that have led to increase mining activity in the country.

The main driver in Zambia is the public investment expenditure programme that have pushed the cement demand. The government have started significant projects such as the international airports of Lusaka and Ndola, dams and road infrastructures.

Our 1.5Mta factory at Ndola is the largest of five plants in the country, able to serve its major demand centres and even export to the DRC. Cement production is centred around two areas, near the capital Lusaka and around Ndola, in the Copperbelt region.

### Performance

The Ndola factory sold just over 975kt of cement in 2019, down 5.6% on the 1,033kt sold in the same period last year. We are deploying alternative fuel usage in Zambia which will support the overall profitability of our operations going forward.

We are actively taking steps to use waste materials in our kiln and are using sawdust as an alternative fuel and considering the potential to use fly ash, which is a waste material from our on-site power station, as an extender for our cement.



### Living The Dangote Way

We continue to maximise the competitive advantage of our business size to lead the industry in environmentally friendly, safe and sustainable cement production practices and operational innovations, such as the conversion of waste materials to fuel in the operation of our kiln. This will help to reduce the plant’s carbon footprint.

## Sierra Leone

Cement market improved significantly with increased infrastructure spending, more foreign aid being made available and the resumption of building projects in the corporate sector.

### Sales volumes

**0.2Mt**

2018: 0.1Mt  
116%

### Market

Sierra Leone is a relatively small market for cement, consuming about 0.7Mt a year.

The IMF estimated 2019 GDP growth to have been 5.0%.

Per-capita consumption is very low at 88kg/person, but economic recovery and increasing commodity prices will drive growth in the coming years, along with increased foreign aid and a resumption of building projects suspended by the private sector.

Lacking limestone, Sierra Leone is an obligatory importer of cement, with just two suppliers including our 0.5Mta import and distribution facility in Freetown.

### Revenue

**₦7.9B**

2018: ₦3.7B  
115.4%

### Performance

In 2019, we increased our volumes significantly by 116% to 236Mt owing to a significant ramp up in sales.

The increase in our sales was also supported by new corporate customer wins, increased credit sales backed by bank guarantees and the deployment of more point-of-sale material to raise our brand profile at retail outlets.

In addition, we increased our marketing efforts beyond Freetown and established our presence in the upcountry regions.

Our 42.5-grade product has gained good recognition in the local market.



### Key statistics

#### Demographics

Population	8m
Urbanisation	42%
2019 GDP growth	5.0%

#### Market

Total capacity	1.6Mta
Cement consumption	102kg/person
Total market	0.7Mt

#### Dangote presence

Location	Freetown
Capacity	0.5Mta
Type	Import
Kiln fuel	n/a
Power	Grid

### Living The Dangote Way

We are working to increase our brand visibility by increasing our points of sale, expanding our markets and establishing our presence in the upper regions of the country, to make our cement more widely available in Sierra Leone's recovering economy.



# Nurturing the growth and wellbeing of our employees and host communities



## Social standards

Our Social Pillar entails how we manage our social impact on all stakeholders and the larger society, and how we ensure that we give back to the communities where we operate. In our host communities, we strive to support socio-economic wellbeing through direct and indirect employment, skills transfer, local entrepreneurial development and patronage of local suppliers, vendors and contractors.

As our management approach, we invest in social projects that are beneficial to our local communities and other stakeholders by creating jobs, promoting entrepreneurship, increasing household incomes, building skills and capacity, improving the overall human capital development index. We believe in developing sustainable local economies in our areas of operation and supporting governments in the provision of social amenities, such as access to quality water, education, healthcare and public infrastructure.

## Social investments

We see social investments as part of our corporate responsibility to our host communities that provide us with a conducive and thriving environment to grow our business. Our business units are tasked with identifying the need areas in local communities where we can be of support.

We have a Group HSSE Corporate Policy that prioritises the establishment and nurturing of a mutually benefiting relationship with host communities. We value their useful feedback on how we could be better neighbours and partners for development.

Besides sponsorship and community investments at the corporate level, we also support communities through our employees' volunteering activities.

Educational empowerment is prioritised in all the locations where we operate. We support hundreds of students in host communities with scholarships to ensure that they gain access to quality education that would enhance their wellbeing and productivity.

We regard our social investment responsibilities as effective drivers of socio-economic development in countries where we operate. The social impact of our market presence supports local and national prosperity, creates new job opportunities, scholarships for students, better healthcare facilities, potable water, local infrastructure development and increased patronage of local vendors and contractors. These social footprints preserve our standing as good members of the communities and maintain our "social license to operate."

As part of our community investment initiatives in 2019, our business operations across Africa supported various social enhancement projects, with emphasis on the development of infrastructure, support for entrepreneurship, educational development, healthcare and women empowerment.



For example, in the year under review, Dangote Cement Senegal, carried out the following community support projects:

- Educational infrastructural support such as six classroom blocks equipped with tables and chairs for about 300 students in Tchiky community, Diass, Senegal.
- Construction of new Health Center in Fouloum.
- Construction of a maternity Hospital in Pout.
- Completion of a school in Galane according to the standards of the Ministry of National Education.
- Donation of school furniture and stationeries to Diass Community.
- Seasonal gifts, food stuff and other charitable donations to Pout, Keur Moussa, Tchicky, Diass and Montrolland – Tabaski.
- Support for sporting activities for the youths in Pout, among others.

Also, in our South African market, there have been perennial water shortages reported in several regions in the last few years. In 2019, as part of our efforts to support water availability for domestic uses, Dangote Cement South Africa provided funding to drill two boreholes and equip them with solar pumps to provide water for livestock in Lichtenburg- Verdwaal and Springbokpan, communities that have been affected by drought. This social investment initiative provided potable water for a total of 187 households in these communities.

Most times, before carrying out community development projects, we sign Community Development Agreements (CDAs) with host communities. Projects to be implemented are sometimes drawn from this CDA or are received as special requests from community leaders.

In 2019, total amount spent on social investments was ₦1.108 billion with nearly half of this (48%) going into educational empowerment and infrastructure development initiatives.

**1.** Over ₦1 billion spent on community projects

**2.** Renovation of classrooms, scholarship and donation of educational materials to schools in local communities (10% of our total spending).

**3.** Infrastructure development and maintenance in host countries, including roads, bridges, etc. (38% of our total spending).

**4.** Rehabilitation of Lupiya Healthcare Clinic (Zambia), construction of new Health Center in Fouloum, and construction of a maternity hospital in Pout, both in Senegal (5% of our total spending).

### Zambia case study

In the course of the reporting year, Dangote Cement Zambia's Environmental and Social Officers as part of their community engagement initiatives visited Lupiya village and inspected Lupiya Clinic – the major healthcare facility in the community. Inspections of the facility and engagements with stakeholders revealed that the clinic was in a very poor state. The roof of the maternity ward was infested with bees, even though there was an expectant mother in the ward at the time of the visit. The clinic had no water, electricity, bathrooms, and was with limited furniture. Patients and medical personnel were forced to fetch water from a well at a nearby school.

When presented with these findings, Dangote Cement Zambia management approved funds for the renovation and refurbishment of the clinic, as follows:

1. Fumigation of the clinic with bee repellent,
2. Replacement of damaged ceiling board with new ones,
3. Installation of solar power and fluorescent bulbs for lighting and security,
4. Painting of the inside and outside of the clinic,
5. Installation of a submersible water pump for the borehole, to supply water to the clinic and staff houses,
6. Bathrooms were fixed and fitted,

7. Furniture was provided for the clinic's waiting area.

A second infrastructural project was implemented in June 2019, involving the provision of water supply in Chingwele village. The community was facing severe water shortage following the drying up of wells attributed to poor rainfall experienced for two consecutive seasons. Our Zambian operations stepped in and provided potable water for the community. The water point services over 100 households, with other users also coming from nearby villages.

Dangote Cement Zambia was awarded the 2019 SDGs Community Impact award for its contributions towards Zambia's sustainable development and the promotion of the Sustainable Development Goals, through its rehabilitation of the community clinic (SDG 3), its various impactful social and environmental initiatives during the 2019 Sustainability Week, and the supply of potable water to Chingwele village (SDG 6).

Dangote Cement Nigerian operations spent a total of ₦801 million on several Social investment projects in 2019, especially on healthcare, public infrastructure, and educational empowerment. A total of 710 students in our local communities in Obajana, Gboko and Ibese enjoyed Dangote sponsored scholarships in the year under review while total educational investments exceeded ₦116 million.

# Building strong relationships with local communities

We work to build enduring and beneficial relationships with our host communities based on mutual trust and respect. We consider them as critical stakeholders, because we live, work and carry out our business operations in these communities. We have a structured engagement mechanism which enables us to constantly interact with members of our host communities. With this, we are able to assess and identify how our business operations impact them, and also, how they impact our business. We seek to understand their influence and underlying interests so that we can proactively manage their expectations. We constantly keep in touch through diverse channels, explaining company initiatives and plans as well as listening to their concerns and suggestions on how we could continue to improve on our long-term relationship.

Part of efforts at strengthening our relationship entails partaking in activities that are of great importance to them, such as socio-cultural initiatives and programs, as well as investing in community projects that would improve their socioeconomic wellbeing.

As a way of demonstrating our commitment to supporting human capital and socioeconomic development, we prioritize the patronage of local start-ups in our supply chain transaction, all in the effort to boost the productivity, earnings, and profitability of local businesses.

We are committed to minimizing the negative footprints of our operations on host communities and maximizing the positive impacts. This is why we keep improving on our grievance mechanisms and empowering them to be heard. It is also why we keep building stronger ties with them for a sustainable future together.





### 2019 social investment spending – across DCP locations

S/N	Project category	Cost of project ('million Naira)	SDG alignment
1	Health	54.6	3, 6, 11, 17
2	Food and agriculture	23.9	1, 2, 3, 14, 15
3	Water/sanitation	21.6	3, 6
4	Security and safety	30.3	3, 11
5	Environment/climate change	0.9	7, 13, 14, 15
6	Economic/SME development	78.5	1,2,8,9,
7	People empowerment	7.1	1, 2, 8, 10, 11,17
8	Infrastructure (electricity, road and drainage)	421.5	9, 10, 11
9	Education and scholarships	116.1	4, 8, 10, 11, 16
10	Community compensation	50.0	11, 16
11	Sports	65.2	3, 11
12	Donations and grants to host communities	112.2	1, 11, 16, 17
13	Donations and grants to government	31.1	11, 16, 17
14	Donations and grants to CSOs/NGOs and development bodies	42.0	17
15	Others	53.7	1, 2, 8, 16, 17
<b>Total expenditure</b>		<b>1,108.8</b>	



# The Dangote Way

## Social continued

### Anti-corruption

Dangote Cement is committed to fighting bribery and corruption across all operations, with extra precautionary measures taken in countries that have been identified as high risk. We have an Anti-Bribery and Anti-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. The policy demonstrates the Company's zero tolerance for all forms of fraud, including but not limited to bribery, corruption, asset misappropriation and financial statement fraud.

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

- Anti-fraud awareness and communication strategies.
- Fraud response mechanisms.
- Fraud and corruption prevention mechanisms;
- Enforcement initiatives and sanction grid.

A key element of our compliance programme is executive management and Board's non-tolerance for violations of applicable laws and their commitment to meting out appropriate sanctions to violators, in line with laid down standards. 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).

We take a zero-tolerance approach to bribery and corruption in any form and are committed to acting professionally and fairly in all our business dealings. Our Anti-Fraud Programme specifies our code of conduct towards business partners and the prevention of conflicts of interest. We have established an Anti-Fraud Management Committee to implement the Anti-Corruption Programme and to report fraud and misconduct-related issues to the GMD/CEO and the Board Audit, Compliance and Risk Management Committee.

To create awareness about the company's commitment to conducting business fairly, professionally, and transparently, anti-corruption workshops were conducted across the Group in the year under review.

We comply with the sustainability clause of the SEC Code of Corporate Governance for Public Companies. In line with this Code (Section 32), we have a Whistle Blowing Policy that clearly defines what constitutes acts of irregularities, as summarised under the following captions:

- Fraud activities
- Corruption
- Assets misappropriation
- Misconduct
- Fraudulent financial statement

### Health and Safety performance

Dangote Cement recognises the importance of safeguarding the health and safety of its workforce, including its contractors, visitors, host communities and the larger society. We remain committed to identifying, measuring, and mitigating the potential health, safety, and environmental risks that could result from our operations. We continuously seek innovative ways of improving our health, safety, and environmental performance.

As a responsible company, we are committed to (i) complying with all applicable laws in the countries where we operate, and (ii) ensuring that our operations are aligned with the Group-wide Safety Policies (i.e. 'Health & Safety, Environmental and Social Corporate Policy') and Management Standard (i.e. 'HSSE Risk Management', 'HSSE Performance Monitoring', 'Incident Reporting & Investigation', 'Emergency Preparedness & Response' and 'Environmental Management'), which capture relevant international best practices on health and safety and environmental management.

At Dangote Cement, we recognise the importance of, and prioritise best practices in Occupational Health and Safety (OHS). A systematic approach is adopted to identify hazards and mitigate risks, using the hierarchy of control. The business maintains focus on safety, via routine initiatives that are taken, such as Safety Campaigns, Safety Week Celebrations, Driver's Retreat, Management Facility Inspection, Safety Observation Tour, Zone Ownership, among others.



In 2018, the concept of Safety Champions was introduced. Safety Champions were nominated from a pool of trained staff, to closely drive safety in their respective departments. Key Performance Indicators (KPIs) on relevant safety aspects, including Accidents, Fatalities, LTIs, among others, are monitored, reported and reviewed at both Site, Business Unit (BU) and Group level on a monthly basis, to better inform the company decision making process, stimulate continuous improvement and continuously improve awareness on occupational health and safety.

All safety incidents are investigated to establish immediate cause, root causes and the 'lessons learned' are shared across the BU in order to prevent re-occurrence. Employees participation in safety initiatives is ensured through site-based Safety Committees. Employees are encouraged to report unsafe acts, unsafe conditions and near misses. Safety drills are also conducted regularly to ensure preparedness in case of emergencies.



### Number of staff trained on HSE

2019	23,804
2018	17,008

### Summary of Health & Safety Performance (2017–2019)

Type of incident	2017	2018	2019
1 Total Number of Work Hours	28,117,655	28,880,151	<b>28,489,399</b>
2 Total Number of Near Misses	10,567	22,852	<b>17,385</b>
3 Total Number of First Aid Injuries	339	220	<b>322</b>
4 Total Number of Medical Treatment	98	73	<b>50</b>
5 Total Number of Lost Time Injuries (LTI)	47	22	<b>25</b>
6 Total Number of Fatalities	2	4	<b>2</b>
7 Total Number of Staff Trained on HSE	9,574	17,008	<b>23,804</b>
8 Total Number of Hours for Staff Training on HSE	44,666	105,086	<b>85,905</b>

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 robust health and safety practices across all our sites. Maintaining an efficient and productive work force requires the establishment and preservation of a working environment where employees feel safe and secured. We understand that employees are motivated to perform optimally where their safety and well-being is assured.

# The Dangote Way

## Social continued

### Diversity and equal opportunity

Dangote Cement is committed to equal opportunity for all its employees. 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; because it is in our diversity that we garner the pool of skills and talents that stand us out in all the markets where we play.

Our Group Diversity and Inclusiveness Policy upholds the value we place on a workplace where diversity is tolerated and respected. We promote a culture of inclusiveness and equal opportunities across all classes of employees. Our diversity and inclusiveness principles include:

1. Managing diversity and inclusiveness as a critical element of our business activities.
2. Providing equal opportunities for all 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 information for continuous learning and development; and,
4. Extending our principles of diversity and inclusiveness to our external stakeholders 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.

In our workplace, everyone is given an opportunity to develop skills and talents consistent with their unique values and which are essential to supporting our business and sustainability objectives.

We strive to build a corporate culture in which our employees, contractors and stakeholders share common values that foster a responsible approach to doing business, in line with our 7 Sustainability Pillars. Ensuring employees have a strong sense of belonging and involvement within our organisation allows us to benefit from the wealth of their collective knowledge and expertise, giving insightful perspectives to critical business decisions.

Our recruitment policies enjoin us to recruit qualified staff from all ethnic and language groups and from all regions of the countries where we operate. Staff diversity is a value that the company actively seeks to promote and leverage. While we understand that women are usually marginally represented in our sector (STEM), we remain committed to providing equal opportunities for women and men that are qualified and willing to do the job.

We maintain a well-balanced workforce, with young talent below 30 years of age representing 15% of the total workforce; while seasoned employees between 30 and 50 years of age account for 71% of the workforce. The risk of losing intellectual capital and institutional experience is well managed, with 14% of our employees aged 50 and above.



## Diversity of leadership

We maintained 14 board membership in our Nigerian operations in the year under review, out of which 12 were male and two were female as at 31st December 2019 representing 86% and 14%, respectively. We will continue to support women to rise to the peak of their career and take their rightful place in Board membership.

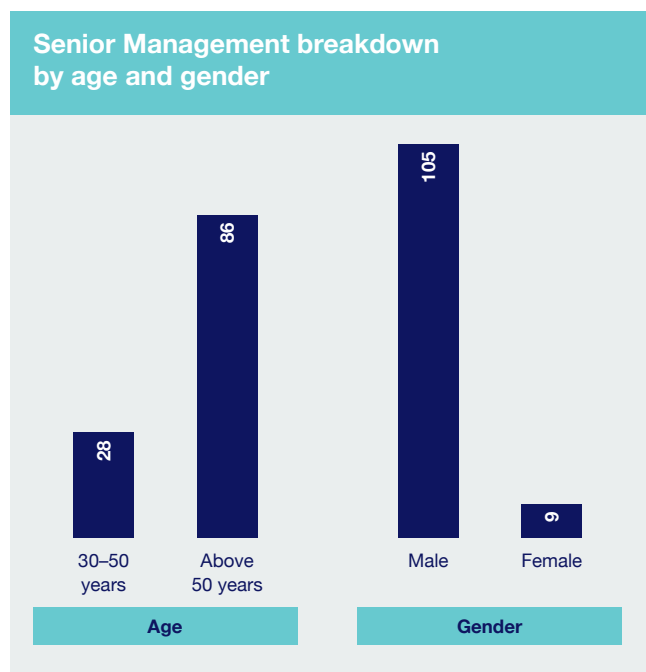
At the senior management level, we have a total number of 114 personnel, where 105 of these figures are men and nine are women, representing 92% and 8%, respectively. Also, 28 senior staff are within the 30 to 50-year age category; while 86 senior staff are over 50 years, representing 24.5% and 75.4%, respectively. In our Nigerian operations, a total of 12 persons make up our executive management committee team, consisting of ten males and two females, and representing 83% and 17%, respectively. Four of these are within the age range of 30 to 50, while eight are over 50 years, representing 33.3% and 66.7%, respectively.



As part of our diversity and inclusiveness practices, we recruit highly qualified and skilled persons from different nationalities, regardless of their colour, gender or race. We recognise the uniqueness of skills and global perspectives that each person brings to the table, and we harness and fine tune these for sustainable business growth and productivity. In addition, we leverage the knowledge base of these expatriates to further enhance skills and capacity in our local workforce.

In 2019, the number of expatriates in our Nigerian operation increased by 3.48% to 316 when compared with the total number of 305 as at 2018.

Senior Management breakdown by age and gender



# The Dangote Way

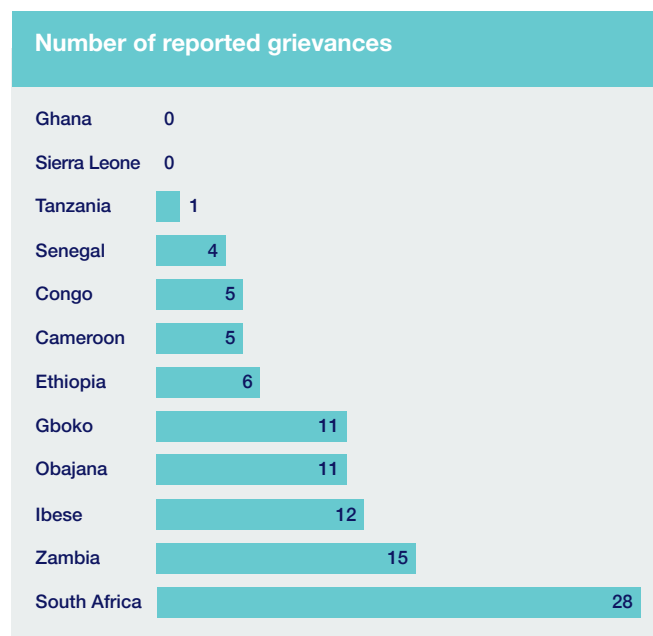
## Social continued

### Non-discrimination

Dangote Cement is 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.

Dangote Cement 's recruitment policy stipulates non-discrimination in the 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 in the course of their employment, they are retrained to be able to cope in the work environment as much as is practicable.

Personnel 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. This is why we have diverse mechanisms through which our internal and external stakeholders could be heard and get redress where necessary.



### Grievance mechanism and whistle blowing

We periodically assess stakeholders' perceptions and concerns using surveys and other channels of engagements. We recognise that our high cultural diversity could sometimes lead to contrasting views and expectations. We have developed grievance redressal systems that allow us to better address conflicts with all stakeholders and protect the rights of all parties.

The Company maintains an open-door policy which encourages the prompt discussion of any issue relating to employee discrimination. As stipulated in our employee handbook, any employee who considers that they have been unjustly treated shall be given the opportunity to report such a grievance and it shall be thoroughly investigated by the appropriate authority.

Host communities are recognised 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 a dialogue channel exists in all the communities in which we operate. By so doing, our host communities have access to key decision makers who represent Dangote Cement 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.

The Company also has a whistle-blowing policy which is accessible to all employees, with the requisite confidentiality guarantees. Our whistle blowing portal is managed by an independent entity, to guarantee anonymity where it is required, and utmost objectivity in addressing concerns that are raised. The whistle-blowing policy and employee handbook are accessible on the Company's intranet.

During the year, the total number of reported complaints or grievances across DCP sites was ninety-eight, excluding Ghana where no grievance was reported.

#### Grievance per category

Category	Number Reported
Environmental Impact and safety	5
Delays in implementing Social Investment Projects	5
Resettlement issues	6
Land Access	9
Unresolved Commitments	10
Local Business opportunities	12
Compensation	16
Employment	31
Others	4
<b>Total</b>	<b>98</b>

## Freedom of association and collective bargaining

We recognise our employees as the ambassadors of our business vision and corporate strategy. We understand that our success depends on their satisfaction, effective engagement, and career development. As such, we respect their rights to freedom of association and collective bargaining, expressed through the freedom to join or not to join a trade union. Their rights to representation in labour unions, in accordance with local laws in the markets where we operate are recognised, without fear of intimidation or reprisal.

We ensure that channels of continuous dialogue regarding the concerns and interests of both the employees and the business are open, accessible, and objective.

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 57% (2018: 10.4%) of our employees in the following markets were covered by collective bargaining agreements in 2019.

Country of operation	Number of staff covered by collective bargaining agreements	
	2018	2019
Nigeria	N/A	<b>N/A</b>
Ethiopia	420	<b>378</b>
Senegal	120	<b>170</b>
Ghana	N/A	<b>126</b>
South Africa	190	<b>164</b>

In the year under review, no instances were reported where employees' rights of freedom of association or collective bargaining were violated.

## Child labour, forced or compulsory labour

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 Labor Organisation (ILO) Convention No. 182, IFC Performance Standard 2 and UNGC Principle 5. The Group has also developed and implemented Child labour abolition and prevention policy in consultation with employees at all levels.

We have also implemented forced or compulsory labour prevention and abolition policy in line with the provisions of ILO Convention No. 29, adopted in 1930, which is binding on all employees. There were no instances of reported Child labor, forced or compulsory labouring any of our operations in the year under review.

## Human rights assessment

At Dangote Cement, we comply with Human Rights laws and regulations and integrate them into our operational policies and practices. We have built checks and balances that support continuous human rights assessment to deter offenders.

We track our performance on human rights using feedback from both internal and external stakeholders, to generate information needed to ensure continuous improvement. Our whistle blowing policy and other available two-way feedback platforms foster human rights best practices and are deterrence to potential violators.

In 2019, we took proactive steps to elicit feedback on our environmental, social and governance performance, including our human rights footprints. We will implement more human rights trainings and ensure that we continue to foster best practices in all our operations.

In forging new business partnerships within our sphere of influence, we encourage commitment to environmental protection, respect for labour standards, promotion of human rights, equal opportunity, elimination of corruption and anti-competitive behaviour, and best occupational health and safety standards in the workplace.

Through our annual Sustainability reporting, we communicate our performance on human rights to stakeholders. In the year under review, we recorded zero cases of human rights abuses in all our operations.

1. Non-discrimination

2. Child Labour, Forced or Compulsory Labour

3. Freedom of Association and Collective Bargaining

4. Fostering equal opportunity

5. Eliminating corruption and anti-competitive behaviour

6. Occupational health and safety

7. Environmental protection

8. Respecting labour standards

# Caring for our environment and addressing the challenges of climate change



## Environmental standards

Our Environmental Pillar defines our way of entrenching environmental sustainability by identifying, measuring, and mitigating actual and potential negative environmental footprints in all our operations. Our goal is to improve our performance in energy efficiency, waste management, water consumption, greenhouse gas emissions, and to leverage the opportunities in environmental responsibility, such as the medium to long term cost efficiency and reputational capital offered by the circular economy business model.

We seek to improve on our operational efficiency as a way of optimising our impact on the natural environment. We leverage improved business practices and processes that support the protection of host communities, preservation of air and water quality, and efficiency in the utilisation of natural resources.

We strive to adhere to sustainability principles that will address global and local environmental challenges and mitigate the negative impacts 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.

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

## 2019 environmental performance: energy, water, emissions

We assess our environmental performance and determine the measures that are required for continuous improvement. Also, by disclosing our environmental performance through CDPs and sustainability reporting, stakeholders and interested parties outside our organisation are able to assess our environmental responsibility efforts. Following our first CDP published in 2019, we will be publishing our 2020 CDP later in the year.

Although some of our operations still rely on high carbon fuel sources such as gas and coal, we are focused on reducing our footprints and are committed to exploring alternative fuel sources in our energy mix.

	Energy consumption (GJ)	Percentage reduction
2018*	81,246,507	1.56%
2019	79,976,174	

\* 2018 Data is based on 2019 DCP Climate Change Disclosure Results.

Across all locations, our total energy consumption (GJ) reduced by 1.56% in 2019 compared to 2018. This reduction was basically due to lower production, compared to 2018.

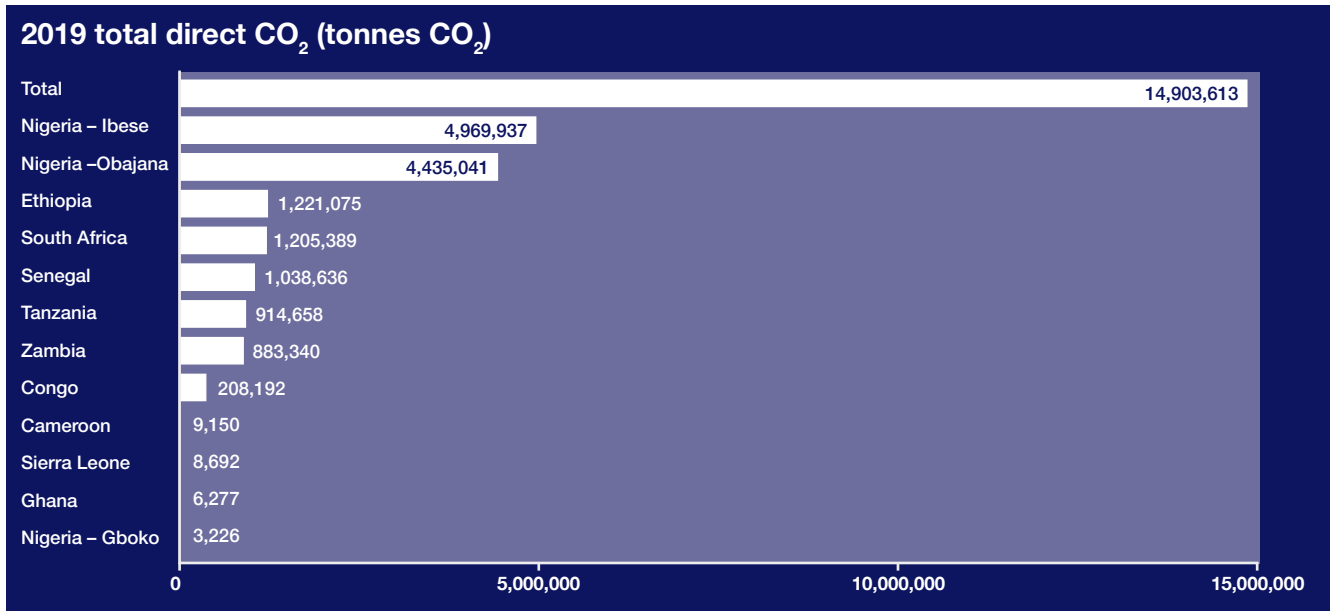


As a major cement manufacturer, we understand the energy intensity of the industry where we play. Our kilns are at the heart of our production process and the place where the raw materials of limestone, laterite and other minerals are turned into clinker in a heat-intensive process known as sintering. That the sintering reaction takes place at 1,450C is an indication of how energy intensive the process is. In fact, a large proportion of our production cost is spent on fuel for our kilns.

Data on Key Performance Indicators (KPIs), including Greenhouse Gas (GHG) emissions, Dust, Water and Energy Consumption,

Waste and Environmental Incidents are collected, reported and reviewed monthly across the plants, to guide the decision-making process, stimulate continuous improvement initiatives and improve overall awareness.

In 2018, our total greenhouse gas emissions for cement production activities resulting from captive power plants and generators, and kilns and vehicles used at the quarries and sites (Scope 1) was 14,933,045 (tonnes CO<sub>2</sub>). This dropped slightly by 0.2% in 2019 to 14,903,614 (tonnes CO<sub>2</sub>), due mostly to lower production in the year under review.



### Dangote Seven Sustainability Pillars – alignment with GCCA Pillars Charter

Link to the 7 Sustainability Pillars of The Dangote Way

**Health and Safety**

- Apply the good safety practice guidelines of the GCCA
- Promote the sharing of good health practice

**Climate change and energy**

- Develop a climate change mitigation strategy, and publish targets and progress

**Social Responsibility**

- Publish a Code of Conduct incorporating the principles of internationally proclaimed human rights
- Apply Social Impact Assessment guidelines
- Establish a systematic dialogue process with stakeholders

**Environment and nature**

- Apply Environment and Nature guidelines
- Set emission targets and report publicly on progress

**Circular economy**

- Promote the principles of a circular economy across the value chain
- Apply the guidelines developed for fuel and raw material use in cement
- Production

Economic
 Operational
 Social
 Environmental
 Financial
 Institutional
 Culture

# The Dangote Way

## Environmental continued

### Environmental management and compliance

In line with our commitment to the principle of continuous improvement, we recognise that we must make greater effort to protect the environment, particularly at and around our sites of operation. We aim to maximise energy and resource efficiency and minimise the environmental impact of our operations. As the largest cement company in Africa, we are committed to complying with all relevant environmental regulations in the countries where we operate, maintaining good standards of practice on environmental management.

To minimise the negative footprints that our business operations pose to the environment, several of our operations have implemented ISO 14001:2015 Environmental Management System (EMS), which requires us to establish environmental management objectives, policy and, and to define the processes for achieving them. Implementation of EMS has improved our approach to environmental management within the defined scope of our operations.

We understand the consequences of non-compliance with EMS standards and environmental laws and regulations. We know that non-compliance affects the Company's reputation, erodes shareholders profit through imposed fines/penalties, affects our relationship with host communities and reduces our social license to operate. We are committed to complying with all applicable laws and regulations in countries where we operate and ensuring that our operations align with the Group-wide Environmental policies which capture the relevant international best practices on environmental management.

No significant incidents of environmental non-compliance were reported in any of our operations in 2019.

### Operational efficiency

One of our key environmental sustainability objectives is to achieve operational efficiency that enables us to save costs, reduce our consumption of production resources and emit less CO<sub>2</sub>.

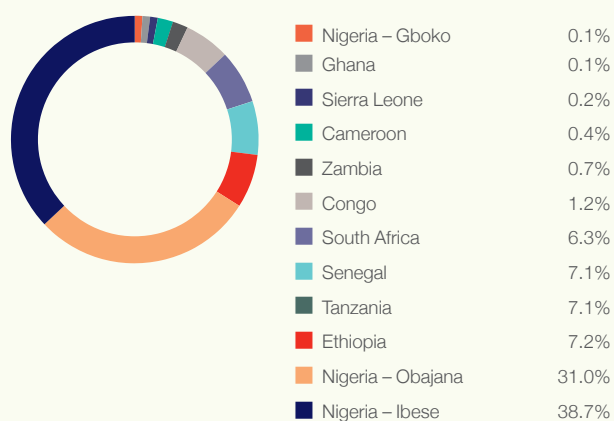
The production of cement requires a lot of energy, which has significant economic and environmental implications. It is therefore imperative that we continue to enhance our energy efficiency practices. Despite the availability challenges, we try to utilise Natural Gas as much as possible, which is a cleaner energy source.

Some of our operations have started exploring the feasibility of using alternative fuels in kilns through effective and fit-for-purpose reutilisation of wastes produced in our sites, such as old tyres and packaging materials. Though still at the rudimentary stage, this is a positive step towards reducing the use of fossil fuels in order to minimise emissions of greenhouse gases and other pollutants from our cement operation.

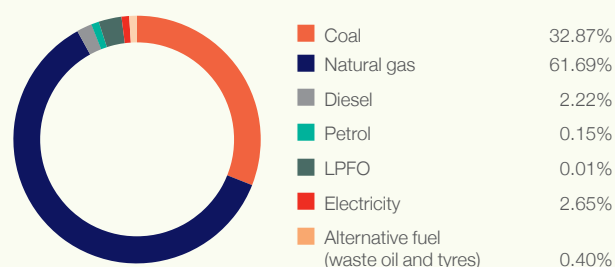
As part of its environmental management initiatives, Dangote Cement Ethiopia in 2019 engaged in an innovative utilisation of waste tyres from trucks, bags and highland plastics for energy generation. These materials when burned at 1,500 degrees produces energy that serves as fuel, thus minimising the use of coal and other fossil materials for energy generation. Although energy consumption reduction is not significant at this stage, the initiative has shown good potential that we could leverage in other plants to ramp up energy efficiency performance.

DCP 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

2019 total energy consumption (GJ) = 79,976,174



Total energy consumption based on source



rate) compared to more traditional dampers, just to mention a few examples. These measures have resulted in less CO<sub>2</sub> emissions per ton of clinker and cementitious material produced.

At Dangote Cement, we use large, modern rotary kilns equipped with 'preheaters' that use exhaust gases from the kiln to heat raw materials as they pass down the pre-heater tower to the kiln. Using these modern heat recycling systems in this way, we can heat the raw material to about 900°C before it enters the kiln, thus reducing its time in the kiln itself and the amount of fuel used to convert it into clinker. This is good for costs and good for the environment because of lower carbon emissions involved in the production of our cement and the natural resource efficiency.

These measures have resulted in operational cost savings, to the benefit of margins, and at the same time produce less CO<sub>2</sub> emissions per ton of clinker and cementitious material produced, compared to less modern plants.

However, as an increasingly environmentally conscious organisation, we are aware that we cannot rely only on the good design of our plants and we will need to explore innovative ways to continuously reduce our carbon footprints along our entire value chain. Possible options to reduce our greenhouse gas emissions may include:

- the use of alternative fuels such as wastes, in our kilns,
- reduce the ratio of clinker/cement through the utilisation of more additives.

### Precautionary approach to environmental management

Our goal is to develop a robust environmental management system that identifies, assesses and manages the environmental impact and risks associated with our operations. We try to implement good management practices to prevent irreversible damages to the environment, employees, host communities and the public.

We recognise the importance of managing the environmental impacts resulting from our activities and investing in technologies and innovations that would enable us improve our environmental footprints.

As part of our precautionary measures, all new projects and/or any significant modification of existing plant, are preceded by a comprehensive Environmental & Social Impact Assessment (ESIA) to identify and mitigate potentially significant environmental impacts and risks that are involved, as required by local regulations and Group policies.

In addition, structured 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. We remain committed to taking proactive steps and investing in technologies that will support our goal of ensuring that our operations do not result in irreversible damages to the environment.

### Understanding and managing our carbon footprint

The cement industry is a major emitter of carbon dioxide which is known to contribute to global warming and climate change. Approximately 60% of these emissions are produced in the conversion of limestone (CaCO<sub>3</sub>), a key natural ingredient, to clinker CaO, an intermediate component of finished cement; while the remaining 40% of CO<sub>2</sub> is generated by the combustion of fossil fuels in the kiln and to produce electricity to power the plant. However, our plants are mostly designed to be energy efficient using cutting edge technology in cement production.

Carbon emissions from inbound and outbound delivery fleets, and other logistics along the value/supply chain could also be significant.

We are aware that greenhouse gas emissions (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, Fluorinated gases) have harmful effects on the ecosystem such as; sea level rise, adverse effects on biodiversity, global warming and ultimately climate change. Dangote Cement is aware that these impacts can be minimised using numerous strategies and approaches, such as the use of renewable sources of energy and energy efficiency. Part of our CO<sub>2</sub> emission reduction strategies and target is to choose waste derived fuel over fossil fuels.

We measure and calculate greenhouse gas (GHG) emissions from our operations. We also recently completed a risk workshop to identify and document the climate change risks and opportunities that are before us. Although there is no board-level oversight of climate-related issues currently, sustainability governance at Dangote Cement stems from the highest echelon of the group and cascades down across all levels. In 2019, the Board set up a Board Technical & Sustainability Committee, with direct mandate from, and report to the general Board. We anticipate that climate related issues will increasingly receive Board-level oversight.

# The Dangote Way

## Environmental continued

### Opportunities and challenges in climate change

Climate Change presents risks and opportunities to organisations, their investors, and other stakeholders. As governments move to regulate activities that contribute to climate change, organisations that are directly or indirectly responsible for emissions face regulatory risks and sanctions.

We have completed a risk workshop to identify and document the climate change physical, regulatory and financial risks and opportunities that might affect our business. Such risks may include increased costs associated with carbon emissions (carbon taxes, offsetting costs, etc.), litigations, and other factors that could negatively impact competitiveness. Physical risks and opportunities could include: the impact of more frequent and intense storms; changes in sea level, ambient temperature, and water availability; impacts on workers – such as health effects, including heat-related illnesses or diseases, and the need to relocate operations. Others include the availability of new technologies, products or services that address challenges related to climate change, as well as changes in customer behavior.

However, limits on greenhouse gas (GHG) emissions can also create opportunities for organisations such as ours, as new technologies and markets are created. For example, the use of waste as ‘alternative fuels and raw materials’ in cement manufacturing for the purpose of energy recovery and waste recycling (known as co-processing), creates an opportunity for diversifying into the evolving ‘renewable’ waste management industry. Leveraging the advantage of energy reduction through efficient kilns creates opportunities for reductions in the cost of doing business.

### Circular economy

Growths in global population and consumption threaten to deplete the planet’s natural resources, especially as they are used inefficiently. The solution is to move to a circular economy, which aims to avoid wastes and ensure the longest possible (re) circulation of raw materials. This helps reduce over exploitation of the natural environment and curbs negative climate changes.

Circular Economy is one of the five key areas of interest of the Global Concrete and Cement Association (GCCA) which Dangote Cement is a member. Part of the principles of circular economy includes using waste as a resource, harnessing energy from waste and integrating eco-design to manage environmental impacts throughout the life cycle of products, in line with the evolving Extended Producer Responsibility (EPR) model.

Building a circular economy helps achieve the Sustainable Development Goals (Goals 11 and 12), which are in line with the global climate policy. Use of renewable energy sources and materials, sharing, dematerialisation of consumption, efficient waste management and the design of products for longer use, easy repairs and reprocessing, contribute to limiting the depletion of natural resources.

We have started exploring the feasibility of using alternative fuels in our kilns through effective and fit-for-purpose reutilisation of wastes produced in our sites. However, the amount of wastes that we generate in our operations are minimal, and so we understand that, to leverage the opportunities presented by the Circular Economy business model, we will need to collaborate and partner with third parties, in line with SDG 17.



**Building a circular economy helps to achieve Sustainable Development Goals 11 and 12**

### Controlling our dust emissions

In the cement production cycle, dust emanates from different processes, such as raw material handling, limestone crushing, kiln processing, clinker production and storage, finished cement grinding and power utilities. Dust emissions are often one of the critical points in cement plants, therewith becoming an issue that must be managed in order to assure the long-term continuity of the cement manufacturing process.

Dust management has always been a very important topic for the industry, with huge investments in the best available filter systems and similar technologies over the past decades. Dust is arguably one of the most significant environmental aspects associated with cement production and is characteristic of the cement manufacturing process and the final product itself.

To minimise the release of dust emissions to the environment, and ensure compliance with both legal requirements and, where applicable, international standards; Dangote Cement kilns have been provided with 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 Dangote Cement plants to maintain the average dust emissions at the stacks in a range between 20 and 30 mg/Nm<sup>3</sup>, well below the typical regulatory threshold limits of the countries where it operates, and the IFC/World Bank standards.

## 2019 environmental KPIs – dust emission

SN	Location	Dust emission (mg/Nm <sub>3</sub> ) (Annual average kiln dust emission)	Comments
1	Nigeria – Gboko	—	No Production
2	Nigeria – Ibese	39	Average of 4 Kilns
3	Nigeria – Obajana	16	Average of 4 Kilns
4	Ethiopia	20	1 Kiln
5	Senegal	25	1 Kiln
6	Tanzania	34	1 Kiln
7	Cameroon	—	No Kiln
8	Ghana	—	No Kiln
9	Congo	11	1 Kiln
10	Sierra Leone	—	No Kiln
11	Zambia	21	1 Kiln
12	South Africa	24	1 Kiln



## Implementing efficient water management system

Water is fundamentally a local resource and its sustainable management requires an understanding of the specific context and drivers in each location. Especially now that lack of access to reliable supply of water is reaching unprecedented proportions in many parts of the world and is only likely to worsen, we understand that scarcity of water is a very material global issue. We are aware that just 2.5% of the earth's water is fresh water. Africa's fast-growing population and urbanisation is also accompanied by a significant rise in water demand.

Consequently, although our operations do not require large quantities of water in comparison with other sectors, we are committed to reducing the amount of freshwater utilised in our business activities. At operational bases, our efficient water management system involves periodically measuring our operational water footprint and making effort at reducing freshwater withdrawal and consumption through water recycling, rainwater harvesting and storm water management.

We understand that our responsible use of water will ensure more availability for the local communities, especially in those regions that are characterised by endemic water scarcity.

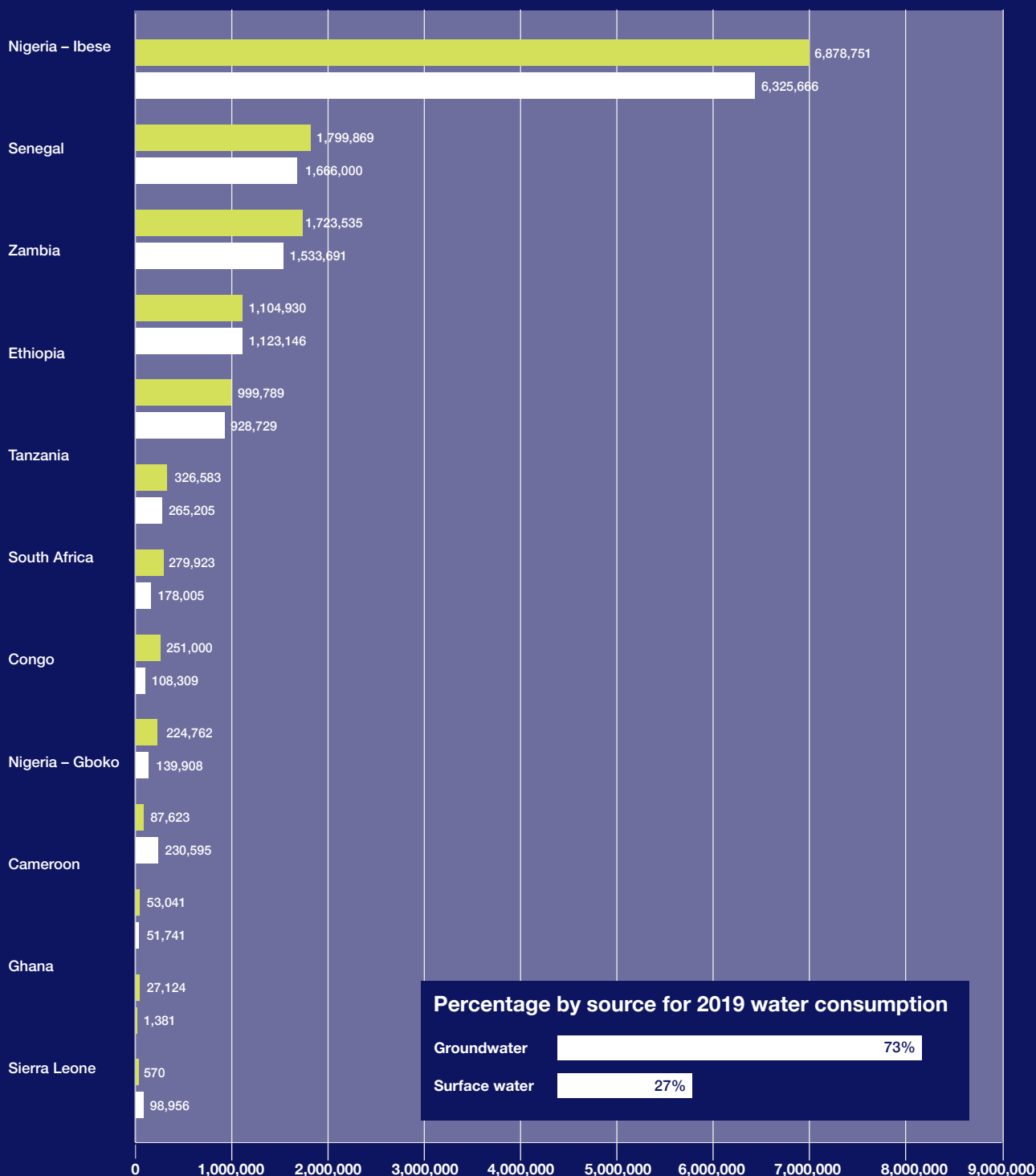
DCP's total water consumption in 2019 for all operational locations was 6,878,752 (m<sup>3</sup>); 8.74% higher than the total water consumption of 6,325,666 cubic meters (m<sup>3</sup>) in 2018, and due mostly to new projects, especially in Obajana.

# The Dangote Way

## Environmental continued

### Water consumption/utilisation (cubic metre) (all sources)

■ 2019 ■ 2018



**Percentage by source for 2019 water consumption**

Groundwater	73%
Surface water	27%



# THE REWARD FOR EXCELLENCE

After more than a decade of superior performance delivered through innovation and selfless commitment to transforming the lives of millions of Africans, the Dangote Group has been honored with three deserving awards for its outstanding contribution to Africa at the THISDAY Award of The Decade ceremony.

Congratulations to Aliko Dangote and Dangote Industries



THE COMPANY OF THE DECADE



THE ENTREPRENEUR OF THE DECADE



THE CEO OF THE DECADE



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Cement | Sugar | Salt | Rice | Oil & Gas | Fertilizer | Petrochemical | Automotive | Polysacks | Logistics | Real Estate | Maritime | Mining | Energy | Infrastructure

## Building a world-class institution based upon governance and transparency



### Institutional standards

Our Institutional Pillar supports our drive to build a world-class institution centred around good corporate governance, proactive risk management and sustainability principles that promote legal and regulatory compliance, transparency, integrity, business continuity and purpose driven leadership.

Our approach to corporate governance essentially involves balancing our business interests with those of our valued stakeholders, which include shareholders, employees, customers, suppliers, financiers, governments, and host communities. By adopting the 7-pillar approach, we ensure sustainability is engrained into our business decisions, processes, and practices. We are committed to ensuring that the highest level of governance continues to champion our sustainability vision, goals, and objectives. We are building an institution that is governed by values and ethical norms of behavior and where effective governance is flagged as the driver of corporate performance, not just in financial numbers but in social and environmental impacts.

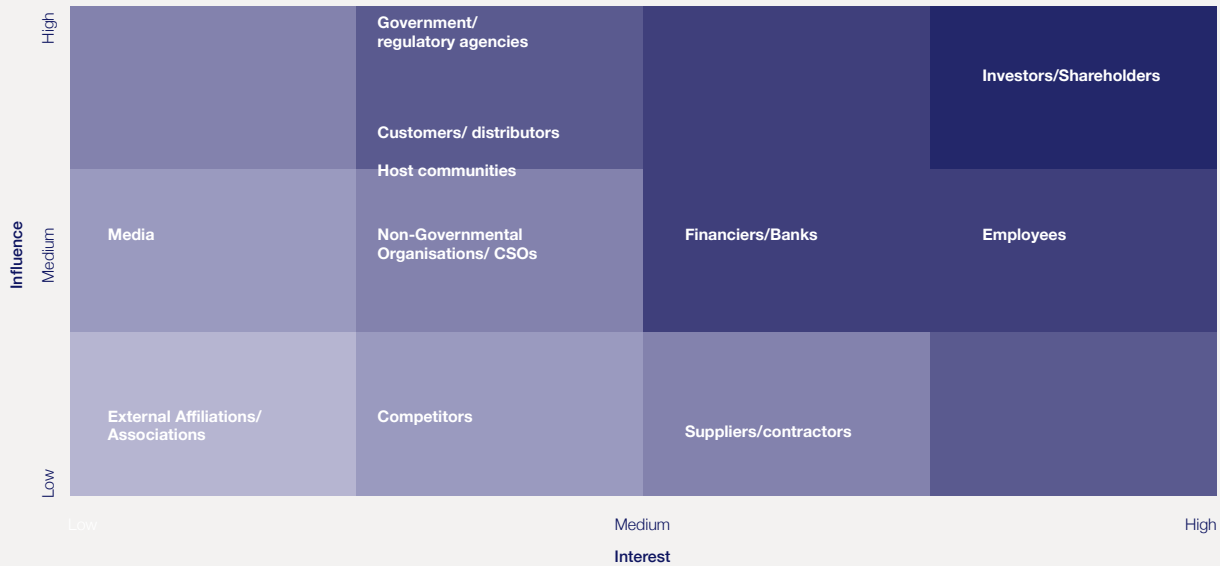
### Stakeholder engagement

Our stakeholders are entities that are impacted directly or indirectly by our business operations. Their concerns and interests are therefore very important considerations in making our everyday and strategic business decisions. Our stakeholders include employees, customers, shareholders, supply chain partners, investors and financiers, governments, regulators, media, host communities, among others.

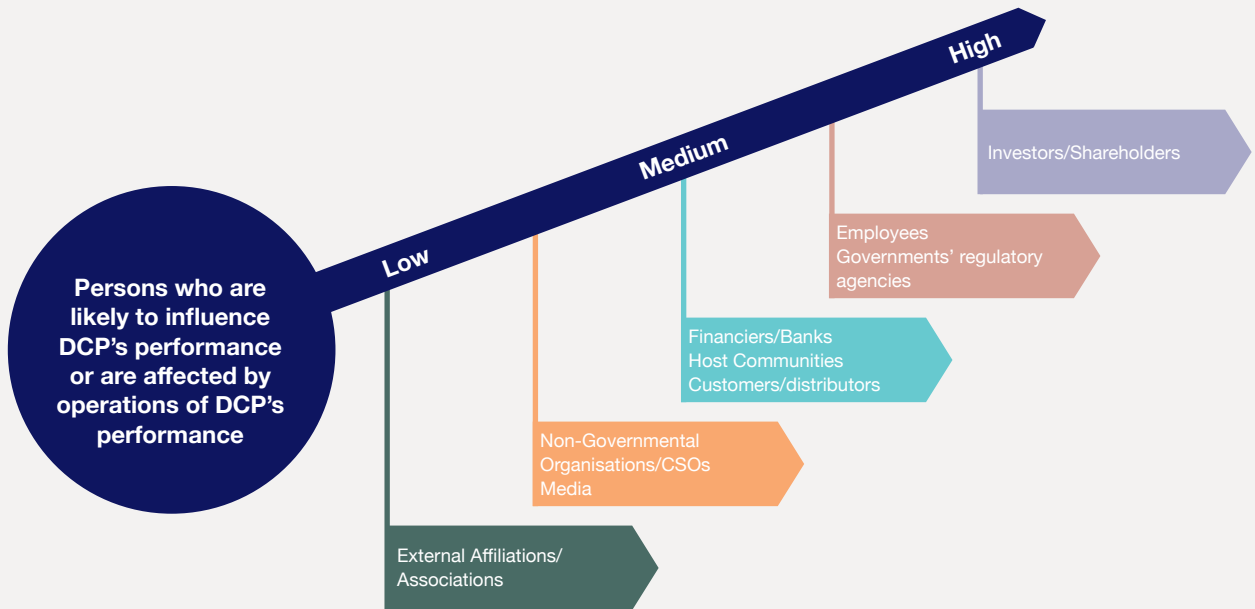
Our business operations have been established with a strong local focus that seeks to maintain optimum relationships with our various stakeholders. This is committedly driven from the Board of Directors level, with cascaded governance to Functional Leadership. In every country where we operate, we maintain dialogue with all relevant stakeholders. Through continuous engagement with them, we are able to identify and address critical issues at an early stage and gain greater acceptance and trust in local communities.

Our stakeholder engagements are designed to recognise material issues, and to collect and respond appropriately to feedbacks. Through effective pre-planning, we are able to identify the most suitable engagement strategies for each stakeholder category. In 2019, we employed a variety of engagement channels to interact with and capture the views of our stakeholders, such as staff meetings and surveys, Annual General Meetings, vendor engagement sessions, customer feedbacks, market activations and community engagement sessions. The most notable amongst these was the “2019 ESG Survey and Materiality Assessment” in which diverse stakeholders participated. The surveys helped to capture the views and concerns of critical stakeholders. While our 2018 ESG survey covered only internal stakeholders, notably our employees, in 2019, it included employees, investors and host communities. In the coming year, we aim to broaden this even further to include players in our supply chain.

### Dangote Cement stakeholder mapping 2019



### Stakeholders' influence



# The Dangote Way

## Institutional continued

### How we engaged our different stakeholders in 2019

Stakeholder	Engagement method	Frequency	Key topics and concerns raised
<b>Employees</b> The key resource for competitive advantage, innovation, and sustainable growth	Meetings in small groups, one-on-one engagements, notice board, emails, newsletters, sustainability reporting, surveys, awards and recognition, etc.	As required	Career growth and development, compensation and benefits, sustainability performance and reporting, equal opportunities for all employees, skill/knowledge development, health and safety, etc.
<b>Vendors, suppliers and contractors</b> Critical component of the value chain	Emails, one-on-one engagements, meetings	Regular	Products and service quality, workers security, pricing, invoices and payments, aftersales support and efficiency, etc.
<b>Distributors and customers</b> Principal source of sustenance	Emails, one-on-one engagements, meetings, customer service week	As required	Meeting targets, value creation, ensuring production continuity, Credit line, Customer Trucks Empowerment Scheme (CTES), distributors award initiative
<b>Host communities</b> Key stakeholders in the business	One-on-one engagements, town hall meetings, interest groups communications, surveys	As required	Social investment, environmental impacts, safety, local employment, youth empowerment, scholarships, patronage of local vendors and suppliers, impacts on existing infrastructure
<b>Media</b> Stakeholders in sustainable development	Press releases, media parley, sustainability report, annual financial report, conferences.	As required	Governance restructuring, Advertisement, public service announcements, social and environmental impacts
<b>Government/ Regulatory agencies</b> Stakeholders in sustainable development	Official letters/mails, periodic assessments, compliance filing and reporting, annual financial report, sustainability report	As required	Formal notices, applications, policies and regulations, compliance, tax
<b>Financiers/Banks</b> Providers of capital	Annual financial report, sustainability report, meetings	As required	Investments opportunities, loan financing, credit negotiations, interest rates
<b>External Affiliations/ Associations</b> Stakeholders in sustainable development	Letters, meetings, sustainability report, workshops, other foral	Monthly, biannually, annually	Memberships subscriptions, partnerships, policy reviews
<b>Non-Governmental Organisations/CSOs</b> Stakeholders in sustainable development	Annual financial report, sustainability report, meetings, partnerships	As required	Community development, environmental impacts, social initiatives, partnership for sustainable development

Stakeholder	Engagement method	Frequency	Key topics and concerns raised
<b>Labour Unions</b> Stakeholders in sustainable development	Meetings, emails, letters, sustainability report	As required	Labour laws and regulations, productivity, employees' rights and obligations, safe working conditions, compensations, and benefits.
<b>Investors/ Shareholders</b> Owners and providers of capital	Annual General Meetings, investors relations forum, quarterly and annual financial report, sustainability report, newsletters	Continuous	Business Strategy, financial performance, dividends, bonus shares, corporate governance, board composition, corporate actions, external reporting, ESG compliance

We continuously strive to proactively engage our key stakeholders on their concerns and interests and take steps to address them. This way, we elicit trust and build cordial relationships with critical stakeholders.

Plant management teams are generally responsible for managing stakeholder relationships in host communities. Wherever necessary, they are supported by the Group's Corporate Communications Department and the Social Impact and Community Relations management team. Any major concern identified during the stakeholder engagement process is escalated to the executive management and ultimately, to the Board of Directors.

The thoroughness with which we conducted our 2019 surveys demonstrate the priority that we attach to effective stakeholder engagement.

### Stakeholder management initiatives in 2019

As part of our strategic commitment towards improving our Environmental, Social and Governance (ESG) performance, we deployed an automated, third party technology platform to administer the 2019 ESG survey, as our way of guaranteeing data credibility and anonymity of internal and external respondents. To further enhance the credibility and integrity of this exercise, an independent sustainability consultant, was contracted to revalidate key outcomes using Focused Group Discussions (FGDs) and Key Informant Engagements (KIEs), with our Obajana and Ibesse plants as samples. The consultants conducted one-on-one interviews with randomly selected employees and members of the communities. The community respondents were clustered into three groups: men, women, and youths. Thereafter, the consultants analysed and reported the final survey outcome. Details on this initiative is found on the Dangote Sustainability Surveys section of this report.

### Culture based on ethics and integrity

We recognise that a culture of ethics and integrity is critical to achieving our long-term sustainable growth. This is why we continuously strive to build a workplace where these values are promoted and rewarded. Our Board Audit, Compliance and Risk Management Committee is mandated to oversee the Company's compliance programmes and adherence to the Code of Business Ethics.

The Board is guided by our Directors' Code of Ethics, which 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.

To ensure business integrity and continuity, we prioritise legal and regulatory compliance, effective risk management, transparency, accountability, and timely disclosure of our financial and nonfinancial performance to our esteemed stakeholders.

# The Dangote Way

## Institutional continued

### ESG Compliance

Dangote Cement Plc is a responsible corporate citizen. We therefore understand that we should not carry out our business operations at the expense of the environmental and social wellbeing of our stakeholders and the larger society.

In all the economies where we operate, we ensure compliance with all applicable laws and regulations. We are governed by the code of corporate governance in our different markets and adhere strictly to anticorruption and anti-competitive behaviour regulations.

We are also mindful of the social practices of our local and international partners and strive to encourage and support environmental, social and governance best practices within our sphere of business influence, including our supply chain.

As part of our sustainability journey, we strive to ensure compliance with relevant ESG principles, laws, and regulatory requirements such as the United Nations Global Compact Ten Sustainability Principles, the Nigerian Stock Exchange Sustainability Disclosure Guidelines, the SEC Code of Corporate Governance, the Nigerian Code of Corporate Governance, GRI Sustainability Reporting Standards, and other applicable regulations in the different markets where we operate. We also endeavour to benchmark our ESG performance with local and global peers, and best practices.

In the year under review, we recorded zero cases of non-compliance (including ESG non-compliance) in Nigeria and other operations across Africa. Our 2019 Socioeconomic Impact Assessment study estimates the savings for the business, from zero regulatory compliance fines at N5.1 billion. According to the study, another positive fallout of the zero incidents of ESG non-compliance includes the possibility of accessing funding from the global pool of ESG investment funds, estimated at \$30 trillion as at 2018.

### ESG Performance Benchmarking – local and global peers

As part of our commitment to continuous self-assessment and performance improvement, in 2019 we contracted an internationally recognised ESG consultant to conduct an Environmental, Social and Governance (ESG) benchmarking of our performance across the Dangote's 7 Sustainability Pillars, against the performance of a number of local and global industry peers such as Lafarge, Cemex, Heidelberg Cement, PPC, CRH, and Afrisam.

The ESG benchmarking assessment was done using various ESG benchmarking resources, including the RepRisk ESG Risk Assessment Report (February 25, 2020); MSCI ESG Rating Report (November 28, 2019); Carbon Disclosure Project (CDP) 2019; DCP 2018 and 2019 Sustainability Report, among others.

The insights from these resources offer a broader perspective for assessing our ESG performance and enable us to identify and improve on our sustainability performance gaps. The Sustainability Assessment results suggest that DCP is already taking substantial steps towards understanding and addressing material ESG issues.

According to the ESG benchmarking results, some of the aspects where DCP is performing within or above the global industry ESG performance average are:

- Diversity in the workforce;
- Support for local sourcing and procurement;
- Support for local capacity building and training;
- Focus on employment creation, especially for the youth population;
- Socio-economic value creation for key stakeholders;
- Social investment and community engagement.

We are committed to continuously improving our performance in all material ESG indicators and will continue to put measures in place to achieve this.

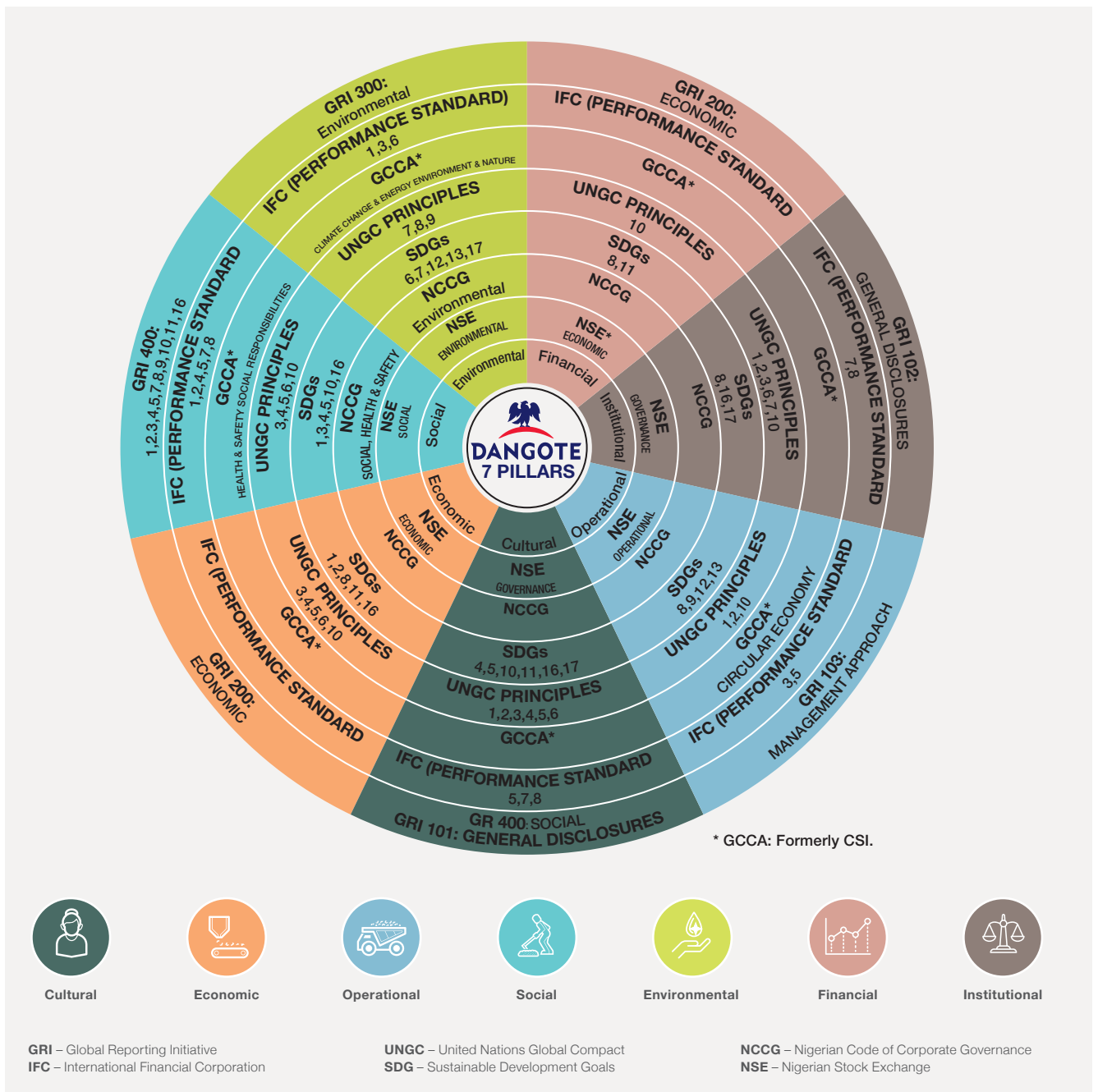


## Corporate governance

### Sustainability approach

At Dangote Cement, our approach to sustainability is centred around our people. This is why we prioritise having in place the right strategy, structures and processes that motivate our employees to deliver on our sustainability agenda. The Dangote Sustainability journey was institutionalised in 2017 by adopting and customising the 7 Pillar Approach – institutional, social,

economic, financial, environmental, operational, and cultural sustainability. The ethos behind our very organic sustainability culture is to be rooted in the understanding of our most junior employees and yet driven from the highest level of leadership. The 2017 mandate from the Board and Management was to “operationalise sustainability”, and this is what we continuously strive to do. With the adoption of all seven pillars, every aspect of our business operations is touched and involved in the agenda to build a sustainable company and global brand.



# The Dangote Way

## Institutional continued

During the reporting period, we made efforts to further institutionalise sustainability and rolled out several initiatives that bolstered the active involvement of our employees and management. Our 2019 Sustainability Week for example, was a remarkable improvement on that of the previous year, with impacts that were significant and measurable. Also, in 2019, we broadened the scope of our annual surveys, from internal stakeholders only in 2018 to cover communities, investors and employees, and with plans to include supply chain actors in 2020.

Our sustainability initiatives foster active participation of our over 600 Sustainability Champions and Leads across our pan African operations. We are particularly pleased about the high-level of engagement with internal stakeholders as we operationalise Sustainability across our business units. We are focused on not just enhancing our positive environmental and social impacts and mitigating our negative footprints, but also on leveraging the opportunities and business innovation that a culture of sustainability brings.

In 2019, as a reflection of our commitment to improving our ESG performance, sustainability governance at Dangote Cement received a boost, with the emergence of the Sustainability and Technical Board Committee chaired by Sir Michael Davies. This Committee reports to the full DCP Board and is mandated to ensure that we effectively discharge our sustainability responsibilities across the 7 Pillars and across all functions.

Series of trainings were conducted for our champions and some other members of the workforce in 2019, including the 'Operationalizing Sustainability' series, facilitated by the University of Edinburgh in April and May 2019, as well as the 'Sustainable Transport Management' training that held in Ibesse in December 2019. Our key ESG function owners were also trained and certified on ISO- 26000 (Social Responsibility) Lead Implementer and Lead Auditor programs, between November and December 2019.

We are aware of the importance of keeping track of and measuring our key performance indicators on environmental and social stewardship. In 2019, we achieved a major milestone with the deployment of a third-party data management tool that would enable us capture and manage our ESG data, real-time, from 2020. This will significantly enhance our understanding of the alignment between Sustainability and Business Performance, going forward.

We also understand that internal and external stakeholders' feedback is crucial to our sustainability journey and must therefore be factored into the business decisions that we take and as a key requirement in compliance with the GRI Standards.

We remain focused on building a workplace where best environmental, social and governance practices are entrenched, and this has been bolstered by the strong leadership support that sustainability enjoys at Dangote Cement.

# The Dangote Way

## Our 7 Sustainability Pillars



### Cultural

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. To achieve this, we actively encourage and promote teamwork, diversity, employee empowerment, inclusion, equity, integrity.



### Economic

Promote inclusive, economic growth, self-reliance, self-sufficiency and industrialisation in the different markets where we operate, and create sustainable value for all key stakeholders.



### Operational

Serve and satisfy our markets by working together with partners to deliver best quality products and services to our valued customers, through continuous product improvement, new business development, employing state-of-the-art technologies and innovation.

## Our 7 Pillars and the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) adopted by United Nations member states in 2015 represent an interconnected agenda of 17 goals underpinned by 169 detailed targets. They support the transformation of society with an unprecedented roadmap while setting a common direction and ambition level for global and business leaders, with the objective of creating a thriving, more equitable society. The expectation is that businesses, alongside governments and civil society, will make a significant contribution towards achieving the goals.

At Dangote Cement, the SDGs have been directly linked with our Seven (7) Sustainability Pillars as well as the triple bottom-line (People, Planet, Profit). The SDG targets help to focus our environmental, social and economic impact drive as a responsible business. The Goals also create a common platform for dialogue and engagement with key stakeholders.

Our Cultural Pillar essentially provides the framework for integrating sustainability into our business processes and practices, backed by Board and Executive Management's unwavering support. It demonstrates our commitment to fostering a corporate culture that aligns sustainability "thinking" with sustainability "doing", and plays a unique and important role in supporting our drive towards sustainable development in all the markets where we operate.



### Social

Create a learning environment and platform for our employees to grow and achieve their fullest potential, whilst adhering to the highest standards of health and safety. In our host communities, we strive to develop resilient and sustainable prosperity through direct and indirect.



### Environmental

Create sustainable environmental management practices, through a proactive approach to addressing the challenges and opportunities of climate change, while optimising our performance in energy efficiency, responsible water usage, waste reuse and recycling and reductions in emission and environmental footprints.



### Institutional

Build a world-class institution centred around corporate governance best practices and sustainability principles that promote legal and regulatory compliance, proactive risk management, transparency, ethics and business continuity.



### Financial

Achieve sustainable financial health through a business model that delivers strong returns to shareholders, whilst creating value in the economies in which we operate, by selling high quality products at affordable prices, supported by excellent customer.

# The Dangote Way

## Institutional continued

### Our reporting practice

Dangote Cement Plc previous sustainability report was published in May 2019, covering 1st January to 31st December 2018 ESG activities and performance. The scope of the annual report covered mostly Nigerian operations with case studies drawn from some of our Pan African operations. The scope of this 2019 Sustainability report covers Senegal, South Africa, Ethiopia, and Nigeria, with case studies from some of our other operations. It is embedded as part of our annual report and covers our activities from 1st January to 31st December 2019.

This report has been prepared in accordance with the GRI Standards: Core option. As part of the reporting process, we carried out extensive stakeholder engagement activities and a materiality assessment survey to determine key issues of concern and interest for our key stakeholders. The outcome of this exercise, as well as our economic, environmental, and social impact, significantly influenced the material topics covered in this report.

The data presented in this report has been collected, reviewed, and internally validated to ensure completeness, reliability and accuracy and represents the most comprehensive and correct information as at the time of publication.

This year's report is written as part of the company's Annual Financial Report and is structured along the lines of the 7 Sustainability Pillar Methodology, as a major step towards our planned Integrated Reporting.

The Pillars cover, institutional, cultural, social, financial, economic, operational, and environmental sustainability and are a reflection of our business impact materiality. In embracing all 7 Pillars, we wish to underline our commitment to embedding sustainability principles across our entire value chain.

Limited external assurance was carried out by Deloitte on some indicators in the report, using the ISAE 3000 Standards, in line with non-financial reporting assurance principles.

We are committed to achieving regulatory compliance and have benchmarked our reporting against various local and global standards, including GRI Sustainability Reporting Standards, Global Cement and Concrete Association (GCCA), United Nations Global Compact (UNGC), Sustainable Development Goals (SDGs), Securities & Exchange Commission (SEC) Code of Corporate Governance and the Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines, all of which provide guidance on best practices for driving a sustainable business.

Dangote 7 sustainability pillars & the triple bottom-line





# Delivering strong and sustainable returns for our shareholders



## Financial standards

Our Financial Sustainability Pillar focuses on achieving sustainable financial health through a business model that delivers strong returns to shareholders, whilst creating value in the economies in which we operate, by selling high-quality products at affordable prices, supported by excellent customer service.

As a corporate institution with a diverse pool of investors, we are committed to driving our financial performance to ensure optimal returns for our valued stakeholders. To achieve this, we are focused on developing best quality cement delivered to target markets at fair and affordable prices. We continuously drive strong and sustainable growth and profit, and the sustainable expansion of our business across the African continent.



Revenue down 1.1%

**₦891.7B**

2019	₦891.7B
2018	₦901.2B
2017	₦805.6B

Revenue down 1.1% due to higher level of discounts.

EBITDA down 9.2%

**₦395.4B**

2019	₦395.4B
2018	₦435.3B
2017	₦388.1B

EBITDA down 9.2% due to higher level of discounts, additional marketing expenses and increase in haulage costs.

Maintained strong dividend per share

**₦16.00**

2019	₦16.00
2018	₦16.00
2017	₦10.50

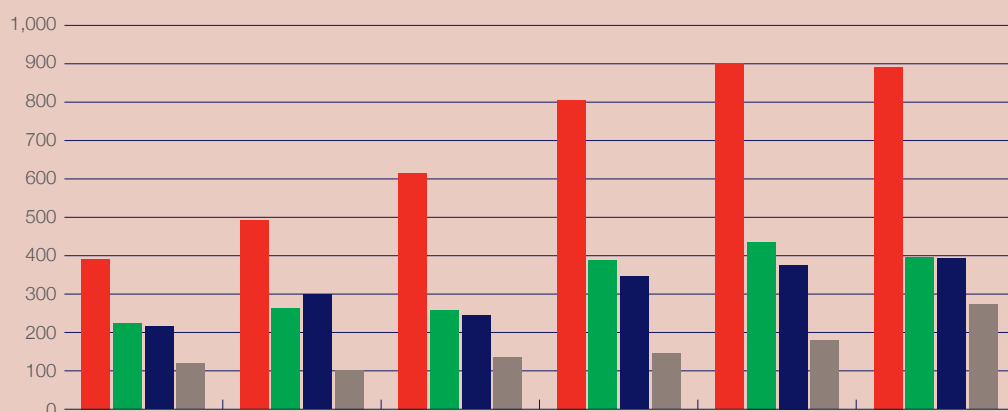
Strong dividend at ₦16.00 per share.

We ensure that we create economic value for all our stakeholders, including shareholders, investors, employees, customers, distributors, governments and the larger society. As a business that strives to maintain its relevance to the present and future generations, we identify, document, mitigate, measure and monitor all material risks and opportunities that the phenomenon

of climate change portends for our business and hedge/leverage these risks and opportunities for optimal financial performance.

We believe that by developing a culture of sustainability across our 7 pillars, which we have adopted as “The Dangote Way”, we lower our business risk profile which enables access to new forms of capital and strengthens our global brand.

**Strong financial growth, ₦B**



	2014	2015	2016	2017	2018	2019
Revenue	391.6	491.7	615.1	805.6	901.2	891.7
EBITDA	223.4	262.4	257.2	388.1	435.3	395.4
Cash flow from operations	215.3	299.5	243.9	345.4	375.3	426.1
Dividend paid	119.3	102.2	136.3	144.8	178.9	272.6



# Creating value for our shareholders



**Guillaume Moyen**  
Acting Group Chief Financial Officer

## Financial highlights

Year ended	31st December 2019 '000 tonnes	31st December 2018 '000 tonnes
<b>Volume of cement sales</b>		
Nigeria	14,119	14,178
Pan-Africa	9,447	9,370
Inter-company sales	—	(13)
<b>Total cement sold</b>	<b>23,566</b>	23,535

Year ended	31st December 2019 ₦'million	31st December 2018 ₦'million
<b>Revenue by region</b>		
Nigeria	610,247	618,301
Pan-Africa	282,710	283,262
Inter-company sales	(1,286)	(350)
<b>Total revenue</b>	<b>891,671</b>	901,213

Year ended	31st December 2019	31st December 2018
Group EBITDA*	395,427	435,261
EBITDA margin	44.3%	48.3%
Operating profit	299,893	338,698
Profit before tax	250,479	300,806
Earnings per ordinary share (Naira)	11.79	22.83
Total assets	1,741,351	1,694,463
Net debt	227,531	168,405

\* Earnings before interest, taxes, depreciation and amortisation.

Revenue decreased slightly by 1.1% from ₦901.2 billion to ₦891.7 billion, driven by reduced average net prices for both Nigeria and Pan-Africa. Net revenue per tonne in Nigeria amounted to ₦43,221 in 2019 as compared to ₦43,610 in 2018 representing a decrease of 0.9%.

Cement volumes sold by our core Nigerian operations remained broadly constant at 14.12Mt (2018: 14.18Mt) with increased local sales due to promotion activities being offset by the decline in exports due to the border closure. Sales to domestic customers in Nigeria increased by 1.9% from 13.41Mt to 13.67Mt with the remaining 0.45Mt being exported representing a decrease of 41% in export volumes.

Full year Pan-African cement increased by 0.8% from 9.37Mt to 9.45Mt. Including clinker, Pan-African cement was 9.6Mt.

### Manufacturing and operating costs

Year ended	31st December 2019 ₦'million	31st December 2018 ₦'million
Materials consumed	<b>117,239</b>	122,581
Fuel and power consumed	<b>122,851</b>	133,528
Royalties	<b>1,817</b>	1,134
Salaries and related staff costs	<b>32,955</b>	31,557
Depreciation and amortisation	<b>65,254</b>	64,544
Plant maintenance costs	<b>28,766</b>	29,562
Other production expenses	<b>7,750</b>	9,199
Increase in finished goods and work in progress	<b>3,357</b>	(8,794)
<b>Total manufacturing costs</b>	<b>379,989</b>	383,311

In general, manufacturing costs decreased as a result of reduced volumes in Ghana, South Africa and Cameroon. This was partially offset by the increase in Nigeria manufacturing costs from ₦170.3 billion to ₦181.0 billion (mainly due to general inflation and foreign exchange impacts on USD denominated expenses) and increased production costs in Tanzania, Congo and Sierra Leone driven by volumes increase. Pan Africa manufacturing costs decreased by 6.6% from ₦213.3 billion to ₦199.0 billion.

Consequently, the total Group manufacturing costs decreased by 0.9%.

### Administration and selling costs

Year ended	31st December 2019 ₦'million	31st December 2018 ₦'million
Administration and selling costs	<b>214,769</b>	189,426

Total selling and administration expenses rose by 13.4% to ₦214.8 billion, mostly as a result of higher sales distribution costs in Nigeria and Pan Africa. Although the total volumes sold in Nigeria remained flat, the proportion delivered by our trucks increased resulting in increased haulage costs. Haulage costs in Nigeria increased from ₦56.7 billion to ₦70.7 billion.

The trend was the same in Pan-Africa as we delivered a higher proportion of the sales volume as compared to 2018 resulting in the Pan Africa haulage costs increasing from ₦31.3 billion to ₦36.5 billion.

In addition, various promotion schemes were deployed in Nigeria which drove the increase in advertising and promotion costs.

### Profitability

Year ended	31st December 2019 ₦'million	31st December 2018 ₦'million
EBITDA	<b>395,427</b>	435,261
Depreciation and amortisation	<b>(95,534)</b>	(96,563)
<b>Operating profit</b>	<b>299,893</b>	338,698

### EBITDA by operating region

	31st December 2019 ₦'million	31st December 2018 ₦'million
Nigeria	<b>361,204</b>	397,377
Pan-Africa	<b>47,858</b>	49,062
Central costs and inter-company sales	<b>(13,635)</b>	(11,178)
<b>Total EBITDA</b>	<b>395,427</b>	435,261

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the year decreased by 9.2% to ₦395.4 billion at a margin of 44.3% (2018: ₦435.3 billion, 48.3%) as a result of the reduced net prices in Nigeria and the increase in selling and distribution costs both in Nigeria and Pan Africa.

Excluding eliminations and central costs, EBITDA decreased by 9.1% in Nigeria, to ₦361.2 billion at a margin of 59.2% (2018: ₦397.4 billion, 64.3%).

Pan-African EBITDA decreased by 2.5% to ₦47.9 billion, at 16.9% margin (2018: 17.3%), driven by lower volumes in South Africa, Ethiopia & Zambia.

Operating profit of ₦299.9 billion was 11.5% lower than the ₦338.7 billion for 2018 at a margin of 33.6% (2018: 37.6%) driven by higher discounts in key markets and distribution costs.

# The Dangote Way

## Financial continued

### Interest and similar income/expense

	31st December 2019 ₦'million	31st December 2018 ₦'million
Interest income	7,610	11,323
Exchange loss	(13,481)	(8,112)
Interest expense	(44,192)	(41,666)
<b>Net finance income/(cost)</b>	<b>(50,063)</b>	<b>(38,455)</b>

Interest income decreased by 32.8%, mainly as a result of reduced interest earning cash balances in Nigeria.

During the year to December 2019, the Nigerian Naira was devalued from about ₦359/1US\$ to ₦365/1US\$. The devaluation resulted in net exchange gains from inter-Group assets and liabilities that do not eliminate in full on consolidation in the Nigerian operations. This exchange gain was outweighed by the unrealised exchange losses from Pan-Africa operations that use the FCFA, Sierra Leonean Leone and the Ghana Cedi resulting in a net exchange loss.

The effective interest rate on borrowings was 10.87% compared to 10.68% in 2018.

### Taxation

	31st December 2019 ₦'million	31st December 2018 ₦'million
Tax (charge)/credit	(49,958)	89,519

Prior to 2018, we made a tax provision on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were yet to obtain approval for tax holiday under the Pioneer Status Incentive. The approval was obtained in 2018 and the provision of ₦134 billion was reversed resulting in the tax credit of ₦89.5 billion for the 2018 financial year.

In 2019 the effective tax rate for Nigerian operations was 17.1% representing a mix of non-taxable income for productions lines still under the Pioneer tax holiday and taxable income for production lines out of Pioneer tax exemption.

The Group's effective tax rate was higher at 19.9%, mainly because of Pan-African subsidiaries making losses that reduced the Group's profit without direct tax benefits for those losses.

The Group's profit for the year was down 48.6% to ₦200.5 billion (2018: ₦390.3 billion). As a result, earnings per share decreased by 48.4% to ₦11.79 (2018: ₦22.83).

### Financial position

As at	31st December 2019 ₦'million	31st December 2018 ₦'million
Property, plant and equipment	1,206,749	1,171,864
Other non-current assets	124,203	87,792
Intangible assets	3,663	5,969
<b>Total non-current assets</b>	<b>1,334,615</b>	<b>1,265,625</b>
Current assets	282,833	261,942
Cash and bank balances	123,903	166,896
<b>Total assets</b>	<b>1,741,351</b>	<b>1,694,463</b>
Non-current liabilities	105,341	86,619
Current liabilities	386,639	285,930
Debt	351,434	335,301
<b>Total liabilities</b>	<b>843,414</b>	<b>707,850</b>

Non-current assets increased from to ₦1,265.6 billion at the end of 2018 to ₦1,334.6 billion at 31st December 2019. This was mainly as a result of additions to Property, Plant & Equipment which were partially offset by depreciation.

Additions to property, plant and equipment were ₦175.0 billion, of which ₦131.6 billion was spent in Nigeria and ₦43.3 billion in Pan Africa operations.

In addition to the acquisition of fixed assets, right of use assets amounting to ₦12.0 billion were recognised for the first time following the adoption of IFRS 16. This also contributed to the increase in non-current assets.

There was an increase in advances from customers in Nigeria which resulted in the significant increase in the current liabilities. In addition, payables to contractors also increased.

## Movement in net debt

	Cash ₦'million	Debt ₦'million	Net debt ₦'million
As at 31st December 2018	166,896	(335,301)	(168,405)
Cash from operations before working capital changes	392,258	—	392,258
Change in working capital	34,391	—	34,391
Income tax paid	(4,601)	—	(4,601)
Additions to fixed assets	(174,952)	—	(174,952)
Other investing activities	(220)	—	(220)
Change in non-current prepayments and payables	(2,090)	—	(2,090)
Net interest payments	(28,382)	—	(28,382)
Net loans obtained (repaid)	17,432	(17,432)	—
Dividend paid	(272,785)	—	(272,785)
Other cash and non-cash movements	(4,044)	1,299	(2,745)
<b>As at 31st December 2019</b>	<b>123,903</b>	<b>(351,434)</b>	<b>(227,531)</b>

Cash of ₦392.3 billion was generated from operations before changes in working capital. After net movement of ₦34.4 billion in working capital and tax payments of ₦4.6 billion, the net cash flow from operations was ₦426.1 billion.

Financing outflows excluding overdrafts of ₦295.1 billion (2018: ₦257.1 billion) reflected net loans received of ₦13.5 billion, interest paid of ₦34.8 billion and a dividend payment of ₦272.8 billion.

Cash and cash equivalents (net of bank overdrafts used for cash management purposes) decreased from ₦159.0 billion at the end of 2018 to ₦112.1 billion at 31st December 2019. With net loans received at ₦13.5 billion and decrease in cash balances of ₦43.0 billion, net debt increased by ₦59.1 billion from ₦168.4 billion at the end of 2018 to ₦227.5 billion at the end of 2019, giving a net debt to EBITDA ratio of 0.58x, reflecting the continuing strong cash generation achieved by the Group.

## Capital expenditure by region

	Nigeria ₦million	Pan-Africa ₦million	Total ₦million
Nigeria	131,610	—	131,610
Senegal	—	1,711	1,711
Cameroon	—	1,072	1,072
Congo	—	2,519	2,519
Ghana	—	2,094	2,094
Cote d'Ivoire	—	10,450	10,450
South Africa	—	210	210
Niger	—	455	455
Ethiopia	—	631	631
Tanzania	—	21,488	21,488
Zambia	—	2,464	2,464
Other	—	248	248
<b>Total</b>	<b>131,610</b>	<b>43,342</b>	<b>174,952</b>

Capital expenditure was mainly comprised of the construction of new plants in Nigeria and Pan Africa, acquisition of distribution trucks in Nigeria as well as improvements in our energy efficiency in Tanzania.

## Recommended dividend

On 25th February 2020, the Directors recommended to maintain a dividend of ₦16.00 per share for approval at the Annual General Meeting.

## Capital structure

Dangote Cement's shareholders have expressed full support to the Board and management in executing a share buyback. The process is ongoing and is dependent on various regulatory approvals. The proposed programme is being undertaken in line with the company's corporate strategy to make the company more attractive in the near-term and positioning the company for future long-term growth.

## Going concern

The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities.

The Directors believe that the current working capital is sufficient for the operations and the Group generates sufficient cash flows to fund its operations. Borrowings are mainly to fund the expansion projects in various African countries.



## Guillaume Moyen

Acting Group Chief Financial Officer  
25th February 2020

# Balancing risk and reward for success

Q&A with  
Dr Adenike Fajemirokun



**Q**  
**How would you describe the external business environment and its risk impact on the Group's Business during the year 2019?**

**A**  
Based on the World Bank and IMF world economic reviews and outlook, the global economy was described as being in a synchronised slow down with growth for 2019 downgraded to 3%. Trade tensions between the United States of America and China weighed significantly on global growth prospects with clear manifestation of elevated uncertainties surrounding trade and geopolitics. The IMF estimates cumulative impact of the trade tension between the USA and China to be a 0.8% drop in GDP by 2020. Growth in Sub-Saharan Africa remained robust as the 3.2% projected growth largely remained attainable, sustained mainly by the stability in oil price despite heightened geopolitical uncertainties and supply outages particularly following the attack on Saudi Aramco infrastructure. Agricultural prices declined slightly yet production volumes were good. Metal prices increased 6.7% between February 2019 and August 2019 following from record-high steel output in

China which pushed iron ore prices to five-year highs although a price drop was seen towards the last quarter of 2019. Whilst the Sub-Saharan African market experienced substantial upticks in GDP, further growth was hampered by worsening political instability, heightened armed conflict and social unrest across West and some part of East Africa. Growth prospects was also stunted by domestic risks such as delayed fiscal adjustments and weak implementation of structural reforms.

The year 2019 was an election year for our key market Nigeria and clearly there were palpitations on the part of investors particularly around policy uncertainties amid security challenges threatening some parts of the country. For a market that desires foreign direct investment this was a major setback. Our foreign reserve took a dip consistently towards the end of 2019 despite the Central Bank of Nigeria's intervention efforts to support the currency market. Whilst there was no dearth of FX, the cost of acquiring dollar took its toll on our business considering our green field project drive and our key import requirements. We closely monitored macro-economic indicators through the year which seemed weak but on an

improvement path. Infrastructure spend was restricted considering the rate of fiscal policy implementation with focus on capital expenditure which by year end was put at 56%. This was a major setback for our industry that is driven by government spend particularly around infrastructural development. The sales volume for 2019 was driven by our retail deepening strategy.

Analysts had estimated a more aggressive capex implementation by the Federal Government and a faster infrastructural development across the federating units which necessitated estimation of a five-year compounded annual volume growth of 9%. This was reinforced by the publication by the Center for Affordable Housing Finance in Africa (CAHF) which put housing production in Nigeria at approximately 100,000 units per year compared to minimum 1,000,000 units needed yearly to bridge the estimated 17 million housing deficit by 2033 at current annual population growth rate of 3.5% with the cost estimated at nearly ₦6 trillion (US\$16 billion). Whilst this holds positive vibes for the cement market, cement consumption expanded by 2.1% (compounded annual growth rate) over the last nine years. Pricing remains a key risk for the sector amid shrinking margins and

the addition of new capacity and this was clearly visible during the year.

The Nation's land borders were closed in August 2019 and this impacted our export sales volumes from Nigeria as it came down to zero export from 60,000Mt monthly export sales. This also impacted our FX earning strides significantly. We had also made investments in trucks to improve our export fleet in anticipation of our peak season prior to the border shut down. This had both cost and sales loss implications for our business

**Q**  
**How did the Business manage these risk impacts?**

**A**  
The sales volume for the year was driven by the retail segment of our market. From our review of the 2019 Budget implementation, we reiterated the need to downplay fiscal spend as a key positive assumption for forecast considering it was a key scenario for stress testing our projections as always. Our sales strategy for 2019 built on the success of 2018 sales strategy which focused on the retail segment of the market which helped us to deepen our customer base with focus on managing concentration risks. The Group continued to focus on other marketing mixes beyond pricing as we embarked on further market research on extending our product portfolio – a more target solution delivery which gave multiple price points tied to customers' needs. This strategy has helped the Group address customer choices further. We anticipate getting into consolidation mode as we seek to balance our capacity and market share.

Following our drive to further deepen our retail customer base, we embarked on the National consumer promo which was a strategy targeted at making our product the first choice of the end user across the country. We rewarded brand loyalty as consumers won brand new vehicles and other lofty prizes. This promo resulted in incremental sales volume when compared with the sales performance of the previous year.

We are almost at the completion phase of our Export Terminal project which would facilitate the export of clinker and cement by sea. We anticipate this should give an upward swing to our export aspirations and FX earning capability. This project is expected to be completed by the first quarter of 2020.



# The Dangote Way

## Risk management continued



**Dr Adenike Fajemirokun**  
Group Chief Risk Officer

# Improving risk management

Good risk management is essential for the creation of a robust institutional framework that enables us to deliver a long-term and sustainable increase in value for our stakeholders.

### **The risk management process**

We believe the identification and management of risk are central to achieving the corporate purpose of creating long-term shareholder value. Our approach to risk is set out below. The principal aim of DCP's risk management governance structure and internal control systems is to identify, evaluate and manage risks with a view to enhancing the value of shareholders' investments and safeguarding assets.

Our risk management process is disciplined and methodical to ensure value addition and value protection for the Group. The process ensures the appropriate ownership of risk and accountability of all stakeholders in the risk management value chain whilst ensuring collaboration between Risk Management and Process Owners across the business. Measurement of risk takes into consideration our risk appetite tolerance limits to avoid misrepresentation of our risk profile.

### **Risk identification and assessment**

We believe that excellent risk management starts with the right conversations to drive better business decisions hence we embed accountability for managing risk into our business structures. Procedures for identifying risks are applied at department, country and group levels. Qualitative and quantitative tools deployed to manage this process effectively across the organisation include the conduct of Risk and Control Self-Assessments, monitoring of Key Risk Indicators, and Loss Incident Reports are deployed to manage the process effectively. These processes are supplemented with ad-hoc, on-site assessments or incident assessments when unexpected high risks are envisaged or occur.

### Risk measurement and prioritisation

This requires the quantification of the consequences of potential risks or actual risk incidents for the proper understanding of risk taking or risk exposure by relevant stakeholders. Dangote Cement's overall risk rating is based on the severity of impact for damage from specific risk, multiplied by its probability of occurrence.

### Risk control and reporting

Following proper identification, quantification and treatment of existing and potential risks, mitigation strategies are recommended, implemented, monitored and reported to the Executive Committee on a monthly basis and to the Board on a quarterly basis. Where necessary, special risk reports are sent to relevant stakeholders on a need-to-know basis. The Board Audit Compliance and Risk Management Committee reviews risk reports and approves the implementation of recommended risk control measures.

### Risk monitoring

The Group Risk Management Department, headed by the Group Chief Risk Officer is responsible for coordinating all the risk management processes implemented across the Group and ensures that risk controls are duly implemented. Where risk controls remain outstanding, the Department ensures timely escalation to relevant approving authorities for the required budgetary approvals or control modifications. The risk monitoring process sometimes leads to the identification and assessment of new risks that are then analysed using the process flow previously described.

### Three lines of defence

Our Risk culture in Dangote Cement is driven by key principles embedded in our Enterprise Risk Management Framework. These principles are built around the Three Lines of Defence.

The First Line of Defence comprises the revenue generating and customer facing areas, alongside all associated support functions. The First Line identifies the risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence. It continuously monitors risk positions and reports inherent risks to relevant stakeholders.



The Second Line of Defence comprises Risk and Compliance employees and both functions oversee the First Line, setting the limits, rules and constraints, consistent with the Risk Appetite of the Group. It ensures a holistic approach to risk management and risk reporting.

The Third Line of Defence comprises Internal Audit employees providing independent assurance to the Board and Executive Management. The Legal function does not sit in any of the three lines but supports all three levels of defence and plays a role in overseeing Legal Risk.

The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational risks. Together with a governance process through the Board Audit Compliance and Risk Management Committee and Board level forums of DCP subsidiaries, the main Board of Dangote Cement Plc receives regular information on the risk profile of the Group and has

ultimate responsibility for risk appetite and capital plans.

### Risk appetite

At Dangote Cement all decisions must balance risk and reward to ensure all activities are economically profitable after due consideration of risk. Dangote Cement's risk appetite is always considered when making such decisions. Our Board has responsibility for determining the level of risk that will be taken. The Board determines the overall strategic direction for the business and as part of this process, determines the Group's risk appetite.

The Risk Appetite of the organisation defines the level of risk we are willing to take as a business for the different risk types, whilst considering varying levels of financial and nonfinancial stress factors. Risk Appetite is key for our decision-making process, including business planning, operations, new product reviews and approvals alongside business change initiatives. Following the Board's approval of the risk appetite

# The Dangote Way

## Risk management continued

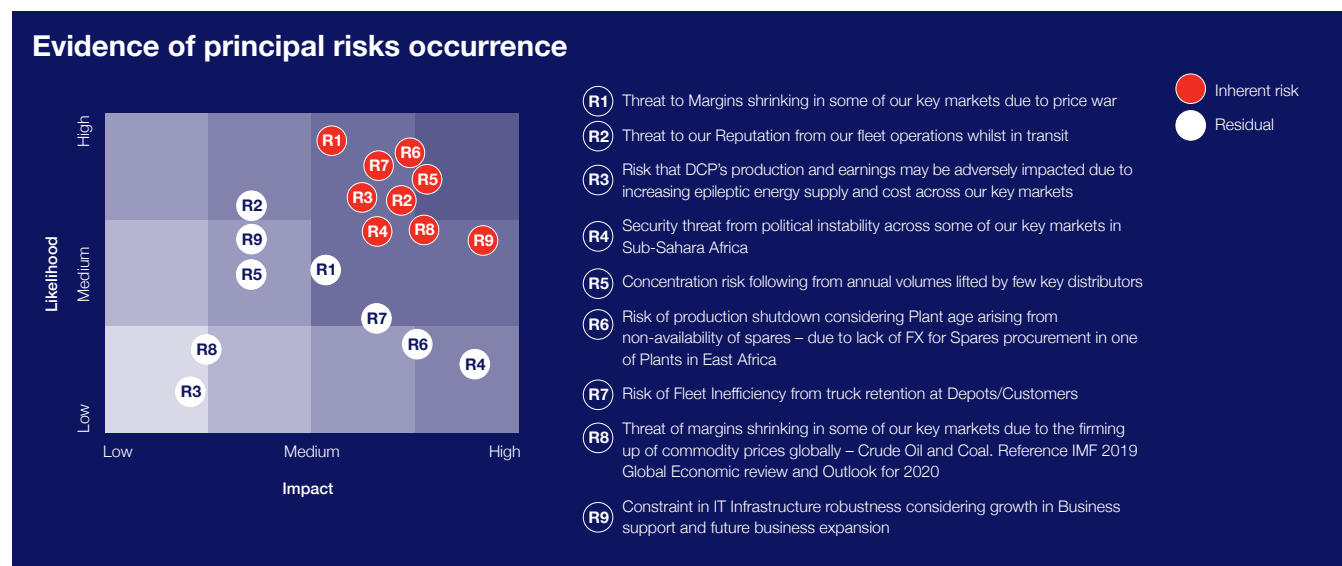


statement, the year under review saw the Risk Management function commence the process of quantification of the risk appetite statement hinged on converting the Group's qualitative risk appetite statement to a series of metrics hence translating specific value drivers into series of limits and tolerance levels for different levels of impact classification ranging from Insignificant to Catastrophic. Tolerance levels define

escalation requirements that enable appropriate actions to be considered and implemented as required.

By applying scale limits across our strategic and operational activities Pan-African wide, we control specific activities that may have material concentration and impact on our business. The management of risk is embedded in each level of our business, with staff being responsible for the understanding

and management of these risks. This is carried out by specifying responsibilities according to the 'Three Lines of Defence with each Line of Defence overseen by responsible personnel thus preserving a strong design, implementation, remediation, monitoring and testing framework focused on independence and robust governance.



# Principal risks

## Current risk profile

The Risk Management process facilitates the identification and prioritisation of risks through discussions and workshops with Executive Management and business leaders facilitated by the Risk Management function. During the year significant risks are reviewed through a bottom up and top down process at both the business unit and Group levels to ensure awareness and appropriate prioritisation. A risk that can significantly affect the performance, prospects or the reputation of the Group is termed principal risk and these risks are aligned to the Group's strategic objectives set out on page 32. Details of the Group's principal risks are documented and maintained in the risk register of the business. Each principal risk is reviewed by the Board Audit Compliance and Risk Management Committee quarterly. Our principal risk is detailed below.

Principal Risk	Impact	Mitigation	Change
<b>Threat to margins shrinking in some of our key markets due to price war</b>  <a href="#">Link to Strategic Objectives</a>	<ul style="list-style-type: none"> <li>Constant shrinking of EBITDA margins from price</li> </ul>	<ul style="list-style-type: none"> <li>Cost optimisation with key focus on fuel mix to drive down production cost</li> <li>Development of a product portfolio mix with multiple price points tied to customers' needs. This helps us achieve parity in price trade-off and margins</li> </ul>	
<b>Threat to our reputation from our fleet operations whilst in transit</b>  <a href="#">Link to Strategic Objectives</a>	<ul style="list-style-type: none"> <li>Reputational damage reducing trust amongst our host communities in our countries of operation and other stakeholders.</li> <li>Economic impact arising from potential litigation and loss of patronage.</li> </ul>	<ul style="list-style-type: none"> <li>Driver Re-orientation through mind set change initiative programmes</li> <li>Driver Certification and Recertification Programmes</li> <li>Effective implementation of incidence management with robust investigation analysis, implementation of recommended action plans and follow-up</li> </ul>	
<b>Risk that DCP's production and earnings may be adversely impacted due to increasing epileptic energy supply and Cost across our key market</b>  <a href="#">Link to Strategic Objectives</a>	<ul style="list-style-type: none"> <li>EBITDA margins significantly impacted from increased energy cost.</li> </ul>	<ul style="list-style-type: none"> <li>Constant engagement with Power Authorities for load shedding agreements</li> <li>On-going review of possible Investment in own power plant in some of these key markets</li> </ul>	
<b>Security threat from political instability across some of our key markets in Sub-Sahara Africa</b>  <a href="#">Link to Strategic Objectives</a>	<ul style="list-style-type: none"> <li>Threat to Dangote Cement employees, Plant and supply chain</li> <li>Disruption of our ability to operate in key markets</li> </ul>	<ul style="list-style-type: none"> <li>Constant monitoring of local security situation</li> <li>On-going work on "Dangote Cement Business Continuity and Crisis Management Systems"</li> <li>In-country security personnel overseeing people and ensuring physical security is guaranteed</li> </ul>	

# The Dangote Way

## Principal risks continued

### Current risk profile continued

Principal Risk	Impact	Mitigation	Change
<p><b>Concentration risk from annual volumes lifted by few key distributors</b></p> <p>Link to Strategic Objectives</p>	<ul style="list-style-type: none"> <li>Broadening gap with regards to closeness to trade considering absence of feet on the street</li> <li>Possible loss of market share following loss of any key distributor</li> </ul>	<ul style="list-style-type: none"> <li>We are constantly tracking the migration of small customers into the big lift league which is in sync with our drive to win on street and retail with clear cut outlook for target market, market segments – A solution delivery which gives multiple price points tied to customers needs</li> <li>Depot led growth initiatives across our key markets</li> </ul>	
<p><b>Risk of production shutdown considering Plant age arising from non-availability of spares – due to lack of FX for Spares procurement in one of Plants in East Africa</b></p> <p>Link to Strategic Objectives</p>	<ul style="list-style-type: none"> <li>Loss of market share and brand confidence from possible low production output</li> </ul>	<ul style="list-style-type: none"> <li>Working closely with the in-country regulator of the financial services sector for the sourcing of FX to fund import requirements</li> <li>Constant engagement with Commercial Banks to fund import requirements through LC from their FX allocation</li> </ul>	
<p><b>Risk of fleet inefficiency from truck retention at depots/customers</b></p> <p>Link to Strategic Objectives</p>	<ul style="list-style-type: none"> <li>Impacts trucks availability for dispatch</li> <li>Loss of market share as a result of reduced market reach</li> </ul>	<ul style="list-style-type: none"> <li>We reviewed our Transport operations from a strategy, structure, process and IT perspective to improve efficiency and optimisation of our fleet. Implementation of key recommendations as approved by the Board Technical and Sustainability Committee to commence in 2020</li> <li>We have introduced “Depot Distribution Trucks” to aid distribution around depots and to customers</li> <li>Depot led growth initiatives across our key markets by creating depot hubs with a view to serving surrounding markets</li> </ul>	



Principal Risk	Impact	Mitigation	Change
<p><b>Threat of margins shrinking in some of our key markets due to the firming up of commodity prices globally – Crude Oil and Coal. Reference IMF 2019 Global Economic review and Outlook for 2020</b></p> <p><a href="#">Link to Strategic Objectives</a></p>	<ul style="list-style-type: none"> <li>EBITDA margins significantly impacted from increased transport and coal cost</li> </ul>	<ul style="list-style-type: none"> <li>Rate negotiations based on early payment to Transporters in some of our Pan-African locations without own fleet</li> <li>On-going review of possible Investment in own coal mine in some of our Pan-African operations</li> </ul>	
<p><b>Constraint in IT Infrastructure robustness considering growth in Business support and future business expansion</b></p> <p><a href="#">Link to Strategic Objectives</a></p>	<ul style="list-style-type: none"> <li>Service interruptions which can be detrimental to all aspects of the business cycle which depends on the availability of our ERP and ancillary applications</li> </ul>	<ul style="list-style-type: none"> <li>Review of applications with underlying changes being made to part of these application suite to reduce impact on infrastructure</li> <li>Fundamental changes currently being worked on with regards to rightsizing our IT infrastructure with focus on our primary and Secondary data Centre</li> </ul>	



# The Dangote Way

## Principal risks continued

### Strategic objectives linked to principal risks

Strategic objectives	Narratives	Key risks	On-going efforts
<b>1. Consolidated expansion across Africa</b>	<ul style="list-style-type: none"> <li>Grow and diversify across last and potentially most attractive major growth market for cement</li> </ul>	<ul style="list-style-type: none"> <li>Security threat from political instability across some of our key markets in Sub-Sahara Africa</li> <li>Constraint in IT infrastructure robustness considering growth in Business expansion</li> </ul>	<ul style="list-style-type: none"> <li>On-Going work on “Dangote Cement Business Continuity and Crisis Management Systems</li> <li>In-country security personnel overseeing people and ensuring physical security is guaranteed</li> <li>Fundamental changes currently being worked on with regards to rightsizing our IT infrastructure with focus on our primary and Secondary data Centre</li> </ul>
<b>2. Achieve leadership in key markets</b>	<ul style="list-style-type: none"> <li>Strive to obtain No 1 or N 2 position with at least 30% market share</li> </ul>	<ul style="list-style-type: none"> <li>Threat to Margins shrinking in some of our key markets due to price war</li> <li>Concentration risk following from annual volumes lifted by few key distributors</li> <li>Risk that DCP’s production and earnings may be adversely impacted due to increasing epileptic energy supply and Cost across our key market</li> </ul>	<ul style="list-style-type: none"> <li>Development of a product portfolio mix with multiple price points tied to customers needs</li> <li>Cost optimization with key focus on fuel mix to drive down production cost</li> <li>We are constantly tracking the migration of small customers into the big lift league which is in sync with our drive to win on street and retail with clear cut outlook for target market</li> </ul>
<b>3. Tap high value export market</b>	<ul style="list-style-type: none"> <li>Serve landlocked markets with high sales prices and margins, generate FX to offset imported raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Risk of production shutdown considering Plant age arising from non availability of spares – due to lack of FX for Spares procurement in one of Plants in East Africa</li> </ul>	<ul style="list-style-type: none"> <li>Constant engagement with Power Authorities for load shedding agreements</li> <li>On-going review of possible Investment in own power plant in some of these key markets</li> <li>Working closely with the in-country regulator of the financial services sector for the sourcing of FC to fund import requirements</li> <li>Constant engagement with Commercial Banks to fund import requirements through LC from their FX allocation</li> </ul>

Strategic priorities	Narratives	Key risks	On-going efforts
<b>4. Capture local markets with superior quality and service</b>	<ul style="list-style-type: none"> <li>Serve markets with delivered product instead of factory gate sales. Use financial strength to improve service and reduce costs</li> </ul>	<ul style="list-style-type: none"> <li>Risk of Fleet Inefficiency from truck retention at Depots/Customers</li> <li>Threat of margins shrinking in some of our key markets due to the firing up of commodity prices globally – Crude Oil and Coal. Reference IMF 2019 Global Economic review and Outlook for 2020</li> </ul>	<ul style="list-style-type: none"> <li>We reviewed our Transport operations from a strategy, structure, process and IT perspectives to improve efficiency and optimization of our fleet. Implementation of key recommendations as approved by the Board Technical Committee to commence in 2020</li> <li>We have introduced “Depot Distribution Trucks” to aid distribution around depots and to customers</li> <li>Depot led growth initiatives across our key markets by creating depot hubs with a view to serving surrounding markets</li> <li>On-going review of possible Investment in own coal mine in some of our pan-African operations</li> <li>Rate negotiations based on early payment to Transporters in some of our Pan-African locations without own fleet</li> </ul>
<b>5. Improve sustainability</b>	<ul style="list-style-type: none"> <li>Be most energy and CO2 efficient Company in our industry with low environmental footprint when compared to peers</li> </ul>	<ul style="list-style-type: none"> <li>Drag in Global research for alternative environmentally friendly fuel for cement production</li> <li>Threat to our Reputation from our fleet operations whilst in transit</li> </ul>	<ul style="list-style-type: none"> <li>Investment in Compressed Natural Gas to co-fuel our fleet hence improving our carbon footprint</li> <li>Key Performance indicators for managing CO2 constantly tracked</li> <li>Driver Re-Orientation through mind set change initiative programmes</li> <li>Driver Certification and Recertification Programmes</li> <li>Effective implementation of incidence management with robust investigation analysis, implementation of recommended action plans and follow-up</li> <li>Group-wide sustainability Initiatives being driven</li> </ul>

# Chairman's corporate governance report



**Aliko Dangote GCON**  
Chairman

## Improving 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.

Distinguished shareholders, Dangote Cement Plc.'s vision is to be a global leader in cement production, respected for the quality of our goods and services and for the way we conduct our business. At the same time, we are committed to achieving sustainable growth that delivers financial returns and other positive impacts for all our stakeholders. We recognise that there is a strong link between good corporate governance and creation of long-term stakeholders' value and believe it is an essential foundation upon which to build a sustainable future for our Company.

Good governance drives all aspects of the business, not just the behaviour of our Board. It guides our long-term strategy for growth and profitability, enabling us to create and increase shareholder value. Beyond financial performance, it sets out principles by which we deal with all our stakeholders, notably our colleagues, our suppliers, our customers, our host communities and those who regulate our activities. Dangote Cement is the largest public company in Nigeria, with a market capitalisation that is typically around 28% of the total capitalisation of the Nigerian Stock Exchange ("the NSE").

We are listed on the NSE's Premium Board, which we joined as a Founder Member in 2015 and which even now contains just eight companies. It is therefore my pleasure to introduce this Corporate Governance Report for 2019, which sets out the principles by which Dangote Cement is governed. It describes the activities of the Board and its Committees during the year, and shows how these activities are themselves determined by international best practices or by regulations such as the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria ("the SEC Code").

### **Corporate Governance Guidelines**

Our Board of Directors has established Corporate Governance Guidelines that provide a framework for the effective governance of the Company. The

Guidelines address matters such as the Board's mission, its structure and Committees, the responsibilities of Directors, their independence and remuneration, the role and appraisal of the Group Managing Director and our strategy for Board and Executive succession. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary.

Our governance policies and practices are designed to ensure that our business is conducted in a fair, honest and transparent manner that conforms to the highest ethical standards, enables us to build strong relationships with customers and suppliers, guarantees the welfare of all our employees, takes care of our environment and gives us the opportunity and resources to implement a programme of social investment for the sustainability of the communities in which we operate.

### The Board of Directors

At the heart of our corporate governance framework is our Board of Directors, which is responsible for the efficient execution of corporate strategy based upon sound principles of corporate governance and for ensuring the long-term health and overall success of the business. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the Shareholders. As Chairman of the Board, it is my responsibility to ensure its effective operation both directly and through its Committees. The roles and responsibilities of the Board and these Committees are clearly documented in the Board and Committee Charters.

The Board is accountable for the Company's activities, strategy, risk management and financial performance as well as the Company's system of corporate governance. Board members are representatives of the stakeholders and are responsible for establishing policies for corporate management and for safeguarding stakeholder interests. The

Board sets the strategic objectives for the Company, determines investment policies, agrees performance criteria and delegates to management the detailed planning and implementation of those objectives and policies with due consideration for the Company's appetite for risk. The Board also monitors compliance with policies and achievement against objectives by holding management accountable for its activities through monthly and quarterly performance reporting and forecast updates.

In addition, the Board receives regular presentations enabling it to explore specific issues in greater detail. The Board also obtains periodic assurance on the integrity of the Company's financial and internal control policies, while seeking to institute better structures for them. The Board Charter sets out guidelines on Board composition, meeting procedures and management of the Board's affairs. Some matters are dealt with exclusively by the Board including approval of financial statements, the Company's business strategy, the annual capital expenditure plan, major capital projects, major changes to the Company's management and control structure, material investments or disposals, risk management strategy, as well as social, environmental and treasury policies.

### Board composition

As at 25th February 2020, the Board was composed of 14 people with skills in manufacturing, finance, engineering, business and law. Between them, they bring a wealth of experience to bear on providing strategic direction for the Company and ensuring its business goals are achieved. As the Chairman of the Board, I am accountable to the Board and act as a direct liaison between the Board and Management of the Company through the Group Managing Director. I provide leadership and am responsible for overall operation and governance of the Board. I manage the business of the Board and set its agenda in consultation with the Group Managing Director and the Company Secretary, with contributions from other

Board members. I also ensure that agendas strike the right balance between operational performance and strategic matters. I facilitate and encourage active engagement of Directors, particularly on matters of risk and strategy or other major proposals, by drawing on their skills, knowledge and experience.

The positions of the Chairman and Group Managing Director are separate and held by different individuals in line with Section 5.1(b) of the SEC Code. Michel Puchercos is Group Managing Director/Chief Executive Officer and is responsible for the execution of strategy and the day to day management of the Group, supported by the Executive Committee (ExCo), which he chairs. The Board comprises myself, the Group Managing Director, the Deputy Group Managing Director and eleven Non-Executive Directors (including five Independent Non-Executive Directors). The Non-Executive Directors provide good governance for the Company as they effectively and constructively challenge and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board. The Non-Executive Directors bring a wide range of international experience and expertise to the Board. They occupy or have occupied senior positions in industry, finance or public life and contribute significantly to the Board's decision making.

We consider that the current Board size of 14 Directors is appropriate for the needs of the business in line with Section 4 of the SEC Code. We believe that the overall composition of the Board is appropriate, except for the ongoing need to improve gender diversity, which is being addressed. This conclusion has been reached having regard to the independence of character and the integrity of our Directors and the collective experience, balance of skills and knowledge they bring to bear in fulfilling their duties.

# Chairman's corporate governance report continued

## Independent Directors

The Board has assessed the independence of the Independent Non-Executive Directors against the criteria set out in the SEC Code and has concluded that they are all independent in character and judgement. The Board reviews the independent status of the Independent Non-Executive Directors on an annual basis, in line with the requirements set out in the SEC Code of Corporate Governance. The Independent Non-Executive Directors have consistently provided unbiased and independent views to the Board and ensured that minority shareholders' interests are protected. They have continually contributed to the overall quality and effectiveness of the Board by providing objective inputs to strategic issues and decision making, while ensuring compliance with applicable statutory rules and regulations.

## The Company Secretary

The Board is supported by Mahmud Kazaure, the Company Secretary and Chief Legal Officer, and his Deputy, Edward Imoedemhe. They provide support, governance advice and detailed guidance to the Directors with respect to their duties, responsibilities and powers. They also ensure compliance with procedures and regulations necessary for the conduct of the affairs of the Board. The Company Secretary acts as Secretary to all the Committees and attends all their meetings.

## Board Committees

The Board governs the Company through the operation of Board Committees, accompanied by effective monitoring and reporting systems. Each Board Committee has specific terms of reference issued by the Board. The terms of reference of the Committees are available on our website. All Committee Chairmen report on the proceedings of their Committee meetings at the Board meeting for the quarter. The reports of the Board Committee meetings are included in the papers distributed to Board members in advance of the next Board meeting. As at 25th February 2020, the Board has four Committees – the Audit, Compliance and Risk Management Committee, the Finance

and Investment Committee, the Technical and Sustainability Committee, and the Remuneration, Governance and Nomination Committee. Detailed reports from these Committees can be found on page 122.

## Delegation to Management

The Board delegates responsibility for implementing the Company's strategy and for managing the Group to the Group Managing Director, who is supported by the Executive Committee, which he chairs. The profiles of the Executive Committee can be found on page 42.

## Board appointments and re-election of Directors

The Board aims to achieve a balance of experience, knowledge and skills amongst its Directors. The Board, through the Remuneration, Governance and Nomination Committee, follows a formal, rigorous and transparent procedure to appoint new Directors. This Committee leads the process in accordance with the Board's appointment policy, utilising defined Board membership criteria while taking into cognisance the existing skills, knowledge and experience of Directors on the Board as well as those of the nominee, including other attributes necessary for the prospective role. When considering the appointment of a new Director, the Board also takes cognisance of current directorships on other Boards so as to avoid potential conflict of interest and ensure that Directors will be able to dedicate the appropriate time and attention to the Company.

The Appointment Policy of the Board is in line with Section 13.1 of the SEC Code. Upon appointment, a new Director is issued a letter of appointment that sets out the expected time commitment, tenure, role, responsibilities and powers of the Director. The Company has a defined Tenure Policy in line with the SEC Code.

Non-Executive Directors who are 70 years of age and above are disclosed to shareholders at Annual General Meetings in line with Section 256 of the Companies and Allied Matters Act, CAP C20, LFN 2004 (CAMA). All Directors are required to

retire by rotation and stand for reappointment at least every three years in compliance with the provisions of CAMA and Section 19 of the SEC Code. At the last Annual General Meeting held on 17th June 2019, Abdu Dantata, Olakunle Alake, Ernest Ebi and myself retired by rotation and were re-elected by shareholders. At the 2020 Annual General Meeting, Viswanathan Shankar, Michael Davis, Sani Dangote, Douraid Zaghouni and Cherie Blair will retire by rotation and be presented for re-election.

## Appointment of new Directors

The Board recognises the need to reinforce its effectiveness by injecting new energy, fresh ideas and perspectives. In this regard, we welcomed Michel Puchercos and Arvind Pathak to the Board, and we hope their appointments will be ratified by shareholders at the forthcoming Annual General Meeting. Between them they bring extensive experience of global business, corporate transactions, international law and governance.

## Director induction and development

As Chairman, I am responsible for ensuring that induction and training programmes are provided for Directors based on training needs and gaps identified in consultation with the Director. They are also expected to take responsibility for identifying their individual needs and to take steps to ensure that they are adequately informed about the Group and their responsibilities as Directors. The Board has established an Induction and Training Policy for Directors and Directors receive periodic training and induction. Michel Puchercos and Arvind Pathak have undergone this induction. During the year, the Board also arranged briefings and a Board retreat to assist the Directors in effectively discharging their duties to the Company. Directors also attended education programmes to refresh and update their knowledge of business operations and best practices during the retreat. A Board retreat was held in London in December to coincide with the final Board meeting of the year. The Board is confident that all its members have the

knowledge, ability and experience to perform the functions required of a director of a listed company.

### **Board and Committee meetings**

Board and Committee meetings are held in an atmosphere of intellectual honesty of purpose, integrity and mutual respect, requiring reporting of high standards by management and direct, robust and constructive challenge and debate among the Company's Directors. Meeting dates for Board and Committee meetings are agreed in advance for proper planning and scheduling. Notices of meetings are sent to Directors at least 14 days before the meeting and Board papers are sent for consideration by Directors at least a week before the meeting date. Working with the Company Secretary, I implement an Annual Agenda Plan to assist the Board and its Committees in discharging their roles and responsibilities in line with their charters. This Annual Agenda Plan is a guide to specify the minimum agenda items to be considered by the Board and its Committees at various meetings during the year. Board meetings were well attended with attendance of Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. Details of Directors' attendances at Board and Committee meetings are shown on page 110.

### **Key matters considered in 2019**

The Board met six times during 2019 and at least once every quarter in line with Section 12.1 of the SEC Code. Details of key matters discussed at these Board meetings are shown on page 111.

### **Conflicts of interest and related-party transactions**

The Board maintains robust procedures to ensure that related-party transactions and potential conflicts of interest are identified, disclosed and managed. These procedures include the declaration of interests in other businesses by Directors on appointment to the Board and annual self-certification by all of our Directors. Where it is identified that a related-party relationship exists, the Board agrees specific additional procedures to ensure the effective management of potential conflicts of interest. These procedures have been documented in our Conflict of Interest Policy, which is in line with Section 16 of the SEC Code. The Board also receives a quarterly Related-Party Transaction Report showing transactions that have been authorised during the period under review and those proposed for review by the Board. A summary of the related-party transactions during the 2019 financial year is disclosed on page 219.

### **Review of Governance Framework and policy formulation**

The Board ensures ongoing review of the Company's Governance Framework, to ensure that:

- Dangote Cement's governance practices accurately reflect recent changes to the business and its structure;
- the risk and assurance processes are a robust and integral part of the Governance Framework;
- the Governance Framework sets out and reinforces the Company's values; and
- the Framework reflects best governance practices.

Further to these reviews, the Board approves the formulation of policies that are in line with good governance and has taken cognisance of the regulatory and business environment. As at 25th February 2020, Dangote Cement has a total of 22 approved policies. They are shown on page 112.

### **Code of ethics**

To inculcate good ethical conduct, the Board has formalised a Directors' Code of Ethics, setting out the standards of conduct expected from Director.

### **Succession planning**

The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption. To ensure its success, the Board has, in line with the Succession Planning Policy, adopted a Succession Plan to ensure that there are programmes in place to provide for the orderly succession of Senior Management.

# Chairman's corporate governance report continued

## Board and Directors' evaluation

In line with the provisions of the SEC Code and in accordance with the Board Evaluation Policy of the Company, we conduct evaluations of the Board and individual Directors to help improve their performance. The process is designed to:

- enhance individual and Board performance;
- highlight the balance of skills, knowledge and experience on the Board;
- assist Directors and the Company Secretary to identify and sustain their strengths;
- assist in identifying training and developmental needs for Directors and the Company Secretary;
- comply with the relevant statutory or regulatory requirement and determine eligibility of Directors to seek re-election;
- clarify expectations and duties of the Board and individual Directors; and
- demonstrate accountability to shareholders and other stakeholders. To ensure that the process is objective, independent and fair, we engaged the services of an external facilitator to undertake an independent evaluation of the effectiveness of the Board and its Committees.

These processes identify strengths as well as areas that need improvement in the Board and the identified knowledge gaps, and training programmes for Directors to attend in the following financial year.

## Shareholder engagement

As a Board of a premium-listed company on the Nigerian Stock Exchange, our Board attaches considerable importance to open dialogue and constructive relationships with shareholders and other stakeholders. We have a dedicated Investor Relations team that reports to the Group Chief Financial Officer. The team is responsible for building and maintaining long-term relationships with institutional

investors and equity research analysts, as well as with private investors. In addition, it provides feedback to the Board on market perceptions of the Company. Extensive communication with investors, brokers and equity research analysts was conducted in 2019, through quarterly results calls, one-to-one meetings, group meetings, site visits, investor roadshows and attendance at investor conferences focused on emerging markets and the building materials sector. As Chairman, I also had meetings with institutional investors to discuss matters of mutual interest including corporate strategy and our developments in corporate governance.

## Annual General Meeting

The Annual General Meeting of the Company is the principal opportunity for the Board to meet shareholders and for me, as the Chairman, to give a progress report on the Company's activities during the year, and provide clarifications on issues raised by shareholders. We encourage shareholders to take advantage of this opportunity to engage with our Board and Senior Executives. Shareholders have the right to ask questions at the Annual General Meeting, or by submitting them in writing to the Company Secretary no later than 24 hours before the start of the AGM.

The Notice of Annual General Meeting is sent to all our shareholders, together with explanatory notes or a circular on items of special business, at least 21 working days before the AGM is held. It is the Company's practice to propose separate resolutions on each substantially separate issue, including a resolution relating to the Report and Accounts. This is with the exception to matters where CAMA allows more than one item to be decided by a single resolution. The Chairmen of the various Committees and I are also available to answer shareholders' questions during formal proceedings of the Annual General Meeting.

The Annual General Meeting to discuss this 2019 Annual Report will be held at the Eko Hotel, Victoria Island, Lagos, at 11.00 am on 15th June 2020. I hope this 2019 Annual Report, which outlines the work of your Board and its Committees during the year, will be interesting and informative to you as co-owners of the Company.



**Aliko Dangote GCON**

Chairman

25th February 2020



# Board roles and activities



**Aliko Dangote GCON**  
Chairman

Attendance  
●●●●●●●●



**Engr. Joseph Makoju Mni, OFR.**  
Group Chief Executive Officer

Attendance  
●●●●●●●●



**Arvind Pathak**  
Deputy Group Managing Director

Attendance  
○●●●●●●●



**Brian Egan**  
Group Chief Financial Officer

Attendance  
●○●●●●●●



**Ernest Ebi MFR**  
Independent Non-Executive Director

Attendance  
●●●●●●●●



**Emmanuel Ikazoboh**  
Independent Non-Executive Director

Attendance  
●●●●●●●●



**Sir Michael Davis**  
Independent Non-Executive Director

Attendance  
●●●●●●●●



**Cherie Blair CBE, QC**  
Independent Non-Executive Director

Attendance  
●●●●●●●●



**Dorothy Udeme Ufot SAN**  
Independent Non-Executive Director

Attendance  
●●●●●●●●



**Devakumar Edwin**  
Non-Executive Director

Attendance  
●●●●●●●●



**Sani Dangote**  
Non-Executive Director

Attendance  
●●●●●●●●



**Olakunle Alake**  
Non-Executive Director

Attendance  
●●●●●●●●



**Abdu Dantata**  
Non-Executive Director

Attendance  
●●●●●●●●



**Douraid Zaghouani**  
Non-Executive Director

Attendance  
●●●●●●●●



**Viswanathan Shankar**  
Non-Executive Director

Attendance  
●●●●●●●●



**Fidelis Madavo**  
Non-Executive Director

Attendance  
●●●●●●○

## Board meetings

were held on the following dates:  
25/02/19, 25/04/19, 17/06/19, 26/07/19, 29/10/19, 6/12/19

## Key

● Attended ● Not attended ⊗ Medical absence ○ Not a member as at date

# Board Committees

## Audit, Compliance and Risk Management Committee

### Members

Ernest Ebi (Chairman)  
Joseph Makoju  
Cherie Blair  
Dorothy Udeme Ufot  
Emmanuel Ikazoboh  
Devakumar Edwin  
Fidelis Madavo  
Olakunle Alake  
Sani Dangote

> Full Committee Report 122–125

## Finance and Investment Committee

### Members

Viswanathan Shankar (Chairman)  
Emmanuel Ikazoboh  
Michael Davis  
Douraid Zaghouani  
Devakumar Edwin  
Olakunle Alake  
Fidelis Madavo

> Full Committee Report 126–127

## Technical and Sustainability Committee

### Members

Michael Davis (Chairman)  
Ernest Ebi  
Dorothy Udeme Ufot  
Devakumar Edwin  
Olakunle Alake  
Abdu Dantata  
Douraid Zaghouani  
Fidelis Madavo

> Full Committee Report 128–129

## Remuneration, Governance and Nomination Committee

### Members

Emmanuel Ikazoboh (Chairman)  
Cherie Blair  
Dorothy Udeme Ufot  
Ernest Ebi  
Michael Davis  
Abdu Dantata  
Devakumar Edwin  
Sani Dangote

> Full Committee Report 130–134

## Key activities of the Board

Key matters considered	Board activities
<b>Appointment of new Directors</b>	<ul style="list-style-type: none"> <li>The Board, in consideration of its internal processes, policies and best practice, appointed a new Director as the Deputy Managing Director of the Company. The appointment will enhance Board effectiveness as well as progress the Board towards its gender diversity objectives.</li> </ul>
<b>Share buyback scheme</b>	<ul style="list-style-type: none"> <li>The Board considered and approved the share buyback scheme, allowing the Company to purchase its own shares.</li> </ul>
<b>Issuance of Naira bond</b>	<ul style="list-style-type: none"> <li>The Board considered and approved a ₦300 billion Naira Bond programme, which will be used for capital expenditure, working capital and general development.</li> </ul>
<b>Review and approval of budget</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved the Budget for the succeeding financial year.</li> </ul>
<b>Investor relations</b>	<ul style="list-style-type: none"> <li>The Board considered and approved the investor relations calendar for the succeeding financial year</li> </ul>
<b>Board and subsidiary Board meetings</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved Board and Committee Meeting dates for the succeeding financial year</li> </ul>
<b>Approval of financial statements</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved the audited financial statements and submitted the same to the shareholders to approve at the Annual General Meeting.</li> </ul>
<b>Approval of dividends</b>	<ul style="list-style-type: none"> <li>The Board proposed a dividend of ₦16 per 50 kobo share for the 2018 financial year, which was approved by shareholders at the Annual General Meeting.</li> </ul>
<b>Control environment</b>	<ul style="list-style-type: none"> <li>The Board received reports on the control environment, and approved recommendations of the Committees towards strengthening the efficacy of the control environment.</li> </ul>
<b>Health, Safety, Security and Environment (HSSE)</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved systemic and strategic approaches to improve health, safety, social and environmental matters within the Company and its subsidiaries.</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved strategic approaches to improve transport operations in the Company.</li> </ul>
<b>Quarterly accounts</b>	<ul style="list-style-type: none"> <li>The Board reviewed and approved unaudited quarterly accounts of the Company.</li> </ul>
<b>Annual General Meeting</b>	<ul style="list-style-type: none"> <li>The Board resolved on the date, venue and other modalities for the Annual General Meeting of the Company.</li> </ul>
<b>Strategy Retreat</b>	<ul style="list-style-type: none"> <li>The Board held a retreat to assist the Directors in effectively discharging their duties to the Company. Directors also attended a training programme to update their knowledge of business operations and best practices during the retreat.</li> </ul>

# Board policies

<b>Annual Agenda Cycle</b>	This represents the minimum agenda to be considered by the Board and Board Committees at any point in time during the year considering the current information needs of the Board. Additional matters requiring the Board's attention may be added during the year.
<b>Anti-Bribery and Corruption Policy</b>	<p>This sets out the Dangote Cement Plc. (hereinafter "the Group" or "DCP")'s anti-corruption policy and is part of the overall Anti-Fraud Compliance Programme. It aims to align with all relevant codes, laws, policies, etc. designed to prevent and respond to issues of corruption and bribery. The policy demonstrates the Group's zero tolerance for all forms of fraud including but not limited to bribery, corruption, asset misappropriation and financial fraud. The Company has established a robust Anti-Fraud Programme that sets out the following:</p> <ul style="list-style-type: none"> <li>• anti-fraud awareness and communication strategies;</li> <li>• fraud and corruption prevention mechanisms;</li> <li>• fraud and corruption detection mechanisms;</li> <li>• fraud response mechanisms; and</li> <li>• enforcement initiatives and sanction grid.</li> </ul> <p>In addition, the Company has established an Anti-Fraud Management Committee to implement the Anti-Corruption Programme and to report fraud and misconduct-related issues to the Group CEO and the Board Audit, Compliance and Risk Management Committee.</p>
<b>Board Appointment Policy</b>	This policy sets out the standards for the appointment of the Directors and aims to achieve a balance of experience, knowledge, diversity and skills amongst its Directors.
<b>Board Development Policy</b>	This policy seeks to institutionalise training and continuous development of the Directors of Dangote Cement.
<b>Board Evaluation Policy</b>	This policy provides a systematic and ongoing method of assisting Board members in the assessment of the Board's scope of operation, responsibilities and effectiveness.
<b>Board Remuneration Policy</b>	This policy reflects the Group's desire to sustain long-term value creation for shareholders and aims to attract and retain people with integrity, ability, skill and experience to deliver the Group's strategy.
<b>Board Reporting Framework</b>	This provides guidance on information to be provided by Senior Management to the Board and Board Committees, to aid the discharging of their roles and responsibilities in line with their respective charters and leading practices, throughout the course of the year.
<b>Board Tenure Policy</b>	This outlines the criteria for ensuring the periodic rotation and appointment of Board members in order to retain valuable skills, maintain continuity of knowledge and experience and introduce people with new ideas and expertise.
<b>Communication Governance Policy</b>	This establishes guidelines for communication of general and price-sensitive information about the Company to the investors, the media, the other stakeholders and the general public in line with any regulatory requirements that may apply to such communication.
<b>Complaints Management Policy</b>	This policy has been designed in line with the requirements of the SEC's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market. It defines a transparent procedure for receiving, responding to, monitoring and resolving complaints and enquiries from shareholders of Dangote Cement Plc. in a timely and efficient manner. The policy enables shareholders to direct any complaints or enquiries to the Registrar (United Securities Limited, 10, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria; customercare@unitedsecuritieslimited.com) or to the Company Secretary (Dangote Cement Plc., Union Marble House, 1 Alfred Rewane Road, Ikoyi, Lagos (customercare@dangote.com) depending on the nature of the complaint. It is our policy to acknowledge complaints within 24 hours of receipt and communicate the final resolution to the complainant within ten business days of receiving the complaint.
<b>Conflict of Interest/ Related Party Transaction Policy</b>	This provides a framework to identify, disclose and manage actual and perceived conflicts of interest.
<b>Dangote Safety Golden Rules</b>	This describes mandatory safety rules and regulations applicable to all staff, contractors and visitors.

<b>Directors' Code of Conduct Policy</b>	The Board has adopted a Code of Conduct Policy for Directors. This sets out the standards that each Director is expected to adhere to while conducting his/her fiduciary duties. This Code is intended to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability on the Board. Directors are expected to adhere to this Code while conducting their fiduciary duties
<b>Executive Management Remuneration Framework</b>	This policy seeks to create a strong link between performance and reward by providing a variable/at risk element of Executive remuneration that focuses on performance over a period of one year. It is designed to encourage and stimulate enhanced performance among Senior Executives so as to increase the short and long-term profitability of DCP.
<b>Group Executive Committee Charter</b>	This Charter governs the operations of the Group Executive Committee (ExCo) of DCP.
<b>Group HSSE Standards: Incident Reporting and Investigation, Performance Reporting and Risk Management</b>	These Standards describe the requirements for reporting, and investigation of health, safety, security and environment (HSSE) incidents. They ensure that DCP monitors and reports on, the performance of its HSSE KPIs in order to support the decision-making process of DCP. They also ensure that occupational HSSE-related risks and opportunities are managed in an effective manner, and that the Group adopts a rigorous risk analysis process to make informed and productive decisions.
<b>Insider Trading Policy</b>	<p>DCP is guided by a strong commitment to maintain the integrity of the capital market. The Board has established an Insider Trading Policy designed to prohibit the purchase and sale of Dangote Cement Plc. shares or securities on the basis of potentially price-sensitive information that is not yet in the public domain. This is in line with the Investment and Securities Act (ISA) 2007 and the SEC Rules and Regulations.</p> <p>The Insider Trading Policy provides Directors, Officers and employees of Dangote Cement Plc. with guidelines regarding trading in shares or securities of the Company. The Company issues a "Closed Trading Period" notification to all relevant staff, Directors and entities at least two weeks prior to the anticipated date of a Board meeting where price sensitive information is to be discussed. During that period, Insiders of the Company are required to refrain from all trading activities. This closed period elapses 24 hours after the information is made public in line with the Nigerian Stock Exchange (NSE) rules. Having enquired, we can confirm that all Directors complied with the Insider Trading Policy during all close periods throughout 2019.</p>
<b>Subsidiary Governance Framework</b>	This articulates the structures, policies and processes that will assist the Board of Directors in the governance and control of subsidiary companies, with the goal of enhancing its shareholder value and achieving the Company's vision, strategic objectives and business goals.
<b>Succession Planning Policy</b>	This policy describes the process of identifying, assessing and developing successors for critical positions in the Company. The focus of this policy is to ensure that highly qualified people are available to fill vacancies at Executive Management level within the Company, as and when needed. It seeks to avoid hasty decision making or the creation of vacuums when vacancies arise in key management positions.
<b>Whistle Blowing Policy</b>	<p>At DCP we continually strive to create a work environment where employees, contract workers, vendors, service providers, customers and other stakeholders have the opportunity to make confidential disclosures on misconduct, irregularities or malpractice, without fear of harassment and/or victimisation and with the assurance that their concerns will be taken seriously and investigated, and appropriate action will be taken.</p> <p>In line with the SEC Code and international best practice in corporate governance, the Board has established a Whistle Blowing Policy to enable staff, in confidence, raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal, provided that such concerns are raised in good faith. Employees and other stakeholders are encouraged to report incidents of misconduct in a confidential and anonymous manner through the internal reporting channels (i.e. Line Manager, Head of Department and Group CEO) and/or the outsourced KPMG Ethics Line.</p> <p>The Board subscribes to the KPMG Ethics Line to strengthen confidence in our Whistle Blowing Policy. The KPMG Ethics Line contact details are: 0703 000 0026, 0703 000 0027, 0808 822 8888, 0708 060 1222, 0809 993 6366, or kpmgethicsline@ng.kpmg.com. The Board has delegated oversight over whistle blowing to the Audit, Compliance and Risk Management Committee. All matters reported are investigated and reported to the Committee including the actions taken.</p>

# Board of directors



**Aliko Dangote GCON**  
Chairman

**N**

**Date of appointment**  
4th November 2002

Aliko Dangote is the Chairman of Dangote Cement Plc. He is the founder of Dangote Industries Limited; over which he presides as President and Chairman of the Board. He graduated from the Al-Azhar University, Cairo, Egypt, where he studied Business Studies. He also obtained Honorary Doctorate degrees from Coventry University in the United Kingdom and the University of Ibadan in Nigeria in 2016. He started business in 1978 by trading in commodities, before entering into full scale manufacturing. He is well known for his philanthropic involvement in local and international initiatives to improve healthcare and social wellbeing.



**Engr. Joseph Makoju Mni, OFR.**  
Group Managing Director  
(until January 31 2020) **A**

**Date of appointment**  
2nd December 2010

Joseph Makoju was appointed to the Board of Dangote Cement in 2010, as a Non-Executive Director. He became Acting Group Managing Director and Chief Executive Officer in January 2018, having had substantial experience in the cement industry in Nigeria. He has worked in several world-class corporations including Shell BP, Blue Circle (UK) and WAPCO (now Lafarge Africa), which he led as Managing Director/CEO for a decade before taking up the appointment as Managing Director/CEO of National Electric Power Authority. He also served as Special Adviser (Electric Power) to the President, Federal Republic of Nigeria, under two separate administrations. He has a BSc and an MPhil in Mechanical Engineering.



**Michel Puchercos**  
Group Managing Director/Chief Executive Officer  
(from February 1 2020) **N**

**Date of appointment**  
1st February 2020

Michel Puchercos was appointed to the Board of Dangote Cement in 2020, as the Group Managing Director. He has over 20 years' experience in the cement industry, having served in various capacities including President and Chief Executive Officer of Lafarge Halla Cement; Director of Strategy and Systems at Lafarge Gypsum; Chief Executive Officer of Bamburi Cement and Hima Cement; and Chairman of Mbeya Cement in Tanzania. His last appointment was as the Group Managing Director and Country CEO of Lafarge Africa Plc.



**Sani Dangote**  
Non-Executive Director

**A R**

**Date of appointment**  
22nd July 2005

Sani Dangote is a businessman with more than 30 years' experience in key sectors of the Nigerian economy including manufacturing, agriculture and oil services. He is the Vice President of Dangote Industries Ltd and sits on the board of several other companies. He is also the Deputy Chairman of African Gum Arabic Producers Association, a Fellow of the Nigeria Institute of Shipping and President of the Fertiliser Producers and Suppliers Association. In 2012, he completed the Owner/President Management Programme at the Harvard Business School in the United States of America.



**Olakunle Alake**  
Non-Executive Director

**A F T**

**Date of appointment**  
22nd July 2005

Olakunle Alake was appointed to the Board of Dangote Cement Plc. on 22nd July 2005. He is also the Group Managing Director of Dangote Industries Limited. He was appointed to the Board of Dangote Industries Limited as Executive Director in 2001. He holds a bachelor's degree in Civil Engineering from Obafemi Awolowo University, Ile-Ife and is a Fellow of the Institute of Chartered Accountants of Nigeria. He joined Dangote Industries Limited in 1990, after six years at Price Waterhouse Coopers. He has held several management positions in Dangote Industries Limited, including Financial Controller and Head of Strategic Services.



**Alhaji Abdu Dantata**  
Non-Executive Director

**T R**

**Date of appointment**  
22nd July 2005

Abdu Dantata is the Non-Executive Director both in Dangote Cement Plc. and Dangote Industries Ltd. He is also the Chairman of Agad Nigeria Limited, a trading and transportation company operating throughout Nigeria. He is a fellow of the Nigerian Institute of Shipping. He obtained an Executive Programme Certificate in Sales and Marketing from the Kellogg Senior Management School at Northwestern University, Chicago.

## Key

- A** Audit, Compliance and Risk Management Committee
- F** Finance and Investment Committee
- T** Technical and Sustainability Committee
- R** Remuneration, Governance and Nomination Committee

- N** No Committee
- Chairman



**Devakumar V.G. Edwin**  
Non-Executive Director

**A F T R**

### Date of appointment

22nd July 2005

Devakumar Edwin was previously the Chief Executive Officer of Dangote Cement Plc., until he resigned as Group CEO on 31st January 2015. Following 14 years spent in industrial management in India, he joined Dangote Industries Limited in 1992 and has since held several managerial positions within the Group. He is a Chartered Engineer, holding graduate and master's degrees in Engineering from the Madras University, India, and holds a postgraduate diploma in Management from IITM, Holland, all obtained in 1978, 1980 and 1986 respectively.



**Ernest Ebi MFR**  
Independent Non-Executive Director

**A T R**

### Date of appointment

30th January 2014

Ernest Ebi has more than 40 years of banking experience from various leadership positions in Nigeria, including Chairman, UNIC Insurance PLC.; Executive Director, Corporate Banking of African Continental Bank PLC.; and Deputy Managing Director and Chief Operating Officer of Diamond Bank Limited (prior to its re-registration as a public limited liability company). From June 1999 to October 2009, he was the Deputy Governor at the Central Bank of Nigeria. In November 2016, he was appointed Chairman of Fidelity Bank PLC.



**Emmanuel Ikazoboh**  
Independent Non-Executive Director

**A F R**

### Date of appointment

30th January 2014

Emmanuel Ikazoboh has more than 25 years' experience in Senior Management roles in Nigeria, Côte d'Ivoire, Cameroon and South Africa. He is currently Chairman of Ecobank, the Pan-African banking group. Previously, he was the Managing Partner for Francophone offices in Côte d'Ivoire and Cameroon and later became the Managing Partner/CEO of Deloitte West and Central Africa, until 2009. He was appointed by the Securities and Exchange Commission (SEC) as an Interim Administrator, to carry out capital market reforms of the Nigerian Stock Exchange (NSE) and the Central Securities Clearing System Plc. (CSCS). He serves on several corporate boards as Chairman or Non-Executive Director.



**Douraid Zaghouani**  
Non-Executive Director

**F T**

### Date of appointment

29th April 2015

Douraid Zaghouani was appointed to the Board of Dangote Cement Plc. on 29th April 2015 as a Non-Executive Director. At present, Douraid is Chief Operating Officer of the Investment Corporation of Dubai (ICD). He manages the areas of Strategy, Government Relations, Marketing, Corporate Communications, Legal and Compliance, Finance and Funding, Risk and Information Technology. Prior to joining ICD, he was with Xerox for more than 25 years and was Chairman of the Board of several Xerox companies. During his long and distinguished career, he has held a number of senior general management, sales and marketing roles in Europe and North America.



**Dorothy Udeme Ufot SAN**  
Independent Non-Executive Director

**A T R**

### Date of appointment

19th April 2016

Dorothy Udeme Ufot is the first woman to be appointed to the Board of Dangote Cement Plc., in recognition of her vast experience in the field of commercial law. She has more than 26 years' experience in commercial litigation at trial and appellate levels, having been admitted to the Nigerian Bar in 1989 and then admitted to the Inner Bar as a Senior Advocate of Nigeria (SAN) in April 2009. She is an internationally recognised expert in commercial dispute arbitration, and was appointed member of the International Chamber of Commerce's International Court of Arbitration, Paris, in 2006. She later became one of eight Global Vice Presidents of the ICC Commission on Arbitration in 2014.



**Viswanathan Shankar**  
Non-Executive Director

**F R**

### Date of appointment

10th December 2017

V Shankar ("Shankar") is Co-Founder and Chief Executive Officer of Gateway Partners, a private equity firm focused on investing in the dynamic growth markets of Africa, Middle East and Asia. Shankar previously served as CEO – Europe, Middle East, Africa and Americas and a member of the global board of Standard Chartered Plc and prior to that as Head of Investment Banking for Asia Pacific at Bank of America. His past appointments in a non-executive capacity on various institutions and committees include the boards of the Inland Revenue Authority Singapore; Enterprise Singapore; Majid Al Futtair Holdings; and Vice Chair of Future of Banking Global Agenda Council of the World Economic Forum. Shankar is also currently non-executive director of Gateway Delta Development Holdings, Mauritius and Fund for Export Development in Africa, Egypt. Shankar was awarded the Public Service Medal by the Government of Singapore in 2014.

# Board of directors continued



**Sir Michael Davis**  
Independent Non-Executive Director

F T R

#### Date of appointment

20th April 2018

Sir Michael Davis is Chairman of Macsteel, a global trading and shipping company. From 2001 to 2013 he was Chief Executive of Xstrata, one of the world's largest global diversified mining and metal companies. Prior to joining Xstrata, he was Executive Director and Chief Financial Officer of Billiton Plc. He has extensive capital markets and corporate transaction experience. During his career, he has raised more than \$40 billion from global capital markets and successfully completed more than \$120 billion of corporate transactions including the listing of Billiton on the London Stock Exchange, the merger of BHP and Billiton into the largest diversified mining company in the world and the successful merger of Xstrata and Glencore.



**Cherie Blair CBE, QC**  
Independent Non-Executive Director

A R

#### Date of appointment

20th April 2018

Cherie Blair is a leading international lawyer, arbitrator and mediator, a former judge and a committed campaigner for women's rights. She is the Founder of the Cherie Blair Foundation for Women, and the Founder and Chair of Omnia Strategy LLP, an international law firm. She is Chancellor of the Asian University for Women, Chancellor Emeritus of the Liverpool John Moores University and has served in this capacity since 2011. She is also the President of the Loomba Foundation, Honorary Vice President of Barnardo's and Patron of Scope, as well as a number of other charities. She was appointed as an Independent Director on the Board of Groupe Renault from 2015 to 2019. She was awarded a CBE in 2013 for services to women's issues and to charity in the UK and overseas.



**Arvind Pathak**  
Deputy Group Managing Director

N

#### Date of appointment

29th October, 2019

Arvind Pathak, until his latest appointment, was the Chief Operating Officer of Dangote Cement Plc. from 2018 to 2019, with more than 36 years' experience in the cement industry. Prior to joining Dangote Cement Plc., he worked at Reliance Cement as CEO from 2008 to 2015. He was previously the Regional CEO of Associated Cement Company Limited, having worked most of his tenure in turning around business, operations and maintenance of plants, as well as leading important greenfield projects. He obtained a degree in Electrical Engineering in 1980 and a postgraduate degree in Industrial Engineering and Management in 1982. He has also been trained in a number of international management colleges and was a Fulbright scholar.



**Fidelis Madavo**  
Non-Executive Director  
(until 21st November 2019) A F T

#### Date of appointment

30th July 2014

Fidelis Madavo holds a BSc (Hons) in Chemical Engineering from Wales UK and MSc in Industrial and Administrative Sciences from City University London. In addition, he has completed an International Executive Development Program at Wits Business School. Over the course of an extensive career spanning more than three decades, he has garnered considerable experience with several notable companies, including Public Investment Corporation of South Africa, Citigroup, Investec Securities, CRU International and Anglo American. He resigned with effect from 21st November 2019.



**Brian Egan**  
Finance Director  
(until 28th February 2019) N

#### Date of appointment

27th July 2017

Brian Egan joined Dangote Cement Plc. as Group Chief Financial Officer in 2014, having previously been an Executive Director and Chief Financial Officer of Petropavlovsk Plc. and of Aricom Plc., both of which were listed on the Main Market of the London Stock Exchange. Prior to joining Aricom, he was Chief Financial Officer of Gloria-Jeans Corporation, a leading Russian apparel manufacturer and retailer. He has more than 20 years' international experience in senior financial roles with Associated British Foods PLC, Georgia-Pacific Ireland Limited and Coca-Cola HBC. He also trained as an accountant with KPMG and is a member of the Institute of Chartered Accountants in Ireland. He resigned with effect from 28th February 2019.



**Mahmud Kazaure**

Company Secretary and Chief Legal Officer

The Directors present the Annual Report of the Company for the year ended 31st December 2019. The Directors have considered all the matters brought before them in the financial year under review and are satisfied that the Annual Report represents a fair, balanced and realistic view of events. Our Annual Report, is in accordance with international best practice, and shows our governance systems, culture and unique way of operating.

### Legal form

Obajana Cement Plc., subsequently renamed Dangote Cement Plc., was incorporated in Nigeria as a public limited company on 4th November 1992 and commenced operations in January 2007. In 2010, the name of the Company was changed from Obajana Cement Plc. to Dangote Cement Plc. by virtue of a special resolution dated 14th July 2010. Dangote Cement Plc. listed its shares on the Nigerian Stock Exchange ("the Exchange") on 26th October 2010. It has always been the largest company traded on the Exchange, with a market capitalisation of almost two billion Naira.

### Principal activities and future plans

The Company was established for the purpose of operation of factories for the preparation, manufacture, sale and distribution of cement and related products. Our operational activities are undertaken at various plants in Nigeria and through our subsidiaries in nine other countries in Sub-Saharan Africa. Details of these production, grinding and import facilities can be found on pages 34-41. Details of future plans are contained in the Chairman's Statement on pages 8-9 and in the Operational Review on pages 47-59.

### Directors' responsibilities

The Directors are responsible for the preparation of the financial statements, which they confirm give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. The financial statements comply with the provisions of the Companies and Allied Matters Act, Cap 20, Laws of the Federation of Nigeria 2004. In so doing they ensure that they act in accordance with the Directors' responsibilities outlined below:

1. The Board is charged with ensuring that appropriate values, ethics and behaviours for the conduct of the Company are agreed and that appropriate procedures and policies are in place to ensure that these are implemented effectively. The Board ensures leadership through effective oversight and review. Supported by its Committees, the Board sets the Company's strategic direction and aims to deliver a sustainable increase in shareholder value over the longer term.
2. The Board ensures that proper accounting records are maintained, that accounting policies are used and consistently applied and that appropriate financial statements are prepared on the going concern basis, in conformity with applicable law and standards. Most of this responsibility is delegated to the Finance and Investment Committee.
3. The Board ensures that adequate internal control procedures are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. It also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the principal risks to the Company's business. Much of this work is delegated to the Audit, Compliance and Risk Management Committee.
4. The Board implements effective succession planning at Board and Executive Management level and assesses the processes in place to ensure that there is appropriate succession planning amongst Senior Management. Much of this responsibility is delegated to the Remuneration, Governance and Nomination Committee.
5. The Board develops and implements Board and governance policies in line with regulatory requirements and international best practice. Much of this responsibility is delegated to the Remuneration, Governance and Nomination Committee.

# Directors' report continued

## Directors' responsibilities continued

6. The Board ensures that the technical and operational aspects of the business are conducted efficiently and with regard to global best practices. It assesses the feasibility of proposed new projects and ensures that the operational, technical, production, sustainability and staffing aspects of our plants are adequate, comply with local and international laws and are aligned with our business goals. It is also responsible for overseeing new technical and development programmes within the business. Many of these responsibilities are delegated to the Technical and Sustainability Committee.
7. As part of the annual review of the effectiveness of its Committees, the Board has considered the qualifications, expertise and experience of the members and is satisfied that all the Committee members bring a wide range and depth of knowledge and skill, and that they will effectively discharge their duties. The Company Secretary is the Secretary to each Committee.

## Strategic report and results

The strategic report comprises the following, each of which is incorporated by reference into, and forms part of, this Directors' Report:

- the Chairman's Statement on pages 8-9;
- the Interview with the Chief Executive on pages 45-46;
- Operating review on pages 47-59;
- the Financial Review on pages 88-93;
- the Audit, Compliance and Risk Management Committee Report on pages 122-125;
- the Finance and Investment Committee Report on pages 126-127;
- the Technical and Sustainability Committee Report on pages 128-129; and
- the Remuneration, Governance and Nomination Committee Report on pages 130-134.

These sections also include details of expected future developments in the Company's business and details of the key performance indicators.

## Results for the year

- Group revenue decreased by 1.1% to ₦891.7 billion (2018: ₦901.2 billion).
- EBITDA decreased by 9.2% to ₦395.4 billion (2018: ₦435.3 billion).
- Net profit for the year was ₦200.5 billion (2018: ₦390.3 billion).
- Earnings per share decreased by 48.4% to ₦11.79 (2018: ₦22.83).

## Dividends

The Directors pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. They consider the capital needed to fund the Company's operations and expansion plans. For the 2019 financial year, the Directors are pleased to recommend a dividend of ₦16.00 per ordinary 50 kobo share (2018: ₦16.00), which amounts to a total dividend payment of ₦272.6 billion. If the dividend recommended by the Directors is approved by the Shareholders at the Annual General Meeting, dividends will be paid on Tuesday 16th June 2020 to the shareholders whose names are registered in the Company's Register of Members at the close of business on 25th May 2020. The Board considers that the proposed dividend level is appropriate and is in line with the Company's strategic growth objectives.

## Unclaimed Dividends

The total amount of unclaimed dividends outstanding as at 31st December 2019 is ₦3,394,224,476.36. A list of unclaimed dividends is available on the Company's website at [www.dangotecement.com](http://www.dangotecement.com). The Company notes that some dividend warrants have either remained unclaimed, are yet to be presented for payment by shareholders, or have been returned to the Company for revalidation. Therefore, all shareholders with "unclaimed share certificates" or "unclaimed dividends"

should address their claim(s) to the registrars, United Securities Ltd, at 10, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria. Members are encouraged to notify the registrars or the Company Secretary of any changes in address or other relevant information and take advantage of the e-dividend system by completing the form included on page 235.

## Directors

As at 25th February 2020, Dangote Cement Plc. had 14 Directors; 13 of whom held office as at the year ended 31st December 2019. Their biographies are contained on pages 114-116 and are incorporated into this report by reference. Engr. Joe Makoju retired on 31st January 2020, while Fidelis Madavo and Brian Egan resigned on 21st November 2019 and 28th February 2019 respectively. Arvind Pathak was appointed as the Deputy Group Managing Director on 29th October 2019 and Michel Puchercos was appointed as the Group Managing Director on 1st February 2020. The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association, the Companies and Allied Matters Act (CAMA), LFN 2004 as well as relevant Board and governance policies. These documents also set out the rights and obligations of Directors.

## Directors' interests

In accordance with Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, Directors' direct and indirect interests in the issued share capital of the Company are recorded in the Register of Members as at 31st December 2019 and as at 25th February 2020 and stated below:

S/N	Director	As at 31 December 2018	As at 31 December 2019	As at 25 February 2020
1.	Aliko Dangote	27,642,637	27,642,637	27,642,637
1.1.	(Indirect: Aliko Dangote) Dangote Industries Ltd	14,494,407,583	14,612,796,970	14,621,387,610
2.	Joseph Makoju	11,000	11,000	11,000
3.	Sani Dangote	Nil	Nil	Nil
4.	Olakunle Alake	6,931,702	6,931,702	6,931,702
5.	Abdu Dantata	8,680	8,680	8,680
6.	Devakumar Edwin	5,000,000	5,000,000	5,000,000
7.	Ebi Ernest	100,000	100,000	100,000
8.	Emmanuel Ikazoboh	Nil	Nil	Nil
8.1.	(Indirect: Emmanuel Ikazoboh) Arm Nom: Osigbeme Enterprises Ltd	58,149	58,149	58,149
8.2.	(Indirect: Emmanuel Ikazoboh) Arm Nom: Emmanuel Ikazoboh	40,000	40,000	40,000
9.	Douraid Zaghouni	Nil	Nil	Nil
10.	Dorothy Udeme Ufot	Nil	Nil	Nil
11.	Viswanathan Shankar	Nil	Nil	Nil
12.	Michael Davis	Nil	Nil	Nil
13.	Cherie Blair	Nil	Nil	Nil
14.	Arvind Pathak	Nil	Nil	Nil
15.	Brian Egan	Nil	Nil	Nil
16.	Fidelis Madavo	Nil	Nil	Nil
17.	Michel Puchercos	Nil	Nil	Nil

## Conflicts of interest

The Company maintains a Register of Directors' Interests in accordance with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004. The Company also applies a conflict of interest policy developed in accordance with international best practice, and Investment and Securities Act, 2007.

## Powers of Directors

Subject to the Articles of Association of Dangote Cement Plc., prevailing legislation and any directions given by special resolution, the business and affairs of the Company are managed by the Directors, who in utmost good faith exercise all such powers for and on behalf of the Company.

## Supplier payment policy

It is the policy of the Company to agree and clearly communicate the terms of payment as part of the commercial agreement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice. Trade creditor days for the year ended 31st December 2019 were 61 days on average for the Company (2018: 82 days).

## Donations

Donations, sponsorship and charitable donations amounted to ₦1.1 billion (2018: ₦1.3 billion), as detailed on pages 227-230.

## Sustainability

Dangote Cement Plc. is committed to complying with, and exceed where practicable, all applicable legislation, regulations and codes of practice. We integrate sustainability considerations into all our business decisions; ensure that our staff, clients and suppliers are fully aware of our Sustainability Policy and are committed to implementing and improving it. Our approach to sustainability is explained across several sections of this Annual Report.

# Directors' report continued

## Corporate Governance and Investor Relations

During the 2019 financial year, the Company complied with the NSE Rules and has not been fined by the FRC, SEC nor NSE for any contraventions. Dangote Cement Plc. has emerged as a multinational manufacturing enterprise, promoting regional integration and providing growth and employment opportunities for African economies through the utilisation of Africa's natural resources by Africans and for Africans. The Chairman's statement details compliance with relevant legislation and relations with shareholders on pages 8-9 and forms part of this Directors' Report. The Company pursues an active programme of investor relations with investor meetings and earnings calls throughout the year. Our website contains substantial information about the Company's performance and strategy.

## Substantial interest in shares

Details of shareholdings are provided on page 120. All shares other than shares held by Dangote Industries Limited (85.8%) and Aliko Dangote (0.16%) are considered to be free float shares. Aliko Dangote is the ultimate owner of Dangote Industries Limited. All issued shares are fully paid and details of the share capital history are set out on page 208. No additional shares were issued in 2019. As at 31st December 2019 and also at 25th February 2020, Dangote Industries Limited, as well as Stanbic IBTC Nominees Nigeria Ltd held more than 5% of the issued share capital of the Company, as detailed below:

## Employees

Dangote Cement Plc. operates a policy of non-discrimination and considers all applications for employment equitably. Based on the Company's policy, an effort is made to ensure that the most qualified person is recruited for the position, irrespective of religion, ethnic group, physical condition or state of origin. Where existing employees become disabled, it is the policy, wherever practicable, to provide continuing employment under similar, or if required and possible adjusted, terms and conditions and to provide training as appropriate. We review our employment policies in line with the strategic objectives of its business. Key employees are recruited to add value to the Company and ensure high performance based on clearly defined performance indices. Employees are provided with information about the Company through the Internal Communications Unit, which publishes information on our website and intranet.

## Retirement benefits

The Company operates a group life policy as well as 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.

## Health, safety at work and welfare of employees

Dangote Cement Plc. recognises the importance of safeguarding the health and safety of its workforce, including its contractors, and manages the impact

on the environment resulting from its activities, thereby building constructive and sustainable relationships with stakeholders based on trust and respect. The Company is therefore committed to:

- complying with all laws and regulations applicable in its operating environment;
- identifying, measuring and understanding the health, safety, environmental and social impact and risks of its operations, and implementing long-term and sustainable solutions towards mitigating impact; and
- continuously seeking innovative ways to improve its health, safety and environmental performance.

Safety and environment workshops are organised with a broad focus on good housekeeping to ensure a good and safe working environment. Fire prevention and firefighting equipment is installed in strategic locations in the offices and plants. The Company provides adequate personal protective equipment (PPE) and other critical safety equipment and has a system to monitor compliance. The Company also ensures that adequate safety clauses are included in the contracts to which it is a party. The Company has developed several Health, Safety, Security and Environment (HSSE) policies, established the 15 HSSE Golden Rules and implemented a suitable incentive scheme to reward good HSSE practice across the Group.

This is because we believe that protection and care of the environment is essential to the sustainability and growth of the Company in the long term. The Company continues to place a premium on its human

Shareholder	As at 31st December 2019		As at 25th February 2020	
	Dangote Industries Limited	Stanbic IBTC Nominees Nigeria Ltd	Dangote Industries Limited	Stanbic IBTC Nominees Nigeria Ltd
Number of issued ordinary shares	14,612,796,970	1,088,693,589	<b>14,621,387,610</b>	<b>1,058,216,114</b>
% of issued ordinary shares	85.75	6.39	<b>85.80</b>	<b>6.21</b>

capital development. We value the welfare of our employees and contractors and this fact will ensure the improved efficiency of the business and help to maintain its strategic advantage over its competition. During 2019, employees attended numerous local and international training and development programmes to improve their HSSE knowledge and skills.

### Training and development

Dangote Cement Plc. is committed to the support of development of all its staff. The key purpose is to facilitate personal and professional development enabling individuals and groups to achieve their full potential at work. The Company recognises that its success is linked to the contribution, commitment and achievements of individual members of staff, working individually and in teams or groups. Training programmes are offered at the Dangote Academy for staff across the Group, with facilitation from professionals and other training experts. In addition to skill acquisition, the training programmes enable staff to develop the interpersonal skills needed to succeed in the workplace. The courses are designed to help staff in the performance of their designated roles and to help them to fulfil their potential.

### Identification of staff development needs

An assessment of the skills of individuals, when they are appointed to a new role, will lead naturally to the identification of their need for training and development, related to duties that they are to perform. In addition, staff training and development needs may be identified in a variety of ways, e.g. by skills audit, by feedback and by staff performance appraisal. It is our policy that all staff have at least one annual performance review a year with their head of department or line manager, at which time, training and development needs will be assessed and ways of meeting these will be identified, and an appropriate timescale agreed.

### Post balance sheet events

On 22nd January, 2020, shareholders approved a share buyback programme. The registration process to deploy this programme in 2020 is ongoing and is dependent on various regulatory approvals.

### Research and innovation

With rapid urbanisation and population growth in Africa, the Company realises that meeting housing and infrastructure needs will be a challenge. We are constantly looking for new product solutions that will respond to these construction challenges.

### Capital structure

The Company has one class of ordinary shares, which reflect the total value of the share capital. Each ordinary share carries the right to one vote at the Company's Annual General Meeting. The percentage shareholding and transfer of shares are governed by the Company's Articles of Association and relevant regulation. There are no restrictions with respect thereto. The Articles of Association may be amended by special resolution approved by the shareholders.

### Auditors

Upon information and belief, in the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant material information of which the Company's Auditors are unaware; and
- each of the Directors has taken all the steps that he or she reasonably ought to have taken as a Director to make himself or herself aware of any relevant material information and to establish that the Company's Auditors are aware of that information.

In compliance with the provisions of the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Company puts the external audit contract out to tender at least every ten years. As the Auditors have spent ten years, a resolution will be proposed at the Annual General Meeting to appoint new auditors.

By the Order of the Board of Directors.



### Mahmud Kazaure

Company Secretary  
and Chief Legal Officer

### Registered Office

Union Marble House,  
1, Alfred Rewane Road,  
P. O. Box 40032,  
Falomo, Ikoyi, Lagos.

Dated this 25th day of February, 2020

# Audit, Compliance and Risk Management Committee report

## Ernest Ebi MFR

Independent Non-Executive Director



### Role of the Committee

The Audit, Compliance and Risk Management Committee is charged with oversight of internal control, compliance and risk management, working with the respective internal functions.

Members	Meetings attended (eligible to attend)
Ernest Ebi (Chairman)	●●●●
Joseph Makoju	●○○○
Cherie Blair	○●●●
Dorothy Udeme Ufot	●●●●
Emmanuel Ikazoboh	●●●○●
Devakumar Edwin	●○○○
Fidelis Madavo	●○○○
Olakunle Alake	●○○○
Sani Dangote	⊗○○○

● Attended   ⊗ Medical absence   ○ Not attended   ○ Not a member as at date

### Introduction

I am pleased to present to you the 2019 report of the Audit, Compliance and Risk Management Committee. The Board is ultimately accountable for the risk management process, system of internal control and monitoring compliance with applicable laws and regulations. These functions have been delegated to the Audit, Compliance and Risk Management Committee, in accordance with the Company's corporate governance framework and as more particularly set forth in the Committee Charter. The Board has satisfied itself that the members of the Committee have substantial education and experience of accounting, risk and corporate financial management, legal, governance and compliance and internal control management. This surpasses the requirement of Section 30.2 of the SEC Code, which requires that at least one member of the Committee should have recent and relevant financial experience.

### Composition and membership

As an Independent Non-Executive Director, I serve as the Chairman of the Committee. Details of members as well as meeting attendance is shown in the table.

The Committee met four times in 2019. Some members of our Senior and Executive Management teams were invited to meetings to provide information on directives given by the Committee. These include the Group MD, Group DMD, Group CFO, Head of Internal Audit, Group Chief Risk Officer, Company Secretary, Deputy Company Secretary and Compliance Managers.

## Roles and responsibilities

The roles and responsibilities of the Committee are set out in its Charter, which is reviewed periodically by the Committee, taking into account relevant legislation and recommended best practice. The Committee has oversight over the Audit, Compliance and Risk Management functions and receives separate reports from each of these functions. Each quarter, the Committee submits to the Board of Directors a report of activities of the Committee, which considers the activities for the review period, evaluation of the adequacy of its Charter and an assessment of the Committee's performance; the report is prepared in accordance with its Charter. The Committee's main responsibilities include:

- oversight of the activities of the Group Internal Audit function including the appointment and evaluation of the Group Head of Internal Audit, approval of the Internal Audit Plan, review of Internal Audit reports and safeguarding the independence of the Internal Audit function;
- reviewing the scope and effectiveness of the Internal Audit function and recommending proposed changes to the Board; ensuring that proper cooperation exists between statutory auditors and the Group Internal Audit function;
- recommending to the Board for approval, the Company's risk appetite, risk framework and policies;
- oversight of the execution of risk management including identification, analysis and risk mitigation, within the scope of the risk appetite;
- reviewing, with the Company's Legal Counsel, any legal matter that could have significant impact on the Company's operations and financial statements;

- overseeing the Company's compliance programme and adherence to the Code of Business Ethics;
- establishing a whistle-blowing mechanism and monitor implementation.

## Risk management Introduction

The Risk Management function of the Group supports the Board of Directors, the Executive Committee and management of all subsidiaries in the Group in identifying and analysing the Company's overall risk exposure. It does this through its bespoke Enterprise Risk Management Framework, which is governed by the Board and driven by a specialist team that takes a formalised approach to risk management across all our operations. Risks identified are managed systematically to ensure proper control of all risks to which the Company is exposed.

The Group defines risks as events that portend any consequence of uncertainty in the attainment of its business objectives, which may result in an opportunity or a threat. The risk appetite statements define the quantum of risk that the Group is willing to accept in pursuit of its strategic goals. For proper analysis, risk incidents are mainly grouped under business and strategic risk, operational risk, financial risk, market risk, liquidity risk, business continuity risk and reputational risk.

The outlook for effective risk management involves proper analysis of the Group's business activities to identify short, medium and long-term risks. Identified risks are then assessed, and controlled with close monitoring of the implementation of recommended controls by the Group's Risk

Management department. Insurance solutions are instituted as a key method of risk treatment. The risk landscape of the Group is derived through thorough risk assessments and deployment of other risk identification tools that cover all strategic, internal and external business activities of the Group. These risk management tools are utilised at all levels and within all subsidiaries of the Group.

## Risk review of 2019

At each of its meetings, the Committee reviewed risk management reports on all identified or anticipated risk exposures. As a result, the Committee was able to review the efficacy of its risk management framework. Based on this oversight on the Group's risk management implementation during the year, the Committee made recommendations to the Board on the nature and extent of the risks it was willing to take to achieve its strategic goals. Some key decisions reached by the Committee are outlined below:

**Operational risk:** The Committee reviewed principal risks, mitigating actions, tolerance limits through the key risk indicator dashboard and approved remedial actions required.

**Credit risk:** The Committee gave directives to develop policies for ensuring optimal mix in the ratio of secured exposures to clean credit exposures.

**Transport risk:** The Committee approved the review of transport strategy, process, structure, and technology.

**Audit and risk relationship:** The Committee reviewed the role of the Risk Management and Audit functions as they pertain to risk assessment and their input for preparing internal audit plans.

# Audit, Compliance and Risk Management Committee report continued

## Compliance

The Board monitors the Company's compliance with applicable laws and standards, through the Committee. The Compliance function is crucial for the timely detection and prediction of compliance violations as well as for the provision of reactive and pro-active countermeasures on compliance violations. In recent years, monitoring the compliance of business processes with relevant regulations, processes, and rules has evolved as a major concern, and the Compliance function monitors business processes to identify possible compliance violations and predict occurrence of future violations in a way that will prevent sanctions for the Group. The Company recognises that effective compliance management is vital for sustainable profitable growth.

There are Compliance Managers, whose primary function is to oversee statutory and governance compliance in every facet of the company's operations, both in Nigeria and other countries where we operate.

In pursuance of the Board's resolve, the Committee was renamed the "Audit, Compliance and Risk Management Committee" with the added responsibility of overseeing the Compliance function across companies in the Group. The Committee includes 'Compliance Update' as a standing agenda item during its meetings and receives periodic updates on the level of compliance with all applicable regulatory requirements and its impact on the compliance risk profile of the Company. The Committee also reviews reports received from the regulators and evaluates the nature and effectiveness of action plans implemented to address identified regulatory compliance issues.

The Compliance function is guided by the Compliance Charter, which amongst others seeks to establish and implement compliance management practices which contribute to sound and responsible business practices and integrity of the products and services delivered; and incorporate these principles in the day-to-day operations of the Group's businesses in all the operating countries.

## Compliance objectives/functions

- a) Embed and encourage compliance with laws, regulations, business principles, rules of conduct, and established good business practices in every aspect of the Company's affairs (e.g. governance, strategy, people, processes, policies, culture, communication);
- b) Establish and maintain effective compliance and control systems, including compliance risk assessment, mitigation, monitoring, and reporting
- c) Provide timely advice on relevant changes in the compliance environment;
- d) Promote integrity of the Group, its businesses and its employees;
- e) Reports on compliance matters that warrant the attention of the subsidiary Company Management Board. Such reports must include as any exceeded compliance risk tolerance levels and unacceptable business practices
- f) Monitor progress of compliance risk mitigating actions and other compliance risk management issues until they are resolved;
- g) Submit an annual Compliance Appraisal Plan (CAP) to the Board Audit, Compliance and Risk Management and for review and approval; and periodically update the CAP as necessary
- h) Work with the process owners to document an annual monitoring plan;
- i) Create a process including tools for tracking and managing actions;
- j) Create a process including tools for the recording, reporting and managing of compliance issues and incidents;
- k) Incorporate lessons learned into the components and activities of the Compliance Program and annual plan; and
- l) Ensure resolution of, or escalation to the Subsidiary Management Board, Executive Management Team and the Committee on unaddressed or overdue items.
- m) Institute internal arrangements to ensure that all statutory and governance duties are adequately discharged in a timely manner.
- n) Coordinate the provision of information to regulatory organizations, ensuring they are timely, appropriate and present an effective image of the company.
- o) Ensuring compliance with all corporate governance requirements and rules of appropriate regulatory authorities, particularly the FRC, SEC, NSE and CAC.
- p) Ensure development, review, dissemination and communication of all governance policies and processes required by the regulators.

## Compliance appraisal

The Compliance function is executed through periodic appraisals. During appraisal visits, one on one meetings are held with the management of the subsidiary companies or the operating plants, or depots with a view to understanding their operational challenges and proffering solutions.

## Policy formulation

Policy formulation, review and implementation is an integral part of the Compliance function. We have internal policies and charters that regulate facets of the company's activities, ranging from production, sales, finance, human resources, communications, internal controls, corporate social responsibility functions etc. Details of the Board and Governance policies can be found on pages 112 to 113.

### Internal audit

The Internal Audit function is responsible for providing assurance to management, the Committee, and the Board on the adequacy and effectiveness of risk management, governance and internal control systems in the Company. The Board has documented the authority, scope, accountability and responsibility of the Internal Audit function in the Internal Audit Charter. The function operates independently of management and has full access to all functions, records, property and personnel in the Group.

Dangote Cement Plc.'s Internal Audit function consists of the Group Internal Audit team, led by the Group Head Internal Audit, and regional and country audit functions that operate in each of the Company's principal areas of business throughout its operations in Africa.

The regional and country functions are centrally directed by the Group Internal Audit team. The country Internal Audit functions are jointly accountable to local senior management and regional heads of Internal Audit. They also have direct access and accountability to local audit committees and the Group Head of Internal Audit. The Internal Audit function's approach to its activities is centered on the Company's Enterprise Risk Management (ERM) Framework and a Risk-Based Audit Approach, both of which strengthen and complement how we undertake risk management. This approach provides assurance that the processes that manage risks to a level considered acceptable by the Board, are working effectively and efficiently, whilst focusing on key processes and controls.

The Group Internal Audit function uses a standardised group-wide internal audit methodology which is in compliance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. It operates a formal quality assurance and effectiveness programme. Following a risk-based approach, the Internal Audit function presents the annual internal audit plan for the consideration, review and approval of the Board, based on recommendation of the Committee. The

internal audit plan sets out the scope of work to be performed over a period and also defines the approximate resources necessary to accomplish the scope of the internal audit activities.

Internal Audit reviews, based on the approved plan for the year, generally includes provision of assurance over financial, operational, IT and transformation programme activities which are performed by teams of appropriately qualified employees, as well as third parties who are appointed from time to time. The Group Head of Internal Audit, who reports to the Board Audit, Compliance and Risk Management Committee and administratively to the Group MD, has direct right of access to, and regular meetings with me and prepares formal reports on the consolidated activities and key findings of the Group Internal Audit Function for each Committee meeting. The Committee also has unrestricted access to all internal audit reports, should it wish to review them.

### Whistle-blowing mechanism

All employees and stakeholders have the opportunity to make confidential disclosures about suspected impropriety or wrongdoing. The Anti-Fraud Committee reviews the appropriateness of method and level of investigation. The Anti-Fraud Committee is made up of the Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, Head of Internal Audit, Chief Human Resources Officer and the Chief Risk Officer. The Committee reviews the Group's whistle-blowing arrangements each year to assess whether they remain effective, is notified of all material disclosures made through the whistle-blowing arrangements and receives reports on the results of investigations and actions taken. The Internal Audit function performs necessary investigations on relevant items, recommends sanctions in line with Dangote Cement Plc.'s policies and provides recommendations for strengthening anti-fraud controls.

The Audit, Compliance and Risk Management Committee has satisfied itself that proper and satisfactory internal controls remain in place to identify and contain business risks, and that the

Company's business, and that of its subsidiaries, is being conducted in a proper and economically sound manner. I am confident that the Committee, supported by senior management, has carried out its duties effectively and to a high standard in 2019. In 2020, we will continue to enhance our processes in line with leading practices.



### Ernest Ebi MFR

Chairman of the Audit, Compliance and Risk Management Committee  
25th February 2020

# Finance and Investment Committee Report

**Viswanathan Shankar**  
Non-Executive Director



## Role of the Committee

The Finance and Investment Committee oversees all matters relating to the Company's financial reporting and disclosure. It also assumes oversight of its financial policies and financial strategy, potential corporate actions such as fund raising or M&A, as well as its arrangements for funding, resourcing and staffing.

## Members

Members	Meetings attended (eligible to attend)
Viswanathan Shankar	○ ● ● ● ● ●
Emmanuel Ikazoboh	● ○ ○ ○ ○ ○
Michael Davis	○ ● ● ● ● ●
Douraid Zaghouani	● ● ● ● ● ●
Devakumar Edwin	● ● ● ● ● ●
Olakunle Alake	● ● ● ● ● ●
Fidelis Madavo	○ ○ ○ ○ ○ ○

● Attended    ● X Medical absence    ○ Not attended    ○ Not a member as at date

## Introduction

I am pleased to introduce the report of the Finance and Investment Committee for the 2019 financial year. We have continued to maintain the highest standards of governance, while striving to ensure efficiency amidst the challenges in our operating environment. The Finance and Investment Committee (FIC) assists the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, management of internal controls, treasury, investments, financial risks, capital restructuring, corporate finance strategy, and other related matters.

The Committee receives its insight into the challenges and goals of the Group from the financial and business targets set by the Board. It reviews how the Company progresses towards achieving those targets, receiving regular updates from Executive and Senior Management staff on operational and financial issues across the Group.

## Roles and responsibilities

The Committee's main roles and responsibilities are to assist the Board in fulfilling its oversight responsibilities by advising the Board on matters relating to:

- the Group's capital structure and the corporate finance strategy, including the issuance of equity and debt securities, general financing plans, debt ratings, share repurchase philosophy and strategy, and the Company's dividend policy;
- (in consultation with the independent auditors and the internal auditors), all financial statement presentations, as well as the integrity of the Company's financial reporting processes and controls;
- treasury operations, investment strategies, banking and cash management arrangements and financial risk management; and

- major investments, or similar transactions and the policies and processes of the Company related thereto.
- critical accounting policies and practices to be used by the Company, as well as any major issues arising thereof;
- any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

### Composition of the Committee

Biographical details of each member of the Committee, including relevant qualifications and experience, are set out in pages 114-116 of this report.

Some members of Senior and Executive Management are invited to attend meetings to provide any necessary information, as well as updates on agreed tasks and directives requested by the Committee in previous meetings. As Chairman of the Committee, I regularly hold private meetings with the Group Chief Financial Officer, members of the Senior Management team and the lead audit partners of our auditors, prior to the Committee meeting to better understand issues and any areas of concern and to allow sufficient time for meaningful discussion in the Committee meeting itself.


### Committee activities in 2019

Matters considered by the Committee included:

- pricing strategy and impact on revenue and profits;
- tax impact and tax exemption status of entities within the Group, and total tax liability of the Group;
- review of the carrying amount of Group assets including any potential impairment loss to be recognised during the year;
- benefits of different types of bond issuance; and
- review of the currency hedging strategies, foreign exchange exposures and management-proposed actions to mitigate foreign exchange exposures and their impacts on the business.

The Committee also recommended the financial strategy and areas of focus to the Board, and determined that it was appropriate to adopt the going concern basis for the preparation of the financial statements. It identified the current national threat level and satisfied itself as to the Company's level of preparedness and areas for improvement for the 2019 financial year.

Having reviewed the composition and activities of the Committee, I am satisfied that the Committee, working closely with Senior Management and the independent auditors, has carried out its duties effectively and to a high standard in 2019. Going forward, we will continue to focus on the effectiveness of the finance function and ensure adequate protection of the Company's financial assets.



**Viswanathan Shankar**

Non-Executive Director  
25th February 2020

# Technical and Sustainability Committee Report

## Sir Michael Davis

Independent Non-Executive Director



### Role of the Committee

The Technical and Sustainability Committee assumes oversight of the technical aspects of the Company's operations, including production, health, safety and environmental matters, as well as sustainability matters. It also assesses the performance of existing plants and the viability of proposed expansion projects.

Members	Meetings attended (eligible to attend)
Michael Davis (Chairman)	○ ● ● ● ●
Ernest Ebi	● ○ ○ ○ ○
Dorothy Udeme Ufot	○ ● ● ● ●
Devakumar Edwin	● ● ● ● ●
Olakunle Alake	● ● ● ● ●
Abdu Dantata	● ● ● ● ●
Douraid Zaghouani	● ● ● ● ●
Fidelis Madavo	○ ○ ○ ○ ○

● Attended    ● Medical absence    ○ Not attended    ○ Not a member as at date

### Introduction

The Technical and Sustainability Committee of the Board of Dangote Cement Plc. assists the Board and has an oversight function over matters related to the construction, expansion of capacity, maintenance and operation of plants and sustainability of the Group's operations. It is an independent role with accountability to the Board. It does not assume the functions of management, which remain the responsibility of the Chief Executive Officer and other Senior Executives.

### Composition

Biographical details of each member of the Committee, including relevant qualifications and experience are set out on pages 114-116 of this report. Members of the Executive Management team are always in attendance at Committee meetings in order to provide necessary information, support the Committee and give status updates on decisions from previous meetings.

### Responsibilities

The Committee assists the Board in fulfilling its oversight responsibilities regarding the following:

- reviewing project feasibility to determine and consider viability of planned expansion projects in Nigeria and elsewhere;
- reviewing the technical scope of plant projects including risk assessment and the Quality Management Plan and make recommendations to the Board as to needs or issues arising therefrom; reviewing the status of projects according to agreed scope, schedule, project milestones and KPIs, and where there are delays or variations, probe management to understand root causes and mitigate against such in the future;



- reviewing safety, health and environmental performance and improvement plans;
  - reviewing operational, staffing and commissioning readiness plans;
  - monitoring the production budget, standards, raw material supplies, energy and key performance indicators per plant;
  - reviewing asset/plant care policy and performance (preventative/breakdown, unit and plant reliability/availability and costs);
  - ensuring effective technical, research and development programmes to enable continuing innovation and improvement across the Group; and
  - overseeing the development and implementation of corporate social responsibility and community programmes in plants and business locations where we operate in Nigeria and throughout the rest of Africa.
- sustainability strategy and policies are implemented and monitored across the Group; and
  - transport and transport safety initiatives are implemented and monitored across the Group.

**Sir Michael Davis**  
 Chairman of the Technical and Sustainability Committee  
 25th February, 2020



The reports of the Committee are presented to the Board after each Committee meeting, providing the Board with summaries of discussions and its recommendations for the consideration of the Board. In the financial year ended 31st December 2019, the Committee held four meetings.

**Focus for 2020**

In 2020, the Committee will continue to strive to discharge its mandate, and will aim to ensure that:

- operational efficiencies and plant optimisation initiatives are implemented across operations to achieve cost savings;
- production targets across the Group are met;
- health, safety and environment policies are enforced and monitored across the Group;



# Remuneration, Governance and Nomination Committee Report

## Emmanuel Ikazoboh

Independent Non-Executive Director



### Role of the Committee

The role of the Remuneration, Governance and Nomination Committee is to assist and advise the Board on matters related to the remuneration of the Directors and Senior Management, such that the Company is able to attract and retain the best talent. In addition, it has oversight of governance matters.

Members	Meetings attended (eligible to attend)
Emmanuel Ikazoboh (Chairman)	●●●●●
Cherie Blair	○●●●●
Dorothy Udeme Ufot	●○●●○
Ernest Ebi	●●●●●
Michael Davis	○●●●●
Abdu Dantata	●○●●○
Devakumar Edwin	○●●●○
Sani Dangote	⊗○●●○

● Attended   ⊗ Medical absence   ○ Not attended   ○ Not a member as at date

### Introduction

I am pleased to introduce the report of the Remuneration, Governance and Nomination Committee. In this report, we provide an overview of the principles, policy and practices regulating remuneration at DCP, with specific emphasis on remuneration of Executive and Non-Executive directors and members of the Executive Management Committee. The information contained herein has been approved by the Board on recommendation of the Remuneration, Governance and Nomination Committee.

### Focus

Our remuneration system aims to remunerate personnel commensurately with their areas of activity and responsibility and in compliance with applicable law. The adequate combination of non-performance-related and performance-related components of remuneration is designed to create an incentive to secure the Group's long-term success. The fixed component of remuneration is paid as a base salary; the variable components are intended to reflect, clearly and directly, the joint performance of the members of the Board of Management as a whole, as well as the long-term performance of the Group, taking cognizance of interests of various shareholders and stakeholders. This report will explain how the remuneration policy is aligned with the short-term objectives and long-term strategy, as well as remuneration for the financial year under review.

### Our approach to remuneration

DCP has a remuneration policy that regulates remuneration of Directors and members of the Executive Management Committee. This policy conforms to the Company's strategy of rewarding people in a fair, transparent and competitive manner, according to their levels of performance (against pre-determined targets), skill set, competences, and responsibility. This enforces our remuneration principles that aims to:

- attract and retain people with integrity, ability, skill and experience to deliver the Group's strategy;

- retain the services of existing competent directors and senior management, as well as attract quality to the company;
- ensure that remuneration levels are fair, transparent and do not discriminate;
- recognise and encourage exceptional and value-adding performance;
- motivate directors to pursue and promote balance between the short-term and long-term growth of the Group while maximising shareholders' returns;
- ensure that remuneration arrangements are equitable, transparent, well communicated and easily understood, aligned with the interest of shareholders and adequately disclosed;
- align individual rewards with the Company's performance, the interests of its shareholders, and a prudent approach to risk management; and
- promote compliance with global regulatory trends and governance requirements, with an emphasis on long-term sustainability.

DCP policy defines a transparent procedure for encouraging and stimulating enhanced performance in a way that will increase profitability and sustainability of the Company. It provides challenging but achievable goals to drive towards the vision and strategy of the Company, focuses on increased accountability through providing clarity around what is measured and how (weightings against performance categories), and emphasises the way that business should be conducted by incorporating executive leadership and corporate values into the performance management process. This is consistent with Section 5.3 of the SEC Code.

Our policy also ensures that senior executives' remuneration is linked to Group and individual performance in line with section 5.3 (g) of the SEC Code. The Remuneration, Governance and Nomination Committee has been charged with the responsibility of leading the process for determining the remuneration of senior executives and Non-Executive

Directors. The Committee will continue to monitor the Remuneration Policy's alignment with the Group's business priorities and objectives, whilst ensuring that the remuneration framework continues to motivate, reward and retain our senior management in order to deliver the Company's strategy in the most effective manner.

### Composition of the Committee

The Board has satisfied itself that members of the Committee have the requisite knowledge, skill and experience to function effectively. Biographical details of each member of the Committee, including relevant qualification and experience are set out in pages 114-116.

This composition is in compliance with Section 11.1 of the SEC Code. In compliance with Section 14.3 of the SEC Code, only Non-Executive Directors are involved in decisions regarding the remuneration of the Group Chief Executive Officer. The SEC Code requires the Remuneration, Governance and Nomination Committee to consist only of Non-Executive Directors. I serve as the Chairman of the Committee by virtue of my position as an Independent Non-Executive Director.

The Group CEO, Group CFO, Group Chief Human Resources Officer and Company Secretary are regularly consulted and are in attendance at the Committee meetings when required to provide information.

### Roles and responsibilities

The principal role of the Remuneration, Governance and Nomination Committee, is to assist the Board in the matters described in the table on page 133. Generally, the Committee is responsible for satisfying itself, on behalf of the Board of Directors, that the Company's leadership development, talent planning, organizational structure and compensation strategies, plans, policies and practices are internally aligned and consistent with the sustainable achievement of the Company's business objectives, the prudent management of its operations and risks including regulatory oversight as required, and adherence to its processes, policies, procedures and controls. The responsibilities include:

- establish the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflicts of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;
- prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- periodically evaluate the skills, knowledge and experience required of the Board; and
- make recommendations on experience required by Board committee members, committee appointments and removal, operating structure, reporting and other committee operational matters.

# Remuneration, Governance and Nomination Committee Report continued

## Responsibilities of the Remuneration, Governance and Nomination Committee

### Remuneration

- Make recommendations on the amount and structure of the remuneration of the Chairman and Non-Executive Directors of the Board to ensure that remuneration is fair and competitive
- Ensure that the Group's Remuneration Policy and structure is fair and enough to attract and retain high-caliber staff to the Group.
- Recommend to the Board, the terms, conditions and remuneration of senior executives including performance incentives.
- Ensure proper disclosure of Directors' remuneration to the Shareholders.
- Provide input to the Annual Report of the Company in respect of Directors' compensation.

### Performance management

- Review and agree, at the beginning of the year, the Key Performance Indicators (KPIs) for the Group CEO and senior executives.
- Assess performance of the Group CEO against the agreed KPIs and provide feedback thereon.
- Ratify the performance appraisal of senior executives on the recommendation of the Group CEO.
- Ensure that the performance and effectiveness of individual Directors, Board and Board Committees are reviewed annually.

### Human resources

- Ensure that succession policies and plans exist for the positions of Chairman, Chief Executive Officer, Executive Directors and the Managing Directors of subsidiary companies.
- Periodically review and make recommendations to the Board on the Group's organisational structure and any changes thereto.
- Periodically review and make recommendations on the Group's key human resource policies.
- Periodically review and make recommendations on recruitment, promotion and disciplinary actions for senior management staff.

### Governance

- Periodically recommend the preparation and adoption of the Board governance policies in line with regulatory compliance and best practice
- Periodically review existing policies in line with changes in the regulatory and governance environment and make recommendations to the Board for amendments thereto
- Ensure that the Board conducts a Board evaluation on an annual basis
- Review the performance and effectiveness of the subsidiary company boards on an annual basis where applicable.

### Committee activities during 2019

In addition to the activities set out in the table on page 111, the Remuneration, Governance and Nomination Committee has completed the performance evaluation of the Group CEO and senior executives for the 2019 financial year and agreed the KPIs for 2020.

Key matters considered	Committee actions
<b>Board training</b>	<ul style="list-style-type: none"> <li>The Committee reviewed and approved the proposal of training for Directors recommending both local training by Institute of Directors and international training anchored by McKinsey Global Institute to improve the capacity of the Board.</li> <li>The Committee also resolved to recommend the need to ensure annual Board and Director training to enable them keep abreast of trends and best practice in Directorship.</li> </ul>
<b>Governance policies</b>	<ul style="list-style-type: none"> <li>The Committee noted the need to review existing governance policies and charters in line with regulatory requirements and changes and approved compilation and review of all Board Charters and policies.</li> </ul>
<b>Board evaluation</b>	<ul style="list-style-type: none"> <li>The Committee commissioned a Board and Individual Directors Evaluation in respect of the 2018 financial year.</li> </ul>
<b>Executive and staff compensation</b>	<ul style="list-style-type: none"> <li>The Committee reviewed and considered the report presented by Management of the comparative analysis of the salary structure against industry peers with a view to make the compensation structure more competitive and attractive to people with the requisite skill sets.</li> <li>The Committee considered implementation of an individual performance bonus and other staff incentives subject to satisfactory performance.</li> </ul>
<b>Succession planning and manpower planning</b>	<ul style="list-style-type: none"> <li>The Committee resolved to implement succession planning initiatives that will enable the company recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement and/or promotion into ever more challenging roles within the Group.</li> </ul>
<b>Talent management system</b>	<ul style="list-style-type: none"> <li>The Committee reviewed the Talent Management System that attracts and develops young talented professionals who will serve as a pool for future growth and staff retention.</li> </ul>

# Remuneration, Governance and Nomination Committee Report continued

## Annual performance incentive, 2019

In accordance with the Group Remuneration Policy set out in this report, incentives awarded to the Group CEO and Senior Executives are based on the performance of the Group and on their individual performance. At the beginning of the year, the Committee set operational targets consisting of several key performance indicators (KPIs) covering both financial and non-financial measures of performance for the Group CEO and Senior Executives. The Committee agreed that it was necessary to award performance incentives, having reviewed the Group's performance and the performance of the executive committee against the overall performance of the Group in 2019 and the KPIs set at the beginning of the year.

## Directors' emoluments for 2019

Details of the remuneration paid to Non-Executive Directors in 2019 are as follows:

Name of Director	Director fees and allowances		Sitting allowances		Other allowances		Total	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Aliko Dangote	5,000	5,000	2,900	3,300	41,168	40,050	49,068	48,350
Sani Dangote	4,000	4,000	1,850	700	39,810	45,550	45,660	50,250
Olakunle Alake	4,000	4,000	13,150	7,250	39,810	40,050	56,960	51,300
Abdu Dantata	4,000	4,000	5,300	4,800	39,810	40,050	49,110	48,850
Sir Michael Davis	4,000	4,000	5,700	1,200	48,860	3,650	58,560	8,850
Ernest Ebi	4,000	4,000	8,800	8,500	48,835	42,100	61,635	54,600
Emmanuel Ikazoboh	4,000	4,000	9,150	8,150	48,835	42,100	61,985	54,250
Devakumar V.G. Edwin	4,000	4,000	11,550	7,600	36,200	40,050	51,750	51,650
Douraid Zaghouni	4,000	4,000	5,150	4,800	48,860	40,050	58,010	48,850
Viswanathan Shankar	4,000	4,000	3,200	2,000	3,610	—	10,810	6,000
Dorothy Udeme Ufot	4,000	4,000	6,050	4,800	44,010	45,250	54,060	54,050
Cherie Blair	4,000	4,000	4,100	1,200	48,860	3,650	56,960	8,850
Fidelis Madavo	—	4,000	—	7,100	—	40,050	—	51,150
Olusegun Olusanya	—	4,000	—	8,150	—	42,100	—	54,250
<b>Total</b>	<b>49,000</b>	<b>57,000</b>	<b>76,900</b>	<b>69,550</b>	<b>488,668</b>	<b>464,700</b>	<b>614,568</b>	<b>591,250</b>

## Proposed Non-Executive Director fees for 2020

The proposed fees for Non-Executive Directors will be presented to shareholders during the Annual General Meeting for their consideration. In line with Section 14.6 of the SEC Code, the Board has fixed the remuneration of Non-Executive Directors, as shown above for shareholders' approval.

Position	2019 N'000	2018 N'000
Chairman	5,000	5,000
Non-Executive Directors	4,000	4,000
Committee chairmanship	400	400
Committee membership	350	350

## Directors' interests

The interests in the ordinary shares of the Company, of Directors who held office during the period 1st January, 2019 to 31st December, 2019, are set out in the Report of the Directors on page 119.



### Emmanuel Ikazoboh

Chairman of the Remuneration, Governance and Nomination Committee

25th February 2020

REPORT

House  
Street, Marina, Lagos

# Financial statements

## Financial statements

- 136 Report of the Statutory Audit Committee
- 137 Certification pursuant to Section 60 of the Investments and Securities Act (ISA) 2007
- 138 Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements
- 139 Independent Joint Auditors' Report
- 142 Consolidated and separate statement of profit or loss
- 143 Consolidated and separate statement of comprehensive income
- 144 Consolidated and separate statement of financial position
- 145 Consolidated statement of changes in equity
- 146 Separate statement of changes in equity
- 147 Consolidated and separate statement of cash flows
- 148 Notes to the consolidated and separate financial statements
- 205 Five-year financial summary – other national disclosure Group
- 206 Five-year financial summary – other national disclosure Company
- 207 Statement of value added – other national disclosure

## Supplementary information

- 208 Share capital history
- 209 Shareholding range analysis
- 210 GRI content index
- 216 External assurance statement report
- 219 Related-party transactions
- 221 Compliance with SEC disclosure requirements
- 224 Notice of Annual General Meeting
- 225 Directors and professional advisers
- 226 Corporate information
- 227 Donations and sponsorships
- 231 Board and Committee meeting dates and attendance
- 234 Notes
- 237 e-Mandate Activation form
- 239 Proxy form

# Report of the Statutory Audit Committee

In accordance with Section 359 (6) of the Companies and Allied Matters Act, Cap C20 LFN 2004 and Section 30.4 of the SEC Code, the members of the Statutory Audit Committee of Dangote Cement Plc hereby report as follows:

“We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, Cap C20 LFN 2004 and we acknowledge the cooperation of the Board, management and staff in the conduct of these responsibilities. After careful consideration of the report of the external auditors, we accepted the report that the Financial Statements give a true and fair view of the state of the Group’s financial affairs as at 31st December, 2019.

We confirm that:

- I. The accounting and reporting policies of the Group are in accordance with legal and regulatory requirements as well as agreed ethical practices;
- II. We reviewed the scope and planning of audit requirements and found them adequate;
- III. We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory;
- IV. The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function;
- V. We made recommendations to the Board on the appointment of KPMG Professional Services to replace the retiring auditors, Deloitte & Touche and Ahmed Zakari & Co. We also made recommendations on the remuneration of the external auditors for the financial year ended 31st December 2019 and reviewed the provision made in the Financial Statements for the remuneration of the external auditors; and
- VI. We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31st December, 2019 and the External Auditors’ report thereon be presented for adoption at this Annual General Meeting.”



**Robert Ade-Odiachi**

Chairman, Statutory Audit Committee  
FRC/2013/ICAN/00000004526

**Members of the Statutory Audit Committee:**

Robert Ade-Odiachi, Shareholders’ Representative  
Nicholas Nyamali, Shareholders’ Representative  
Sheriff Yussuf, Shareholders’ Representative  
Olakunle Alake, Non-Executive Director  
Ernest Ebi, Independent Non-Executive Director  
Emmanuel Ikazoboh, Independent Non-Executive Director

# Certification pursuant to Section 60 of the Investments and Securities Act (ISA) 2007

We have reviewed the consolidated and separate financial statements of Dangote Cement Plc and its subsidiaries ("the Group") for the year ended 31st December 2019.

Based on our knowledge, these consolidated and separate financial statements do not:

- contain any untrue statement of a material fact; or
- omit to state a material fact, which would make the statement misleading in light of the circumstances under which such statements were made.

The financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of, and for the years presented in the consolidated and separate financial statements.

The Directors are responsible for establishing and maintaining internal controls.

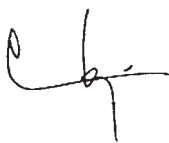
We have:

- designed such internal controls to ensure that material information relating to the Group is made known to us by others within the Group, particularly during the year in which this report is being prepared;
- continuously evaluated the effectiveness of the Group and Company's internal controls and reported to the Board's Audit, Compliance and Risk Management Committee on a quarterly basis; and
- disclosed to the Audit Committee any fraud, whether material or not, that involved management or other employees who have a significant role in the Company's internal controls.



**Aliko Dangote, GCON**

Chairman, Board of Directors  
FRC/2013/IODN/00000001766



**Michel Pucheros**

Group Managing Director/Chief Executive Officer  
FRC/2017/IOODN/00000015919



**Guillaume Moyen**

Acting Group Chief Finance Officer

# Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements

For the year ended 31st December 2019

The Directors of Dangote Cement Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and company as at 31st December 2019, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

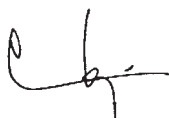
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and company, and which enable them to ensure that the financial statements of the Group and company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company;
- the Directors have assessed the Group's ability to continue as a going concern and have no reason to believe the Group will not remain as a going concern in the year ahead; and
- preventing and detecting fraud and other irregularities.

The consolidated and separate financial statements of the Group and company for the year ended 31st December 2019 were approved by the directors on 25th February 2020.

On behalf of the Directors



**Aliko Dangote, GCON**  
Chairman



**Michel Puchercos**  
Group Managing Director/Chief Executive Officer

# Independent Joint Auditors' Report

## To the Shareholders of Dangote Cement Plc

### Report on the audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the accompanying consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Dangote Cement Plc as at 31 December 2019 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report. The key audit matter below relate to the audit of the consolidated financial statements.

Key Audit Matter

How the matter was addressed in the audit

#### Complexity of Multi-jurisdictional operations

The Group operates in multiple jurisdictions, exposing it to a variety of different laws and regulations, and interpretations thereof.

The nature of its business subjects it to regulations by various authorities across the jurisdictions in which it operates. These regulations include taxation, environmental and company laws and give rise to complexity and uncertainty in respect of general compliance.

Due to their significance in quantitative and qualitative, terms for tax provisions and other regulatory compliance requirements respectively to the Group financial statements as a whole, combined with the judgement and estimation required to determine the current and deferred tax balances.

As disclosed in notes 4.2.2, 14 and 18 to the financial statements, this is considered to be a key audit matter in view of its significance.

We performed an assessment of the material components impacting the Group's tax expense, balances and exposures, including those with material regulatory compliance requirements. We reviewed and challenged the information reported by subsidiaries with the support of local auditors and tax specialists, where appropriate. With the support of our tax specialists at Group level, we verified the consolidation and analysis of tax balances, expense and disclosures.

We assessed at each component, the material compliance requirements with respect to local laws and regulations. This was assessed by the local auditors with knowledge of the local laws and regulations affecting the entity.

We reviewed internal reports and performed procedures to identify actual and potential non-compliance with laws and regulations specific to the Group business.

Based on the procedures performed above, we believe that the tax balances were properly measured and disclosed. We also noted no exception from our review of other regulatory compliance requirements.

# Independent Joint Auditors' Report continued

## To the Shareholders of Dangote Cement Plc

### Other information

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

### Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements continued

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

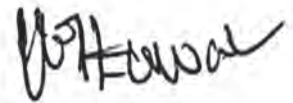
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position, statements of profit or loss and comprehensive income are in agreement with the books of account and returns.



#### Abraham Udenani, FCA

FRC/2013/ICAN/00000000853

For: Deloitte & Touche  
Chartered Accountants  
Lagos, Nigeria  
26th February, 2020

#### Olukayode Lawal, FCA

FRC/ 2013/ICAN/00000000748

For: Ahmed Zakari & Co  
Chartered Accountants  
Lagos, Nigeria  
26th February, 2020



# Consolidated and separate statement of profit or loss

## For the year ended 31st December 2019

	Notes	Group		Company	
		Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Revenue	5	<b>891,671</b>	901,213	<b>610,247</b>	618,301
Production cost of sales	7	<b>(379,989)</b>	(383,311)	<b>(181,009)</b>	(170,288)
<b>Gross profit</b>		<b>511,682</b>	517,902	<b>429,238</b>	448,013
Administrative expenses	8	<b>(54,124)</b>	(52,501)	<b>(27,400)</b>	(27,108)
Selling and distribution expenses	9	<b>(160,645)</b>	(136,925)	<b>(109,186)</b>	(89,278)
Other income	11	<b>2,980</b>	10,222	<b>1,247</b>	3,783
<b>Profit from operating activities</b>		<b>299,893</b>	338,698	<b>293,899</b>	335,410
Finance income – interest	10	<b>7,610</b>	11,323	<b>36,713</b>	37,705
Finance income – others	10	<b>—</b>	—	<b>10,845</b>	41,673
Finance costs	10	<b>(57,673)</b>	(49,778)	<b>(26,037)</b>	(22,565)
Share of profit from associate	18.3	<b>649</b>	563	<b>—</b>	—
<b>Profit before tax</b>		<b>250,479</b>	300,806	<b>315,420</b>	392,223
Income tax (expense)/credit	14	<b>(49,958)</b>	89,519	<b>(54,071)</b>	89,233
<b>Profit for the year</b>		<b>200,521</b>	390,325	<b>261,349</b>	481,456
Profit for the year attributable to:					
Owners of the Company		<b>200,935</b>	388,983	<b>261,349</b>	481,456
Non-controlling interests		<b>(414)</b>	1,342	<b>—</b>	—
		<b>200,521</b>	390,325	<b>261,349</b>	481,456
Earnings per share, basic and diluted (Naira)	13	<b>11.79</b>	22.83	<b>15.34</b>	28.25

The accompanying notes on pages 148-204 and other national disclosures on pages 205-207 form an integral part of these consolidated and separate financial statements.

# Consolidated and separate statement of comprehensive income

## For the year ended 31st December 2019

	Group		Company	
	Year ended 31/12/19 ₹'million	Year ended 31/12/18 ₹'million	Year ended 31/12/19 ₹'million	Year ended 31/12/18 ₹'million
<b>Profit for the year</b>	<b>200,521</b>	390,325	<b>261,349</b>	481,456
<b>Other comprehensive income, net of income tax:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating net investments in foreign operations	<b>(16,412)</b>	(6,147)	—	—
<b>Other comprehensive (loss)income for the year, net of income tax</b>	<b>(16,412)</b>	(6,147)	—	—
<b>Total comprehensive income for the year</b>	<b>184,109</b>	384,178	<b>261,349</b>	481,456
Total comprehensive income for the year attributable to:				
Owners of the Company	<b>184,304</b>	386,147	<b>261,349</b>	481,456
Non-controlling interests	<b>(195)</b>	(1,969)	—	—
	<b>184,109</b>	384,178	<b>261,349</b>	481,456

The accompanying notes on pages 148-204 and other national disclosures on pages 205-207 form an integral part of these consolidated and separate financial statements.

# Consolidated and separate statement of financial position

## As at 31st December 2019

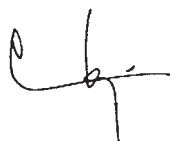
	Notes	Group		Company	
		31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	1,206,749	1,171,864	545,834	535,934
Intangible assets	16	3,663	5,969	69	48
Right of use assets	17	11,956	—	994	—
Investments in subsidiaries	18.2	—	—	162,071	162,071
Investment in associate	18.3	4,961	4,312	1,582	1,582
Finance lease receivables	22	11,285	6,475	11,285	6,475
Deferred tax asset	14.3	44,768	40,622	14,356	14,561
Prepayments for property, plant & equipment	19.1	51,233	36,383	5,690	—
Other receivables	31	—	—	663,113	560,277
<b>Total non-current assets</b>		<b>1,334,615</b>	<b>1,265,625</b>	<b>1,404,994</b>	<b>1,280,948</b>
<b>Current assets</b>					
Inventories	20	114,806	106,998	67,736	59,820
Trade and other receivables	21	30,001	44,468	11,608	11,046
Prepayments and other current assets	19.2	127,042	101,883	272,881	252,589
Finance lease receivables	22	4,266	2,380	4,266	2,380
Current income tax receivables	14.2	6,718	6,213	6,712	6,211
Cash and bank balances	32	123,903	166,896	55,787	108,980
<b>Total current assets</b>		<b>406,736</b>	<b>428,838</b>	<b>418,990</b>	<b>441,026</b>
<b>Total assets</b>		<b>1,741,351</b>	<b>1,694,463</b>	<b>1,823,984</b>	<b>1,721,974</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	25	284,739	230,970	129,847	92,879
Lease liabilities	33	1,409	—	—	—
Current income tax payable	14.2	49,932	9,223	49,127	8,608
Financial liabilities	26	260,631	220,128	200,866	145,436
Other current liabilities	27.2	34,083	35,185	30,735	37,836
<b>Total current liabilities</b>		<b>630,794</b>	<b>495,506</b>	<b>410,575</b>	<b>284,759</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	14.3	93,841	83,350	89,473	80,033
Financial liabilities	26	107,279	125,725	39,700	62,168
Lease liabilities	33	7,447	—	—	—
Long term provisions and other charges	28	3,684	2,753	1,950	1,310
Deferred revenue	27.1	369	516	37	156
<b>Total non-current liabilities</b>		<b>212,620</b>	<b>212,344</b>	<b>131,160</b>	<b>143,667</b>
<b>Total liabilities</b>		<b>843,414</b>	<b>707,850</b>	<b>541,735</b>	<b>428,426</b>
<b>Net assets</b>		<b>897,937</b>	<b>986,613</b>	<b>1,282,249</b>	<b>1,293,548</b>
<b>Equity</b>					
Share capital	23.1	8,520	8,520	8,520	8,520
Share premium	23.1	42,430	42,430	42,430	42,430
Capital contribution	23.4	2,877	2,877	2,828	2,828
Currency translation reserve	23.3	55,974	72,605	—	—
Retained earnings		776,839	848,695	1,228,471	1,239,770
<b>Equity attributable to owners of the Company</b>		<b>886,640</b>	<b>975,127</b>	<b>1,282,249</b>	<b>1,293,548</b>
Non-controlling interest		11,297	11,486	—	—
<b>Total equity</b>		<b>897,937</b>	<b>986,613</b>	<b>1,282,249</b>	<b>1,293,548</b>
<b>Total equity and liabilities</b>		<b>1,741,351</b>	<b>1,694,463</b>	<b>1,823,984</b>	<b>1,721,974</b>

The accompanying notes on pages 148-204 and other national disclosures on pages 205-207 form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 25th February 2020 and were signed on its behalf by:



**Aliko Dangote, GCON**  
Chairman, Board of Directors  
FRC/2013/IODN/00000001766



**Michel Puchercos**  
Group Managing Director/Chief Executive Officer  
FRC/2017/IOODN/00000015919



**Guillaume Moyen**  
Acting Group Chief Finance Officer  
FRC/2019/001/00000020239

# Consolidated statement of changes in equity

## For the year ended 31st December 2019

Group	Share capital ₦'million	Share premium ₦'million	Retained earnings ₦'million	Currency translation reserve ₦'million	Capital contribution ₦'million	Attributable to the owners of the parent ₦'million	Non-controlling interests ₦'million	Total equity ₦'million
<b>Balance as at 1st January 2018</b>	<b>8,520</b>	<b>42,430</b>	<b>639,462</b>	<b>75,441</b>	<b>2,877</b>	<b>768,730</b>	<b>12,630</b>	<b>781,360</b>
Profit for the year	—	—	388,983	—	—	388,983	1,342	390,325
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	(2,836)	—	(2,836)	(3,311)	(6,147)
Total comprehensive income for the year	—	—	388,983	(2,836)	—	386,147	(1,969)	384,178
Effect of changes in subsidiary shareholding	—	—	(825)	—	—	(825)	825	—
Dividends paid	—	—	(178,925)	—	—	(178,925)	—	(178,925)
<b>Balance as at 31st December 2018</b>	<b>8,520</b>	<b>42,430</b>	<b>848,695</b>	<b>72,605</b>	<b>2,877</b>	<b>975,127</b>	<b>11,486</b>	<b>986,613</b>
Profit for the year	—	—	200,935	—	—	200,935	(414)	200,521
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	(16,631)	—	(16,631)	219	(16,412)
Total comprehensive income for the year	—	—	200,935	(16,631)	—	184,304	(195)	184,109
Dividends paid	—	—	(272,648)	—	—	(272,648)	(137)	(272,785)
Effect of changes in subsidiary shareholding	—	—	(143)	—	—	(143)	143	—
<b>Balance as at 31st December 2019</b>	<b>8,520</b>	<b>42,430</b>	<b>776,839</b>	<b>55,974</b>	<b>2,877</b>	<b>886,640</b>	<b>11,297</b>	<b>897,937</b>

The accompanying notes and other national disclosures are an integral part of these consolidated and separate financial statements.

## Separate statement of changes in equity

### For the year ended 31st December 2019

Company	Share capital ₦'million	Share premium ₦'million	Capital contribution ₦'million	Retained earnings ₦'million	Total equity ₦'million
<b>Balance as at 1st January 2018</b>	<b>8,520</b>	<b>42,430</b>	<b>2,828</b>	<b>937,239</b>	<b>991,017</b>
Profit for the year	—	—	—	481,456	481,456
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	—	—
Total comprehensive income for the year	—	—	—	481,456	481,456
Dividends paid	—	—	—	(178,925)	(178,925)
<b>Balance as at 31st December 2018</b>	<b>8,520</b>	<b>42,430</b>	<b>2,828</b>	<b>1,239,770</b>	<b>1,293,548</b>
Profit for the year	—	—	—	261,349	261,349
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	—	—
Total comprehensive income for the year	—	—	—	261,349	261,349
Dividends paid	—	—	—	(272,648)	(272,648)
<b>Balance as at 31st December 2019</b>	<b>8,520</b>	<b>42,430</b>	<b>2,828</b>	<b>1,228,471</b>	<b>1,282,249</b>

The accompanying notes and other national disclosures are an integral part of these consolidated and separate financial statements.

# Consolidated and separate statement of cash flows

## For the year ended 31st December 2019

	Notes	Group		Company	
		Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
<b>Cash flows from operating activities</b>					
Profit before tax		<b>250,479</b>	300,806	<b>315,420</b>	392,223
Adjustments for:					
Depreciation and amortisation	15, 16 & 17	<b>95,463</b>	96,203	<b>53,454</b>	51,809
Write off and impairment of property, plant and equipment		<b>71</b>	360	<b>37</b>	—
Interest expense	10	<b>43,829</b>	41,413	<b>25,701</b>	22,312
Interest income	10	<b>(7,610)</b>	(11,323)	<b>(36,713)</b>	(37,705)
Net exchange loss/(gain) on borrowings and non-operating assets		<b>9,841</b>	(1,970)	<b>(12,178)</b>	(50,399)
Share of income from associate		<b>(649)</b>	(563)	—	—
Amortisation of deferred revenue	27	<b>(227)</b>	(306)	<b>(199)</b>	(274)
Other provisions		<b>931</b>	(663)	<b>640</b>	(763)
Loss on disposal of property, plant and equipment		<b>130</b>	459	<b>47</b>	5
		<b>392,258</b>	424,416	<b>346,209</b>	377,208
<b>Changes in working capital</b>					
Change in inventories		<b>(7,942)</b>	(11,997)	<b>(7,916)</b>	3,119
Change in trade and other receivables		<b>14,467</b>	(13,957)	<b>(562)</b>	2,471
Change in trade and other payables		<b>68,618</b>	(18,860)	<b>37,465</b>	(32,987)
Change in prepayments and other current assets		<b>(27,159)</b>	8,996	<b>(22,600)</b>	1,764
Change in other current liabilities		<b>(13,593)</b>	(5,594)	<b>(19,272)</b>	(7,605)
		<b>426,649</b>	383,004	<b>333,324</b>	343,970
Receipt from customers on finance lease trucks		<b>4,067</b>	3,507	<b>4,067</b>	3,507
Income tax paid	14.2	<b>(4,601)</b>	(11,163)	<b>(3,907)</b>	(10,291)
<b>Net cash generated from operating activities</b>		<b>426,115</b>	375,348	<b>333,484</b>	337,186
<b>Cash flows from investing activities</b>					
Interest received		<b>6,460</b>	9,974	<b>2,812</b>	6,475
Acquisition of intangible assets	16	<b>(220)</b>	(796)	<b>(43)</b>	(27)
(Increase)/decrease in receivables from subsidiaries		—	—	<b>(58,006)</b>	(38,870)
Acquisition of investment		—	—	—	(8)
Acquisition of property, plant and equipment		<b>(177,042)</b>	(131,045)	<b>(68,982)</b>	(61,716)
Additions to property, plant and equipment	15	<b>(174,952)</b>	(88,623)	<b>(63,050)</b>	(42,145)
Change in non-current prepayment		<b>10,593</b>	(17,307)	<b>(5,690)</b>	1,600
Net suppliers' credit repaid		<b>(12,683)</b>	(25,115)	<b>(242)</b>	(21,171)
<b>Net cash used in investing activities</b>		<b>(170,802)</b>	(121,867)	<b>(124,219)</b>	(94,146)
<b>Cash flows from financing activities</b>					
Interest paid		<b>(34,842)</b>	(45,782)	<b>(17,460)</b>	(27,486)
Lease payment		<b>(967)</b>	—	<b>(149)</b>	—
Dividends paid		<b>(272,785)</b>	(178,925)	<b>(272,648)</b>	(178,925)
Loans obtained		<b>406,933</b>	215,052	<b>402,478</b>	197,717
Loans repaid		<b>(393,443)</b>	(247,399)	<b>(374,679)</b>	(227,834)
<b>Net cash used in financing activities</b>		<b>(295,104)</b>	(257,054)	<b>(262,458)</b>	(236,528)
(Decrease)/increase in cash and cash equivalents		<b>(39,791)</b>	(3,573)	<b>(53,193)</b>	6,512
Effects of exchange rate changes		<b>(7,144)</b>	844	—	—
Cash and cash equivalents at beginning of year		<b>159,026</b>	161,755	<b>108,980</b>	102,468
<b>Cash and cash equivalents at end of year</b>	32.1	<b>112,091</b>	159,026	<b>55,787</b>	108,980

The accompanying notes on pages 148-204 and other national disclosures on pages 205-207 form an integral part of these consolidated and separate financial statements.

# Notes to the consolidated and separate financial statements

## For the year ended 31st December 2019

### 1. General information

Dangote Cement Plc (“the Company”) was incorporated in Nigeria as a public limited liability company on 4th November, 1992 and commenced operations in January 2007 under the name Obajana Cement Plc. The name was changed on 14th July 2010 to Dangote Cement Plc.

Its parent company is Dangote Industries Limited (“DIL” or “the Parent Company”). Its ultimate controlling party is Aliko Dangote.

The registered address of the Company is located at 1 Alfred Rewane Road, Ikoyi, Lagos, Nigeria.

The principal activity of the Company and its subsidiaries (together referred to as “the Group”) is to operate plants for the preparation, manufacture and distribution of cement and related products. The Company’s production activities are currently undertaken at Obajana town in Kogi State, Gboko in Benue State and Ibese in Ogun State; all in Nigeria. Information in respect of the subsidiaries’ locations is disclosed in Note 18.

The consolidated financial statements for the year ended 31st December 2019 comprise the results and the financial position of the Company and its subsidiaries.

The separate financial statements of the Company for the year ended 31st December 2019 comprise those of the Company only.

### 2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1.1 Statement of compliance

The Group and Company’s full financial statements for the year ended 31st December 2019 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together “IFRS”) that are effective at 31st December 2019 and requirements of the Companies and Allied Matters Act (CAMA) 2004 of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

#### 2.1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

#### 2.2.1 Basis of Consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiaries made up to 31st December 2019. Control is achieved where the investor; (i) has power over the investee entity (ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and (iii) can exercise some power over the investee to affect its returns.

The Company reassesses whether or not it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners’ of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### Investments in subsidiaries

In the Company’s separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

## 2. Significant accounting policies continued

### 2.2.2 Transactions eliminated on consolidation

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 2.2.3 Interest in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the separate financial statements for the parent company, investments in associates are recognised at cost less accumulated impairment.

### 2.3 Non-controlling interest

Non-controlling interest is the equity in a subsidiary or entity controlled by the Company, not attributable, directly or indirectly, to the parent company and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Total comprehensive income attributable to non-controlling interests is presented on the line "Non-controlling interests" in the statement of financial position, even if it creates negative non-controlling interests.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.4 Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that were under the control of the shareholder that controls the Group are accounted for prospectively as at the date that transfer of interest was effected. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The difference between the consideration paid and the net assets acquired is accounted for directly in equity.

#### 2.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 2.5 Revenue

The Group recognises revenue from the sale of cement and related products. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of products to the customers.

#### 2.5.1 Sale of cement and related products

The Group sells cement and related products both to distributors and directly to end user customers through its plants and depots.

For sales of products to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the distributor's location if the agreement is for the Group to deliver. In case of self collection by distributors revenue is recognised when the distributor picks the products from the Group's factories or warehouses. Following delivery by the Group or self collection, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. For distributors that buy on credit, a receivable is recognised by the Group when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to end user customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factories if it's self collection or at the point at which the goods are delivered if the agreement is for the Group to deliver. Payment for the transaction price is done by the time goods are collected otherwise a receivable is recognised at that point.

### 2.6 Finance income

Finance income comprises interest income on short-term deposits with banks, interest on leases, dividend income, changes in the fair value of financial instruments at fair value through profit or loss and foreign exchange gains.

Dividend income from investments is recognised in profit and loss when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 2.7 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest rate used to determine the amount of capitalised interest cost is the actual interest rate when there is a specific borrowing facility related to construction project or the Group's average borrowing interest rate. Borrowing costs relating to the period after acquisition, construction or production are expensed. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs capitalised may not exceed the actual interest incurred by the Group.

## 2. Significant accounting policies continued

### 2.8 Foreign currency

#### 2.8.1 Functional and presentation currency

These consolidated and separate financial statements are presented in the Nigerian Naira (₦), which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest million unless where otherwise stated.

#### 2.8.2 Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the subsidiaries.

#### 2.8.3 Foreign operations

In the Group's consolidated financial statements, all assets and liabilities of Group entities with a functional currency other than the Naira are translated into Naira upon consolidation. On consolidation, assets and liabilities have been translated at the closing rate at the reporting date. Income and expenses have been translated into the Naira at the average rate over the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences are charged/credited to other comprehensive income and recognized in currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income "Currency translation differences". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated statement of profit or loss.

### 2.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Property, plant and machinery under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including borrowing costs on qualifying assets in accordance with the Group's accounting policy and the estimated costs of dismantling and removing the items and restoring the site on which they are located if the Group has a legal or constructive obligation to do so.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of day to day servicing of the property plant and equipment is recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.9 Property, plant and equipment continued

#### 2.9.1 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and assets under construction). Depreciation is recognised within “Cost of sales” and “Administrative and selling expenses,” depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case the assets are depreciated over their useful life on the same basis as owned assets. Strategic spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over the shorter of their useful life and the remaining life of the plant from the date such strategic spare parts are capable of being used for their intended use.

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively

	Life (years)
Leasehold land improvement	Over the lease period
Freehold land	Not depreciated
Buildings	25–50
Plant and machinery	10–25
Power plants	5–25
Cement plants	5–25
Motor vehicles	4–6
Computer hardware	3
Furniture and equipment	5
Aircraft and related components	5–25

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### 2.10 Intangible assets

In accordance with criteria set out in IAS 38 – “Intangible assets”, intangible assets are recognised only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software, mineral rights, as well as certain development costs that meet the IAS 38 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised using the straight-line method over their useful lives ranging from two to seven years. Amortization expense is recorded in “Cost of sales” and “Selling and distribution expenses” or administrative expenses, based on the function of the underlying assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Exploration assets are carried at cost less any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meets the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration.

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

Exploration assets are amortised over a period of 30 years in line with the estimates lives of the mines.

## 2. Significant accounting policies continued

### 2.10 Intangible assets continued

#### 2.10.1 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### 2.10.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### 2.11 Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined as follows:

#### Raw materials

Raw materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a weighted average cost basis.

#### Work in progress

Cost of work in progress includes cost of raw material, labour, production and attributable overheads based on normal operating capacity. Work in progress is valued using a weighted average cost basis.

#### Finished goods

Cost is determined using the weighted average method and includes cost of material, labour, production and attributable overheads based on normal operating capacity.

#### Spare parts and consumables

Spare parts which are expected to be fully utilised in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

### 2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised in the consolidated and separate statements of financial position when a member of the Group or the Company becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount except for financial instruments at fair value through profit or loss. For financial instruments classified as Fair Value Through Profit or Loss (FVTPL) transaction costs incurred are recognised in profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned. The Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option).

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.12 Financial instruments continued

#### 2.12.1 Financial Assets

##### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or (FVTOCI).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch “

#### 2.12.2 Cash and cash equivalents

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### 2.12.3 Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (note 10) in profit or loss.

#### 2.12.4 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## 2. Significant accounting policies continued

### 2.12 Financial instruments continued

#### 2.12.5 Financial liabilities and equity instruments

##### Classification as debt or equity

Debt and equity instruments issued by a member of the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### 2.12.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

#### 2.12.7 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Group does not hold financial liabilities measured at FVTPL.

##### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### 2.12.8 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 2.12.9 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.12.10 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 10).

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.13 Impairment

#### 2.13.1 Financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

## 2. Significant accounting policies continued

### 2.13 Impairment continued

#### 2.13.1 Financial assets continued

##### (i) Significant increase in credit risk continued

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner unless in case where there is sufficient security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.13 Impairment continued

#### 2.13.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the Profit or loss.

### 2.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 2.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.14.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not recognised for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and (iii) differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 2.14.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2. Significant accounting policies continued

### 2.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The total of the government grant is recognised as deferred revenue on the statement of financial position and is recognised in profit or loss over the period the related expenditure is incurred.

Export Expansion Grant (EEG) is recognised upon confirmation of the Group's eligibility by the relevant government departments.

### 2.16 Employee benefits

#### 2.16.1 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided by the employee.

#### 2.16.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### 2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 2.17.1 Restoration costs

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Group recognises its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Group's portion of the total costs and also a portion of other potentially responsible parties' costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

### 2.18 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 2. Significant accounting policies continued

### 2.19 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. The Group does not have any dilutive instruments.

### 2.20 Leases

#### Leases – as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

## 2.20 Leases continued

### Leases – as a lessee continued

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the nonlease components.

### Leases – as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

## 3 Application of new and revised International Financial Reporting Standards (IFRSs)

### 3.1

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting periods that begin on or after 1st January 2019.

#### IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. However, there are additional disclosures required. Please see note 22.

The Group has applied IFRS 16 using the cumulative catch up method with no restatement of the comparative information.

#### Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

### 3.1 continued

#### Impact on Lessee Accounting

##### (i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for leases, the Group:

- (a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

The adoption of IFRS 16 resulted in Right of use assets recognised for the Group amounting to ₦10,543 billion (Company: ₦1,499 billion), see note 17. Furthermore, lease liability of ₦8.856 billion was recognised at 31st December 2019, see note 33. There was no impact on the net cash flows, however lease payments were reclassified to the Financing section of the Statement of Cashflows. There was no material impact on equity.

#### Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI. This did not have any impact as the Group does not have such contracts.

#### Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The Group has one associate with no such long term interests that are part of the net investments hence no impact on the Group's Financial Statement.

#### IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. DCP hasn't received any dividends from subsidiaries or the associate while the dividend that has been paid in Nigeria is exempt from tax hence no impact from this amendment.

#### IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not have specific borrowings outstanding from a completed asset, hence this does not have material impact on the Group.

#### IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

The Group did not enter into any business combination in the current and prior year hence no impact.

#### IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation. The Group does not have any joint arrangements so no impact from this amendment.

### 3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

#### 3.1 continued

##### Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The Group does not have such employee benefits so no material impact.

##### IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

The Group has followed the approach to be used in the filed returns so no material impact from this amendment.

#### 3.2 New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

##### IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is unlikely to bring significant changes entity's processes, systems and financial statements as the Group does not hold insurance contracts.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted.

##### IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 3 Application of new and revised International Financial Reporting Standards (IFRSs) continued

### 3.2 New and revised IFRSs in issue but not yet effective continued

#### Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The amendments could have material impact should such transactions occur in the future.

#### Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition."

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted. The directors do not anticipate this to have material impact on the Financial Statements

#### Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32."

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted. The directors do not anticipate this to have material impact on the Financial Statements

## 4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Group revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the consolidated and separate financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the consolidated and separate financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

### 4.1 Critical accounting judgements

#### 4.1.1 Control over subsidiaries

Note 17 describes that Dangote Quarries Zambia Limited is a subsidiary of the Group although the Group only holds a 49.9% ownership interest in Dangote Quarries Zambia Limited. Based on the arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Dangote Quarries Zambia Limited that has the power to direct the relevant activities of this entity. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Dangote Quarries Zambia and hence the Group has control over the entity.

## 4 Critical accounting judgements and key sources of estimation uncertainty continued

### 4.1 Critical accounting judgements continued

#### 4.1.2 Tax Holiday

The Directors of the Company have assessed whether the operations in Ibese production lines 3 & 4 and Obajana production line 4 are entitled to tax relief under the Pioneer Status Incentive (PSI). These production lines have already received Nigerian Investment Promotion Commission (NIPC) approval for the initial three years' tax holiday and the Company has applied for additional two years extension. While approval has been confirmed, we are yet to get certificate. The Directors' strong view, supported by historical practise, is that the Company has complied in full with the requirements of the Pioneer Status Incentive and is entitled to the two years extension. The tax benefit taken on the basis that the Company is entitled to two years extension under the Pioneer Incentive Scheme is ₦54.6 billion.

### 4.2 Key sources of estimation uncertainty

#### 4.2.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31st December 2019 and no adjustments done to the the remaining useful lives of assets.

#### 4.2.2 Valuation of deferred tax

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the Group's future financial performance and if necessary, implementation of tax planning strategies.

## 5. Revenue (tonnes)

	Group		Company	
	2019 '000 tonnes	2018 '000 tonnes	2019 '000 tonnes	2018 '000 tonnes
Cement production and bagging capacity (for the year)	45,550	45,550	29,250	29,250
Cement production volume	22,809	22,798	14,119	14,280
Trade cement purchase	516	877	—	—
Decrease/(increase) in stock of cement	241	(140)	—	(102)
<b>Cement sales volume</b>	<b>23,566</b>	<b>23,535</b>	<b>14,119</b>	<b>14,178</b>

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
<b>Revenue (Naira)</b>				
Revenue from sales of cement	889,359	900,927	610,247	618,301
Revenue from sales of other products	2,312	286	—	—
	<b>891,671</b>	<b>901,213</b>	<b>610,247</b>	<b>618,301</b>

Revenue after adjusting intra-group sales as shown above are from external customers.

### 5.1. Information about major customers

Included in revenue arising from direct sales of cement of ₦889.4 billion (2018: ₦900.9 billion) is revenue of approximately ₦29.09 billion (2018: ₦31.61 billion) which arose from sales to the Group's largest customer.

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018 financial years.

## 6. Segment information

### 6.1 Products and services from which reportable segments derive their revenue

The Executive Management Committee is the Company's Chief Operating Decision Maker. Management has determined operating segments based on the information reported and reviewed by the Executive Management Committee for the purposes of allocating resources and assessing performance. The Executive Management Committee reviews internal management reports on at least a quarterly basis. These internal reports are prepared on the same basis as the accompanying consolidated and separate financial statements.

Segment information is presented in respect of the Group's reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Company operates. The Group has 2 reportable segments based on location of the principal operations as follows:

- Nigeria; and
- Pan Africa.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 6. Segment information continued

### 6.2 Segment revenue and results

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment. Performance is measured based on segment sales revenue, earnings before interest, tax, depreciation and amortisation (EBITDA) and profit from operating activities, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment revenue and operating profit are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within the industry.

The following is an analysis of the Group's revenue and results by reportable segment:

Segment results	2019				
	Nigeria ₦'million	Pan Africa ₦'million	Central administrative costs ₦'million	Eliminations ₦'million	Total ₦'million
Revenue	610,247	282,710	—	(1,286)	891,671
EBITDA*	361,204	47,858	(13,635)	—	395,427
Depreciation, amortization and impairment	53,491	43,835	—	(1,792)	95,534
Operating profit/(loss)	307,713	4,023	(13,635)	1,792	299,893
Other income	1,247	1,733	—	—	2,980
Finance income	47,558	3,648	—	(43,596)	7,610
Finance costs	26,037	97,077	—	(65,441)	57,673
Profit/(loss) after tax	275,154	(85,293)	(13,635)	24,295	200,521

\* represents earnings before interest, taxes, depreciation, amortisation and impairment

Segment assets and liabilities					
Non-current assets	1,521,744	663,153	—	(850,282)	1,334,615
Current assets	418,989	180,599	—	(192,852)	406,736
Total assets	1,940,733	843,752	—	(1,043,134)	1,741,351
Segment liabilities	660,360	1,035,922	—	(852,868)	843,414
Net additions to non-current assets, excluding deferred tax	192,461	(25,970)	—	(101,647)	64,844

Segment results	2018				
	Nigeria ₦'million	Pan Africa ₦'million	Central administrative costs ₦'million	Eliminations ₦'million	Total ₦'million
Revenue	618,301	283,262	—	(350)	901,213
EBITDA*	397,377	49,062	(11,178)	—	435,261
Depreciation, amortisation and impairment	51,809	46,568	—	(1,814)	96,563
Operating profit/(loss)	345,568	2,494	(11,178)	1,814	338,698
Other income	3,783	6,439	—	—	10,222
Finance income	79,378	3,740	—	(71,795)	11,323
Finance costs	22,565	94,980	—	(67,767)	49,778
Profit/(loss) after tax	491,615	(87,899)	(11,178)	(2,213)	390,325

Segment assets and liabilities					
Non-current assets	1,329,488	684,772	—	(748,635)	1,265,625
Current assets	441,025	180,507	—	(192,694)	428,838
Total assets	1,770,513	865,279	—	(941,329)	1,694,463
Segment liabilities	478,753	979,835	—	(750,738)	707,850
Net additions to non-current assets, excluding deferred tax	108,503	(6,324)	—	(102,135)	44

\* Represents earnings before interest, tax, depreciation and amortisation.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Each segment bears its administrative costs and there are no allocations from central administration. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance. Group financing (including finance income and finance costs) and income taxes are managed at an individual company level.

## 6. Segment information continued

A reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) is presented below:

	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
EBITDA	<b>395,427</b>	435,261
Depreciation and amortisation and impairment	<b>(95,534)</b>	(96,563)
Profit from operating activities	<b>299,893</b>	338,698
Finance income	<b>7,610</b>	11,323
Finance cost	<b>(57,673)</b>	(49,778)
Share of profit from associates	<b>649</b>	563
Profit before tax	<b>250,479</b>	300,806
Income tax credit/(expense)	<b>(49,958)</b>	89,519
Profit after tax	<b>200,521</b>	390,325

### Significant non-current assets by country excluding deferred tax

	2019 ₦'million	2018 ₦'million
Nigeria	<b>1,507,388</b>	1,314,927
South Africa	<b>62,513</b>	64,034
Senegal	<b>81,317</b>	85,664
Zambia	<b>62,486</b>	75,774
Ethiopia	<b>72,646</b>	87,506
Tanzania	<b>160,216</b>	149,635
Congo	<b>93,459</b>	97,194
Cameroon	<b>40,582</b>	39,867
Ghana	<b>12,263</b>	13,129
Sierra Leone	<b>14,974</b>	16,725
Côte d'Ivoire	<b>28,232</b>	22,489

### Significant revenue by country (external customers)

Nigeria	<b>610,247</b>	617,951
Ghana	<b>18,335</b>	25,372
South Africa	<b>46,372</b>	58,993
Ethiopia	<b>53,891</b>	51,427
Zambia	<b>24,670</b>	33,121
Tanzania	<b>38,539</b>	19,473
Senegal	<b>38,304</b>	34,986
Cameroon	<b>45,675</b>	48,709
Sierra Leone	<b>7,880</b>	3,658
Congo	<b>7,658</b>	7,519

Revenues are attributed to individual countries based on the geographical location of external customers.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 6. Segment information continued

### 6.3 Eliminations and adjustments

Elimination and adjustments relate to the following:

- Profit/(loss) after tax of ₦24.3 billion (2018: ₦2.2 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences reclassified to other comprehensive income.
- Non-current assets of ₦850.3 billion (2018: ₦748.6 billion) is due to the elimination of investment in subsidiaries with the parent's share of their equity and non current inter-company payable and receivable balances.
- Current assets of ₦192.9 billion (2018: ₦192.7 billion) is due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦852.9 billion (2018: ₦750.7 billion) are due to the elimination of inter-company due to and due from subsidiaries.
- Finance income of ₦43.6 billion (2018: ₦71.8 billion) and finance cost of ₦65.4 billion (2018: ₦67.8 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
- Revenue of ₦1,286 million (2018: ₦350 million) represents sales between entities within the Pan Africa region while 2018 amount represents sales by the Nigeria region to the Pan Africa region.

In addition to the depreciation and amortisation reported above, a sum of ₦71 million (2018: ₦360 million) in the financial statements represents write off/impairment in respect of property, plant and equipment.

## 7. Production cost of sales

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
Material consumed	<b>117,239</b>	122,581	<b>40,308</b>	36,173
Fuel and power consumed	<b>122,851</b>	133,528	<b>69,901</b>	71,814
Royalty	<b>1,817</b>	1,134	<b>712</b>	677
Salaries and related staff costs	<b>32,955</b>	31,557	<b>17,605</b>	16,593
Depreciation and amortisation	<b>65,254</b>	64,544	<b>36,593</b>	34,237
Plant maintenance	<b>28,766</b>	29,562	<b>10,954</b>	8,149
Other production expenses	<b>7,750</b>	9,199	<b>4,042</b>	4,197
Decrease/(Increase) in finished goods and work in progress	<b>3,357</b>	(8,794)	<b>894</b>	(1,552)
	<b>379,989</b>	383,311	<b>181,009</b>	170,288

Royalty payable is charged based on volume of extraction made during the year.

## 8. Administrative expenses

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
Salaries and related staff costs	<b>12,853</b>	11,323	<b>6,797</b>	5,341
Corporate social responsibility	<b>2,572</b>	2,260	<b>2,185</b>	1,446
Management fee (refer to (a) below)	<b>3,997</b>	3,627	<b>3,997</b>	3,627
Depreciation and amortisation	<b>6,359</b>	6,087	<b>2,377</b>	2,209
Auditors' remuneration (refer to (b) below)	<b>561</b>	539	<b>319</b>	293
Directors' remuneration	<b>841</b>	1,116	<b>822</b>	1,116
Rent, rate and insurance	<b>6,578</b>	5,341	<b>1,756</b>	2,069
Repairs and maintenance	<b>1,637</b>	1,528	<b>1,297</b>	1,130
Travel expenses	<b>2,445</b>	2,996	<b>973</b>	1,461
Bank charges	<b>1,948</b>	2,205	<b>569</b>	1,049
Professional and consultancy fees	<b>2,607</b>	2,650	<b>1,456</b>	1,841
General administrative expenses	<b>5,974</b>	7,883	<b>2,479</b>	3,909
Others	<b>5,681</b>	4,586	<b>2,336</b>	1,617
Write off and impairment of property, plant and equipment	<b>71</b>	360	<b>37</b>	—
	<b>54,124</b>	52,501	<b>27,400</b>	27,108

(a) The management fee is charged by Dangote Industries Limited for management and corporate services provided to Dangote Cement Plc. It is an apportionment of the Parent company's shared-services to subsidiaries.

(b) Auditors' remuneration is detailed in the table below:

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
Audit fees	<b>476</b>	481	<b>255</b>	255
Limited review of quarterly financial statements*	<b>45</b>	41	<b>24</b>	21
Sustainability and controls review*	<b>40</b>	17	<b>40</b>	17
	<b>561</b>	539	<b>319</b>	293

\* This was paid to the joint external auditors, Deloitte and Touche.

### Other employee-related disclosures

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
Aggregate payroll costs:				
Wages, salaries and staff welfare	<b>60,603</b>	55,164	<b>35,653</b>	31,538
Pension costs	<b>2,181</b>	2,117	<b>1,259</b>	1,075
	<b>62,784</b>	57,281	<b>36,912</b>	32,613

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 8. Administrative expenses continued Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million	Year ended 31/12/2019 ₦'million	Year ended 31/12/2018 ₦'million
Directors' remuneration comprises:				
Fees	49	57	49	57
Emoluments	792	1,059	773	1,059
	841	1,116	822	1,116
Chairman	49	48	49	48
Highest paid Director	109	429	109	429

Number of Directors whose emoluments were within the following ranges:

₦-₦	Group	Group	Company	Company
1-3,200,000	—	—	—	—
3,200,001-8,750,000	—	1	—	1
8,750,001-20,000,000	—	2	—	2
Above 20,000,000	15	13	15	13
	15	16	15	16

Permanent employees remunerated at higher rate excluding allowances:

₦-₦	Group	Group	Company	Company
Up to 250,000	7,389	8,041	7,107	6,906
250,001-500,000	3,755	4,708	3,274	4,417
500,001-750,000	785	1,106	541	928
750,001-1,000,000	2,069	924	1,965	867
1,000,001-1,250,000	918	620	780	558
1,250,001-1,500,000	345	192	279	147
1,500,001-2,000,000	588	322	484	250
2,000,001 and above	965	880	547	196
	16,814	16,793	14,977	14,269

The average number of permanent employees employed during the year excluding Directors was as follows:

	Group	Group	Company	Company
Management	509	592	386	362
Non-management	15,736	15,272	14,023	12,998
	16,245	15,864	14,409	13,360

## 9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Salaries and related staff costs	16,976	14,401	12,510	10,679
Depreciation	23,850	25,572	14,484	15,363
Advertisement and promotion	8,597	3,990	7,822	2,987
Haulage expenses	107,176	88,040	70,725	56,741
Others	4,046	4,922	3,645	3,508
	160,645	136,925	109,186	89,278

## 10. Finance income and finance costs

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
<b>Finance income</b>				
Interest income	<b>7,610</b>	11,323	<b>36,713</b>	37,705
Others –foreign exchange gain	<b>—</b>	—	<b>10,845</b>	41,673
	<b>7,610</b>	11,323	<b>47,558</b>	79,378
<b>Finance costs</b>				
Interest expenses	<b>43,829</b>	41,413	<b>25,701</b>	22,312
	<b>43,829</b>	41,413	<b>25,701</b>	22,312
Foreign exchange loss	<b>13,481</b>	8,112	<b>—</b>	—
Other finance costs	<b>363</b>	253	<b>336</b>	253
	<b>57,673</b>	49,778	<b>26,037</b>	22,565

The average effective interest rate on funds borrowed generally is 10.87% and 10.68% per annum for Group and Company respectively. (2018: 11.14% per annum for Group and 11.28% per annum for Company). These are the rates used for the capitalisation on qualifying assets.

Interest capitalised to property plant and equipment for the Group was ₦2.57 billion (2018: ₦1.96 billion)

The schedule below shows the exchange rates presented in one unit of foreign currency to Naira for the significant currencies used in the Group:

	Group		Company	
	Average rate	Year end rate	Average rate	Year end rate
<b>Currency</b>				
South African Rand to Naira	<b>21.2258</b>	21.7100	<b>25.7371</b>	21.3300
Central Africa Franc to Naira	<b>0.6171</b>	0.6241	<b>0.6247</b>	0.6254
Ethiopian Birr to Naira	<b>12.4157</b>	11.4671	<b>12.6767</b>	12.7992
Zambian Kwacha to Naira	<b>27.9562</b>	26.0036	<b>32.9599</b>	30.0872
Tanzanian Shilling to Naira	<b>0.1571</b>	0.1590	<b>0.1530</b>	0.1563
Ghanaian Cedi to Naira	<b>67.3690</b>	64.1039	<b>73.9508</b>	72.8389
United States dollar to Naira	<b>361.8400</b>	364.7000	<b>348.0050</b>	358.7900

## 11. Other income

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Insurance claims	<b>610</b>	982	<b>126</b>	730
Government grant	<b>227</b>	2,368	<b>199</b>	2,336
Sundry income	<b>2,143</b>	6,872	<b>922</b>	717
	<b>2,980</b>	10,222	<b>1,247</b>	3,783

Government grant for 2018 includes ₦2.06 billion Export Expansion Grant (EEG) on export sales for 2014-2017 in both Group and Company.

Sundry income for 2018 in the Group includes ₦3.4 billion for provisions reversed which are no longer necessary.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 12. Profit for the year

Profit for the year includes the following charges:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Depreciation of property, plant and equipment and right of use asset	94,896	95,578	53,432	51,793
Amortisation of intangible assets	567	625	22	16
Auditors' remuneration	561	539	319	293
Employee benefits expense	62,784	57,281	36,912	32,613
Loss on disposal of property, plant and equipment	130	459	47	5

## 13. Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Profit for the year attributable to owners of the Company	200,935	388,983	261,349	481,456
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,041	17,041	17,041	17,041
<b>Basic and diluted earnings per share (Naira)</b>	<b>11.79</b>	22.83	<b>15.34</b>	28.25

## 14. Income taxes

### 14.1 Income tax recognised in profit or loss

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
<b>Current tax</b>				
Current tax	(48,466)	(10,468)	(47,013)	(8,981)
Prior year over provision	2,587	53,869	2,587	53,869
	<b>(45,879)</b>	43,401	<b>(44,426)</b>	44,888
<b>Deferred tax</b>				
Deferred tax	(5,876)	46,118	(11,442)	44,345
Prior year over provision	1,797	—	1,797	—
	<b>(4,079)</b>	46,118	<b>(9,645)</b>	44,345
<b>Total income tax credit/(charge) recognised</b>	<b>(49,958)</b>	89,519	<b>(54,071)</b>	89,233

## 14. Income taxes continued

### 14.1 Income tax recognised in profit or loss continued

The income tax credit/(expense) for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million	Year ended 31/12/19 ₦'million	Year ended 31/12/18 ₦'million
Profit before income tax	<b>250,479</b>	300,806	<b>315,420</b>	392,223
Income tax expense calculated at 30% (2018: 30%)	<b>(75,144)</b>	(90,242)	<b>(94,626)</b>	(117,667)
Education Tax	<b>(4,464)</b>	(3,765)	<b>(4,464)</b>	(3,765)
Effect of tax holiday and income that is exempt from taxation	<b>58,434</b>	56,980	<b>58,273</b>	55,774
Effect of expenses that are not deductible in determining taxable profit	<b>(180)</b>	(384)	<b>(172)</b>	(324)
Effect of previously unrecognised temporary difference now recognised as deferred tax assets.	—	2,457	—	—
Effect of previously recognised temporary difference now derecognised as deferred tax assets.	<b>1,770</b>	(6,898)	—	—
Effect of deferred tax not recognised on net investment exchange gains	<b>4,515</b>	7,563	<b>1,753</b>	17,596
Effect of prior year over provision (refer to Note 14.1.1)	<b>4,384</b>	133,717	<b>4,384</b>	133,717
Effect of Investment Allowance	<b>417</b>	2,382	<b>417</b>	2,382
Effect of income taxed at different rates	<b>241</b>	1,586	<b>241</b>	1,586
Effect of Commencement rule	<b>(20,617)</b>	—	<b>(20,617)</b>	—
Effect of unused tax losses and offsets not recognised as deferred tax assets	<b>(21,697)</b>	(15,059)	—	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>1,439</b>	1,234	—	—
Other	<b>944</b>	(52)	<b>740</b>	(66)
Income tax income credit/(charge) recognised in profit or loss	<b>(49,958)</b>	89,519	<b>(54,071)</b>	89,233

The income tax rate of 30% was used for the company tax computation as established by the tax legislation of Nigeria effective in 2019 and 2018. The income tax rate in South Africa is 28%, in Cameroon, 38.5% and 35% in Zambia.

#### 14.1.1

Prior to 2018, we made a tax provision on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were yet to obtain approval for tax exemptions under the Pioneer Status Incentive. Approval was obtained in December 2018 and the provision was reversed in the same year.

#### 14.2.1 Current tax receivables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Balance at beginning of the year	<b>6,213</b>	59	<b>6,211</b>	—
Charge for the year	<b>7</b>	(42)	—	—
Payments during the year	<b>(48)</b>	(15)	—	—
Other receivables*	<b>501</b>	6,211	<b>501</b>	6,211
Effect of currency exchange difference	<b>45</b>	—	—	—
<b>Balance at the end of the year</b>	<b>6,718</b>	<b>6,213</b>	<b>6,712</b>	6,211

\* Other receivables represents tax credit from Federal Government of Nigeria for infrastructure development.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 14. Income taxes continued

### 14.2.2 Current tax payables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Balance at beginning of the year	9,223	63,901	8,608	63,787
Charge for the year	45,886	(43,443)	44,426	(44,888)
Payments during the year	(4,649)	(11,178)	(3,907)	(10,291)
Effect of currency exchange difference	(528)	(57)	—	—
<b>Balance at the end of the year</b>	<b>49,932</b>	<b>9,223</b>	<b>49,127</b>	<b>8,608</b>

### 14.3 Deferred tax balance

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Deferred tax assets	44,768	40,622	14,356	14,561
Deferred tax liabilities	(93,841)	(83,350)	(89,473)	(80,033)
<b>Net deferred tax assets/(liabilities)</b>	<b>(49,073)</b>	<b>(42,728)</b>	<b>(75,117)</b>	<b>(65,472)</b>

#### Group

2019	Opening balance ₦'million	Recognised in profit or loss ₦'million	Effect of currency translation ₦'million	Closing balance ₦'million
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Property, plant and equipment	(55,161)	(34,562)	(2,082)	(91,805)
Unrealised exchange gains	(7,777)	(5,004)	(1,434)	(14,215)
Provision	390	8,856	(13)	9,233
Tax losses	19,820	26,631	1,263	47,714
	<b>(42,728)</b>	<b>(4,079)</b>	<b>(2,266)</b>	<b>(49,073)</b>
2018				
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Property, plant and equipment	(144,431)	87,267	2,003	(55,161)
Unrealised exchange gains	(14,598)	7,297	(476)	(7,777)
Provision	508	(124)	6	390
Tax losses	72,248	(48,322)	(4,106)	19,820
	<b>(86,273)</b>	<b>46,118</b>	<b>(2,573)</b>	<b>(42,728)</b>

**14. Income taxes** continued  
**14.3 Deferred tax balance** continued  
**Company**

2019	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
<b>Deferred tax assets/(liabilities) in relation to:</b>			
Property, plant and equipment	(57,516)	(7,042)	(64,558)
Unrealised exchange gains	(8,658)	(3,183)	(11,841)
Provision	702	580	1,282
	<b>(65,472)</b>	<b>(9,645)</b>	<b>(75,117)</b>
2018	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment	(104,668)	47,152	(57,516)
Unrealised exchange gains	(5,993)	(2,665)	(8,658)
Provision	844	(142)	702
	(109,817)	44,345	(65,472)

Tax authorities in various jurisdictions where the Group operates in, reserve the right to audit the tax charges for the financial year ended 31 December 2019 and prior years. In cases where tax audits have been carried out and additional charges levied, the Group has responded to the tax authorities challenging the technical merits and made a provision it considers appropriate in line with the technical merits of issues raised by tax authorities.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Tax losses	<b>48,918</b>	36,391	—	—
Unused tax credits	—	184	—	—
Deductible temporary differences	<b>8,795</b>	2,087	—	—
	<b>57,713</b>	38,662	—	—

The unrecognised tax credits will expire as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Year 1	<b>3,926</b>	1,788	—	—
Year 2	<b>1,629</b>	1,910	—	—
Year 3	<b>1,740</b>	2,185	—	—
Year 4	—	—	—	—
Year 5	—	—	—	—
After year 5	—	—	—	—
No expiry date	<b>50,418</b>	32,779	—	—
	<b>57,713</b>	38,662	—	—

Deferred tax liability amounting to ₦29.2 billion (2018: ₦26.4 billion) for both Group and Company was not recognised in this financial statements. This relates to exchange on inter-company loans classified as part of the net investment in subsidiaries.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 15. Property, plant and equipment

### 15.1 The Group

	Leasehold improvements and buildings N'million	Plant and machinery N'million	Motor vehicles N'million	Aircraft N'million	Furniture and equipment N'million	Capital work in progress N'million	Total N'million
<b>Cost</b>							
At 1st January 2018	218,895	1,044,204	160,302	4,028	9,443	82,152	1,519,024
Additions	9,548	14,115	702	—	291	63,967	88,623
Reclassifications (Note 15.1.1)	1,405	13,796	7,480	—	794	(23,475)	—
Other reclassifications (Note 15.1.2)	(3,177)	1,186	(391)	—	—	(3,883)	(6,265)
Disposal (Note 15.1.3)	—	(285)	(271)	—	—	(146)	(702)
Effect of currency exchange differences	2,688	(13,498)	(302)	—	(103)	1,498	(9,717)
Balance at 31st December 2018	229,359	1,059,518	167,520	4,028	10,425	120,113	1,590,963
Additions	1,557	4,353	5,996	—	293	162,753	174,952
Reclassifications (Note 15.1.1)	(3,077)	13,001	40,183	—	810	(50,917)	—
Other reclassifications (Note 15.1.2)	—	(351)	—	—	—	(27,690)	(28,041)
Disposal (Note 15.1.3)	—	(67)	(770)	—	—	—	(837)
Write-off (Note 15.1.4)	—	—	—	—	(1)	(70)	(71)
Effect of currency exchange differences	(3,510)	(18,373)	(5,091)	—	(113)	(24)	(27,111)
<b>Balance at 31st December 2019</b>	<b>224,329</b>	<b>1,058,081</b>	<b>207,838</b>	<b>4,028</b>	<b>11,414</b>	<b>204,165</b>	<b>1,709,855</b>
<b>Accumulated depreciation and impairment</b>							
At 1st January 2018	25,228	209,366	87,201	1,520	3,569	—	326,884
Depreciation expense	8,776	51,499	33,718	403	1,182	—	95,578
Other reclassifications (Note 15.1.2)	(202)	—	—	—	—	—	(202)
Disposal (Note 15.1.3)	—	(9)	(234)	—	—	—	(243)
Impairment (Note 15.1.4)	—	24	336	—	—	—	360
Effect of currency exchange differences	162	(3,111)	(251)	—	(78)	—	(3,278)
Balance at 31st December 2018	33,964	257,769	120,770	1,923	4,673	—	419,099
Depreciation expense	8,635	50,015	32,882	403	1,233	—	93,168
Other reclassifications (Note 15.1.2)	—	59	—	—	—	—	59
Disposal (Note 15.1.3)	—	(20)	(770)	—	—	—	(790)
Effect of currency exchange differences	(612)	(3,784)	(3,982)	—	(52)	—	(8,430)
<b>Balance at 31st December 2019</b>	<b>41,987</b>	<b>304,039</b>	<b>148,900</b>	<b>2,326</b>	<b>5,854</b>	<b>—</b>	<b>503,106</b>
<b>Carrying amounts</b>							
At 31st December 2018	195,395	801,749	46,750	2,105	5,752	120,113	1,171,864
<b>At 31st December 2019</b>	<b>182,342</b>	<b>754,042</b>	<b>58,938</b>	<b>1,702</b>	<b>5,560</b>	<b>204,165</b>	<b>1,206,749</b>

15.1.1 Represent assets transferred to/from Capital work in progress.

15.1.2 Represent amount transferred to/from non-current prepayment, inventories, vendor's account and exploration assets

15.1.3 Represent motor trucks and equipment disposed of.

15.1.4 Some borrowings are secured by a debenture on all the fixed and floating assets (note 26)

## 15. Property, plant and equipment continued

### 15.2 The Company

	Leasehold improvements and buildings ₦million	Plant and machinery ₦million	Motor vehicles ₦million	Aircraft ₦million	Furniture and equipment ₦million	Capital work in progress ₦million	Total ₦million
<b>Cost</b>							
At 1st January 2018	50,304	599,084	85,985	4,028	2,909	33,816	776,126
Additions	4	7,545	—	—	87	34,509	42,145
Reclassifications (Note 15.2.1)	1,122	13,720	6,544	—	505	(21,891)	—
Other reclassifications (Note 15.2.2)	—	(41)	(391)	—	—	(3,943)	(4,375)
Disposal (Note 15.2.3)	—	—	(239)	—	—	—	(239)
Balance at 31st December 2018	51,430	620,308	91,899	4,028	3,501	42,491	813,657
Additions	—	2,161	2,966	—	14	57,909	63,050
Reclassifications (Note 15.2.1)	857	12,718	40,175	—	609	(54,359)	—
Other reclassifications (Note 15.2.2)	—	—	—	—	—	(288)	(288)
Disposal (Note 15.2.3)	—	(67)	(770)	—	—	—	(837)
Write-off	—	—	—	—	—	(37)	(37)
<b>Balance at 31st December 2019</b>	<b>52,287</b>	<b>635,120</b>	<b>134,270</b>	<b>4,028</b>	<b>4,124</b>	<b>45,716</b>	<b>875,545</b>
<b>Accumulated depreciation and impairment</b>							
Balance at 1st January 2018	11,598	152,090	59,350	1,520	1,606	—	226,164
Depreciation expense	2,028	28,588	20,230	403	544	—	51,793
Disposal (note 15.2.3)	—	—	(234)	—	—	—	(234)
Balance at 31st December 2018	13,626	180,678	79,346	1,923	2,150	—	277,723
Depreciation expense	2,084	29,284	20,394	403	613	—	52,778
Disposal (note 15.2.3)	—	(20)	(770)	—	—	—	(790)
<b>Balance at 31st December 2019</b>	<b>15,710</b>	<b>209,942</b>	<b>98,970</b>	<b>2,326</b>	<b>2,763</b>	<b>—</b>	<b>329,711</b>
<b>Carrying amounts</b>							
At 31st December 2018	37,804	439,630	12,553	2,105	1,351	42,491	535,934
<b>At 31st December 2019</b>	<b>36,577</b>	<b>425,178</b>	<b>35,300</b>	<b>1,702</b>	<b>1,361</b>	<b>45,716</b>	<b>545,834</b>

15.2.1 Represent assets transferred from Capital work in progress on completion.

15.2.2 Represents amount transferred to vendor's account.

15.2.3 Represent motor trucks and equipment disposed of.

15.2.4 Some borrowings are secured by a debenture on all the fixed and floating assets (note 26).

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 16. Intangible assets

	Group		
	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
<b>Cost</b>			
Balance at 1st January 2018	4,571	4,419	8,990
Additions	254	542	796
Effect of foreign currency differences	(85)	(616)	(701)
Balance at 31st December 2018	4,740	4,345	9,085
Additions	103	117	220
Other reclassifications (Note 16.1.1)	—	(1,991)	(1,991)
Effect of foreign currency differences	(194)	(47)	(241)
<b>Balance at 31st December 2019</b>	<b>4,649</b>	<b>2,424</b>	<b>7,073</b>
<b>Amortisation</b>			
Balance at 1st January 2018	2,488	147	2,635
Amortisation expense	519	106	625
Effect of foreign currency differences	(114)	(30)	(144)
Balance at 31st December 2018	2,893	223	3,116
Amortisation expense	464	103	567
Other reclassifications (Note 16.1.1)	—	(238)	(238)
Effect of foreign currency differences	(27)	(8)	(35)
<b>Balance at 31st December 2019</b>	<b>3,330</b>	<b>80</b>	<b>3,410</b>
<b>Carrying amounts</b>			
At 31st December 2018	1,847	4,122	5,969
<b>At 31st December 2019</b>	<b>1,319</b>	<b>2,344</b>	<b>3,663</b>

Intangible assets (computer software) represent software which have useful life of four years and amortised on a straight line basis over these years.

There are no development expenditure capitalised as internally generated intangible asset.

16.1.1 Represent assets transferred to property plant and equipment from exploration assets

## 16. Intangible assets continued

### 16.2 The Company

	Company		
	Computer software N'million	Exploration assets N'million	Total N'million
<b>Cost</b>			
Balance at 1st January 2018	1,327	—	1,327
Additions	27	—	27
Balance at 31st December 2018	1,354	—	1,354
Additions	43	—	43
<b>Balance at 31st December 2019</b>	<b>1,397</b>	<b>—</b>	<b>1,397</b>
<b>Amortisation</b>			
Balance at 1st January 2018	1,290	—	1,290
Amortisation expense	16	—	16
Balance at 31st December 2018	1,306	—	1,306
Amortisation expense	22	—	22
<b>Balance at 31st December 2019</b>	<b>1,328</b>	<b>—</b>	<b>1,328</b>
<b>Carrying amounts</b>			
At 31st December 2018	48	—	48
<b>At 31st December 2019</b>	<b>69</b>	<b>—</b>	<b>69</b>

Intangible assets (computer software) represent software which have useful life of four years and amortised on a straight line basis over these years.

There is no development expenditure capitalised as an internally generated intangible asset.

## 17 Right of use assets

### 17.1 The Group

	Land and buildings N'million	Plant and machinery N'million	Motor vehicles N'million	Total N'million
<b>Cost</b>				
Recognised on 1 January 2019	9,131	283	1,129	10,543
Additions	386	86	90	562
Other reclassification (Note 17.1.1)	3,082	—	—	3,082
Disposal	—	(72)	(98)	(170)
Effect of foreign currency exchange differences	(270)	7	26	(237)
<b>Balance at 31st December 2019</b>	<b>12,329</b>	<b>304</b>	<b>1,147</b>	<b>13,780</b>
<b>Accumulated depreciation and impairment</b>				
Balance at 1 January 2019	—	—	—	—
Depreciation expense	1,135	204	389	1,728
Other reclassification (Note 17.1.1)	196	—	—	196
Disposal	—	(72)	(15)	(87)
Effect of foreign currency exchange differences	(25)	3	9	(13)
<b>Balance at 31st December 2019</b>	<b>1,306</b>	<b>135</b>	<b>383</b>	<b>1,824</b>
<b>Carrying amounts:</b>				
At 31st December 2018	—	—	—	—
<b>Balance at 31st December 2019</b>	<b>11,023</b>	<b>169</b>	<b>764</b>	<b>11,956</b>

The Group leases several assets including cement depots, residential apartments, trucks, trailers, fleet vehicles, forklifts and land. The average lease term is 20.40 years

Approximately 7 of the leases for the Group expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 17 Right of use assets continued

### 17.1 The Group continued

17.1.1 Represents amount reclassified from non-current prepayment for property, plants and equipment in respect of operating lease to right of use assets.

#### 17.1.2

	Group		Company	
	31/12/19 N'million	31/12/18 N'million	31/12/19 N'million	31/12/18 N'million
<b>Amounts recognised in profit or loss</b>				
Depreciation expense on right-of-use assets	1,728	—	654	—
Interest expense on lease liabilities	985	—	—	—
Expense relating to short-term leases	592	—	373	—

At 31 December 2019, the Group is committed to ₦536.95 million for short-term leases.

All payments for lease are fixed.

The total cash outflow for leases amount to ₦1.95 billion

### 17.2 The Company

	Land and buildings N'million	Plant and machinery N'million	Motor vehicles N'million	Total N'million
<b>Cost</b>				
Recognised on 1 January 2019	1,499	—	—	1,499
Additions	149	—	—	149
<b>Balance at 31st December 2019</b>	<b>1,648</b>	<b>—</b>	<b>—</b>	<b>1,648</b>
<b>Accumulated depreciation and impairment</b>				
Balance at 1 January 2019	—	—	—	—
Depreciation expense	654	—	—	654
<b>Balance at 31st December 2019</b>	<b>654</b>	<b>—</b>	<b>—</b>	<b>654</b>
<b>Carrying amounts:</b>				
At 31st December 2018	—	—	—	—
<b>Balance at 31st December 2019</b>	<b>994</b>	<b>—</b>	<b>—</b>	<b>994</b>

The Company leases several assets including cement depots, residential apartments. The average lease term is 2.83 years

Approximately 4 of the 55 leases expired in the current financial year. The expired contracts were replaced by new leases for similar underlying assets. This resulted in additions to right-of-use assets of ₦149.09 million in 2019.

## 18. Information regarding subsidiaries and associate

### 18.1 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/19	31/12/18
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	<b>64.00%</b>	64.00%
Dangote Industries (Ethiopia) Plc	Cement production	Ethiopia	<b>99.97%</b>	99.97%
Dangote Cement Zambia Limited	Cement production	Zambia	<b>99.96%</b>	99.96%
Dangote Cement Senegal S.A	Cement production	Senegal	<b>99.99%</b>	99.99%
Dangote Cement Cameroun S.A	Cement Grinding	Cameroun	<b>99.97%</b>	99.97%
Dangote Mines Limited, Tanzania	Cement production	Tanzania	<b>99.70%</b>	99.70%
Dangote Cement Congo S.A	Cement production	Congo	<b>100.00%</b>	100.00%
Dangote Cement (Sierra Leone) Limited	Cement bagging and distribution	Sierra Leone	<b>99.60%</b>	99.60%
Dangote Cement Cote D'Ivoire S.A	Cement Grinding	Cote D'Ivoire	<b>80.00%</b>	80.00%
Dangote Industries Gabon S.A	Cement Grinding	Gabon	<b>80.00%</b>	80.00%
Dangote Cement Ghana Limited	Cement bagging and distribution	Ghana	<b>100.00%</b>	100.00%
Dangote Cement – Liberia Ltd.	Cement bagging and distribution	Liberia	<b>100.00%</b>	100.00%
Dangote Cement Burkina Faso S.A	Selling and distribution of cement	Burkina Faso	<b>95.00%</b>	95.00%
Dangote Cement Chad S.A	Selling and distribution of cement	Chad	<b>95.00%</b>	95.00%
Dangote Cement Mali S.A	Selling and distribution of cement	Mali	<b>95.00%</b>	95.00%
Dangote Cement Niger SARL	Selling and distribution of cement	Niger	<b>95.00%</b>	95.00%
Dangote Industries Benin S.A	Selling and distribution of cement	Benin	<b>98.00%</b>	98.00%
Dangote Cement Togo S.A	Selling and distribution of cement	Togo	<b>90.00%</b>	90.00%
Dangote Cement Kenya Limited	Cement production	Kenya	<b>90.00%</b>	90.00%
Dangote Quarries Kenya Limited	Limestone mining	Kenya	<b>90.00%</b>	90.00%
Dangote Cement Madagascar Limited	Cement production	Madagascar	<b>95.00%</b>	95.00%
Dangote Quarries Mozambique Limitada	Cement production	Mozambique	<b>95.00%</b>	95.00%
Dangote Cement Nepal Pvt. Limited	Cement production	Nepal	<b>100.00%</b>	100.00%
Dangote Zimbabwe Holdings (Private) Limited	Investment holding	Zimbabwe	<b>90.00%</b>	90.00%
Dangote Cement Zimbabwe (Private) Limited	Cement production	Zimbabwe	<b>90.00%</b>	90.00%
Dangote Energy Zimbabwe (Private) Limited	Power production	Zimbabwe	<b>90.00%</b>	90.00%
Dangote Mining Zimbabwe (Private) Limited	Coal production	Zimbabwe	<b>90.00%</b>	90.00%
Dangote Cement Guinea SA	Cement production	Guinea	<b>95.00%</b>	95.00%
Cimenterie Obajana Sprl-D.R. Congo	Cement production	D.R. Congo	<b>98.00%</b>	98.00%
Itoiri Cement Plc.	Cement production	Nigeria	<b>99.00%</b>	99.00%
Okpella Cement Plc.	Cement production	Nigeria	<b>99.00%</b>	99.00%
Dangote Takoradi Cement Production Ltd	Cement Grinding	Ghana	<b>99.00%</b>	99.00%
Dangote Cement Yaounde	Cement Grinding	Cameroun	<b>90.00%</b>	90.00%
Dangote Cement CongoD.R. S.A	Cement production	D.R. Congo	<b>99.00%</b>	99.00%
DCP Cement Limited	Cement production	Nigeria	<b>90.00%</b>	90.00%
Dangote Cement Limited, Tanzania	Cement production	Tanzania	<b>99.70%</b>	99.70%
Dangote Contracting Services Ltd, Tanzania	Contracting Services	Tanzania	<b>99.70%</b>	99.70%
Dangote Mining Niger S.A	Limestone mining	Niger	<b>88.00%</b>	—
Dangote Ceramics Limited	Manufacturing of ceramics products	Nigeria	<b>99.00%</b>	—

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 18. Information regarding subsidiaries and associate continued

### 18.1 Subsidiaries continued

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group	
			31/12/19	31/12/18
<b>Indirect subsidiaries</b>				
<b>Dangote Cement South Africa (Pty) Limited subsidiaries</b>				
Sephaku Development (Pty) Ltd	Mining right holder	South Africa	85.00%	100.00%
Sephaku Delmas Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Blue Waves Properties 198 (Pty) Ltd	Exploration	South Africa	100.00%	100.00%
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	—	80.00%
Sephaku Enterprise Development (Pty) Ltd	Cement production	South Africa	100.00%	100.00%
Dangote Dwaalboom mining (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Beneficial Ingenuity (Pty) Limited	Investment holding	South Africa	80.00%	—
<b>Beneficial Ingenuity (Pty) Limited Subsidiary</b>				
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	52.00%	—
<b>Dangote Cement Zambia Limited</b>				
Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	49.90%	49.90%
Dangote Fuels Zambia Limited	Selling and Distribution of Fuels	Zambia	99.00%	99.00%
<b>Dangote Cement Nepal Pvt. Limited subsidiary</b>				
Birat Cement Pvt. Limited	Cement production and distribution	Nepal	100.00%	100.00%

In 2019, a subsidiary of Dangote Cement South Africa (Pty) Limited changed its name from Portion 11 Klein Westerford Properties (Pty) Ltd to Dangote Dwaalboom mining (Pty) Ltd.

## 18.2 Investments in subsidiaries

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Dangote Cement South Africa (Pty) Limited	—	—	27,922	27,922
Dangote Industries (Ethiopia) Plc	—	—	40,036	40,036
Dangote Cement Zambia Limited	—	—	106	106
Dangote Cement Senegal S.A	—	—	64,782	64,782
Dangote Cement Cameroun S.A	—	—	15,160	15,160
Dangote Cement Ghana Limited	—	—	—	—
Dangote Mines Limited, Tanzania	—	—	13,851	13,851
Dangote Cement Congo S.A	—	—	3	3
Dangote Cement (Sierra Leone) Limited	—	—	18	18
Dangote Cement Cote D'Ivoire S.A	—	—	16	16
Dangote Industries Gabon S.A	—	—	6	6
Dangote Cement Burkina faso SA	—	—	3	3
Dangote Cement Chad SA	—	—	3	3
Dangote Cement Mali SA	—	—	3	3
Dangote Cement Niger SARL	—	—	5	5
Dangote Industries Benin S.A.	—	—	3	3
Dangote Cement Togo S.A.	—	—	5	5
Dangote Takoradi Cement Production Limited	—	—	141	141
Dangote Cement Madagascar Limited	—	—	2	2
Dangote Cement CongoD.R. S.A	—	—	6	6
Dangote Cement – Liberia Ltd.	—	—	—	—
Dangote Cement Kenya Limited	—	—	—	—
Dangote Quarries Kenya Limited	—	—	—	—
Dangote Quarries Mozambique Limitada	—	—	—	—
Dangote Cement Nepal Pvt. Ltd.	—	—	—	—
Dangote Zimbabwe Holdings (Private) Limited	—	—	—	—
Dangote Cement Zimbabwe (Private) Limited	—	—	—	—
Dangote Energy Zimbabwe (Private) Limited	—	—	—	—
Dangote Mining Zimbabwe (Private) Limited	—	—	—	—
Dangote Cement Guinea SA	—	—	—	—
Cimenterie Obajana Sprl-D.R. Congo	—	—	—	—
Itori Cement Plc.	—	—	—	—
Okpella Cement Plc.	—	—	—	—
Dangote Cement Yaounde	—	—	—	—
DCP Cement Limited	—	—	—	—
Dangote Cement Limited, Tanzania	—	—	—	—
Dangote Contracting Services Limited, Tanzania	—	—	—	—
Dangote Mining Niger S.A	—	—	—	—
Dangote Ceramics Limited	—	—	—	—
	—	—	162,071	162,071

## 18.3 Investment in associate

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Societe des Ciments d'Onigbolo	4,312	3,749	1,582	1,582
Share of profit from associate	649	563	—	—
	4,961	4,312	1,582	1,582

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 18. Information regarding subsidiaries and associate continued

### 18.4 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	
		2019	2018
Cement production	Congo	1	1
Cement bagging and distribution	Liberia	1	1
Cement bagging and distribution	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		2019	2018
Cement production	South Africa	1	1
Cement production	Ethiopia	1	1
Cement production	Zambia	1	1
Cement production	Senegal	1	1
Cement Grinding	Cameroun	2	2
Cement production	Tanzania	2	2
Contracting Services	Tanzania	1	1
Cement bagging and distribution	Sierra Leone	1	1
Cement Grinding	Cote D'Ivoire	1	1
Cement Grinding	Gabon	1	1
Selling and distribution of cement	Burkina Faso	1	1
Selling and distribution of cement	Chad	1	1
Selling and distribution of cement	Mali	1	1
Selling and distribution of cement	Niger	1	1
Limestone mining	Niger	1	—
Limestone mining	Kenya	1	1
Cement production	Kenya	1	1
Cement production	Madagascar	1	1
Selling and distribution of cement	Benin	1	1
Selling and distribution of cement	Togo	1	1
Cement production	Mozambique	1	1
Holding company	Zimbabwe	1	1
Cement production	Zimbabwe	1	1
Power production	Zimbabwe	1	1
Coal production	Zimbabwe	1	1
Cement production	Guinea	1	1
Cement production	D.R. Congo	2	2
Cement production	Nigeria	3	3
Cement Grinding	Ghana	1	1
Manufacturing of ceramics products	Nigeria	1	—

### 18.5 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	2019	2018	2019	2018
		%	%	₦'million	₦'million	₦'million	₦'million
Dangote Cement South Africa (Pty) Limited	South Africa	36.00%	36.00%	—	1,202	12,450	12,210

## 18. Information regarding subsidiaries and associate continued

### 18.6

Summarised below is the financial information in respect of the Group's subsidiaries that have material non-controlling interests. Information below represents amounts before intra-group eliminations.

	Dangote Cement South Africa (Pty) Limited	
	2019 R'million	2018 R'million
<b>Information in respect of the financial position of the subsidiaries</b>		
Current assets	22,431	20,067
Non-current assets	68,889	69,594
Current liabilities	32,318	23,882
Non-current liabilities	22,029	29,320
Equity attributable to owners of the Company	36,882	36,381
Non-controlling interests	91	78
<b>Information in respect of the profit and loss and other comprehensive income</b>		
Revenue	46,372	58,993
Expenses	(47,022)	(57,513)
Tax credit	651	1,859
Profit/(loss) for the year	1	3,339
Profit/(loss) attributable to owners of the Company	1	2,137
Profit/(loss) attributable to the non-controlling interests	—	1,202
Profit/(loss) for the year	1	3,339
Other comprehensive income	—	—
Total comprehensive income for the year	1	3,339
Total comprehensive income attributable to owners of the Company	1	2,137
Total comprehensive income attributable to the non-controlling interests	—	1,202
Total comprehensive income for the year	1	3,339
<b>Information in respect of the cash flows of the subsidiary</b>		
Dividends paid to non-controlling interests	(137)	—
Net cash inflow from operating activities	9,146	9,482
Net cash inflow/(outflow) from investing activities	722	(14)
Net cash (outflow) from financing activities	(10,053)	(7,445)
<b>Net cash (outflow)/inflow</b>	<b>(185)</b>	<b>2,023</b>

### 18.7 Change in the Group's ownership interest in a subsidiary

During 2019, a change in shareholding was recorded as Dangote Cement South Africa (Pty) Limited (DCSA) no longer have a direct shareholding in Sephaku Limestone and Exploration. The shares are now held through Beneficial Ingenuity (Pty)Ltd as the exploration right period expired and DCSA needed additional time to prepare for mining right application, DCSA also had to bring in additional black shareholding in order to comply with the mining charter's new requirement of 26% black ownership.

### 18.8 Significant restrictions

There are no significant restrictions on the Company's or its subsidiaries' ability to access or use its assets to settle the liabilities of the Group.

## 19. Prepayments

### 19.1 Prepayments for property, plant and equipment

	Group		Company	
	31/12/19 R'million	31/12/18 R'million	31/12/17 R'million	31/12/18 R'million
<b>Non-current</b>				
Advance to contractors	51,233	33,408	5,690	—
Operating lease	—	2,975	—	—
<b>Total non-current prepayments</b>	<b>51,233</b>	<b>36,383</b>	<b>5,690</b>	<b>—</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 19. Prepayments continued

### 19.2 Prepayments and other current assets

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Advance to contractors	12,999	8,563	3,916	5,965
Deposits for import	8,828	14,942	6,873	12,589
Deposit for supplies	6,217	8,519	3,321	1,634
Rent, rates and insurance	3,057	3,846	831	2,077
Other financial assets	1	8	–	–
<b>Total current prepayments and other assets</b>	<b>31,102</b>	<b>35,878</b>	<b>14,941</b>	<b>22,265</b>
<b>Related-party transactions</b>				
Parent company	7,141	524	7,141	524
Entities controlled by the parent company	88,759	65,481	83,435	61,627
Affiliates and associates of parent company	40	–	–	–
Receivables from subsidiaries	–	–	167,364	168,173
<b>Total related party transactions</b>	<b>95,940</b>	<b>66,005</b>	<b>257,940</b>	<b>230,324</b>
<b>Prepayments and other current assets</b>	<b>127,042</b>	<b>101,883</b>	<b>272,881</b>	<b>252,589</b>

Non-current advances to contractors represent various advances made to contractors for the construction of plants while current advances to contractors represent various advances made for the purchase of LPFO, AGO, coal and other materials which were not received at the year end.

## 20. Inventories

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Finished product	7,793	8,529	5,601	6,358
Work-in-progress	14,129	16,750	4,336	4,473
Raw materials	7,656	6,281	3,203	2,323
Packaging materials	4,564	4,040	1,892	1,018
Consumables	10,762	10,184	8,115	6,745
Fuel	9,676	11,612	6,399	7,147
Spare parts	55,093	44,452	35,170	29,341
Goods in transit	5,133	5,150	3,020	2,415
	<b>114,806</b>	<b>106,998</b>	<b>67,736</b>	<b>59,820</b>

The cost of inventories recognised as an expense during the year was ₦251.20 billion and ₦124.83 billion (2018: ₦275.89 billion and ₦120.70 billion) in the consolidated and separate financial statements respectively.

The amount recognised as inventories obsolescence during the year was nil (2018: ₦35.6 million) for Group and Company.

## 21. Trade and other receivables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Trade receivables	13,979	16,626	6,369	7,036
Impairment allowance on trade receivables	(1,156)	(1,346)	(1,133)	(1,272)
	<b>12,823</b>	<b>15,280</b>	<b>5,236</b>	<b>5,764</b>
Staff loans and advances	1,948	1,514	1,508	1,162
Other receivables	15,230	27,674	4,864	4,120
<b>Total trade and other receivables</b>	<b>30,001</b>	<b>44,468</b>	<b>11,608</b>	<b>11,046</b>

## 21. Trade and other receivables continued

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements respectively, ₦591 million (2018: ₦666.8 million from Group's and ₦1.13 billion from Company's respectively) is due from the Group's largest trade debtor. There are no customers who represent more than 10% of the total balance of trade receivables of the Group after impairment.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 720 days past due, except where there is adequate security, because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables are considered to be past due when they exceed the credit period granted.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Group						
31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.2%	0.7%	0.2%	0.0%	76.6%	
Estimated total gross carrying amount at default	9,311	2,123	1,082	7	1,456	13,979
<b>Lifetime ECL</b>	<b>22</b>	<b>16</b>	<b>2</b>	<b>—</b>	<b>1,116</b>	<b>1,158</b>
Group						
31/12/18	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	1.0%	0.0%	0.3%	2.7%	89.0%	
Estimated total gross carrying amount at default	9,855	4,455	805	111	1,400	16,626
<b>Lifetime ECL</b>	<b>95</b>	<b>—</b>	<b>2</b>	<b>3</b>	<b>1,246</b>	<b>1,346</b>
Company						
31/12/19	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.0%	0.02	0.6%	—	75.3%	
Estimated total gross carrying amount at default	3,789	784	313	—	1,483	6,369
<b>Lifetime ECL</b>	<b>—</b>	<b>16</b>	<b>2</b>	<b>—</b>	<b>1,115</b>	<b>1,133</b>
Company						
31/12/18	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Expected credit loss rate	0.9%	0.9%	2.1%	6.0%	49.9%	
Estimated total gross carrying amount at default	4,360	49	114	50	2,463	7,036
<b>Lifetime ECL</b>	<b>39</b>	<b>—</b>	<b>2</b>	<b>3</b>	<b>1,228</b>	<b>1,272</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 22. Financial lease receivables

### Leasing arrangements

Amounts receivable under finance leases:

	Group/Company			
	Minimum lease payments		Present value of minimum lease payment	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Year 1	5,967	3,349	4,266	2,380
Year 2	5,967	3,349	4,904	2,736
Year 3	3,026	4,235	2,694	3,739
Year 4	2,179	—	3,687	—
	17,139	10,933	15,551	8,855
Less: unearned finance income	(1,588)	(2,078)	—	—
Present value of minimum lease payments receivable	15,551	8,855	15,551	8,855
Allowance for uncollectible lease payments	—	—	—	—
Net investment in the lease	15,551	8,855	15,551	8,855
Analysed as follows				
Recoverable within 12 months	5,967	3,349	4,266	2,380
Recoverable after 12 months	11,172	7,584	11,285	6,475
	17,139	10,933	15,551	8,855

The Group entered into finance lease arrangement for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 4.17 years. During the year the finance lease receivable increased because of more trucks distributed to customers on lease.

Unguaranteed residual values of assets leased under finance leases at the end of the reporting year are estimated at nil.

The average effective interest rate implicit in the contracts is 14% (2018: 14%) per annum.

The Directors of the Company estimate the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. Taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables, the directors of the Company consider that no finance lease receivables is impaired.

The table below shows the aged analysis of the finance lease receivables:

31/12/19	Group/Company					
	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Estimated total gross carrying amount at default	15,320	145	31	8	47	15,551
31/12/18	Not past due ₦'million	<30 ₦'million	31-60 ₦'million	61-90 ₦'million	>90 ₦'million	Total ₦'million
Estimated total gross carrying amount at default	8,721	92	39	3	—	8,855

## 23. Share capital

### 23.1

	Group/Company	
	31/12/19 ₦'million	31/12/18 ₦'million
<b>Issued and fully paid</b>		
Share capital 17,040,507,404 (2018: 17,040,507,404) ordinary shares of ₦0.5 each	<b>8,520</b>	8,520
Share premium	<b>42,430</b>	42,430

### 23.2

Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each.

Fully paid ordinary shares carry one vote per fully paid up share and a right to dividends when declared and approved.

### 23.3 Currency translation reserve

Exchange difference relating to the translation of the results and net investments of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. currency units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of foreign operations.

### 23.4 Capital contribution

A subordinated loan was obtained by the Company from the immediate parent, Dangote Industries Limited in 2010. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution.

## 24. Dividend

On 17th June 2019, a dividend of ₦16.00. per share (total dividend ₦272.6 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2018 financial year.

In respect of the current year, the Directors proposed a dividend of ₦16.00 per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements.

## 25. Trade and other payables

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Trade payables	<b>63,277</b>	86,265	<b>33,443</b>	41,157
Payable to contractors	<b>73,910</b>	22,477	<b>21,270</b>	12,695
Value added tax	<b>3,797</b>	3,050	<b>1,690</b>	1,163
Withholding tax payable	<b>16,071</b>	6,476	<b>246</b>	415
Staff pension (Note 29.1)	<b>393</b>	461	<b>8</b>	7
Advances from customers	<b>59,107</b>	26,299	<b>48,040</b>	17,986
Suppliers' credit	<b>3,314</b>	17,660	<b>3,314</b>	3,523
Accruals	<b>64,870</b>	68,282	<b>21,836</b>	15,933
<b>Total trade and other payables</b>	<b>284,739</b>	230,970	<b>129,847</b>	92,879

The average credit period on purchases of goods is 61 days (2018: 82 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 26. Financial liabilities

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Unsecured borrowings at amortised cost</b>				
Loans from Dangote Industries Limited	37,006	56,956	37,006	56,956
Bulk Commodities loans	19,588	17,765	1,204	1,184
Loans from Dangote Oil & Gas	29,736	42,776	29,736	42,776
Commercial papers (Note 26(c) )	137,505	79,273	137,505	79,273
	<b>223,835</b>	196,770	<b>205,451</b>	180,189
<b>Secured borrowings at amortised cost</b>				
Power intervention loan (Note 26 (b) )	5,320	7,838	5,320	7,838
Bank loans	122,279	130,693	14,759	10,218
	<b>127,599</b>	138,531	<b>20,079</b>	18,056
<b>Total borrowings at 31st December</b>	<b>351,434</b>	335,301	<b>225,530</b>	198,245
<b>Long-term portion of loans and borrowings</b>	<b>107,279</b>	125,725	<b>39,700</b>	62,168
<b>Current portion repayable in one year and shown under current liabilities</b>	<b>232,343</b>	201,706	<b>185,830</b>	136,077
Overdraft balances	11,812	7,870	—	—
<b>Short-term portion</b>	<b>244,155</b>	209,576	<b>185,830</b>	136,077
Interest payable	16,476	10,552	15,036	9,359
<b>Financial liabilities (short term)</b>	<b>260,631</b>	220,128	<b>200,866</b>	145,436

- (a) A subordinated loan of ₦55.4 billion was obtained by the Company from Dangote Industries Limited in 2010. ₦30 billion was long-term and the remaining balance was short term and was repayable on demand. The long-term loan was unsecured, with interest at 10% per annum and was repayable in 3 years after a moratorium period that ended 31st March 2017. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution. This loan was repaid in full.
- (b) In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted the Company the sum of ₦24.5 billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan had a moratorium of 12 months. Given the concessional terms at which the Company secured the loan, it is considered to have an element of government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated at ₦20.7 billion. The difference of ₦3.8 billion between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan and is recognised as deferred revenue. The facility is secured by a debenture on all fixed and floating assets of the Company to be shared pari passu with existing lenders.
- (c) Commercial paper was issued under a programme with a maximum face value of ₦150 billion. The tenure is between 90 days and 270 days with discount ranging from 7.5% to 12.69%.

## 26. Financial liabilities continued

				Group	
	Currency	Nominal interest rate	Maturity on demand	31/12/19 ₦'million	31/12/18 ₦'million
Bank overdrafts			On demand	11,812	7,870
<b>Other borrowings</b>					
Other loans from Parent Company	Naira	10%	2021	37,006	56,956
Loan from Bulk Commodities Inc.	USD	6%–8%	On demand & 2021	19,588	17,765
Commercial paper	Naira	7.5%–12.9%	2020	137,505	79,273
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	29,736	42,776
Power intervention loan	Naira	7%	07 & 12/2021	5,320	7,838
Short term loans from Banks	USD	7.0%	2020	51,527	62,593
Long term bank loans	CFA	8.50%	07/2021	29,154	24,974
Nedbank/Standard Bank Loan	Rands	JIBAR + 4%	11/2022	29,786	35,256
				339,622	327,431
<b>Total borrowings at 31st December</b>				<b>351,434</b>	<b>335,301</b>

				Company	
	Currency	Nominal interest rate	Maturity on demand	31/12/19 ₦'million	31/12/18 ₦'million
Loans from Parent Company	Naira	10%	2021	37,006	56,956
Loan from Bulk Commodities Inc.	USD	6%	On demand	1,204	1,184
Loans from Dangote Oil & Gas	Naira	7.0%	On demand	29,736	42,776
Power intervention loan	Naira	7%	07 & 12/2021	5,320	7,838
Commercial paper	Naira	7.5%–12.9%	2020	137,505	79,273
Short term loans from Banks	USD	7.0%	2020	14,759	10,218
<b>Total borrowings at 31st December</b>				<b>225,530</b>	<b>198,245</b>

The maturity profiles of borrowings are as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Due within one month	26,434	8,446	14,469	406
Due from one to three months	142,296	5,044	122,745	250
Due from three to twelve months	75,425	196,086	48,616	135,421
<b>Total current portion repayable in one year</b>	<b>244,155</b>	<b>209,576</b>	<b>185,830</b>	<b>136,077</b>
Due in the second year	82,343	83,993	39,364	59,581
Due in the third year	18,307	25,114	336	2,311
Due in the fourth year	1,965	12,274	—	276
Due in the fifth year and further	4,664	4,344	—	—
<b>Total long-term portion of loans and borrowings</b>	<b>107,279</b>	<b>125,725</b>	<b>39,700</b>	<b>62,168</b>
<b>Total</b>	<b>351,434</b>	<b>335,301</b>	<b>225,530</b>	<b>198,245</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 26. Financial liabilities continued

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Group				31/12/19 ₦'million
	31/12/18 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	
Loans from Dangote Industries Limited	56,956	(19,962)	12	—	<b>37,006</b>
Bulk Commodities loans	17,765	2,553	(730)	—	<b>19,588</b>
Loans from Dangote Oil & Gas	42,776	(12,724)	(316)	—	<b>29,736</b>
Power intervention loan	7,838	(2,626)	—	108	<b>5,320</b>
Commercial papers	79,273	58,232	—	—	<b>137,505</b>
Bank loans	122,823	(11,983)	(373)	—	<b>110,467</b>
	327,431	13,490	(1,407)	108	<b>339,622</b>

	Company				31/12/19 ₦'million
	31/12/18 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	
Loans from Dangote Industries Limited	56,956	(19,962)	12	—	<b>37,006</b>
Bulk Commodities loans	1,184	—	20	—	<b>1,204</b>
Loans from Dangote Oil & Gas	42,776	(12,724)	(316)	—	<b>29,736</b>
Power intervention loan	7,838	(2,626)	—	108	<b>5,320</b>
Commercial papers	79,273	58,232	—	—	<b>137,505</b>
Bank loans	10,218	4,879	(338)	—	<b>14,759</b>
	198,245	27,799	(622)	108	<b>225,530</b>

	Group				31/12/18 ₦'million
	31/12/17 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	
Subordinated loans	29,998	(29,998)	—	—	—
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	—	56,956
Bulk Commodities loans	16,159	1,098	508	—	17,765
Loans from Dangote Oil & Gas	39,262	3,338	176	—	42,776
Power intervention loan	10,225	(2,377)	—	(10)	7,838
Commercial papers	—	79,273	—	—	79,273
Bank loans	140,221	(11,185)	(6,213)	—	122,823
	365,462	(32,347)	(5,674)	(10)	327,431

	Company				31/12/18 ₦'million
	01/01/18 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	
Subordinated loans	29,998	(29,998)	—	—	—
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	—	56,956
Bulk Commodities loans	1,093	—	91	—	1,184
Loans from Dangote Oil & Gas	39,262	3,338	176	—	42,776
Power intervention loan	10,225	(2,377)	—	(10)	7,838
Commercial papers	—	79,273	—	—	79,273
Bank loans	18,015	(7,857)	60	—	10,218
	228,190	(30,117)	182	(10)	198,245

## 27. Deferred revenue and other liabilities

### 27.1. Deferred revenue

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Deferred revenue arising from government grant (refer to (a) below)	516	741	156	355
	516	741	156	355
Current (Note 27.2)	147	225	119	199
Non-current	369	516	37	156
	516	741	156	355

a) The deferred revenue mainly arises as a result of the benefit received from government loans received in 2011 and 2012 (see note 26 (b)). The revenue was recorded in other income line.

### Movement in deferred revenue

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Balance at 1st January	741	1,147	355	629
Additions during the year	—	—	—	—
	741	1,147	355	629
Released to profit and loss account (other income)	(227)	(306)	(199)	(274)
Effect of foreign exchange differences	2	(100)	—	—
Closing balance	516	741	156	355

### 27.2 Other current liabilities

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Current portion of deferred revenue (note 27.1)	147	225	119	199
<b>Related-party transactions</b>				
Parent company	—	—	—	—
Entities controlled by the parent company	4,161	17,644	1,086	10,529
Affiliates and associates of parent company	29,775	17,316	16,959	14,219
Payables to subsidiaries	—	—	12,571	12,889
<b>Total of related-party transactions</b>	<b>33,936</b>	<b>34,960</b>	<b>30,616</b>	<b>37,637</b>
<b>Other current liabilities</b>	<b>34,083</b>	<b>35,185</b>	<b>30,735</b>	<b>37,836</b>

## 28. Provisions for liabilities and other charges

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Restoration cost	3,684	2,753	1,950	1,310
	3,684	2,753	1,950	1,310

	2019			2018		
	Restoration ₦'million	Others ₦'million	Total ₦'million	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at the beginning of the year	2,753	—	2,753	3,416	—	3,416
Effect of foreign exchange differences	(118)	—	(118)	(168)	—	(168)
Provisions made during the year	706	—	706	(313)	—	(313)
Transfer to short term	—	—	—	(442)	—	(442)
Unwinding of discount	343	—	343	260	—	260
<b>Balance at the end of the year</b>	<b>3,684</b>	<b>—</b>	<b>3,684</b>	<b>2,753</b>	<b>—</b>	<b>2,753</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 28. Provisions for liabilities and other charges continued

	Company					
	2019			2018		
	Restoration ₦'million	Others ₦'million	Total ₦'million	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at the beginning of the year	1,310	—	1,310	2,073	—	2,073
Provisions made during the year	304	—	304	(1,016)	—	(1,016)
Unwinding of discount	336	—	336	253	—	253
<b>Balance at the end of the year</b>	<b>1,950</b>	<b>—</b>	<b>1,950</b>	<b>1,310</b>	<b>—</b>	<b>1,310</b>

The Group's obligations are to settle environmental restoration and dismantling/decommissioning cost of property, plant and equipment when the Group has a legal or constructive obligation to do so. The expenditure is expected to be utilised at the end of the useful lives for the mines.

## 29. Employee benefits

### 29.1 Defined contribution plans

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Balance at beginning of the year	461	266	7	8
Provision for the year	2,181	2,117	1,259	1,075
Payments during the year	(2,249)	(1,922)	(1,258)	(1,076)
<b>Balance at the end of the year</b>	<b>393</b>	<b>461</b>	<b>8</b>	<b>7</b>

Provisions for staff pensions have been made in the financial statements in accordance with the relevant pension rules applicable in the country. The accrual at 31st December 2019 amounted to ₦393 million (2018: ₦461 million) for the Group.

Outstanding staff pension deductions that have not been remitted as at year end have been accrued accordingly. The employees of the Group are members of a State arranged Pension scheme which is managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions.

The total expense recognised in profit or loss of ₦2.18 billion (2018: ₦2.12 billion) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

## 30. Financial instruments

### 30.1 Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 26 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed below).

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Net debt	227,531	168,405	169,743	89,265
Equity	897,937	986,613	1,282,249	1,293,548

The Finance and Investment Committee reviews the capital structure of the Group on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group endeavours to maintain an optimum mix of net debt to equity ratio which provides benefits of trading on equity without exposing the Group to any undue long term liquidity risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new and/or bonus shares, or raise debts in favourable market conditions.

The net debt to equity ratio as on 31st December 2019 is 25% (2018: 17%).

### 30. Financial instruments continued

#### 30.1.1 Debt to equity ratio

The debt to equity ratio at the end of the reporting period was as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Financial debt (Note 26)	<b>351,434</b>	335,301	<b>225,530</b>	198,245
Cash and bank balances (Note 32.1)	<b>123,903</b>	166,896	<b>55,787</b>	108,980
Net debt	<b>227,531</b>	168,405	<b>169,743</b>	89,265
Equity	<b>897,937</b>	986,613	<b>1,282,249</b>	1,293,548
Net debt/equity ratio	<b>0.25</b>	0.17	<b>0.13</b>	0.07

#### 30.2 Categories of financial instruments

31/12/19	Group				
	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
<b>Assets</b>					
Property, plant and equipment	—	—	—	<b>1,206,749</b>	<b>1,206,749</b>
Intangible assets	—	—	—	<b>3,663</b>	<b>3,663</b>
Right of use assets	—	—	—	<b>11,956</b>	<b>11,956</b>
Investments in subsidiaries	—	—	—	—	—
Investment in associate	—	—	—	<b>4,961</b>	<b>4,961</b>
Finance lease receivables	<b>15,551</b>	—	<b>15,551</b>	—	<b>15,551</b>
Deferred tax asset	—	—	—	<b>44,768</b>	<b>44,768</b>
Prepayments for property, plant & equipment	—	—	—	<b>51,233</b>	<b>51,233</b>
Inventories	—	—	—	<b>114,806</b>	<b>114,806</b>
Trade and other receivables	<b>30,001</b>	—	<b>30,001</b>	—	<b>30,001</b>
Prepayments and other current assets	<b>95,941</b>	—	<b>95,941</b>	<b>31,101</b>	<b>127,042</b>
Current income tax receivables	—	—	—	<b>6,718</b>	<b>6,718</b>
Cash and bank balances	<b>123,903</b>	—	<b>123,903</b>	—	<b>123,903</b>
	<b>265,396</b>	—	<b>265,396</b>	<b>1,475,955</b>	<b>1,741,351</b>
<b>Liabilities</b>					
Trade and other payables	<b>205,764</b>	—	<b>205,764</b>	<b>78,975</b>	<b>284,739</b>
Current income tax payable	—	—	—	<b>49,932</b>	<b>49,932</b>
Financial liabilities	<b>367,910</b>	—	<b>367,910</b>	—	<b>367,910</b>
Other current liabilities	<b>33,936</b>	—	<b>33,936</b>	<b>147</b>	<b>34,083</b>
Lease liabilities	<b>8,856</b>	—	<b>8,856</b>	—	<b>8,856</b>
Deferred tax liabilities	—	—	—	<b>93,841</b>	<b>93,841</b>
Long term provisions and other charges	—	—	—	<b>3,684</b>	<b>3,684</b>
Deferred revenue	—	—	—	<b>369</b>	<b>369</b>
<b>Total financial liabilities</b>	<b>616,466</b>	—	<b>616,466</b>	<b>226,948</b>	<b>843,414</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 30. Financial instruments continued

### 30.2 Categories of financial instruments continued

31/12/18	Group				
	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
<b>Assets</b>					
Property, plant and equipment	—	—	—	1,171,864	1,171,864
Intangible assets	—	—	—	5,969	5,969
Investment in associate	—	—	—	4,312	4,312
Finance lease receivables	8,855	—	8,855	—	8,855
Deferred tax asset	—	—	—	40,622	40,622
Prepayments for property, plant and equipment	—	—	—	36,383	36,383
Inventories	—	—	—	106,998	106,998
Trade and other receivables	44,468	—	44,468	—	44,468
Prepayments and other current assets	66,013	—	66,013	35,870	101,883
Current income tax receivables	—	—	—	6,213	6,213
Cash and bank balances	166,896	—	166,896	—	166,896
<b>Total financial assets</b>	<b>286,232</b>	<b>—</b>	<b>286,232</b>	<b>1,408,231</b>	<b>1,694,463</b>
<b>Liabilities</b>					
Trade and other payables	195,145	—	195,145	35,825	230,970
Current income tax payable	—	—	—	9,223	9,223
Financial liabilities	345,853	—	345,853	—	345,853
Other current liabilities	34,960	—	34,960	225	35,185
Deferred tax liabilities	—	—	—	83,350	83,350
Long-term provisions and other charges	—	—	—	2,753	2,753
Deferred revenue	—	—	—	516	516
<b>Total financial liabilities</b>	<b>575,958</b>	<b>—</b>	<b>575,958</b>	<b>131,892</b>	<b>707,850</b>

**30. Financial Instruments** continued  
**30.2 Categories of financial instruments** continued

31/12/19	Company				
	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
<b>Assets</b>					
Property, plant and equipment	—	—	—	545,834	545,834
Intangible assets	—	—	—	69	69
Right of use assets	—	—	—	994	994
Investments in subsidiaries	—	—	—	162,071	162,071
Investment in associate	—	—	—	1,582	1,582
Finance lease receivables	15,551	—	15,551	—	15,551
Deferred tax asset	—	—	—	14,356	14,356
Prepayments for property, plant & equipment	—	—	—	5,690	5,690
Other receivables	663,113	—	663,113	—	663,113
Inventories	—	—	—	67,736	67,736
Trade and other receivables	11,608	—	11,608	—	11,608
Prepayments and other current assets	257,940	—	257,940	14,941	272,881
Current income tax receivables	—	—	—	6,712	6,712
Cash and bank balances	55,787	—	55,787	—	55,787
	<b>1,003,999</b>	<b>—</b>	<b>1,003,999</b>	<b>819,985</b>	<b>1,823,984</b>
<b>Liabilities</b>					
Trade and other payables	79,871	—	79,871	49,976	129,847
Current income tax payable	—	—	—	49,127	49,127
Financial liabilities	240,566	—	240,566	—	240,566
Other current liabilities	30,616	—	30,616	119	30,735
Lease liabilities	—	—	—	—	—
Deferred tax liabilities	—	—	—	89,473	89,473
Long term provisions and other charges	—	—	—	1,950	1,950
Deferred revenue	—	—	—	37	37
<b>Total financial liabilities</b>	<b>351,053</b>	<b>—</b>	<b>351,053</b>	<b>190,682</b>	<b>541,735</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 30. Financial instruments continued

### 30.2 Categories of financial instruments continued

31/12/18	Company				
	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
<b>Assets</b>					
Property, plant and equipment	—	—	—	535,934	535,934
Intangible assets	—	—	—	48	48
Investments in subsidiaries	—	—	—	162,071	162,071
Investment in associate	—	—	—	1,582	1,582
Finance lease receivables	8,855	—	8,855	—	8,855
Deferred tax asset	—	—	—	14,561	14,561
Prepayments for property, plant & equipment	—	—	—	—	—
Other receivables	560,277	—	560,277	—	560,277
Inventories	—	—	—	59,820	59,820
Trade and other receivables	11,046	—	11,046	—	11,046
Prepayments and other current assets	230,324	—	230,324	22,265	252,589
Cash and bank balances	108,980	—	108,980	—	108,980
	919,482	—	919,482	796,281	1,715,763
<b>Liabilities</b>					
Trade and other payables	73,315	—	73,315	19,564	92,879
Current income tax payable	—	—	—	8,608	8,608
Financial liabilities	207,604	—	207,604	—	207,604
Other current liabilities	37,637	—	37,637	199	37,836
Deferred tax liabilities	—	—	—	80,033	80,033
Long term provisions and other charges	—	—	—	1,310	1,310
Deferred revenue	—	—	—	156	156
<b>Total financial liabilities</b>	318,556	—	318,556	109,870	428,426

### 30.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

### 30.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Note 30.5.1) and interest rates (Note 30.7.2).

### 30. Financial instruments continued

#### 30.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country we operate with the aim of having assets and liabilities denominated in the functional currency as much as possible. The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

	Group			
	Liabilities		Assets	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
US Dollars	<b>156,448</b>	269,921	<b>9,442</b>	35,580

	Company			
	Liabilities		Assets	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
US Dollars	<b>100,005</b>	214,311	<b>783,520</b>	740,079

#### 30.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group and Company's sensitivity to a 15% (2018:15%) increase and decrease in the Naira against the US Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity for a 15% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 15% change in the exchange rates.

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Effect on Profit or loss/Equity for a 15% (2018:15%) appreciation	<b>15,436</b>	24,606	<b>(71,769)</b>	(55,206)
Effect on Profit or loss/Equity for a 15% (2018:15%) depreciation	<b>(15,436)</b>	(24,606)	<b>71,769</b>	55,206

This is mainly attributable to the exposure outstanding on US dollar receivables and payables at the end of the reporting period.

#### 30.6 Credit risk management

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group's and Company's business is predominantly on a cash basis. Revolving credits granted to major distributors and very large corporate customers approximate about ₦4.17 billion and these are payable within 30 days. Stringent credit control is exercised over the granting of credit, this is done through the review and approval by executive management based on the recommendation of the credit control group.

Credits to major distributors are covered by bank guarantee with an average credit period of no more than 15 days.

For very large corporate customers, clean credits are granted based on previous business relationships and positive credit worthiness which is performed on an on-going basis. These credits are usually payable at no more than 30 days.

The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as related entities with similar characteristics.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 30. Financial instruments continued

### 30.6 Credit risk management continued

#### 30.6.1 Exposure to credit risk

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

		Group					
31/12/19	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount R'million	Allowance R'million	Net carrying amount R'million
Finance lease receivables	22	N/A	ii	Lifetime ECL	15,551	—	15,551
Trade and other receivables	21	N/A	ii	Lifetime ECL	31,157	(1,156)	30,001
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	95,941	—	95,941
Cash and bank balances	32.1	i	i	i	123,903	—	123,903
<b>Total</b>					<b>266,552</b>	<b>(1,156)</b>	<b>265,396</b>

		Group					
31/12/18	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount R'million	Allowance R'million	Net carrying amount R'million
Finance lease receivables	22	N/A	ii	Lifetime ECL	8,855	—	8,855
Trade and other receivables	21	N/A	ii	Lifetime ECL	45,814	(1,346)	44,468
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	66,013	—	66,013
Cash and bank balances	32.1	i	i	i	166,896	—	166,896
<b>Total</b>					<b>287,578</b>	<b>(1,346)</b>	<b>286,232</b>

		Company					
31/12/19	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount R'million	Allowance R'million	Net carrying amount R'million
Finance lease receivables	22	N/A	ii	Lifetime ECL	15,551	—	15,551
Other receivables	31	N/A	ii	Lifetime ECL	663,113	—	663,113
Trade and other receivables	21	N/A	ii	Lifetime ECL	12,741	(1,133)	11,608
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	257,940	—	257,940
Cash and bank balances	32.1	i	i	i	55,787	—	55,787
<b>Total</b>					<b>1,005,132</b>	<b>(1,133)</b>	<b>1,003,999</b>

		Company					
31/12/18	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount R'million	Allowance R'million	Net carrying amount R'million
Finance lease receivables	22	N/A	ii	Lifetime ECL	8,855	—	8,855
Other receivables	31	N/A	ii	Lifetime ECL	560,277	—	560,277
Trade and other receivables	21	N/A	ii	Lifetime ECL	12,318	(1,272)	11,046
Prepayments and other current assets	19.2	N/A	Performing	Lifetime ECL	230,324	—	230,324
Cash and bank balances	32.1	i	i	i	108,980	—	108,980
<b>Total</b>					<b>920,754</b>	<b>(1,272)</b>	<b>919,482</b>

(i) All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions with good credit rating by rating agencies.

(ii) For finance leases and trade receivables, the simplified approach to measure the loss allowance at lifetime ECL has been applied.

### 30. Financial instruments continued

#### 30.7 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Group has access to sufficient sources of funds directly from external sources as well as from the Group's parent.

##### 30.7.1 Liquidity maturity table

The following tables detail the Group and Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables below include both interest and principal cash flows for the Group.

	Group			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
<b>As at 31st December 2019</b>				
Trade and other payables	202,450	—	3,314	—
Financial liabilities	28,802	153,722	90,370	112,779
Lease liabilities	—	—	1,409	7,447
Other current liabilities	33,936	—	—	—
<b>Total</b>	<b>265,188</b>	<b>153,722</b>	<b>95,093</b>	<b>120,226</b>

	Group			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
<b>As at 31st December 2018</b>				
Trade and other payables	177,485	—	17,660	—
Financial liabilities	19,839	7,006	213,634	138,501
Other current liabilities	34,960	—	—	—
<b>Total</b>	<b>232,284</b>	<b>7,006</b>	<b>231,294</b>	<b>138,501</b>

	Company			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
<b>As at 31st December 2019</b>				
Trade and other payables	76,557	—	3,314	—
Financial liabilities	16,157	131,832	57,940	39,759
Other current liabilities	30,616	—	—	—
<b>Total</b>	<b>123,330</b>	<b>131,832</b>	<b>61,254</b>	<b>39,759</b>

	Company			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
<b>As at 31st December 2018</b>				
Trade payables and other payables	69,792	—	3,523	—
Financial debts	9,810	288	145,536	62,400
Other current liabilities	37,637	—	—	—
<b>Total</b>	<b>117,239</b>	<b>288</b>	<b>149,059</b>	<b>62,400</b>

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 30. Financial instruments continued

### 30.7 Liquidity risk management continued

#### 30.7.2 Interest Risk

The following table details the sensitivity to a 1% (2018: 1%) increase or decrease in interest rates.

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Effect on Profit or loss/Equity for a 1% (2018:1%) increase in rate	(934)	(978)	2,466	2,224
Effect on Profit or loss/Equity for a 1% (2018:1%) decrease in rate	934	978	(2,466)	(2,224)

#### 30.7.3 Fair valuation of financial assets and liabilities

The carrying amount of trade and other receivables, cash and bank balances and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair values of financial debt approximate the carrying amount as the loans are pegged to market rates and reset when rates change.

## 31. Related-party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and Company, and other related parties are disclosed below.

The Group and the Company, in the normal course of business, sells to and buys from other business enterprises that fall within the definition of a 'related party' contained in International Accounting Standard 24. These transactions mainly comprise purchases, sales, finance costs, finance income and management fees paid to shareholders. The companies in the Group also provide funds to and receive funds from each other as and when required for working capital financing and capital projects.

### 31.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sale of goods		Purchases of goods	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Parent company	—	—	—	—
Entities controlled by the parent company	20,673	19,990	139,324	90,709
Affiliates and associates of the parent company	—	462	24,863	58,599

During the year, the company entered into the following trading transactions with related parties:

	Sale of goods		Purchases of goods	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Parent company	—	—	—	—
Entities controlled by the parent company	20,673	19,036	112,301	85,865
Affiliates and associates of the parent company	—	—	6,516	4,242

In addition to sales and purchases of goods, the Company charged interest amounting to ₦32.8 billion (2018: ₦29.9 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the parent company charged the Group a total interest of ₦6.9 billion (2018: ₦12.5 billion), being the cost of borrowing to finance capital projects and other operational expenses.

Balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

### 31. Related-party transactions continued

The following balances were outstanding at the end of the reporting year:

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Current</b>				
Parent company	7,141	524	—	—
Entities controlled by the parent company	88,759	65,481	4,161	17,644
Affiliates and associates of parent company	40	—	29,775	17,316
	<b>95,940</b>	<b>66,005</b>	<b>33,936</b>	<b>34,960</b>
	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Non-current</b>				
Entities controlled by the Company	663,113	560,277	—	—

The above balances represent expenditures on projects in African countries. These are not likely to be repaid within the next twelve months and have been classified under non-current assets.

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Current</b>				
Parent company	7,141	524	—	—
Entities controlled by the parent company	83,435	61,627	1,086	10,529
Affiliates and associates of the parent company	—	—	16,959	14,219
Subsidiaries of the Company	167,364	168,173	12,571	12,889
	<b>257,940</b>	<b>230,324</b>	<b>30,616</b>	<b>37,637</b>

#### 31.2 Loans from related parties

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
	Affiliates and associates of the parent company	19,588	17,765	1,204
Entities controlled by the parent company	29,736	42,776	29,736	42,776
Loans from the parent company	37,006	56,956	37,006	56,956

#### 31.3 Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year was as follows:

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
	Short-term benefits	841	1,116	822
	<b>841</b>	<b>1,116</b>	<b>822</b>	<b>1,116</b>

#### Other related-party transactions

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦4.0 billion (2018: ₦3.63 billion) was charged, being an allocation of costs incurred by relevant administrative departments.

# Notes to the consolidated and separate financial statements

continued

For the year ended 31st December 2019

## 32. Supplemental cash flow disclosures

### 32.1 Cash and cash equivalents

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Cash and bank balances	84,142	94,704	30,001	46,810
Short-term deposits	39,761	72,192	25,786	62,170
Total cash and bank balances	123,903	166,896	55,787	108,980
Bank overdrafts used for cash management purposes	(11,812)	(7,870)	—	—
Cash and cash equivalents	112,091	159,026	55,787	108,980

Cash and cash equivalents include restricted cash of ₦4.02 billion (2018: ₦22.03 billion) on letters of credit for the acquisition of inventories and property, plant and equipment.

## 33. Lease liabilities

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
<b>Maturity analysis</b>				
Year 1	1,472	—	—	—
Year 2	1,316	—	—	—
Year 3	1,190	—	—	—
Year 4	1,132	—	—	—
Year 5	911	—	—	—
Later than 5 years	42,507	—	—	—
	48,528	—	—	—
Less unearned interest	(39,672)	—	—	—
	8,856	—	—	—
Analysed as				
Current	1,409	—	—	—
Non- Current	7,447	—	—	—
	8,856	—	—	—

## 34. Commitments for expenditure

	Group		Company	
	31/12/19 ₦'million	31/12/18 ₦'million	31/12/19 ₦'million	31/12/18 ₦'million
Commitments for the acquisition of property, plant and equipment	124,253	96,156	8,023	47,001

## 35. Contingent liabilities and contingent assets

No provision has been made in these consolidated and separate financial statements for contingent liabilities in respect of litigations and claims against the Company and its subsidiaries to ₦76.3 billion (2018: ₦67.2 billion) and ₦74.1 billion (2018: ₦67.2 billion) for Group and Company respectively. According to the legal advisors, liabilities arising, if any, are not likely to be significant.

## 36. Subsequent events

On 25th February, 2020 a dividend of ₦16.00 per share was proposed by the Directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦272.6 billion.

On 22nd January, 2020, shareholders approved a share buyback programme. The registration process to deploy this programme in 2020 is ongoing and is dependent on various regulatory approvals.

# Five-year financial summary – other national disclosure

## Group

	2019 ₦'million	2018 ₦'million	2017 ₦'million	2016 ₦'million	2015 ₦'million
<b>Assets/liabilities</b>					
Property, plant and equipment	<b>1,206,749</b>	1,171,864	1,192,140	1,155,711	917,212
Intangible assets	<b>3,663</b>	5,969	6,355	4,145	2,610
Right of use assets	<b>11,956</b>	—	—	—	—
Investments	<b>4,961</b>	4,312	3,749	1,582	1,582
Prepayments for property, plant & equipment	<b>51,233</b>	36,383	16,101	13,196	9,094
Finance lease receivables	<b>11,285</b>	6,475	6,614	—	—
Net current liabilities	<b>(224,058)</b>	(66,668)	(110,177)	(222,629)	(36,932)
Deferred taxation assets/(liabilities)	<b>(49,073)</b>	(42,728)	(86,273)	(51,856)	(35,876)
Long term debts	<b>(107,279)</b>	(125,725)	(242,894)	(152,475)	(208,329)
Long term payables	<b>—</b>	—	—	(17,730)	(24,442)
Staff gratuity	<b>—</b>	—	—	—	(3,992)
Other non-current liabilities	<b>(11,500)</b>	(3,269)	(4,255)	(4,416)	(4,258)
<b>Net assets</b>	<b>897,937</b>	986,613	781,360	725,528	616,669
<b>Capital and reserves</b>					
Share capital	<b>8,520</b>	8,520	8,520	8,520	8,520
Share premium	<b>42,430</b>	42,430	42,430	42,430	42,430
Capital Contribution	<b>2,877</b>	2,877	2,877	2,877	2,877
Employee Benefit Reserve	<b>—</b>	—	—	—	(1,007)
Currency Translation Reserve	<b>55,974</b>	72,605	75,441	78,964	(22,366)
Revenue reserve	<b>776,839</b>	848,695	639,462	605,662	592,450
Non controlling interest	<b>11,297</b>	11,486	12,630	(12,925)	(6,235)
	<b>897,937</b>	986,613	781,360	725,528	616,669
<b>Turnover, profit or loss account</b>					
Turnover	<b>891,671</b>	901,213	805,582	615,103	491,725
Profit before taxation	<b>250,479</b>	300,806	289,590	180,929	188,294
Taxation	<b>(49,958)</b>	89,519	(85,342)	(38,071)	(35,022)
Profit after taxation	<b>200,521</b>	390,325	204,248	142,858	153,272
<b>Per share data (Naira):</b>					
Earnings (basic and diluted)	<b>11.79</b>	22.83	11.65	8.78	9.21
Net assets	<b>52.69</b>	57.90	45.85	42.58	36.19

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

## Five-year financial summary – other national disclosure

### Company

	2019 ₦'million	2018 ₦'million	2017 ₦'million	2016 ₦'million	2015 ₦'million
<b>Assets/(liabilities)</b>					
Property, plant and equipment	<b>545,834</b>	535,934	549,962	569,017	577,017
Intangible assets	<b>69</b>	48	37	113	385
Right of use	<b>994</b>	—	—	—	—
Investments	<b>163,653</b>	163,653	163,539	80,255	27,657
Receivables from subsidiaries	<b>817,906</b>	715,561	594,783	601,871	383,845
Prepayments for property, plant & equipment	<b>5,690</b>	—	1,600	—	—
Finance lease receivables	<b>11,285</b>	6,475	6,614	—	—
Net current asset/(liabilities)	<b>(146,378)</b>	983	(56,078)	(210,171)	(30,214)
Deferred taxation (liabilities)/assets	<b>(75,117)</b>	(65,472)	(109,817)	(70,741)	(36,981)
Long term debts	<b>(39,700)</b>	(62,168)	(157,195)	(86,182)	(181,384)
Long term payables	<b>—</b>	—	—	—	(24,442)
Staff gratuity	<b>—</b>	—	—	—	(3,992)
Other non-current liabilities	<b>(1,987)</b>	(1,466)	(2,428)	(2,931)	(1,594)
<b>Net assets</b>	<b>1,282,249</b>	1,293,548	991,017	881,231	710,297
<b>Capital and reserves</b>					
Share capital	<b>8,520</b>	8,520	8,520	8,520	8,520
Share premium	<b>42,430</b>	42,430	42,430	42,430	42,430
Capital contribution	<b>2,828</b>	2,828	2,828	2,828	2,828
Employee benefit reserve	<b>—</b>	—	—	—	(1,007)
Revenue reserve	<b>1,228,471</b>	1,239,770	937,239	827,453	657,526
	<b>1,282,249</b>	1,293,548	991,017	881,231	710,297
<b>Turnover, profit or loss account</b>					
Turnover	<b>610,247</b>	618,301	552,364	426,129	389,215
Profit before taxation	<b>315,420</b>	392,223	342,153	355,016	212,416
Taxation	<b>(54,071)</b>	89,233	(87,523)	(48,765)	(34,136)
Profit after taxation	<b>261,349</b>	481,456	254,630	306,251	178,280
<b>Per share data (Naira):</b>					
Earnings (basic and diluted)	<b>15.34</b>	28.25	14.94	17.97	10.46
Net assets	<b>75.25</b>	75.91	58.16	51.71	41.68

Earnings per share are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

## Statement of value added – other national disclosure

	Group				Company			
	2019 ₦'million	%	2018 ₦'million	%	2019 ₦'million	%	2018 ₦'million	%
Sales	891,671		901,213		610,247		618,301	
Finance income	7,610		11,323		47,558		79,378	
Other income	2,980		10,222		1,247		3,783	
	<b>902,261</b>		922,758		<b>659,052</b>		701,462	
Bought-in materials and services:								
– Imported	(149,220)		(178,831)		(83,110)		(78,566)	
– Local	(284,845)		(239,859)		(142,322)		(123,686)	
Value added	<b>468,196</b>	<b>100</b>	504,068	100	<b>433,620</b>	<b>100</b>	499,210	100
<b>Applied as follows:</b>								
<b>To pay employees:</b>								
Salaries, wages and other benefits	62,784	14	57,281	12	36,912	9	32,613	7
<b>To pay government:</b>								
Current taxation	45,879	10	(43,401)	(9)	44,426	10	(44,888)	(9)
Deferred taxation	5,876	1	(46,118)	(9)	11,442	3	(44,345)	(9)
<b>To pay providers of capital:</b>								
Finance charges	57,673	12	49,778	10	26,037	6	22,565	5
<b>To provide for maintenance of fixed assets:</b>								
– Depreciation	94,896	20	95,578	19	53,432	12	51,793	10
– Amortisation	567	—	625	—	22	—	16	—
<b>Retained in the Group:</b>								
– Non-controlling interest	(414)	—	1,342	—	—	—	—	—
– Profit and loss account	200,935	43	388,983	77	261,349	60	481,456	96
	<b>468,196</b>	<b>100</b>	504,068	100	<b>433,620</b>	<b>100</b>	499,210	100

Value added represents the additional wealth which the Group and company have been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance, and that retained for future creation of more wealth.

## Share capital history

Date	Authorised		Issued and Fully Paid		Consideration/Remarks
	Increase	Cumulative	Increase	Cumulative	Cash/Bonus/Others
1992	500,000,000	210,000,000	210,000,000	210,000,000	Cash
2001	0	500,000,000	290,000,000	500,000,000	Cash
2010	9,500,000,000	10,000,000,000	7,000,000,000	7,500,000,000	Bonus
2010	0	0	245,685,184	7,745,685,184	Share Exchange (Merger)
2011	0	10,000,000,000	0	7,745,685,184	No change
2012	0	10,000,000,000	774,568,57	8,520,253,702	Bonus
2013	0	10,000,000,000	0	8,520,253,702	No change
2014	0	10,000,000,000	0	8,520,253,702	No change
2015	0	10,000,000,000	0	8,520,253,702	No change
2016	0	10,000,000,000	0	8,520,253,702	No change
2017	0	10,000,000,000	0	8,520,253,702	No change
2018	0	10,000,000,000	0	8,520,253,702	No change
2019	0	10,000,000,000	0	8,520,253,702	No change

# Shareholding range analysis

## Range analysis as at 31st December 2019

Holding Pattern (Range)	No. of shareholders	% of shareholders	No. of shares held	% of shares held
1 – 1,000	30,721	73.17	10,413,829	0.06
1,001 – 5,000	8,297	19.76	16,642,510	0.10
5,001 – 10,000	1,262	3.01	8,994,576	0.05
10,001 – 50,000	1,110	2.64	23,069,889	0.14
50,001 – 100,000	180	0.43	12,983,996	0.08
100,001 – 500,000	230	0.55	52,655,029	0.31
500,001 – 1,000,000	60	0.14	45,528,146	0.27
1,000,001 – 5,000,000	91	0.22	212,436,068	1.25
5,000,001 – 10,000,000	10	0.02	78,717,527	0.46
10,000,001 – 100,000,000,000	27	0.06	16579065834	97.29
<b>GRAND TOTAL</b>	<b>41,988</b>	<b>100.00</b>	<b>17,040,507,404</b>	<b>100.00</b>

# GRI content index

For the Materiality Disclosure Service, GRI Services review that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>RULES AND BASIS FOR REPORTING</b>						
<b>GRI 101:</b> Foundation 2016		Rules and basis for reporting				Front cover page, 117
<b>ORGANIZATIONAL PROFILE</b>						
	102-1	Name of the organization				117
	102-2	Activities, brands, products and services				6
	102-3	Location of headquarters				6-7, 48-49
	102-4	Location of operations				117
	102-5	Ownership and legal form				6-7, 48-49
	102-6	Markets served				6-7, 48-49
	102-7	Scale of the organisation				10-11
	102-8	Information on employees and other workers				35
	102-9	Description of the supply chain	Goal 9 & Goal 12			35
	102-10	Significant changes to the organisation and its supply chain				73
	102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation		Environment: Principle 7		4-5
	102-12	Externally developed economic, environmental, and social statements, principles, or other initiatives adopted or endorsed by the organisation			Social, Environment	83-87
	102-13	Membership in associations and organisations				8-9, 45-46
	102-14	Statement from senior management				94-103
	102-15	Key impacts, risk, and opportunities				
<b>ETHICS AND INTEGRITY</b>						
<b>GRI 102:</b> General Disclosures 2016	102-16	Values, principles, standards and norms of behaviour.	Goal 16			2
	102-17	Mechanisms for advice and concerns about ethics				81, 112-113
<b>GOVERNANCE</b>						
	102-18	Governance structure			Governance	42-44, 105, 110
	102-19	Delegating authority				106
	102-20	Executive-level responsibility for economic, environmental and social topics	Goal 3			105
	102-21	Consulting stakeholders on economic, environmental, and social topics				80, 108
	102-22	Composition of the highest governance body and its committees	Goal 16			106, 110
	102-23	Chair of the highest governance body	Goal 16			104-105
	102-24	Nominating and selecting the highest governance body	Goal 5 & Goal 16			107
	102-25	Conflicts of interest	Goal 16			104-105
	102-26	Role of highest governance body in setting purpose, values and strategy			Governance	111-116
	102-27	Collective knowledge of highest governance body				108
	102-28	Evaluating the highest governance body's performance				117-120
	102-29	Identifying and managing economic, environmental, and social impacts	Goal 16			94-103
	102-30	Effectiveness of risk management processes				107
	102-31	Review of economic, environmental, and social topics				110, 117-118
	102-32	Highest governance body's role in sustainability reporting			Governance	68
	102-33	Communicating critical concerns				68
	102-34	Nature and total number of critical concerns				112-113, 130-134
	102-35	Remuneration policies				130-134
	102-36	Process for determining remuneration				80-81, 130-134
	102-37	Stakeholders' involvement in remuneration				

GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>STAKEHOLDER ENGAGEMENT</b>						
<b>GRI 102:</b> General Disclosures 2016	102-40	List of stakeholder groups engaged by the reporting organisation				80-81
	102-41	Employees under collective agreements				69
	102-42	Basis for identification and selection of stakeholders involved by the organisation				79
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group				80-81
	102-44	Key topics and concerns raised by stakeholders and the organization's response, also through their reporting				80-81
<b>REPORTING PRACTICE</b>						
<b>GRI 102:</b> General Disclosures 2016	102-45	Entities included in the consolidated financial statement				88-93, 135-204
	102-46	Process for defining the report content				14-19, 78-87
	102-47	Identified important topics				14-19, 86
	102-48	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement and their impact (e.g., mergers, acquisitions, change of base years/periods, nature of business, measurement methods)				No restatements
	102-49	Significant changes from the previous report regarding the scope, reach or measurement methods employed in the report				No changes
	102-50	Reporting period				86
	102-51	Date of most recent previous report (if any)				2018
	102-52	Reporting cycle				Annual, 86
	102-53	Contact data				226
	102-54	Indication of whether the report was compiled as per the GRI Standard in the Core or Comprehensive option				86
	102-55	GRI Index				210-215
102-56	Policy and current practice with regard to seeking external assurance for the report				86, 216-218	
<b>TOPIC INDICATIONS: GRI 200: ECONOMIC STANDARD SERIES 2016</b>						
<b>ECONOMIC PERFORMANCE</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				22-26
	103-2	Management approach and its elements				22-26
	103-3	Assessment of management approach				22-26
<b>GRI 201:</b> Economic Performance 2016	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	Goal 1, Goal 2, Goal 8, Goal 11,		Economic	22-26
<b>TAX PAYMENT</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				22-25
	103-2	Management approach and its elements				22-25
	103-3	Assessment of management approach				22-25
<b>GRI 207:</b> Tax 2019	207-1	Approach to Tax				26
	207-2	Tax, governance, control, and risk management				126-127
	207-3	Stakeholder engagement and management of concerns related to tax				80-81
	207-4	Country-by-country reporting				90-93

# GRI content index continued

GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>INDIRECT ECONOMIC IMPACTS</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				22-27
	103-2	Management approach and its elements				22-27
	103-3	Assessment of management approach				22-27
<b>GRI 203:</b> Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Goal 9			22-27
	203-2	Significant indirect economic impacts	Goal 1, Goal 3, Goal 8, Goal 10		Economic, Social	22-27
<b>PROCUREMENT PRACTICES</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				37
	103-2	Management approach and its elements				37
	103-3	Assessment of management approach				37
<b>GRI 204:</b> Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Goal 12			37-38
<b>ANTI-CORRUPTION</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				64
	103-2	Management approach and its elements				64
	103-3	Assessment of management approach				64
<b>GRI 205:</b> Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Goal 16		Anti-corruption: P10	64
	205-2	Communication and training about anti-corruption policies and procedures	Goal 16		Anti-corruption: P10	64
<b>ANTI-COMPETITIVE BEHAVIOR</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				38-39, 69, 81-82
	103-2	Management approach and its elements				69, 81-82
	103-3	Assessment of management approach				69, 81-82
<b>GRI 206:</b> Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Goal 16		Anti-corruption: P10	64
<b>TOPIC INDICATIONS GRI 300: ENVIRONMENTAL STANDARDS SERIES</b>						
<b>MATERIALS</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				70
	103-2	Management approach and its elements				70
	103-3	Assessment of management approach				70
<b>GRI 301:</b> Materials 2016	301-1	Materials used by weight or volume	Goal 6			72
	301-2	Recycled input materials used	Goal 6 & Goal 9			72
<b>ENERGY</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				70, 72
	103-2	Management approach and its elements				70, 72
	103-3	Assessment of management approach				70, 72
<b>GRI 302:</b> Energy 2016	302-1	Energy consumption within the organisation	Goal 7			70, 72
<b>WATER</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				75-76
	103-2	Management approach and its elements				75-76
	103-3	Assessment of management approach				75-76
<b>GRI 303:</b> Water 2016	303-1	Water withdrawal by source	Goal 6		Environment: P8	75-76

GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>EMISSIONS</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				70-72
	103-2	Management approach and its elements				70-72
	103-3	Assessment of management approach				70-72
<b>GRI 305:</b> Emissions 2016	305-1	Total direct greenhouse gas emissions by weight	Goal 13		Environment	70-71
<b>ENVIRONMENTAL COMPLIANCE</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				70-72
	103-2	Management approach and its elements				70-72
	103-3	Assessment of management approach				70-72
<b>GRI 307:</b> Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Goal 16			72
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				38
	103-2	Management approach and its elements				38
	103-3	Assessment of management approach				38
<b>GRI 308:</b> Supplier Environmental Assessment 2016	308-1	New suppliers screened using environmental criteria	Goal 13, Goal 14, Goal 15, Goal 17	Environment: P7	Environment	38
<b>TOPIC INDICATIONS GRI 400: SOCIAL STANDARDS SERIES</b>						
<b>EMPLOYMENT</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				10
	103-2	Management approach and its elements				10
	103-3	Assessment of management approach				10
<b>GRI 401:</b> Employment 2016	401-1	New employee hires and employee turnover	Goal 8		Social	11
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Goal 8		Social	11
	401-3	Parental Leave				11
<b>OCCUPATIONAL HEALTH AND SAFETY</b>						
<b>GRI 103:</b> Management Approach 2018	103-1	Explanation of topics identified as significant, with an indication of their restriction				64-65
	103-2	Management approach and its elements				64-65
	103-3	Assessment of management approach				64-65
<b>GRI 403:</b> Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Goal 8			65
<b>TRAINING AND EDUCATION</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				12-13
	103-2	Management approach and its elements				12-13
	103-3	Assessment of management approach				12-13
<b>GRI 404:</b> Training and Education 2016	404-1	Average hours of training per year per employee	Goal 8			13
	404-2	Programs for upgrading employee skills and transition assistance programs	Goal 8			13
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				66
	103-2	Management approach and its elements				66
	103-3	Assessment of management approach				66
<b>GRI 405:</b> Diversity and Equal Opportunity 2016	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	Goal 5	Labour: P6		66-67

## GRI content index continued

GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>NON-DISCRIMINATION</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				68
	103-2	Management approach and its elements				68
	103-3	Assessment of management approach				68
<b>GRI 406:</b> Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	Goal 5, Goal 8, Goal 16	Labour: P6		68
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				69
	103-2	Management approach and its elements				69
	103-3	Assessment of management approach				69
<b>GRI 407:</b> Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Goal 8			69
<b>CHILD LABOR</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				69
	103-2	Management approach and its elements				69
	103-3	Assessment of management approach				69
<b>GRI 408:</b> Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Goal 8	Labour: P5		69
<b>FORCED OR COMPULSORY LABOR</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				69
	103-2	Management approach and its elements				69
	103-3	Assessment of management approach				69
<b>GRI 409:</b> Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of compulsory labour	Goal 8	Labour: P4		69
<b>HUMAN RIGHTS ASSESSMENT</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				69
	103-2	Management approach and its elements				69
	103-3	Assessment of management approach				69
<b>GRI 412:</b> Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	Goal 8			69
<b>LOCAL COMMUNITIES</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				60-63
	103-2	Management approach and its elements				60-63
	103-3	Assessment of management approach				60-63
<b>GRI 413:</b> Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Goal 3, Goal 4, Goal 5, Goal 6, Goal 7, Goal 17			60-63
<b>SUPPLIER SOCIAL ASSESSMENT</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				38
	103-2	Management approach and its elements				38
	103-3	Assessment of management approach				38
<b>GRI 414:</b> Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria			Social	No data available

GRI Standard	Disclosure	Disclosure title	SDGS	UNGC	NSE	Page number (s)
<b>PUBLIC POLICY</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				22-27
	103-2	Management approach and its elements				22-27
	103-3	Assessment of management approach				22-27
<b>GRI 415:</b> Public Policy 2016	415-1	Political contributions	Goal 16			No contribution from the government
<b>CUSTOMER HEALTH AND SAFETY</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				34-36
	103-2	Management approach and its elements				34-36
	103-3	Assessment of management approach				34-36
<b>GRI 416:</b> Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Goal 3, Goal 12			34-36
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Goal 3, Goal 12			No case of incidents of non-compliance
<b>MARKETING AND LABELING</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				38-39
	103-2	Management approach and its elements				38-39
	103-3	Assessment of management approach				38-39
<b>GRI 417:</b> Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Goal 12		Social	38-39
	417-2	Incidents of non-compliance concerning product and service information and labeling	Goal 12			38-39
	417-3	Incidents of non-compliance concerning marketing communications				38-39
<b>CUSTOMER PRIVACY</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				39
	103-2	Management approach and its elements				39
	103-3	Assessment of management approach				39
<b>GRI 418:</b> Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Goal 16			39
<b>SOCIO-ECONOMIC COMPLIANCE</b>						
<b>GRI 103:</b> Management Approach 2016	103-1	Explanation of topics identified as significant, with an indication of their restriction				82
	103-2	Management approach and its elements				82
	103-3	Assessment of management approach				82
<b>GRI 419:</b> Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area				38, 82

# External assurance statement report



## Independent Assurance Statement

Limited Assurance Report to the Directors of Dangote Cement Plc.

Deloitte has been engaged by the Board of Directors of Dangote Cement Plc (“the Company”) to perform an independent limited assurance engagement in respect of Selected Sustainability Information reported in the Company’s Sustainability Report for the year ending 31, December 2019 (the “Report”).

This report is produced in accordance with the terms of our contract with the Company dated 24, January 2020.

## Independence and Quality Control

We have complied with the International Federation of Accountants’ (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our engagement was conducted by a multi-disciplinary team of environmental, social, governance, economic and assurance specialists with extensive experience in sustainability reporting and assurance.

## Subject Matter and Selected Sustainability Information

The subject matter of our engagement and the limited assurance that we have provided are contained in the Selected Sustainability Information in the Report as contained below:

7 Dangote  
Sustainability  
Pillars

	Selected Sustainability Information (as documented in the 2019 Sustainability Report)	Criteria	Page Number
<b>Institutional</b>	2019 Dangote Annual Financial and Sustainability Report	NSE – Sustainability Disclosure Requirement	Inner Cover Page
	We comply with the sustainability clause of the SEC Code of Corporate Governance for Public Companies.	SEC Code of Conduct	64
	There were also no fines from any of our major regulators such as the Nigerian Stock Exchange, Securities and Exchange Commission and the Financial Regulatory Council as at 31 December, 2019.	GRI 103-2	39
	We therefore make concerted efforts to “actively listen to stakeholders”. In the year under review, we conducted Sustainability Materiality Assessment surveys to gain insight into the critical issues that are of concern to our stakeholders. The surveys covered the different regions of our operations and included investors, employees and communities.	GRI 102-44	14
	In the same survey, 91.7% of our employees in Nigeria that participated in the materiality assessment consider employee engagement and sustainability education as very important to them.	GRI 102-43	13
	<b>Cultural</b>	In the four countries (DCP Nigeria, Ethiopia, Senegal and South Africa) under our Assurance exercise, 1,041 employees volunteered 7,914 hours on 46 initiatives.	GRI 413-1
	In 2019, N598.5 million was invested in training 10,715 employees from DCP Nigeria, Ethiopia, Senegal and South Africa.	GRI 401-3, GRI 404-1	12
	Of the 8,854 total number of permanent employees, 7,534 are from Nigerian, South African, Senegal and Ethiopian operations, out of which 6,913 (92%) are male and 621 (8%) are female.	GRI 405-1, GRI 102-8	10
	Also, in 2019, total number of new hires of permanent employees in the Nigerian, South African, Senegal and Ethiopian operations was 671, and the turnover in these same locations within the reporting year was 238.	GRI 401-1	11
	We maintained 14 board membership in our Nigerian operations in the year under review, out of which 12 are males and 2 are females as at 31 December 2019, representing 86% and 14%, respectively.	GRI 405-1	67
	In our Nigerian operations, a total of 12 persons make up our executive management committee team, consisting of 10 males and 2 females, and representing 83% and 17%, respectively.	GRI 405-1	67

## Subject Matter and Selected Sustainability Information continued

7 Dangote  
Sustainability  
Pillars

Pillars	Selected Sustainability Information (as documented in the 2019 Sustainability Report)	Criteria	Page Number
<b>Operational</b>	The number of retailers and distributors in our Nigerian distribution chain grew year-on-year, from 7,000 to 10,000, and from 568 to 685, respectively, representing a percentage growth of 43% and 21% for each category.	GRI 102-9	35
	At N239.8 billion and N284.8 billion, the percentage spending on local procurements (compared to total procurement spending) grew from 57% in 2018 to 66% in 2019, respectively.	GRI 204-1	37
<b>Social</b>	In 2019, the total amount spent on social investments was N1.108 billion with nearly half of this (48%) going into educational empowerment and infrastructure development initiatives.	GRI 102-12	61
	Most times, before carrying out any community development project, we sign Community Development Agreements (CDAs) with the host communities.	GRI 413-1	61
<b>Environmental</b>	Total direct CO2 emissions in 2019 for all operational locations was 14,903,614 (t CO2).	GRI 305-1	71
	Total energy consumption in 2019 for all operational locations was 79,976,174 (GJ).	GRI 302-1	70
	Total water consumption in 2019 for all operational locations was 6,878,752 (m3).	GRI 303-5	75

We have not carried out any work on data reported for the reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Selected Sustainability Information as contained here in.

### Assurance Work Performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the Selected Sustainability Information as per the terms of our engagement. Our work included; interviews (physical and virtual), examination, on a test basis, of evidence relevant to the Selected Sustainability Information for Nigeria, South Africa, Ethiopia and Senegal.

### Scope of Work

We are required to plan and perform our work in our bid to identify risks of material misstatement of the Selected Information. We obtained all vital information and explanations that we considered necessary to provide us with sufficient and concrete evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our limited assurance procedures primarily comprised of:

- Discussions with the Company's staff primarily responsible for matters on sustainability
- Interviews with primary process owners (key management staff) across departments including Human Resources, Legal, Finance/ Tax, HSSE, Health & Safety, Procurement, Learning & Development, Dangote Academy, Social Performance/ Community Affairs/CSR
- Sighting of factsheets, data sheets and other evidence from primary process owners
- Study of the key controls put in place by the Directors over the Selected Sustainability Information
- Reviews of documented policies, reports and supporting information for relevant Directors assertions
- Close examination of the sustainability report in relation to the findings from this sustainability assurance exercise and making recommendations
- Considerations of the disclosure and presentation of the Selected Sustainability Information.

The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the Selected Sustainability Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the "Selected Sustainability Information" in order to design procedures that are appropriate in the circumstances.



### Respective Responsibilities of the Board of Directors and Deloitte

The Directors of Dangote Cement Plc are responsible for:

- Content of the Report for 2019
- Selection, preparation and presentation of the Selected Sustainability Information in accordance with the GRI Sustainability Reporting Standards; the United Nations Development Goal; Nigerian Stock Exchange (NSE) Disclosure Guidelines; the Security and Exchange Commission (SEC) Code of Corporate Governance for Public Companies; and the Global Cement and Concrete Association (GCCA) Sustainability Guidelines as set out
- Measuring and reporting the Selected Sustainability Information based on the Reporting Criteria
- The Directors are also responsible for designing, implementing and maintaining internal controls as the directors determine what is necessary to enable the preparation of the Selected Sustainability Information for Limited Assurance that are free from material misstatements, whether due to fraud or error.

Deloitte's responsibilities are:

- To form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Reporting Criteria
- Report our conclusion to the Board of Directors of Dangote Cement Plc.

This report, including the conclusion, has been prepared solely for the Board of Directors of Dangote Cement Plc, to assist the directors in reporting on the Company's sustainability performance and activities. We permit disclosure of this report for the year ended 31 December 2019, to enable the directors to demonstrate they have discharged their governance as well as respond to their responsibilities by obtaining an independent assurance report in connection with the Selected Sustainability Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report except where terms are expressly agreed and with our prior consent in writing.

### Conclusion

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the results of our limited assurance procedures, nothing has come to our attention that will cause us to believe that the Selected Sustainability Information for the year ended 31 December 2019 is not, in all material respects, accurate, complete and valid in accordance with the Reporting Criteria.

A handwritten signature in black ink, appearing to read "B. Orji", written over a light grey horizontal line.

**20 May 2020**

Bernard Orji

Partner, Sustainability Deloitte & Touche

## Related-party transactions

<b>AG Dangote Construction Limited</b>	The entity buys cement from Dangote Cement and is an affiliate of DCP.
<b>Amaras Nigeria Limited</b>	The entity buys cement from Dangote Cement and is guaranteed by Sani Dangote, a Director of Dangote Cement Plc.
<b>Borkir International Co. Ltd</b>	Dangote Cement Plc purchased compressed gas from this entity. The entity is related to Sani Dangote, a Director of Dangote Cement Plc
<b>Bulk Commodities International Inc./ Bulk Commodities International Dubai</b>	The entity, which is an affiliate of DCP, procures gypsum, coal, clinker, bulk cement and spare parts for Dangote Cement.
<b>DANCOM Technologies Limited</b>	The entity, which is an affiliate of DCP, provides internet services and IT support to Dangote Cement.
<b>Dangote AD Star Limited</b>	Dangote Cement purchases LPFO in bulk and on behalf of this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.
<b>Dangote Agro Sacks Limited</b>	Dangote Agro Sacks produces bags for Dangote Cement and also purchased cement from the Company during the year. Dangote Cement also shares one of its power plants with this entity.
<b>Dangote Coal Limited</b>	Dangote Cement buys coal from this entity, which is an affiliate of DCP.
<b>Dangote Fertiliser Limited</b>	Dangote Cement purchases LPFO and AGO in bulk and on behalf of DFL. Dangote Cement is reimbursed for expenses incurred on its behalf.
<b>Dangote Flour Mills Plc</b>	Dangote Cement purchases AGO in bulk and on behalf of this entity. Dangote Cement also purchases trucks on behalf of this entity for which it is reimbursed.
<b>Dangote Global Services</b>	This entity, which is an affiliate of DCP, assists Dangote Cement in importing parts.
<b>Dangote Granite Mine Ltd.</b>	The entity buys cement from Dangote Cement and is an affiliate of Dangote Cement Plc.
<b>Dangote Industries Limited</b>	Dangote Industries Limited is the major shareholder of Dangote Cement. It provides short-term financing and manages Dangote Cement expatriates' salaries and receives management fees for its services.
<b>Dangote Nasarawa Sugar</b>	The entity buys cement from Dangote Cement and is an affiliate of Dangote Cement Plc.
<b>Dangote Noodles Limited</b>	Dangote Cement purchases AGO in bulk and on behalf of some subsidiaries and affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.
<b>Dangote Oil &amp; Gas</b>	This entity, which is an affiliate of DCP, imports AGO and LPFO on behalf of Dangote Cement.
<b>Dangote Oil Refinery</b>	Dangote Cement is reimbursed for expenses incurred on behalf of this entity, which is an affiliate of Dangote Industries Limited.
<b>Dangote Packaging Material Plc.</b>	Dangote Cement paid some expenses on behalf of some subsidiaries and affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.
<b>Dangote Pasta Limited</b>	Dangote Cement purchases LPFO in bulk and on behalf of some subsidiaries/ affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.
<b>Dangote Rice Ltd.</b>	The entity buys cement from Dangote Cement and is an affiliate of Dangote Cement Plc.
<b>Dangote Sino Truck West Africa</b>	Dangote Cement Plc purchased Trucks from this entity which is related to Dangote Industries Limited (DIL)

## Related-party transactions continued

<b>Dangote Sugar Refinery Plc.</b>	Dangote Cement purchases LPFO in bulk and on behalf of DSR Plc. Dangote Cement is reimbursed for expenses incurred on behalf of DSR.
<b>DANSA Foods Limited</b>	Dangote Cement purchased products from this entity for sales promotion. The entity is related to Sani Dangote, a Director of Dangote Cement.
<b>Ecobank</b>	The bank provides loans and other banking services to Dangote Cement. Emmanuel Ikazoboh, a Non-Executive Director of Dangote Cement, is the Chairman of Ecobank.
<b>Fidelity Bank</b>	The bank provides loans and other banking services to Dangote Cement. Ernest Ebi, a Non-Executive Director of Dangote Cement, is also the Chairman of Fidelity Bank.
<b>Greenview Development Nigeria Limited</b>	This entity, which is an affiliate of DCP, assists Dangote Cement with procurement, clearing of bulk materials, imported goods and spares.
<b>Integrated Steel Limited</b>	Dangote Cement purchases AGO in bulk and on behalf of some subsidiaries/ affiliates of DIL, including this entity. Dangote Cement is repaid for expenses incurred on its behalf.
<b>Kura Holdings</b>	This company, which is an affiliate of Dangote Industries Limited, provides travel agency services to Dangote Cement.
<b>MHF Properties</b>	This company, which is an affiliate of Dangote Industries, provides accommodation and property services to Dangote Cement.
<b>NASCON Allied Industries Plc</b>	Dangote Cement purchases AGO in bulk and on behalf of this entity. In addition, Dangote Cement purchases trucks and earthen salt on behalf of this entity for which it is reimbursed.
<b>Savannah Sugar</b>	Dangote Cement is reimbursed for payments for duties on equipment and terminal charges on behalf of this entity. The entity is controlled by Dangote Sugar Refinery Plc.
<b>SIAO</b>	The entity provides accounting and professional services to Dangote Cement. The entity is related to Robert Odiachi, who is the Chairman of the Statutory Audit Committee.

# Compliance with SEC disclosure requirements

## Overview

At Dangote Cement, we aspire to maintain high standards of corporate governance, both at Board level and throughout the Group. Increasingly, good governance includes the consideration of our impacts on society and the environment and whether we are operating in a sustainable way.

We aim to comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice as they relate to sustainable operations. We will integrate sustainability considerations into all our business decisions and ensure that our staff, clients and suppliers are fully aware of our Sustainability Policy.

We are committed to implementing and improving the Sustainability Policy across all office and site activities. In commitment to this, we aimed to comply with the provisions of the SEC's National Code of Corporate Governance ("the Code") throughout the year and will progressively act in accordance with the Code's sustainability provisions highlighted in Sections 28 and 32 respectively.

Compliance by the Company with each principle and provision of the Code on sustainability issues is set out below.

Requirement of the SEC Code of Corporate Governance for Public Companies	Dangote Cement compliance statement
<p>Dangote Cement should pay adequate attention to the interests of its stakeholders such as its employees, its host community, the consumers and the general public.</p> <p>Dangote Cement should demonstrate sensitivity to Nigeria's social and cultural diversity and should as much as possible promote strategic national interests as well as national ethos and values without compromising global aspirations where applicable.</p>	<ul style="list-style-type: none"> <li>• We recognise our commitment to our employees and workforce. As a result, we strive to respect the dignity of our employees and their rights to decent working conditions.</li> <li>• We aim to have community stakeholder engagement plans in place which will allow us to implement our journey towards sustainable development.</li> </ul>
<p>Dangote should recognise corruption as a major threat to business and to national development and therefore as a sustainability issue for businesses in Nigeria. Companies, boards and individual directors must commit themselves to transparent dealings and to the establishment of a culture of integrity and zero tolerance for corruption and corrupt practices.</p>	<ul style="list-style-type: none"> <li>• Dangote Cement is committed to fighting bribery and corruption in all high-risk countries in which we operate.</li> <li>• We have an Anti-Bribery and Anti-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 of corruption and bribery.</li> <li>• The policy demonstrates the Company's zero tolerance for all forms of fraud including but not limited to bribery, corruption, asset misappropriation and financial statement fraud.</li> <li>• Details of this have been included in the Corporate Governance Report of the Annual Report.</li> </ul>
<p>The Board of Dangote Cement should report annually on the nature and extent of its social, ethical, safety, health and environmental policies and practices.</p>	<ul style="list-style-type: none"> <li>• The Board of Directors is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to the Company's professional activities and the management of the organisation.</li> <li>• We have provided details of our sustainability efforts throughout this Annual Report.</li> </ul>
<p>Disclosure of Dangote Cement's business principles and codes of practice and efforts towards implementation of the same.</p>	<ul style="list-style-type: none"> <li>• These are outlined in the Corporate Governance report of this Annual Report.</li> </ul>

# Compliance with SEC disclosure requirements continued

## Overview continued

Requirement of the SEC Code of Corporate Governance for Public Companies	Dangote Cement compliance statement
Description of workplace accidents, fatalities and occupational and safety incidents against objectives and targets and a suitable explanation where appropriate.	<ul style="list-style-type: none"> <li>• The Company continuously strives to improve its operations to ensure a safe working environment. Safety and environment workshops are organised for all senior employees with a broad focus on good housekeeping to ensure a good and safe working environment. Firefighting and prevention equipment are installed in strategic locations in the offices and plants.</li> <li>• We place health and safety at the centre of everything we do. Our aim is zero harm, and we act to improve the health of employees, contractors, third parties and communities. Our target is to achieve zero accidents.</li> <li>• The workplace accidents monitoring and reporting we have include:               <ol style="list-style-type: none"> <li>i. lost-time accidents; and</li> <li>ii. fatal accidents.</li> </ol> </li> <li>• In line with Company policy, any accident or injury sustained by any employee in the course of executing his/her work must be reported immediately to his/her immediate supervisor, who will ensure that appropriate medical attention is given to such an employee.</li> <li>• All employees are expected to abide by the Company's Safety Policy which emphasises that employees must make use of the protective equipment provided for their use during the working hours.</li> <li>• Employees are not allowed to operate any machine/equipment unless they have been trained to do so and have been authorised by their supervisor.</li> </ul>
Disclose Dangote Cement's policies, plans and strategy of addressing and managing the impact of HIV/AIDS, malaria and other serious diseases on the Company's employees and their families.	<ul style="list-style-type: none"> <li>• We have a policy on HIV/AIDS, which will be applicable and implemented across the Company and all subsidiaries.</li> <li>• We do not discriminate against staff with HIV/AIDS or any other ill health. Periodic medical tests are conducted on staff and all ailing staff are treated in the Company's in-plant medical clinic or referred to Company-retained hospitals. They are allowed to return to their duties as soon as they are fit in line with a medical report.</li> </ul>
Application, in Dangote Cement's operations, of options with the most benefit or least damage to the environment, particularly for companies operating in disadvantaged regions or in regions with delicate ecology in order to minimise the environmental impact of the Company's operations.	<ul style="list-style-type: none"> <li>• We will ensure that the adverse impact of our operations is minimal on the environment.</li> <li>• Our plants are designed to perform at better than European standards of emissions, dust control and noise abatement.</li> <li>• We believe our focus on environmental care will bring advantages as African countries increasingly impose stronger regulations to protect the environment, thus obliging other operators to invest more in pollution control.</li> </ul>
The nature and extent of employment equity and gender policies and practices, especially as they relate to the executive level opportunities.	<ul style="list-style-type: none"> <li>• We are developing a gender-balanced and inclusive work environment where diverse talent can thrive and contribute to superior business results.</li> <li>• There is gender employment equity in the Company especially at the executive level. There are no discriminatory gender policies and practices.</li> <li>• In line with Company policy, the organisation has equal regard for all its employees irrespective of race, colour, religion, sex or ethnic background.</li> <li>• Suitability for the job position or advancement in the organisation shall be based purely on qualification and merit, job knowledge, relevant experience, analytical/practical skills, good conduct and character, sincerity, hardworking nature and leadership qualities amongst other relevant requirements.</li> </ul>

## Overview continued

**Requirement of the SEC Code  
of Corporate Governance for  
Public Companies**
**Dangote Cement compliance statement**

Information on the number and diversity of staff, training initiatives, employee development and the associated financial investment.

- We believe in unity in diversity and accordingly we seek to employ and retain the best human resources irrespective of disability, gender, race, ethnic origin or religion. We strive to provide employees with an atmosphere that promotes their productivity and develops their potential.
- We will champion diversity in our sector and we want to promote equality and diversity at Dangote Cement.
- Some of the Company's staff training initiatives embarked upon include: management and soft skills programmes, functional and non-technical skills, employee induction, IT skills, technical skills, health, safety and environment amongst others.
- We are continuing with our business transformation initiatives, with the HR team carrying out a series of organisational development programmes to ensure the achievement of these initiatives.
- We have embarked on a series of programmes that will ensure that our talent pool is adequately developed and retained and also ensure that we attract the best calibre of people.
- The Dangote Academy was established in 2010 to provide training in technical and management skills for employees and people wishing to join the Dangote Group of companies.
- Key initiatives include the Graduate Engineers Training Scheme (GETS), the Vocational Training Scheme (VTS) and the Junior Technician Scheme (JTS).

Disclosure on the conditions and opportunities created for physically challenged persons or disadvantaged individuals.

- There Company does not discriminate against physically challenged persons where they prove capable of carrying out the required tasks.
- There are some physically challenged persons currently in the employment of the Company.

The nature and extent of Dangote Cement's social investment policy.

- We regard the provision of social investment and charitable donations as an important part of our strategy to maintain good relationships with communities and other stakeholders in all of its operating locations across Africa.
- Some of our initiatives are conducted directly by the Company and its staff, some in collaboration with third parties and other organisations, while others are managed by the Aliko Dangote Foundation, which is a non-commercial and charitable organisation that focuses on empowerment, education, health and disaster relief on behalf of all companies in the Dangote Group.

Disclosure on Dangote Cement's policies on corruption and related issues and the extent of the compliance with the policies and the Company's Code of Ethics.

- This has been reported above and in the Corporate Governance Report.

# Notice of Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting (AGM) of Dangote Cement Plc. will hold on Monday 15th, June 2020, at Eko Hotel and Suites, Victoria Island, Lagos at 11.00 a.m. to transact the following business:

## Ordinary Business

1. To receive the Audited Financial Statements for the Year Ended 31st December 2019 and the Reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect/re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To appoint KPMG Professional Services to replace the retiring Auditors.
6. To elect members of the Statutory Audit Committee.

## Special Business

To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

7. To fix the remuneration of the Directors.

## Notes:

### A. Preparation

In view of the COVID-19 pandemic, the Company has taken various steps to ensure the safety of attendees, as well as compliance with stated guidelines. These include the provision of sanitisers, masks and gloves at the venue, as well as the checking of temperatures and ensuring social distancing between attendees.

### B. Proxies

In view of the COVID-19 pandemic, attendance at the AGM shall only be by proxy. A proxy form is attached to the Annual Report. A Member has the right to appoint a proxy/proxies to attend and vote instead of him; the proxy/proxies need not be a member(s) of the Company. All instruments of proxy must be deposited at the registered Office of the Company at 1, Alfred Rewane Road, Ikoyi, Lagos (or [dcp.legal@dangote.com](mailto:dcp.legal@dangote.com)) or the Office of the Registrars, United Securities Ltd, at 10, Amodu Ojikutu Street, Victoria Island, Lagos, (or [info@unitedsecuritieslimited.com](mailto:info@unitedsecuritieslimited.com)) not later than 48 hours before the time for holding the meeting. All instruments of proxy shall be at the Company's expense. A Member entitled to attend and vote at the AGM is advised to select from the following proxies, to attend and vote in his stead:

1. Alhaji Aliko Dangote GCON.
2. Mr. Olakunle Alake
3. Mr. Emmanuel Ikazoboh
4. Mr. Michel Puchercos.
5. Sir Sunny Nwosu
6. Dr. Umar Farouk
7. Mr. Nornah Awoh
8. Mrs. Bisi Bakare

## C. Closure of Register of Members

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on May 26th 2020.

## D. Payment of Dividend

If the dividend recommended by the Directors is approved by the Shareholders at the Annual General Meeting, dividends will be paid on Wednesday June 17th 2020 to the shareholders whose names are registered in the Company's Register of Members at the close of business on May 25th 2020.

## E. E-Dividend Registration

Notice is hereby given to all Shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of receiving dividend payments electronically. A detachable E-Mandate Activation form which is available on the Company's website is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar.

## F. Nomination to the Audit Committee

In accordance with Section 395(5) of the Companies and Allied Matters Act, CAP C20 LFN 2004, a shareholder may nominate another shareholder for appointment as member of the Audit Committee by giving notice to the Company Secretary at least 21 days before the Annual General Meeting.

## G. Rights of Securities Holders to Ask Questions

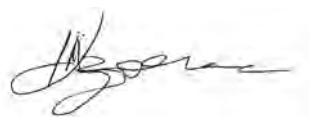
Securities holders have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the meeting. Questions should be submitted to the Company Secretary at the Company's registered office up to two days before the date of the Annual General Meeting.

## H. Streaming

The Annual General Meeting will be streamed live from the following social media channels:

- a. Website: <http://www.dangotecement.com/investor-relations>
- b. Facebook: <https://www.facebook.com/dangotegroup>
- c. Youtube: <https://www.youtube.com/dangotegroup>

## By the order of the Board of Directors



## Mahmud Kazaure

Company Secretary and Chief Legal Officer

## Registered office

Union Marble House,  
1, Alfred Rewane Road,  
Ikoyi, Lagos.

Dated this 25th day of February, 2020

# Directors and professional advisers

## Directors

Aliko Dangote GCON	Chairman
Engr. Joseph Makoju Mni, OFR	Group Managing Director (retired 31st January 2020)
Michel Puchercos	Group Managing Director/Chief Executive Officer (appointed 1st February 2020)
Arvind Pathak	Deputy Group Managing Director (appointed 29th October 2019)
Brian Egan	Finance Director (resigned 28th February 2019)
Ernest Ebi MFR	Independent Non-Executive Director
Emmanuel Ikazoboh	Independent Non-Executive Director
Dorothy Udeme Ufot SAN	Independent Non-Executive Director
Sir Michael Davis	Independent Non-Executive Director
Cherie Blair CBE QC	Independent Non-Executive Director
Sani Dangote	Non-Executive Director
Olakunle Alake	Non-Executive Director
Abdu Dantata	Non-Executive Director
Devakumar Edwin	Non-Executive Director
Douraid Zaghouani	Non-Executive Director
Viswanathan Shankar	Non-Executive Director
Fidelis Madavo	Non-Executive Director (resigned 21st November 2019)

## Company Secretary and Chief Legal Officer

Mahmud Kazaure

## Joint Auditors

### Deloitte & Touche

Chartered Accountants  
Plot GA 1, Ozumba Mbadiwe Avenue  
Victoria Island,  
Lagos, Nigeria

### Ahmed Zakari & Co.

Chartered Accountants  
5th Floor, African Alliance Building  
F1, Sani Abacha Way, Kano  
Nigeria

## Principal Bankers

Access Bank Plc.  
First Bank of Nigeria Plc.  
Guaranty Trust Bank Plc.  
Zenith Bank Plc.  
United Bank for Africa Plc.

## Primary Legal Advisers

Banwo & Ighodalo  
Olaniwun Ajayi & Co.  
Fola Sowemimo & Co.

# Corporate information

## Capital Market information

Dangote Cement Plc. is listed on the Premium Board of the Nigerian Stock Exchange (NSE).

Each share carries one voting right

NSE Ticker Symbol	DANGCEM
Bloomberg Code	DANGCEM:NL
Reuters Code	DANGCEM:LG
Date Listed	26th October, 2010
Market Capitalisation	<del>₦</del> 2,903,872,866,886 as at 25th February 2020
Outstanding Shares	17,040,507,404 as at 25th February 2020
Free Float	14.04% as at 25th February 2020

## Registration information

RC Number	208767
Date of Incorporation	4th November, 1992

## Registered office

Union Marble House  
1, Alfred Rewane Road  
P.O. Box 40032  
Falomo, Ikoyi  
Lagos, Nigeria

## Registrars

United Securities Limited  
10, Amodu Ojikutu Street  
Victoria Island  
Lagos, Nigeria

For enquiries, please contact:

## Branding and communications

Anthony Chiejina  
anthony.chiejina@dangote.com

## Investor relations

Temilade Aduroja  
InvestorRelationsDangoteCement@dangote.com

# Donations and sponsorships

Beneficiary name/purpose	Amount ₦
<b>Senegal</b>	
Ramadan donations (Suger & Rice) to villagers from various villages	7,250,736
Donations of tickets for Mecca	38,382,611
Sponsorship of per diem and medical expenses for Mecca	3,670,168
Tabaski expenses on rams to villagers from various villages	4,535,567
Education supports plus kits for schools	3,517,378
Youth & Sport	2,375,773
Religious & Women associations	1,968,395
Cement donation for renovation of police posts and construction or renovation of churches and mosques in various jurisdictions	13,863,888
Niakhip School construction for the community	30,854,194
Pout Maternity construction	21,721,353
Fouloum Center of Health construction	20,363,768
Classroom construction in Diass	7,836,965
<b>Cameroon</b>	
Support for SDO of Nkongsamba	308,542
Support for the youth day	61,708
Support for police investigation	493,667
Support for the burial of Prince Money Money AK	1,853,103
Donation to Orphanage on International women day	308,542
Financial support for celebration on May 20th Loum	92,563
Financial support in Kupemuanenguba	61,708
Support for national day celebration Mbankomo	185,125
Sponsorship of participation in world environment day	925,626
Sponsorship of occupation health safety committee meeting	92,563
Sponsorship of International investment exhibition	3,393,961
Support for regional delegation of employment & vocation	185,125
Sponsorship of Youth Connect Cameroon magazine	617,084
<b>South Africa</b>	
Provisions of Nike running t-shirts	27,631
Donations to Say No to Drugs organisation	42,452
Pick n Pay – Grocery for Siyanqoba home for children	42,419
Smulhoekie – Mandela's day cake for the community	8,859
Rebel fruit & veg – SAPS & traffic officials sponsorship	27,271
Pick n Pay – SAPS & traffic officials sponsorship	21,744
Bakery support	793,137
Bakery support for Verdwaal bakery	2,298,991
Sponsorship catering – Small, Medium & Micro Enterprise (SMME) training	13,478
Sponsorship of community skills acquisition	1,504,190
Support to crop farmers	478,264
Fence repairs of Verdwaal community hall	239,020
Local SMME support (Mrs Mojaki)	191,033
Maintenance of grazing land	97,108
Managing grazing camps in the mining area	339,274
Sponsorship of medicals of Small, Medium & Micro Enterprise (SMME) employees	213,368
New Venture Creation (NVC) accommodation support	70,082
New Venture Creation (NVC learnership support)	2,794,805
New Venture Creation (NVC learnership catering support)	410,766
New Venture Creation (NVC learnership transport support)	887,558
New Venture Creation (NVC stipends – allowances support)	3,726,407

## Donations and sponsorships continued

Beneficiary name/purpose	Amount ₦
<b>South Africa (continued)</b>	
New Venture Creation (NVC student accommodation support)	276,693
New Venture Creation (NVC training catering support)	233,484
New Venture Creation (NVC transport sponsorship)	635,183
PPE for SMME employees	456,709
SMME support for tuck shop	323,482
SMME trust structure and registration of companies support	2,653,230
Springbokpan school maintenance	205,366
Sponsorship of stipend for students	2,591,438
Supply of cattle feed to communities for drought relief project	3,905,553
Water supply to Springbokpan community for livestock	2,101,358
Water supply to Verdwaal community for livestock	2,101,358
<b>Niger</b>	
Contribution to champion national	617,084
Donations for Independence day	925,626
Donations of sallah gifts (sheep) to community	481,325
Sponsorship of football competition	30,854
<b>Congo</b>	
Donations to the creation of the association, APCC	18,513
BOUENZA prefecture donation for organization	308,542
Donation to the evangelical church congo	308,542
<b>Sierra Leone</b>	
Donation of 300 bags to Sierra Leone Port Authority (SLPA)	582,130
<b>Tanzania</b>	
Sponsorship of regional (Mtwara) investment forum	7,070,851
<b>Zambia</b>	
Donations made to traditional chief	8,763,780
<b>Ethiopia</b>	
Beautification of Sheger project	62,078,346
Schools and library construction in Oromia Region	21,170,754
<b>Nigeria</b>	
Donation of cash to Super Falcons of Nigeria	50,000,000
Construction of fence for National Open University of Nigeria(NOUN) Yewa study center	9,990,268
Police Intelligence hotel construction in Ilorin, Kwara state	27,845,675
Donation for construction of one block of five classrooms and staffroom at Ibese	21,627,009
Donation towards the construction of borehole, tanks, stand and solar pump for Ibese community	10,000,000
Donation for construction of line drainage at Aga-Olowo	9,953,738
Donation for construction of Oba Gbadebo Oni road & drainage at Imasayi	6,888,000
Donation towards Oba Gbadebo Oni's birthday	1,000,000
Donation for electrification of Ibese police station	3,148,575
Donation towards Ilaro bridge repairs	730,002
Donation in respect of HRM Oba Kayode's daughter's wedding	5,000,000
Gifts donation to Manufacturers' Association Of Nigeria(MAN), Ogun state	250,000
Donation of transformer and electrification of Ibese and Afami community	19,060,000
Donation of transformer and electrification of Imasayi village	1,144,631
Donation of end-of-year gift to Ibese host community	2,013,650
Donation towards overhead line power distribution for Ibese police station	179,970
Donation to Oyo/Iwaa community market women	12,500,000
Donation towards annual grant for prayers by Obajana community	1,400,000
Donation to Oyo community traditional rulers	200,000

Beneficiary name/purpose	Amount ₦
<b>Nigeria (continued)</b>	
Donation towards 18th AFRES real estate society	500,000
Donation towards 2018/2019 academic year scholarship for Oyo/Iwaa community	5,000,000
Donation towards construction of new clinic building at Oyo/Iwaa community	5,061,690
Donation towards 2019 Aionian academics and games festival, Yewa(Egbado) college, Ilaro	350,000
Donation towards 2019 Christmas gift to host community	1,996,000
Donation towards 2019 Triennial Congress and World Diabetes day celebration, ogun state chapter	500,000
Donation towards 55th annual international conference and exhibition of the Nigerian Mining and Geoscience Society (NMGS)	5,000,000
Donation towards Apata Development Association	1,500,000
Donation towards Association of Primary School Head Teachers of Nigeria	200,000
Donation towards Christmas gifts for gboko community	3,158,000
Donation towards construction of Bama-Banki road and Dikwa-Gambaru Ngala road, borno state	55,555,556
Donation towards construction of borehole at Obajana community	9,003,750
Donation towards construction of health centre at Ajibawo Ibese, Ogun state	3,069,240
Donation towards construction of lock-up shops at Oyo-Oworo, Lokoja LGA	14,999,500
Donation towards Easter gift to gboko host community	1,518,000
Donation towards electricity bills for Obajana community	4,160,000
Donation towards end-of-year gifts to royal fathers of Ilaro and Ibese	134,950
Donation towards hiring of Coaster bus for Obajana king's cousin's marriage	150,000
Donation towards Ileya festival gifts for communities	3,385,000
Donation towards new Ayetoro Area command headquarters	500,000
Donation to the Nigerian Society of Engineers	300,000
Donation towards Obajana community development fund	5,500,000
Donation towards Obajana community vigilate personnels	560,000
Donation towards Oyo/Iwaa community development fund	4,000,000
Donation towards procurement of operational and rescue materials for Federal Road Safety Corps (FRSC), Ilaro	270,000
Donation towards replacement of tranformer at Ibese communities	5,640,000
Donation in support of Gboko traditional rulers stipends	19,193,333
Donation in support of Ibese traditional rulers stipends	29,701,885
Donation towards allowance for ibese community	3,470,000
Donation towards building of overhead tank for Afami community	2,572,091
Donation towards burial support of chief Twer	50,000
Donation towards empowerment of of indigines of Ibese community on skills acquisition	4,995,000
Donation towards funding of Gboko inter-school competition -community sustainability program	220,000
Donation towards scholarship awards for Ibese community	10,592,200
Donation towards scholarship awards for Mbayion community	200,000
Donation towards upkeep of Adele of Ibeseland	150,000
Donation towards burial of Alh. Saibu, Ibese community leader	250,000
Donation towards fund raising for ultra modern day care center for police children school, ogun state	250,000
Donation towards Eyinni festival day	250,000
Financial support for the children read camp at Ibese	760,000
Financial support for victims of a collapsed building at Ita-Faji, Lagos Island	50,000,000
Donation of first aid box to school	80,000
Donation towards high tension line protection for the community	560,000
Manufacturers' Association Of Nigeria(MAN), Export group	5,000,000
Sponsorship of Oronna Ilaro festival	10,000,000
Renovation of one block of class room at Ibese, Ogun state	578,176
Donations to National Association of Primary School Games & Sport Teachers	200,000
Donations to office of the wife of the Governor	500,000

## Donations and sponsorships continued

Beneficiary name/purpose	Amount ₦
<b>Nigeria (continued)</b>	
Sponsorship of 13th ICAN western zonal conference	500,000
Sponsorship of 25th Nigerian Economic Summit	30,000,000
Sponsorship of 32nd Dala Hard Court tennis championship	10,000,000
Sponsorship of 40th Kaduna International Trade Fair	5,000,000
Sponsorship of 47th annual general meeting of Manufacturers' Association Of Nigeria(MAN)	20,000,000
Sponsorship of 51st Annual conference of the Chartered Institute of Personnel Management of Nigeria (CIPM)	1,000,000
Sponsorship of Business Luncheon for Business club, Ikeja	300,000
Sponsorship of golibe festival	5,000,000
Sponsorship of Ijako day	250,000
Sponsorship of Kogi House of Assembly members on legislative training	25,000,000
Sponsorship for nomination of nigeria's candidate for election into United Nations(UN) committee	3,500,000
Sponsorship of Ogun state Nigeria Institute of Journalist annual press week	1,000,000
Sponsorship of Oyebanji Olapeju Adeteju for participation in a Taekwondo competition in Austria	250,000
Sponsorship of Pearl Awards Nigeria	2,000,000
Sponsorship of the maiden edition of Ogun West primary school sports festival	500,000
Papalantoro – Sagamu road construction in Ogun state	253,001,468
<b>Total</b>	<b>1,108,805,528</b>

# Board and Committee meeting dates and attendance

## Board meetings – Directors

Director	Appointed	Board meeting					
		25/02/19	25/04/19	17/06/19	26/07/19	29/10/19	06/12/19
<b>Aliko Dangote</b> Chairman	4th November 2002	✓	✓	✓	✓	✓	✓
<b>Engr. Joseph Makoju Mni, OFR.</b> Group Managing Director	2nd December 2010	✗	✓	✓	✓	✓	✓
<b>Arvind Pathak</b> Deputy Group Managing Director	29th October 2019	n/a	n/a	n/a	n/a	n/a	✓
<b>Brian Egan</b> Group Chief Financial Officer	27th July 2017	✓	n/a	n/a	n/a	n/a	n/a
<b>Ernest Ebi</b> Independent Non-Executive Director	30th January 2014	✓	✓	✓	✓	✓	✓
<b>Emmanuel Ikazoboh</b> Independent Non-Executive Director	30th January 2014	✓	✓	✓	✓	✓	✓
<b>Michael Davis</b> Independent Non-Executive Director	20th April 2018	✓	✓	✓	✓	✓	✓
<b>Cherie Blair</b> Independent Non-Executive Director	20th April 2018	✓	✓	✓	✓	✓	✓
<b>Dorothy Udeme Ufot</b> Independent Non-Executive Director	19th April 2016	✓	✓	✓	✓	✓	✓
<b>Devakumar Edwin</b> Non-Executive Director	22nd July 2005	✓	✓	✓	✓	✓	✗
<b>Sani Dangote*</b> Non-Executive Director	22nd July 2005	✓	✗	✗	✗	✗	✗
<b>Olakunle Alake</b> Non-Executive Director	22nd July 2005	✓	✓	✓	✓	✓	✓
<b>Abdu Dantata</b> Non-Executive Director	22nd July 2005	✓	✓	✓	✓	✓	✓
<b>Douraid Zaghouani</b> Non-Executive Director	29th April 2015	✓	✓	✓	✓	✓	✓
<b>Visvanathan Shankar</b> Non-Executive Director	10th December 2017	✓	✓	✓	✓	✓	✓
<b>Fidelis Madavo</b> Non-Executive Director	30th July 2014	✗	✗	✗	✗	✗	n/a

n/a = not a member as at date.

\* Sani Dangote has not attended one meeting in 2019 owing to medical absence.

## Board and Committee meeting dates and attendance continued

### Audit, Compliance and Risk Management Committee

Director	Meeting attendance			
	12/02/19	12/04/19	25/07/19	28/10/19
<b>Ernest Ebi</b> (Chairman)	✓	✓	✓	✓
<b>Joseph Makoju</b>	✓	n/a	n/a	n/a
<b>Cherie Blair</b>	n/a	✓	✓	✓
<b>Dorothy Udeme Ufot</b>	✓	✓	✓	✓
<b>Emmanuel Ikazoboh</b>	✓	✓	✗	✓
<b>Devakumar Edwin</b>	✗	n/a	n/a	n/a
<b>Fidelis Madavo</b>	✗	n/a	n/a	n/a
<b>Olakunle Alake</b>	✓	n/a	n/a	n/a
<b>Sani Dangote*</b>	✗	n/a	n/a	n/a

n/a = not a member as at date.

\* Sani Dangote has not attended one meeting in 2019 owing to medical absence.

### Finance and Investment Committee

Director	Meeting attendance				
	18/02/19	17/04/19	25/07/19	28/10/19	6/12/19
<b>Viswanathan Shankar</b> (Chairman)	n/a	✓	✗	✓	✓
<b>Emmanuel Ikazoboh</b>	✓	n/a	n/a	n/a	n/a
<b>Michael Davis</b>	n/a	✓	✓	✓	✓
<b>Douraid Zaghouni</b>	✓	✗	✓	✓	✓
<b>Devakumar Edwin</b>	✓	✓	✓	✓	✗
<b>Olakunle Alake</b>	✓	✓	✓	✓	✓
<b>Fidelis Madavo</b>	✗	✗	✗	✗	n/a

n/a = not a member as at date.

## Technical and Sustainability Committee

Director	Meeting attendance			
	12/02/19	12/04/19	25/07/19	28/10/19
<b>Michael Davis</b> (Chairman)	n/a	✓	✓	✓
<b>Ernest Ebi</b>	✓	n/a	n/a	n/a
<b>Dorothy Udeme Ufot</b>	n/a	✓	✓	✓
<b>Devakumar Edwin</b>	✗	✓	✓	✓
<b>Olakunle Alake</b>	✓	✓	✓	✓
<b>Abdu Dantata</b>	✓	✓	✓	✓
<b>Douraid Zaghouani</b>	✓	✓	✓	✓
<b>Fidelis Madavo</b>	✗	n/a	n/a	n/a

n/a = not a member as at date.

## Remuneration, Governance and Nomination Committee

Director	Meeting attendance			
	12/02/19	12/04/19	25/07/19	28/10/19
<b>Emmanuel Ikazoboh</b> (Chairman)	✓	✓	✓	✓
<b>Cherie Blair</b>	n/a	✗	✓	✓
<b>Dorothy Udeme Ufot</b>	✓	n/a	n/a	n/a
<b>Ernest Ebi</b>	✓	✓	✓	✓
<b>Michael Davis</b>	n/a	✓	✓	✓
<b>Abdu Dantata</b>	✓	n/a	n/a	n/a
<b>Devakumar Edwin</b>	✗	n/a	n/a	n/a
<b>Sani Dangote*</b>	✗	n/a	n/a	n/a

n/a = not a member as at date.

\* Sani Dangote has not attended one meeting in 2019 owing to medical absence.

# Notes





**Affix  
Current  
Passport**

(To be stamped by bankers)

Please write your name at the back of your passport photograph

**united securities** 

## E-MANDATE ACTIVATION FORM

### Instruction

**Only Clearing Banks are acceptable**

Please complete all sections of this form to make it eligible for processing and return to the address below. This service costs **N150.00** per approved mandate per company

#### The Registrar,

**UNITED SECURITIES LIMITED** RC 126257  
9, Amodu Ojikutu Street, Off Saka Tinubu,  
Victoria Island, P.M.B 12753 Lagos, Nigeria.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies at the right hand column be credited directly to my/our bank detailed below:

#### Bank Verification Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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#### Bank Name

#### Bank Account Number

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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#### Account Opening Date

### Shareholder Account Information

Surname / Company's Name      First Name      Other Names

#### Address:



City

State

Country




#### Previous Address (If any)

#### CHN (If any)

Mobile Telephone 1

Mobile Telephone 2



#### Email Address

#### Signature(s)

Company Seal (If applicable)

#### Joint/Company's Signatories

Kindly tick & quote your shareholder account no in the box below

Tick	Name of Company	Shareholder Number
<input type="checkbox"/>	Access Bank PLC	
<input type="checkbox"/>	Access Bank Bond	
<input type="checkbox"/>	Access Bank Green Bond	
<input type="checkbox"/>	Afrinvest WA Ltd	
<input type="checkbox"/>	AIICO Insurance PLC	
<input type="checkbox"/>	AIICO Money Market Fund	
<input type="checkbox"/>	Airtel Africa PLC	
<input type="checkbox"/>	Air Liquide Nigeria PLC	
<input type="checkbox"/>	Caverton Offshore Support group	
<input type="checkbox"/>	ChapelHill Denham - NIDF	
<input type="checkbox"/>	Coronation Asset Management Limited	
<input type="checkbox"/>	Dangote Cement PLC	
<input type="checkbox"/>	FirstTrust Mortgage Bank PLC	
<input type="checkbox"/>	FSDH Asset Management Limited	
<input type="checkbox"/>	Food Emporium Int'l Limited	
<input type="checkbox"/>	Gombe State Government	
<input type="checkbox"/>	IHS Nigeria PLC	
<input type="checkbox"/>	Lagos State Government	
<input type="checkbox"/>	Lead Asset Mgt Limited	
<input type="checkbox"/>	McNichols Consolidated PLC	
<input type="checkbox"/>	Mixta Real Estate Bond	
<input type="checkbox"/>	MTN Nigeria Communication PLC	
<input type="checkbox"/>	NASD PLC	
<input type="checkbox"/>	NDEP PLC	
<input type="checkbox"/>	NIPCO PLC	
<input type="checkbox"/>	Red Star Express PLC	
<input type="checkbox"/>	SFS Capital Nig. Ltd	
<input type="checkbox"/>	STACO Insurance PLC	
<input type="checkbox"/>	Three Points Industries Ltd	
<input type="checkbox"/>	WAPIC Insurance PLC	

For inquiries, please call 01-2714566-7 or send e-mail to [customercare@unitedsecuritieslimited.com](mailto:customercare@unitedsecuritieslimited.com)

### UNITED SECURITIES LIMITED

Website: [www.unitedsecuritieslimited.com](http://www.unitedsecuritieslimited.com) ; E-mail: [info@unitedsecuritieslimited.com](mailto:info@unitedsecuritieslimited.com) or the completed update form can also be submitted through any Access Bank Plc nearest to you.

"UNITED SECURITIES LIMITED hereby disclaims liability or responsibility for errors/omissions/misstatements in any document transmitted electronically"



# Proxy Form



## Dangote Cement Plc Rc: 208767

The 11th Annual General Meeting (AGM) of Dangote Cement Plc will be held on Monday, June 15, 2020, at Eko Hotels & Suites, Victoria Island, Lagos at 11.00 a.m.

I/We .....  
of .....

being a shareholder of Dangote Cement Plc hereby appoint Alhaji Aliko Dangote GCON or failing him, Mr. Olakunle Alake or failing him, Mr. Emmanuel Ikazoboh or failing him, Mr. Michel Puchercos or failing him, Sir Sunny Nwosu or failing him, Dr. Umar Farouk or failing him, Mr. Nornah Awoh or failing him, Mrs. Bisi Bakare as my/our Proxy to act and vote for me/us on my/our behalf at the 11th Annual General Meeting to be held on June 15 2020, and at any adjournment thereof.

Dated the ..... 2020 Shareholder's signature .....

	No.	Ordinary business	For	Against
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not applicable)	1.	To receive the audited Financial Statements for the year ended 31st December 2019 and the Reports of the Directors, Auditors and Audit Committee		
	2.	To declare a dividend		
	3.	To re-elect or appoint Directors as follows: <ul style="list-style-type: none"> <li>• To re-elect Viswanathan Shankar as a Director, who is retiring by rotation</li> <li>• To re-elect Michael Davis as a Director, who is retiring by rotation</li> <li>• To re-elect Sani Dangote as a Director, who is retiring by rotation</li> <li>• To re-elect Douraid Zaghouani as a Director, who is retiring by rotation</li> <li>• To re-elect Cherie Blair as a Director, who is retiring by rotation</li> <li>• To appoint Michel Puchercos as a Director</li> <li>• To appoint Arvind Pathak as a Director</li> </ul>		
	4.	To authorize the Directors to fix the remuneration of the Auditors		
	5.	To appoint KPMG Professional Services to replace the retiring Auditors		
	6.	To elect members of the Statutory Audit Committee		
		Special business		
	7.	To approve the remuneration of Directors		

Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

This proxy form should NOT be completed and sent to the registered office if the member will be attending the meeting.

### Note:

- i. In view of the COVID-19 pandemic, attendance at the AGM shall only be by proxy. A proxy form is attached to the Annual Report. A Member has the right to appoint a proxy/proxies to attend and vote instead of him; the proxy/proxies need not be a member(s) of the Company. All instruments of proxy must be deposited at the registered Office of the Company at 1, Alfred Rewane Road Ikoyi Lagos (or dcp.legal@dangote.com) or the Office of the Registrars, United Securities Ltd, at 10, Amodu Ojikutu Street, Victoria Island, Lagos, (or info@unitedsecuritieslimited.com) not later than 48 hours before the time for holding the meeting.
- ii. In the case of joint shareholders, any of them may complete the form, but the names of all joint shareholders must be stated.
- iii. If the shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some officers or an attorney duly authorized.
- iv. The proxy must produce the admission card sent with the notice of the meeting to gain entrance to the meeting.
- v. It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear the appropriate stamp duty from the Stamp Duties office (not adhesive postage stamps). All instruments of proxy shall be at the Company's expense.

Before posting this form, please tear off this Admission Card and retain it for admission to the meeting.

Please be advised that to enable a Proxy entrance to the meeting, the Proxy Form is to be duly completed and delivered to the Company Secretary not later than 48 hours before the time fixed for the meeting.

### Admission card

Name and address	Number of shares held	Number of shareholder(s)

Please admit ..... to the 11th Annual General Meeting of Dangote Cement Plc to be held at Eko Hotels & Suites, Victoria Island, Lagos on Wednesday June 15 2020, at 11.00 a.m.

Signature of person attending: .....

This admission card should be produced by the shareholder or his/her proxy in order to obtain entrance to the Annual General Meeting.

You are requested to sign this card at the entrance in the presence of the Company Secretary or his Nominee on the day of the Annual General Meeting.

**The Registrar,**  
United Securities Limited  
10, Amodu Ojikutu Street,  
Victoria Island,  
Lagos, Nigeria





# Dangote Cement Plc Annual Report 2019

