



WATER MANAGEMENT DIRECTIVE

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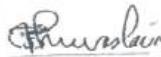
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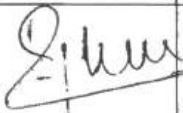
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1.0 Introduction

Dangote Cement Plc (DCP) is a leader in the African cement industry with presence in ten African countries and with plans to expand across the African continent. DCP recognises that water is critical to its business and is therefore committed to the sustainable management of water resources.

2.0 Directive Statement

DCP understands the need for significant progress in attaining sustainability goals and is committed to water stewardship, collective action and respect for human rights to clean water and sanitation. In demonstration of this commitment, partnerships with relevant stakeholders and alignment with international and national water-related commitments will be established, to achieve water stewardship goals. This includes improving water quality by reducing contamination, reducing the proportion of untreated wastewater, and increasing water recycling and safe reuse. This directive aligns and complies with relevant frameworks, laws, and regulations in all DCP locations.

3.0 Guiding Frameworks

This directive was developed in compliance with the goals and targets of the following global frameworks and disclosures and will be used to benchmark DCP's performance in water management:

- i. **Carbon Disclosure Project (CDP):** CDP encourages high-quality mandatory water disclosure by companies through its Water Security questionnaire. By disclosing water use, risks, and management strategies, transparency is fostered, thereby allowing stakeholders assess a company's water stewardship.
- ii. **Global Cement and Concrete Association (GCCA) Sustainability Guidelines:** These guidelines define key performance metrics for the monitoring and reporting of water in cement operations.
- iii. **Global Reporting Initiative (GRI):** The GRI 303 standard on Water and Effluents defines standards for monitoring and reporting water use and wastewater discharge.

- iv. **Paris Climate Change Agreement:** The agreement encourages adaptation strategies to cope with the impact of climate change on non-renewable resources such as water availability. Aligning with the Paris Agreement helps prepare for future regulations.
- v. **United Nations Global Compact's (UNGC) CEO Water Mandate:** This was developed to advance corporate water stewardship globally. Companies aligning with this mandate demonstrate commitment to promoting water stewardship and sanitation in its local communities.
- vi. **United Nations Sustainable Development Goal (UN SDG) 6:** This directive integrates the targets of SDG 6 on ensuring Clean Water and Sanitation for all. It is one of the seventeen SDGs established by the United Nations General Assembly in 2015.

4.0 Objectives

- i. To demonstrate commitment to efficient use and conservation of water resources.
- ii. To provide a framework that ensures sustainable use and management of water resources in all DCP locations.
- iii. To support awareness on sustainable water management among stakeholders.

5.0 Scope

This Directive applies to the business operations and social investments of DCP in Nigeria, Pan Africa and its subsidiaries. This also aligns with the environmental pillar of the business and reflects commitment to sustainability.

6.0 Commitments

The Board and Management of DCP commits to the following:

- i. Ensuring wastewater is treated and recycled, or responsibly discharged.
- ii. Reducing the use of hazardous substances thereby controlling and reducing water pollution.
- iii. Reducing water withdrawal and consumption volumes.
- iv. Safely managed WASH (Water, Sanitation and Hygiene) for workers and in local communities.
- v. Mitigating operational impact in water-stressed or high-risk locations.
- vi. Support nature-based solutions to achieve water security and conserve freshwater ecosystems such as wetlands, rivers, aquifers and lakes.

- vii. Empower employees to reduce business risks related to water usage thereby ensuring that all plants and subsidiaries responsibly manage water.
- viii. Respect human rights to water and sanitation (HRWS) through regular accountability reviews, training for all stakeholders on HRWS and access to grievance redress systems.
- ix. Promote community-based social investment projects to foster water security in communities.
- x. Implement innovative solutions for efficient water management practices.

7.0 Actions

- i. Measure and report water withdrawn, consumed, discharged, and recycled periodically, in cubic metres.
- ii. Implement a 50% circular water use strategy across all plants.
- iii. Reduce total water withdrawn, consumed and discharged by 5% annually.
- iv. Achieve a water consumption intensity of less than or equal to 200 litres per tonne of cementitious product.
- v. Maintain proper accounting and disclosure of water footprints.
- vi. Avoid the dumping or release of hazardous materials into water-related ecosystems including watersheds.
- vii. Conduct regular water risk assessments and reduce or eliminate water-related risks in all business operations.
- viii. Implement a cost-efficient strategy to improve water management for the long-term.
- ix. Engage with stakeholders for collective action towards water security.
- x. Encourage responsible water use by suppliers, vendors, partners and contractors.
- xi. Conduct campaigns to increase the awareness of sustainable water management practices.
- xii. Ensure adherence to water-related laws, regulations, and corporate guidelines across operational countries.

8.0 Monitoring and Reporting

The Directive's scope, objectives, and commitments will undergo review every three years by the Sustainability and Environment Departments to identify, evaluate, and address gaps and performance in line with new legislations, frameworks, and targets. However, the Directive may be reviewed earlier to incorporate necessary adjustments based on new insights and regulations. Relevant parameters stated in this Directive will be monitored using a continuous monitoring system.

9.0 Directive Implementation

The DCP governance structure assigns the responsibility for sustainability to the Sustainability and Technical Board Committee. This Committee has an oversight role and ensures the implementation of this directive. In addition, the Committee is tasked with promoting sustainable and innovative solutions that drive water efficiency and mitigate water pollution in DCP operations. The Executive Management shall provide progress reports at quarterly Board meetings or as often as required.

10.0 Conclusion

This Directive aligns with global principles, standards and disclosures for water stewardship and will be communicated to key stakeholders. DCP's commitment to sustainability positions it as a market leader and a reference point for sustainable business models in Africa.

11.0 Annexe

Definitions

- i. Cement operations: Quarrying, loading and transporting, crushing and conveying, milling and pyro-processing to produce clinker or cement.
- ii. Impact: refers to the effect an organisation has on the economy, the environment, or society, which in turn can indicate its contribution to sustainable development.
- iii. Local community: persons or groups of people living and/or working in any areas that are economically, socially, or environmentally impacted by an organisation's operations.
- iv. Quarry water: Water extracted from limestone or aggregates quarry.
- v. Recycled water: The amount of used water or wastewater cycled back into the same process or in a higher use in the process cycle, before discharge for final treatment or to the environment.
- vi. Reused water: The amount of used water or wastewater reused, in a lower function in the process cycle, before discharge for final treatment or to the environment.
- vii. Reporting: The disclosure of relevant water information to stakeholders.
- viii. Water withdrawal: refers to the sum of all water drawn for use into the organisation's reporting boundary, from all sources (including surface water, groundwater, used quarry water, municipal water, external wastewater, and harvested rainwater) during a defined reporting period.
- ix. Water consumption: all water used in an organisation's products and onsite, calculated as difference between water withdrawal and water discharged.

- x. **Water discharge:** The sum of water effluents released, during a defined reporting period, to the ocean, surface, subsurface or well, off-site water treatment, beneficial user or other user through a defined discharge point (point source discharge), over land in a dispersed or undefined manner (non-point source discharge), or wastewater removed via trucks.
- xi. **Water stewardship:** The use of water that is socially equitable, environmentally sustainable, and economically beneficial.
- xii. **Watershed (drainage area, catchment and river basin):** Any area with a common outlet for surface runoff.
- xiii. **Water quality:** The physical, chemical, biological, and taste-related characteristics of water.
- xiv. **Water stress:** when water demand exceeds the available amount during a certain period or when poor quality restricts its use. Water stress in an area may be assessed using the following indicators and their thresholds:
 - a. The ratio of total annual water withdrawal to total available annual renewable water supply. Baseline water stress is high at 40-80% or extremely high at >80%;
 - b. The ratio of water consumption-to-availability (i.e., water depletion) is
 - (i) moderate (dry-year depletion) where for at least 10% of the time, the monthly depletion ratio is >75%),
 - (ii) high (seasonal depletion), where for one month of the year on average, the depletion ratio is >75%),
 - (iii) very high (ongoing depletion), where the depletion ratio on average is >75%).

Publicly available and credible tools for assessing areas with water stress include the World Resources Institute 'Aqueduct Water Risk Atlas', and the World Wildlife Fund (WWF) Water Risk Filter tool.