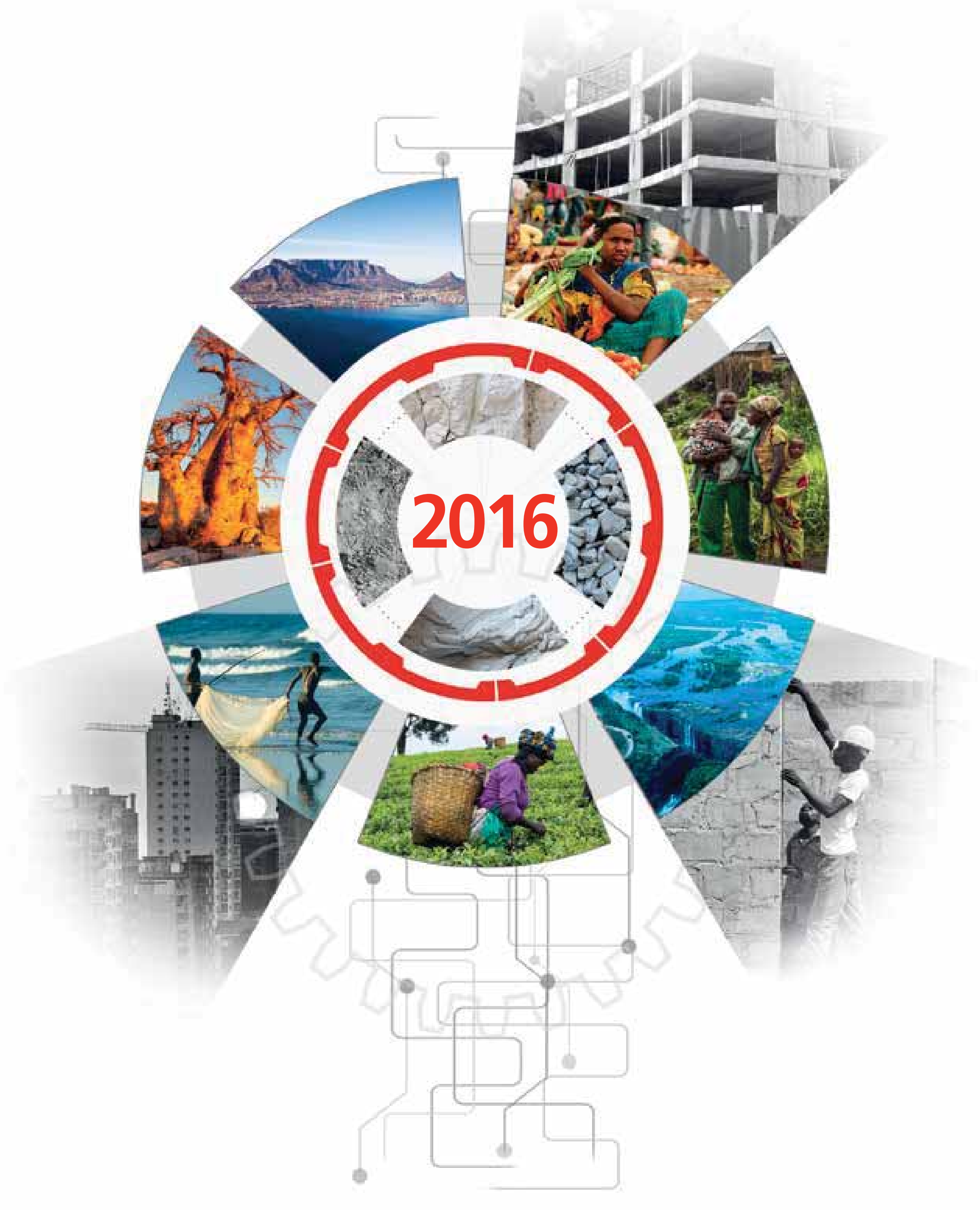


Strength in diversity

INTEGRATED REPORT 2016

Who we are

For 124 years, PPC has tracked the growth and development of southern Africa, producing cement for many iconic landmarks, including the Union Buildings, Gariep Dam, Van Staden's River Bridge, Kariba Dam, Gaborone airport, the Gautrain, Cape Town Stadium, Medupi power station and much of southern Africa's infrastructure. In recent years, PPC has extended its reach to support infrastructure development in several other African countries. We are now represented in Rwanda, the Democratic Republic of the Congo and Ethiopia in addition to our business in Zimbabwe and Botswana.

Our focus extends beyond our group to the broader industry. As a leader in this industry, PPC has actively invested in technology to enhance energy efficiency to reduce air emissions, minimise waste production, recover and recycle raw materials and conserve natural resources, while producing a reliable and affordable supply of building materials to support the economies in countries where we operate.

PPC is a truly African success story – a focused business that reflects the strengths of its people, products and services. As we expand into the rest of the African continent, we will deploy our sustainable business model – one built to last for all stakeholders.

HOW TO READ OUR INTEGRATED REPORT

Our integrated report provides extensive cross-references using these icons:

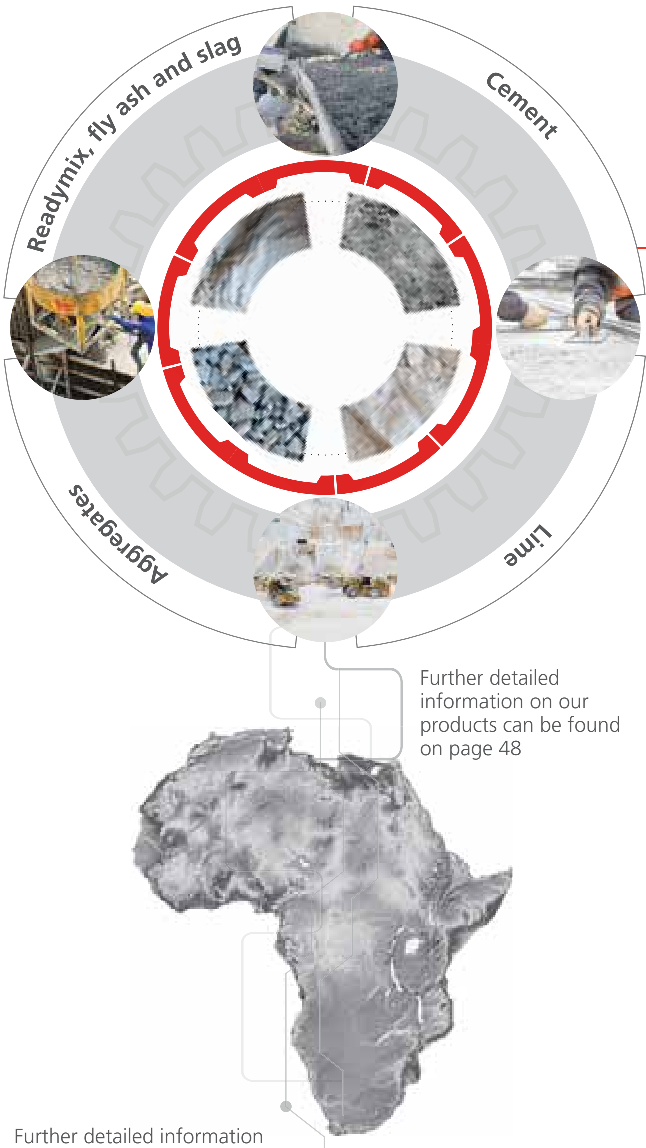
Related information in this report

More information on www.ppc.co.za

Our vision

A world-class provider of materials and solutions into the basic services sector, taking a strategic approach to more than doubling our business every 10 years.

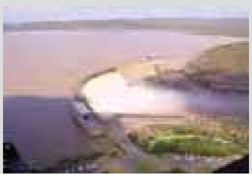
PRODUCT MIX INCLUDES:



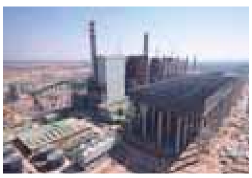
Further detailed information on our products can be found on page 48

Further detailed information on our areas of business can be found on page 9

Strength in diversity


Contents


For details of our annual general meeting, please refer to our notice of AGM 2016 at **www.ppc.co.za**

REPORTING PRINCIPLES AND APPROACH

PPC's integrated report clarifies the link between our financial and non-financial performance (environmental, social and governance), contextualises our risks and opportunities and summarises our engagement with stakeholders. These were key inputs in refining our business strategy (page 5). As this strategic review introduced a number of new performance measures, and PPC has changed its year-end, year-on-year progress will not be comparable but we report on our performance against strategic objectives where possible.

The following frameworks were applied in preparing this report:

Framework

The framework of the International Integrated Reporting Council (IIRC) on accepted best practice in annual reporting.

In determining the content that presents a complete view, we follow the IIRC's guiding principles: strategic focus and future orientation; connectivity of information; stakeholder relationships; materiality, conciseness, reliability and completeness; and consistency and comparability.

Guidelines of the Global Reporting Initiative on sustainability disclosure (GRI G4).

PPC reports against the latest guidelines (G4) for the first time.

- International Financial Reporting Standards (IFRS)
- South African Companies Act
- JSE Limited (JSE) Listings Requirements
- King III recommendations.

About this report

Report profile

This integrated report covers PPC's financial and non-financial performance between 1 October 2015 and 31 March 2016 after the company changed its year-end. It follows a similar report produced for the financial year to 30 September 2015 and has primarily been compiled for providers of capital, but will be of interest to all stakeholders. Management has given consideration to the different reporting periods (six months versus 12 months), in compiling this report.

This report should be read together with the supplemental information and complete audited annual financial statements on our website.

We welcome your feedback on our full suite of reports. This should be directed to Azola Lowan, PPC executive: strategy and communications, tel +27(11) 386 9339, fax +27(11) 386 9058, email azola.lowan@ppc.co.za.

For further details on sustainability matters, please contact Tshilidzi Dlamini, PPC group manager: sustainability and environment, tel +27(11) 386 9122, fax +27(11) 386 9117, email tshilidzi.dlamini@ppc.co.za.

Details for obtaining copies of the integrated report from the PPC group company secretary are on the inside back cover.

Report boundary

Disclosure covers all PPC's manufacturing, milling, blending and batching facilities (cement, lime, readymix and ash), aggregate quarries and depots in South Africa, Botswana, Mozambique Rwanda and Zimbabwe. It also covers all geographies where PPC has expansion projects under way.

We have also included an analysis of external factors that may have a significant effect on PPC's ability to create value.

Report scope and materiality

The scope of this report includes the most material financial and non-financial issues for our group. Determining materiality is a comprehensive process that combines risk identification and assessment with strategic objectives, stakeholder feedback, market conditions and our own performance to prioritise issues that are key to our sustainability now and in the future. Where relevant, we detail material issues at project or business unit level. For the reporting period, our key material issues at group level (page 18) were:

- Group capital structure
- Failure to maintain profit margins and volumes
- A major investment not achieving expected business case returns
- Stagnant SADC economy and political uncertainty in our operating regions

PPC's capitals

In line with the IIRC framework, we have considered the resources and relationships used and affected by PPC. These are referred to collectively as the capitals and encompass financial, manufactured, natural, social and relationship, human and intellectual. How we interact with our external environment and these capitals underpins our ability to create value over the short, medium and long term. Please see our business model on page 44 for details.

Significant changes in the review period

Bheki Sibiya, PPC's chairman since 2008, retired during the period and Peter Nelson is serving as interim chairman. The PPC board also approved a corporate restructure of the South African and international operations. The company has embarked upon a capital restructure which will be supported by a capital raise of R4 billion.

Assurance

As a listed company, PPC complies with all relevant procedures in preparing its annual financial statements. These were audited by Deloitte & Touche, whose report is on page 132. Certain sustainability indicators were also assured by Deloitte & Touche (page 108).

Board approval

The board acknowledges its responsibility to ensure the integrity of the integrated report. Board members have applied their collective mind to the preparation and presentation of this report and believe it is presented in accordance with the IIRC framework.

As per King III, the board has delegated the responsibility to evaluate sustainability disclosure to the audit committee, which recommended that the board approve this report.

Peter Nelson
Interim chairman
12 September 2016

Darryll Castle
Chief executive officer

Performance highlights

FINANCIAL CAPITAL

Profit improvement programme delivered R178 million for 2016 (to date: R390 million)

Administrative and operating costs fell 12% to R489 million (2015: R554 million)

Earnings per share rose 35% to 70 cents (2015: 52 cents)

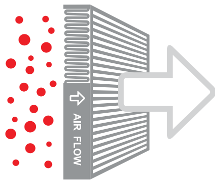
Profit attributable to shareholders up 35% to R369 million (2015: R274 million)

HUMAN CAPITAL

Over 100 employees have benefited from the PPC Zimbabwe housing initiative

73 housing transactions completed in the PPC SA staff housing initiative

NATURAL CAPITAL



R22 million De Hoek finishing mill bag-filter upgrade has **reduced dust emissions to well below compliance limits**

Successfully replaced diesel fuel with a **blend of recycled and tyre-derived oil** at Hercules plant for **significant energy cost savings**

DRC project started a nursery to propagate endangered tree species, with about 10 000 seedlings and almost **3 000 trees planted**

MANUFACTURED CAPITAL

Recently commissioned plant in Rwanda sold over

120 000 tons of

cement at the expected margin

Projects in Zimbabwe, DRC and Ethiopia to be **commissioned in the next 12 months**

Successfully concluded corporate restructure of our South African and international operations

SOCIAL AND RELATIONSHIP CAPITAL

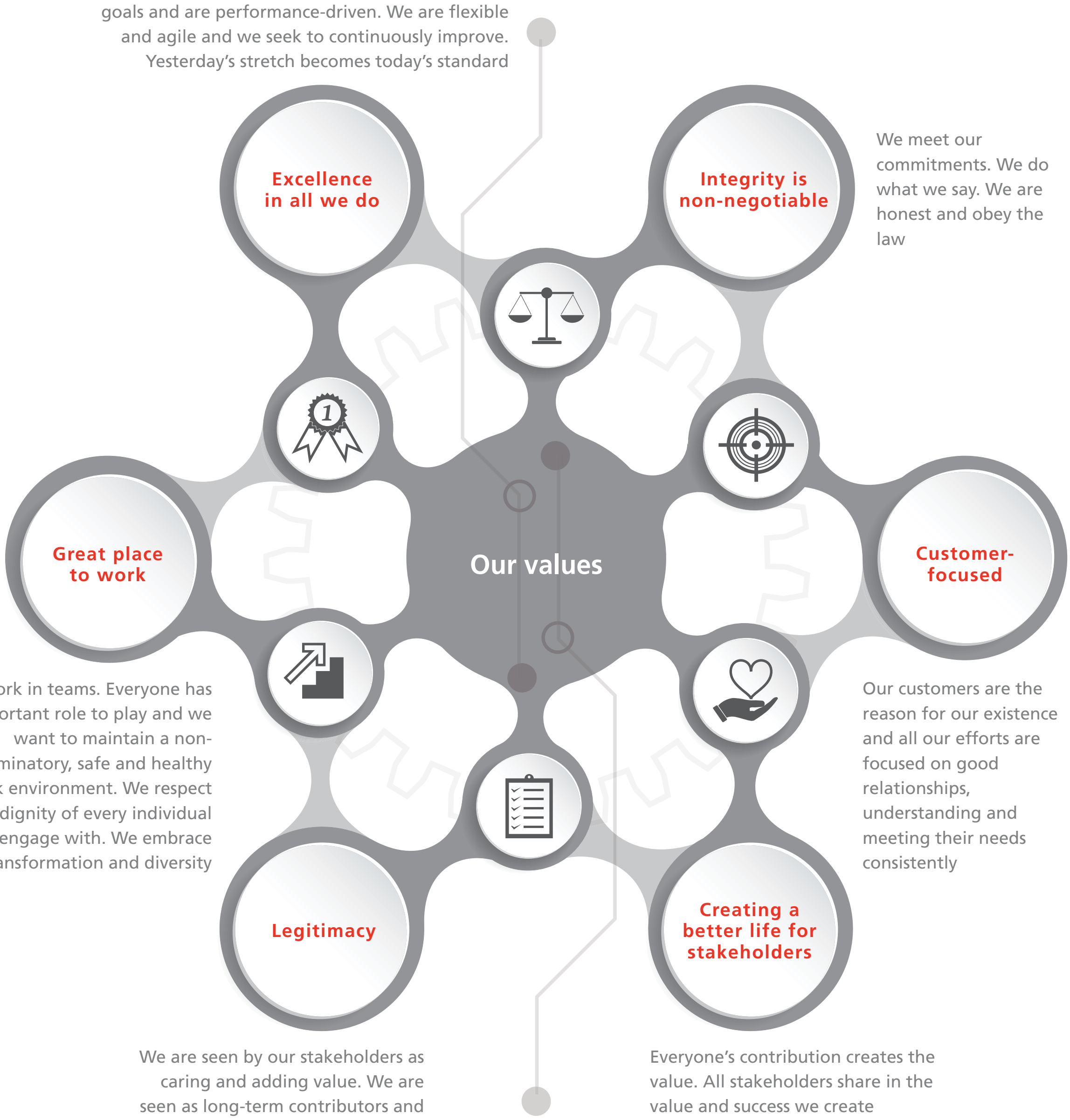
81% of total procurement spent (R3,3 billion) with **BBBEE suppliers**

A profile of our business

PPC now supplies from nine cement factories, four milling plants, five blending facilities and 26 readymix batching plants after acquiring Safika, Pronto Readymix (including Ulula Ash) and 3Q Mahuma Concrete (Pty) Limited. We also produce aggregates, milled slag, metallurgical-grade lime, burnt dolomite and limestone. Our Mooiplaas quarry in Gauteng has the largest aggregate production capacity in South Africa.

Our facilities in South Africa, Botswana, Rwanda and Zimbabwe can produce some 8,5 million tons of cement products each year and half a million tons of fly ash.

We are professional and do things properly. We set the standard at PPC. We lead. We set challenging goals and are performance-driven. We are flexible and agile and we seek to continuously improve. Yesterday's stretch becomes today's standard



We meet our commitments. We do what we say. We are honest and obey the law

We work in teams. Everyone has an important role to play and we want to maintain a non-discriminatory, safe and healthy work environment. We respect the dignity of every individual we engage with. We embrace transformation and diversity

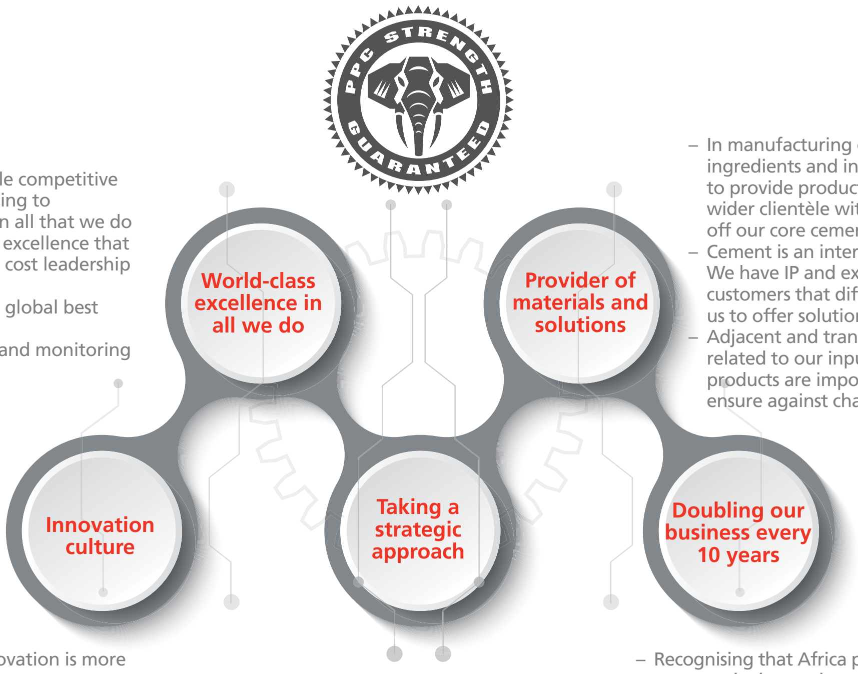
Our customers are the reason for our existence and all our efforts are focused on good relationships, understanding and meeting their needs consistently

We are seen by our stakeholders as caring and adding value. We are seen as long-term contributors and not short-term takers. We care for the environment and the communities in which we operate

Everyone's contribution creates the value. All stakeholders share in the value and success we create

Strategy review

Our strategic aspiration is to exceed the expectations of all our stakeholders on a sustainable basis. Achieving this strategic aspiration requires fundamentally changing our corporate culture while excelling at these five pillars of our strategy.



World-class excellence in all we do

- We ensure a sustainable competitive advantage by committing to world-class standards in all that we do
- We strive for technical excellence that will manifest itself in a cost leadership philosophy
- Constantly monitoring global best practices and solutions
- Constantly measuring and monitoring our business.

Provider of materials and solutions

- In manufacturing cement, we have the ingredients and intellectual property to provide products and solutions to a wider clientèle without taking the focus off our core cement-making business
- Cement is an intermediate physical product. We have IP and expertise relevant to our customers that differentiate us and enable us to offer solutions
- Adjacent and transformational businesses related to our inputs, processes and products are important growth vectors to ensure against changes in our industry.

Innovation culture

- We recognise that innovation is more than just ideas
- To harness the benefits of innovative ideas, we have created an innovation process
- We are creating an innovation culture as the core driver of the business.

Taking a strategic approach

- We understand the drivers, risks and trends in each of our regions and businesses, especially in the longer term, and act accordingly
- Defensive strategies are as important as offensive strategies.

Doubling our business every 10 years

- Recognising that Africa presents a unique growth opportunity in our time, we ensure we maintain our market share and grow
- We have a deep understanding of the locations, owners and influencers of all relevant inputs, businesses and markets, and leverage our position to maintain and extend our influence
- Ultimately, we will use our strength to become a major global cement player.

Achieving alignment and common purpose

A pioneering company with a 124-year history, PPC continues to play a significant role in building an integrated and prosperous Africa, creating value for all its stakeholders.

With our ambition firmly set on becoming an African major and then global major, our new vision was launched to employees on 1 October 2015. This, along with our strategic aspiration and strategy, was the result of a consultative process involving senior managers across the group and board members. They were cascaded across the business, engaging employees and ensuring alignment. Guided by the group strategy, each site and subsidiary developed their own map and presented these to the broader management team responsible for developing the new vision and strategy. This enabled us to test the new strategy against operational realities, ensuring it not only looked good on paper but is relevant and workable. This peer-review approach ensured alignment and highlighted opportunities for synergies and improved efficiencies. By the beginning of calendar 2016, each functional area, subsidiary and site was armed with a clear path, the basis of their business plans, budgets and key performance areas.

Central to achieving our vision of being a world-class provider of materials and solutions and more than doubling our business every 10 years by a world-class team, supported by an enabling organisational culture. Both our people and culture remain the focus of our change initiatives.

Our strategic aspiration is to "exceed the expectations of all our stakeholders on a sustainable basis".

Stakeholder engagement is therefore critical in informing our strategic initiatives. In this section, we highlight some of our key stakeholders and how we intend to assess their expectations and measure how well we are performing.

Strategy review continued

Improvement expected

Deterioration expected

Stakeholder group	Current status	Outlook	Trend
Customers			
– The customer satisfaction survey is important to PPC as it gives us a multifaceted metric to understand our customers' needs and further improve our business – The survey also provides insights on new requirements, trends and competition – We are able to identify opportunities for growth and creating value for our customers – Our response mechanisms allow us to build strong brand affinity and preference with our customers.	– PPC's current customer satisfaction score for South Africa is 74% – Our customers noted that our strengths lie in stock availability, on-time deliveries and suitable schedules, as well as consistent product quality and strength – Areas for improvement include a wider product range, review of the credit policy and increasing technical advice and training in the business-to-business segment.	To achieve our 2020 targets, a number of initiatives are under way: – Broaden our range of products and solutions to cover the full spectrum of customer requirements – Use our innovation platform to drive product innovation and improvement – Review the credit policy to provide relevant solutions for our customer base while managing risk – Continue managing relationships and increase the level of expert technical support – In the 2017 financial year, the survey will be rolled out to Botswana, Zimbabwe and Rwanda.	
Employees			
– In 2015, we implemented a new climate survey approach which was conducted independently across the PPC group to assess morale and identify improvement areas – This survey is a baseline for future assessments and all operations will implement specific initiatives to improve their internal climate relative to their own business trends.	Results indicate that PPC is doing very well on six of nine elements, with an overall score of 75%. General areas for improvement across all businesses have been identified as: – Effective management and development of talent – Effective succession planning in business units and across PPC – Stronger focus on performance management and developing a high-performing organisation – Supervisory and foreman development in terms of people management and leadership – Creating greater understanding and insight into PPC's employee value proposition – Attracting and retaining the calibre of employees PPC requires to meet its strategic goals.	– Our targets for FY17 and FY18 are 76% and 77% respectively. We are confident of achieving these by focusing on targeted improvement areas – Specifically, this will include focused training for supervisors on career development and performance management to facilitate meaningful career and performance discussions with their staff and better support individual development.	
Shareholders/investors			
– We use return on invested capital (ROIC) as a significant performance measure for investors as this tracks how well PPC is using funds to generate sustainable returns for shareholders – This measure indicates whether PPC is achieving returns above the cost of capital, continues to unlock intrinsic value and records sustainable cash generation.	– Historically, PPC's ROIC has been between 25% and 27% – Currently, our ROIC is 9%, significantly lower than the five-year average of 25% as PPC is in an expansion phase, focused on capital expenditure financed by long-term borrowings without a commensurate increase in earnings.	– We expect ROIC targets for 2017 and 2018 to remain suppressed until new investments reach anticipated returns – Given that the ramp-up phase can take up to three years, the gradual increase in earnings over this period implies that maximum ROIC is only achieved in the third year – Political risks and the inability to achieve expected business case returns would affect the ramp-up to full profitability – Particularly, failure to achieve price, volume and cost expectations would negatively impact our ROIC.	

<table>
<tr><th>Stakeholder group</th><th>Current status</th><th>Outlook</th><th>Trend</th></tr>
<tr><td colspan="4">Communities</td></tr>
<tr>
<td>– The cement industry is acknowledged globally as a significant contributor to global greenhouse gas (GHG) emissions and it is therefore important that PPC has an effective response strategy to climate change
– The SA government has committed to a peak → plateau → declined emissions trajectory to be achieved through legislative mechanisms, eg pollution prevention plans and carbon tax
– Monitoring and reporting is therefore critical: firstly, to meet the expectations of our stakeholders and, secondly, to engage effectively with government in the legislative reform process and ultimately comply with those requirements.</td>
<td>– Carbon emission intensity for our SA cement operations has declined steadily over the past five years
– In 2010, the carbon intensity of finished cement was 869 kg CO_2/ton. It dropped to 749 kg CO_2/ton in 2016
– This steady decline reflects PPC's mega-plant strategy where, regionally, the most thermally efficient kilns have been prioritised to meet demand and Safika Cement's continued integration into our cement business (Safika Cement produces highly extended cements with very low carbon intensities).</td>
<td>– Over the medium term, we aim for carbon intensities of finished cement at below 700 kg CO_2/ton
– This will be done by reducing the average heat consumption at PPC and increasing the degree of product extension
– Our mega-plant strategy, constructing Slurry kiln 9, and integrating efficient technologies in DRC and CIMERWA will reduce average heat consumption
– Strategies to reduce gross and net emissions could also contribute to improved CO_2 performance; particularly driven by biomass and alternative fuels
– Key risks include any requirements for PPC to start-up inefficient/old technology, while the lack of alternative fuel replacement and biomass opportunities or security of supply could jeopardise our alternative fuels strategy.</td>
<td></td>
</tr>
<tr><td colspan="4">Government/regulators</td></tr>
<tr>
<td>– All South African companies currently face the challenge of complying with revised codes of good practice
– For most, the new codes have meant a substantial drop in their BBBEE level, and therefore ability to tender for business
– As with the prior codes, the dti seeks to transform the South African economy and a company's BBBEE score indicates its legislated contribution to this goal
– As a responsible corporate citizen; PPC has adopted the principles of the codes and will continue to contribute to the benefit and growth of the South African economy
– The revised codes comprise five elements or pillars that affect PPC's stakeholders in various ways
– A good BEE score enables PPC to conduct business with local companies aiming to procure from BEE-compliant suppliers to reduce economic inequalities in society and support the spirit of this legislation.</td>
<td>– With the new codes, PPC's BBBEE level has dropped from 2 to 8
– The revised codes particularly affected our score in the skills development and enterprise and supplier development segments by significantly increasing the recognition level and making both segments priority pillars
– The required investment in skills development doubled from 3% to 6% of the wage bill while our enterprise development programme (Ntsika Fund) no longer qualifies for recognition.</td>
<td>Using a collaborative approach to maximise group resources, we are developing a transformation plan focused on the following key elements:
<table>
<tr><th>Element</th><th>Action plan 2016 to 2018</th></tr>
<tr><td>Skills development</td><td>Focus on upskilling black employees, those with disabilities and unemployed youth</td></tr>
<tr><td>Enterprise and supplier development</td><td>Invest in developing qualifying suppliers and enterprises that are black-owned and black women-owned</td></tr>
</table>
– The key risk we face in achieving our targets will be the impact of a stagnant economy on profitability and thus our ability to fund these initiatives
– In the medium term, we aspire to achieve a level 4 rating as this will enable our customers to claim back 100% of their spending with our group for their own preferential procurement points.</td>
<td></td>
</tr>
</table>

For more details on our stakeholder engagement, see our website.

Company structure

Corporate restructure (Project Omega)

In line with PPC's vision and strategy, the board approved a corporate restructure to streamline and optimise the South African and foreign operations, effective 1 April 2016. The objective is to:

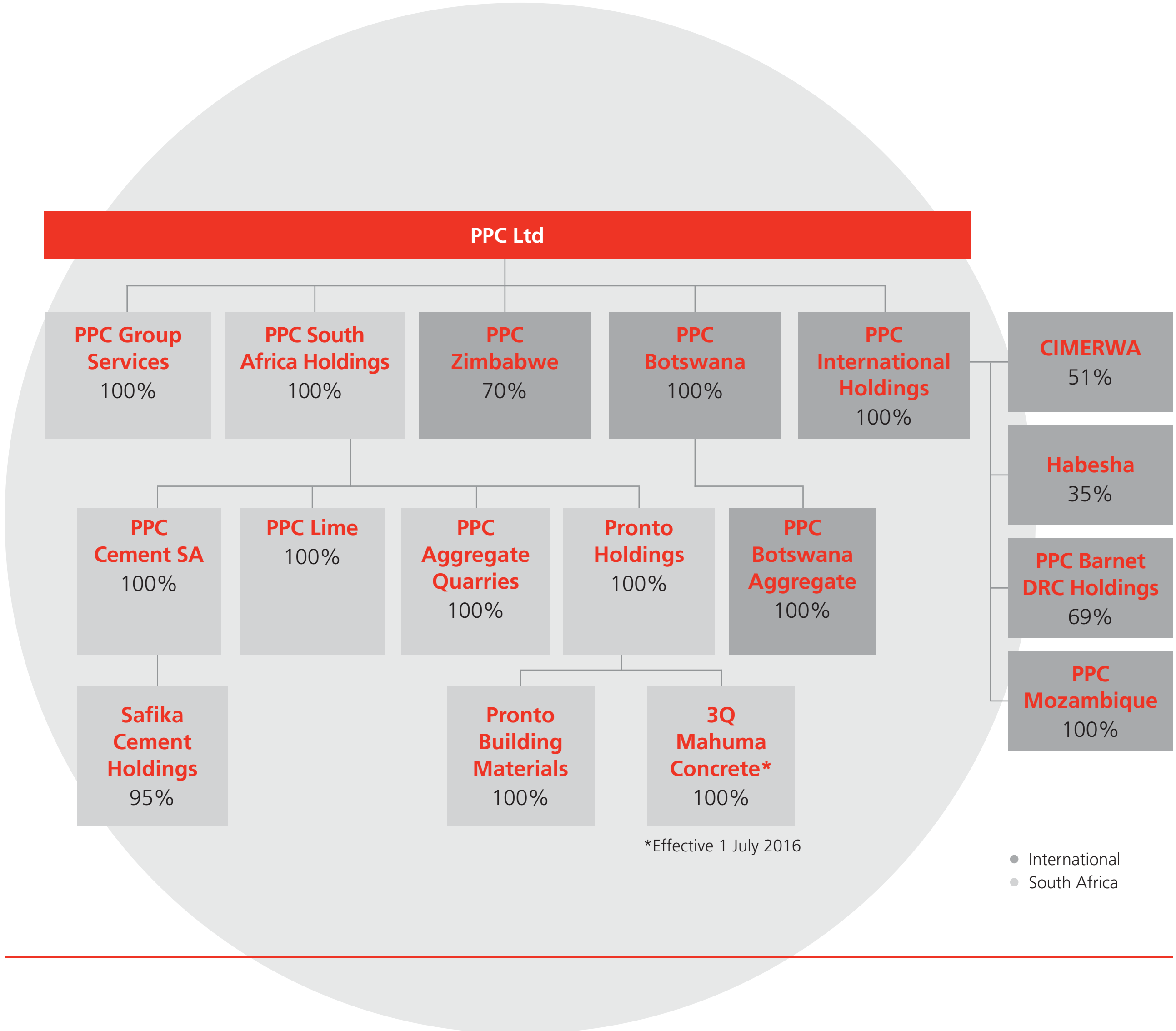
Transfer the majority of the South African assets and liabilities of PPC, including all mineral and prospecting rights into a wholly owned South African subsidiary company – PPC SA Holdings

Liquidate non-trading/ dormant companies in the structure

Ensure PPC becomes a fully fledged listed holding company **housing the group management, treasury and centralised shared services centre,** with operations held through PPC SA Holdings

The process of aligning staff to the correct operating entity is advanced.

PPC new company structure



Our footprint

Countries of operation

South Africa

Population – **55,8 million**
Urbanisation – **64,8%**
GDP per capita – **US$4 768**
Cement consumption/capita – **248 kg**
Real GDP growth (16 – 19E) – **1,6%**
Retail cement price per ton (including VAT) – **US$80 – US$120**
Current national cement production capacity – **17 mtpa**
Limestone reserves – **240 years**
Employees – **2 378**

Botswana

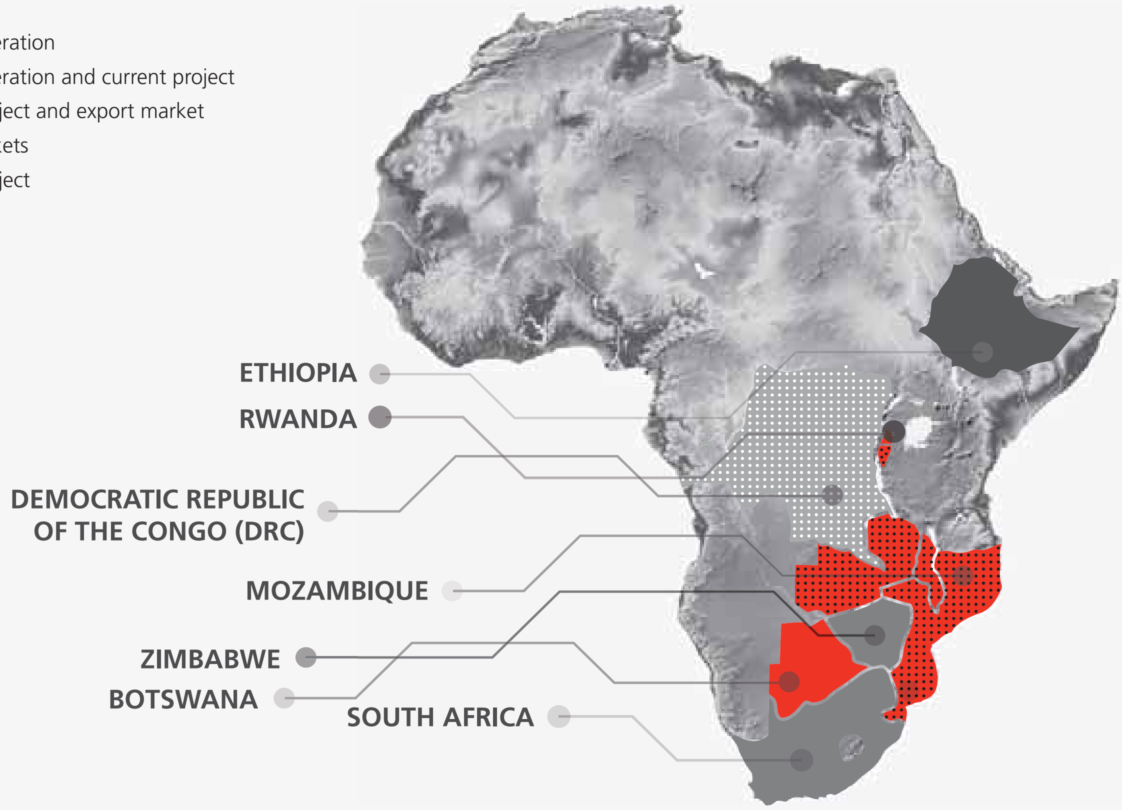
Population – **2,2 million**
Urbanisation – **57,4%**
GDP per capita – **US$5 897**
Cement consumption/capita – **294 kg**
Real GDP growth (16 – 19E) – **4,3%**
Retail cement price per ton (including VAT) – **US$95 – US$105**
Current national cement production capacity – **0,6 mtpa**
Limestone reserves – **Not applicable**
Employees – **139**

Democratic Republic of the Congo

Population – **84,1 million**
Urbanisation – **42,5%**
GDP per capita – **US$490**
Cement consumption/capita – **24 kg**
Real GDP growth (16 – 19E) – **5,5%**
Retail cement price per ton (including VAT) – **US$195 – US$240**
Current national cement production capacity – **0,4 mtpa** (in use)
Limestone reserves – **54 years**
Employees – **63**

MAP KEY

- Current operation
- Current operation and current project
- Current project and export market
- Export markets
- Current project



Ethiopia

Population – **91,2 million**
Urbanisation – **19,5%**
GDP per capita – **US$735**
Cement consumption/capita – **65 kg**
Real GDP growth (16 – 19E) – **6,6%**
Retail cement price per ton (including VAT) – **US$115 – US$140**
Current national cement production capacity – **11 mtpa**
Limestone reserves – **25 years**
Employees – **110**

Rwanda

Population – **11,6 million**
Urbanisation – **28,8%**
GDP per capita – **US$732**
Cement consumption/capita – **50 kg**
Real GDP growth (16 – 19E) – **6,7%**
Retail cement price per ton (including VAT) – **US$230 – US$270**
Current national cement production capacity – **0,7 mtpa**
Limestone reserves – **13 years**
Employees – **252**

Zimbabwe

Population – **13,6 million**
Urbanisation – **32,4%**
GDP per capita – **US$ 1 082**
Cement consumption/capita – **75 kg**
Real GDP growth (16 – 19E) – **3,4%**
Retail cement price per ton (including VAT) – **US$160 – US$240**
Current national cement production capacity – **1,8 mtpa**
Limestone reserves – **41 years**
Employees – **472***

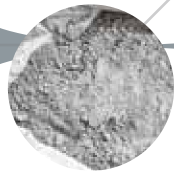
Source: International Monetary Fund

* Includes two employees in Mozambique.

Key milestones

1892
- PPC Ltd established as De Eerste Cement Fabrieken Beperkt, in Hercules, Pretoria

1902
- Changed its name to The First Portland Cement Factory Limited



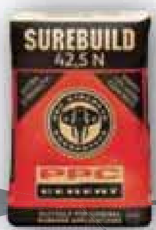
1908
- **Name changed to Pretoria Portland Cement Company Limited**
- Maiden dividend starts a tradition unbroken for over a century

1977
- Entered lime industry by acquiring Northern Lime Company

1984
- PPC built and mothballed Dwaalboom plant in economic recession; recommissioned the plant in 1998

1992
- **Centenary**
  First 100 years

1994
- Nelson Mandela became SA's first black president



1996
- Surebuild brand launched
- Botswana blending plant commissioned

2001
- Acquired Portland Holdings in Zimbabwe
- Entered aggregates market by acquiring Mooiplaas dolomite quarry

2016
- **Corporate restructure of South African and international operations**
- **Acquisition of 3Q Mahuma Concrete**

1910
- **PPC listed on the JSE**

1916
- PPC Slurry produced its first cement

1921
- De Hoek factory built in Western Cape

1927
- Cement factory built in Port Elizabeth

1937
- PPC Jupiter started up in Germiston, just outside Johannesburg

1956
- Construction of PPC Riebeeck in the Western Cape

2008
- R3,9 billion broad-based black economic empowerment transactions

2010
- PPC cement used in multi-billion rand projects including Gautrain, soccer stadiums, Medupi and Kusile power stations
- **PPC listed on JSE for 100 years**

2012
- PPC/IDC acquired a stake in Habesha Cement, Ethiopia
- **Name changes to PPC Ltd**

2013
- Acquired a stake in CIMERWA, Rwanda
- Construction started on new cement plant in the DRC
- **Acquired Safika Cement**
- **PPC Zimbabwe centenary**

2014
- **Acquired Pronto Readymix**
- Construction of mill in Harare, Zimbabwe

2015
- New 600 000 tpa plant commissioned in Rwanda
- Construction of Slurry kiln 9 started

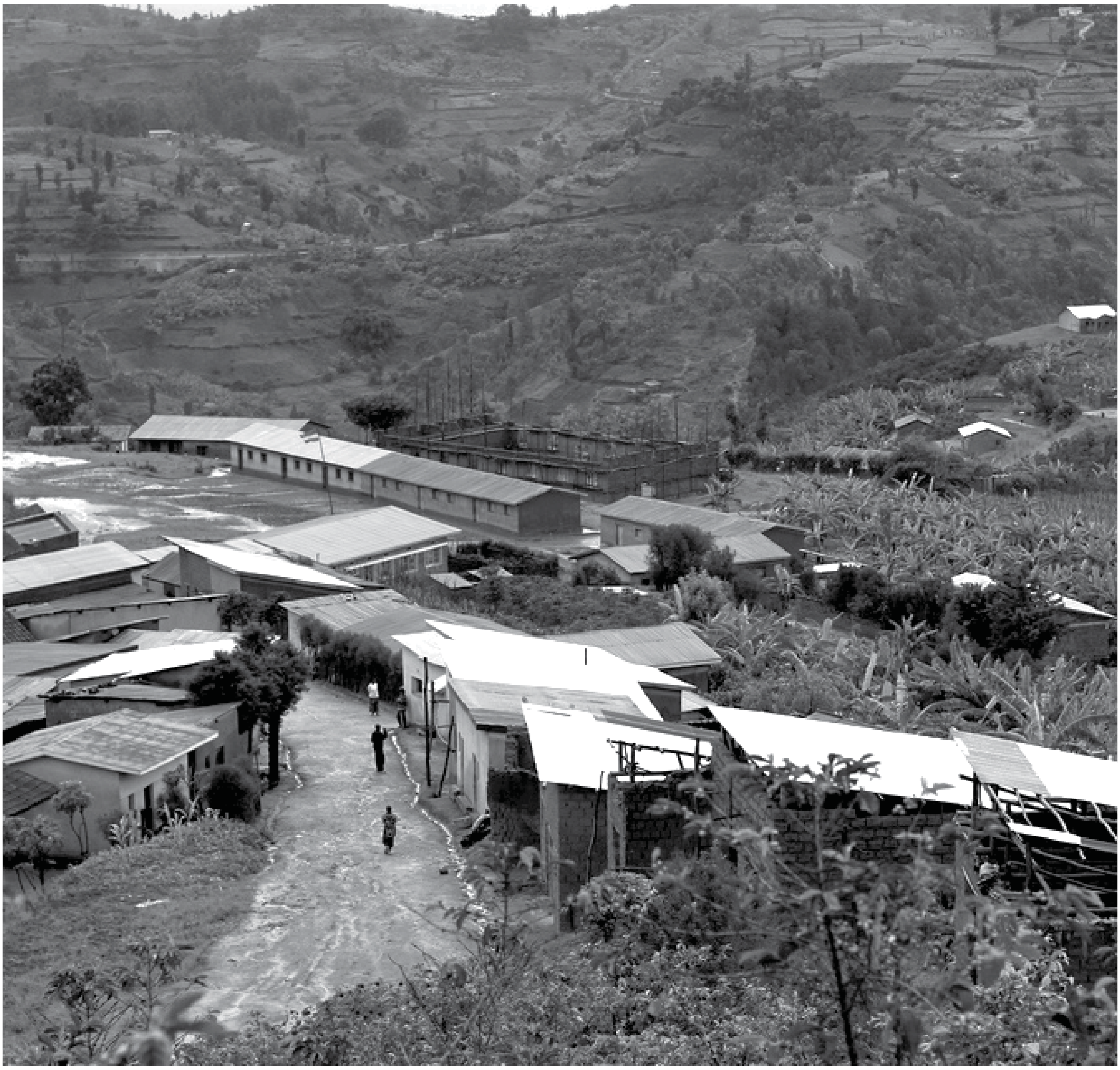
Kinihira Rwanda workers at a tea plantation

Rwanda

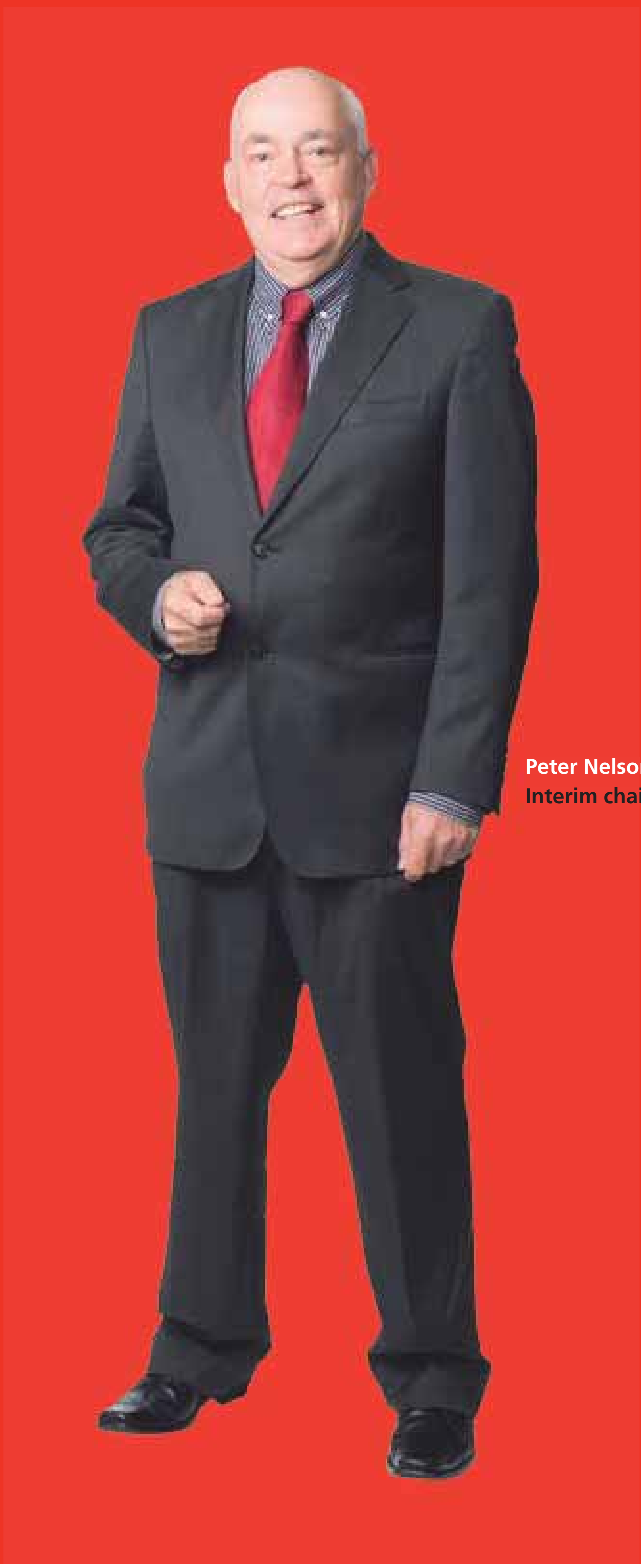
Rwanda construction

Construction of student housing complex, Butare

Kigali Rwanda development – hillside



Chairman's report



Peter Nelson
Interim chairman

In his foreword to the IMF World Economic Outlook for 2016, economic counsellor and director of research Maurice Obstfeld comments that "global recovery continues but at an ever-slowing and increasingly fragile pace". The effects of this are evident across a number of Africa's economies, notably South Africa which faced rising inflationary pressures in 2015. Despite slowing growth, Africa remains poised for increased economic activity driven by infrastructure development. As an example, the latest Mo Ibrahim Foundation Report forecasts that the next 35 years will see the continent accommodate 900 million new urban dwellers.

Against this background, in the review period PPC focused on becoming future ready: being operationally and strategically well placed to play a key role in meeting the infrastructure development requirements of the African continent.

A number of strategic projects, designed to prepare PPC for growth, were successfully completed. The first of these involved reorganising the company structure to align resources, assets and mining rights with the appropriate legal entity to improve management processes and reporting.

Overview

The focus over the six month period has been on embedding our new vision and operationalising our new strategy, launched in October 2015. We have made good progress in rolling these out across our operations in the different geographies, engaging employees to drive a common purpose and updating external stakeholders.

A number of strategic projects, designed to prepare PPC for growth, were successfully completed. The first of these involved reorganising the company structure to align resources, assets and mining rights with the appropriate legal entity to improve management processes and reporting.

In the last quarter of 2015, the board approved the change of the financial year-end from 30 September to 31 March. As the company has grown, the complexity and scope of work required to close its financial year-end processes has expanded and accordingly the new year-end is more practical.

Macro-environment

Global

According to the IMF the baseline projection for global growth in 2016 is a modest 3,2%, broadly in line with last year, but 0,2 percentage points below the January 2016 World Economic Outlook update. The recovery is expected to strengthen from 2017, driven primarily by developing economies, as conditions in stressed economies gradually start to normalise. But uncertainty has increased, and weaker growth scenarios are increasingly becoming more likely.

Adding to these headwinds are concerns about the global impact of unwinding prior excesses in China's economy as it transitions to a more balanced growth path after a decade of exceptional demand and investment growth. There are also signs of slower growth in other large emerging markets, particularly from falling commodity prices.

Africa

Africa's positive economic outlook is under pressure, mainly due to adverse changes in the global economy, and sub-Saharan Africa's growth is expected to remain just below 5% in 2016. As many countries in the region improve their investment climate and undertake macro-economic policy reforms, foreign direct investment flows are expected to continue growing, although at a slower pace (World Economic Forum).

Botswana's economic growth contracted by 0,3% in 2015 from 5,2% in 2014 (Budget speech 2015, Minister of Finance, Botswana) on poor commodity prices. While the mining sector was the main factor behind the country's economic slump, energy and water shortages also contributed to capping 2015's growth. Although electricity production showed signs of improvement in the fourth quarter of 2015, the current regional drought is challenging the country's capacity to supply water.

The economy of the Democratic Republic of the Congo (DRC) decelerated notably last year, although still relatively high at 7,7%. This was supported by positive developments in the mining sector, although weak global demand affected economic activity.

Ethiopia's economy continues to flourish as the government – with large-scale donor support – focuses on public infrastructure investment to transform the economic structure. Gross domestic product (GDP) expanded 10,2% in 2015 and available data for the first quarter of 2016 suggests the economy is on a solid footing as it is supported by private consumption and a growing service sector.

The African Economic Outlook reports that real GDP growth in Rwanda increased from 4,7% in 2013 to 7,0% in 2014, exceeding the programmed 6,0% and is projected to rise to 7,5% in 2016.

According to the World Bank Zimbabwe's outlook for 2016 remains difficult and growth is projected to remain around 1,5%. Growth has slowed sharply since 2012 as the impact of "dollarisation" ran its course, and the economy's vulnerability to climate including a severe drought in 2015, took effect. The real exchange rate overvaluation relative to the South African rand has caused a loss in competitiveness, as it has made imports cheaper than domestically produced goods and exports more expensive.

South Africa's economy grew by 1,3% in 2015, down from 1,5% in 2014 and 2,2% in 2013, according to estimates of real GDP by StatsSA. The main contributor to the slowdown was agriculture which contracted by 8,4% under severe drought conditions. This is the largest annual fall in agriculture production since 1995. Growth in manufacturing was marginal in 2015 at 0,1%.

Chairman's report continued

The inflation outlook remains pessimistic, despite lower oil prices, as persistent currency weakness takes its toll. The market expects an average inflation rate of 6,3% in 2016 and 6,5% in 2017. National Treasury, in its budget review for 2016, forecast the economy to expand 0,9% in 2016 and 1,7% in 2017.

Gross fixed capital formation, which is closely correlated to cement demand, expanded 0,3% amid depressed business confidence. Household consumption was muted as high unemployment and greater economic uncertainty dampened consumer confidence.

Increased infrastructure spend by government and the private sector has the potential to accelerate growth and provide the economic stimulus to restore longer-term growth objectives. Recent developments by government and business to work together to restore economic growth are very encouraging.

Macro-economic projections 2015 to 2018

% change	2015	**2016F**	2017F	2018F
Household consumption	1,6	**0,5**	1,0	2,1
Gross fixed capital formation	1,4	**1,3**	0,8	2,2
Exports	9,0	**3,0**	3,5	3,1
Imports	5,7	**3,0**	1,5	3,2
Real GDP growth	1,3	**0,4**	1,3	2,2
Consumer price inflation (CPI)	4,6	**6,9**	6,4	5,6
Current account balance (% of GDP)	(4,4)	**(4,2)**	(4,4)	(4,6)

Source: Bureau of Economic Research, March 2016.

Creating value

Our strategic aspiration is to exceed the expectations of all our stakeholders and through the value we create, make a significant contribution to building "an integrated and prosperous Africa".

This requires fundamentally changing our corporate culture while excelling at our strategic themes. Each strategic theme is underpinned by a set of key performance indicators (KPIs) that inform what we need to do, how value was created in the past and how it will be created in future. Monitoring these KPIs ensures we remain on track to achieve our strategic ambitions and continue to exceed the expectations of all our stakeholders while managing matters that are material to our sustainability. We classify material issues as matters with the greatest possible impact on our ability to deliver on our strategy.

Our pursuit of value encompasses providing sustainable total returns, remaining relevant in the societies in which we operate, being cognisant of our impact on the environment and its impact on our business.

Performance

PPC's results are becoming more resilient due to its diverse portfolio of assets. This has served the company well in the face of depressed economic growth, reaffirming our strategy.

Group cement volumes declined only 1% despite double-digit volume declines in Zimbabwe and Botswana. These declines were offset by an improved performance in South Africa and the ramp-up of our Rwandan operation, CIMERWA. Volumes in our newly consolidated materials business also reflected the benefits of a diverse portfolio, with lower volumes in the lime business being offset by higher volumes in the aggregates and readymix businesses.

Group revenue for the period declined by only 1% to R4 501 million (2015: R4 541 million). The company's profit improvement programme has already made a significant contribution to containing costs (page 32). Management has done a sterling job in ensuring that administrative and operating expenses in the period actually reduced by 12% to R489 million (2015: R554 million). Reducing costs in an environment where inflationary pressures are rising is a notable achievement. In addition, to support earnings, the company sold non-core assets which added over R100 million to the bottom line. The combination of these factors has led to earnings per share rising 35% to 70 cents (2015: 52 cents).

Safety remains a material matter to our business which we manage diligently. Regrettably we recorded two fatalities, one at our plant in Slurry, North West (October 2015) and the second at PPC Aggregates (March 2016) in Gauteng. The company strives for the highest level of safety standards and these fatalities were both disappointing and sad. Our condolences are extended to families, friends and colleagues.

The dumping of imports is a significant matter we continue to monitor. The imposition of anti-dumping duties by the International Trade Administration Commission of South Africa (ITAC) in December 2015 has significantly reduced the volumes of cement imported from or originating in Pakistan.

Our vision requires that we more than double our business every 10 years and, for us, the African continent remains our key focus. In this period, we made some progress in further penetrating African markets, with revenue from outside South

Africa now 30% (2015: 28%) of total group revenue. In line with our new vision and strategy, management has also established a commercial division to actively pursue opportunities that will ensure we achieve our ambitious aspirations and goals.

Governance

Changes to the board and committees

The company held its annual general meeting on 25 January 2016.

Bheki Sibiya, who had served as chairman of the board since November 2008, did not offer himself for re-election and accordingly retired from the board. In line with his retirement, his alternate, Zibusiso Kganyago, also retired at the AGM after serving since October 2007.

Peter Malungani, a non-executive director since February 2009, also elected not to stand for re-election at the AGM and accordingly retired from the board.

The board thanks these directors for their dedicated service and valuable contribution to the board during their respective tenures. Their input and involvement often extended beyond the ordinary call of duty and at great personal expense, for which the board is most grateful. Special thanks must go to Bheki Sibiya. While PPC achieved a number of key milestones under his stewardship, most notably he ensured board continuity and the preservation of corporate expertise during a challenging phase in our recent history.

Salukazi Dakile-Hlongwane was elected a non-executive director of the board. Her biographical details appear on page 20. The board welcomes her and looks forward to her input and contribution.

I was appointed interim chair on 30 March 2016.

In April 2016, PPC announced changes to its board committees:

- Peter Nelson – appointed as interim chairman
- Todd Moyo – chairman of the remuneration committee
- Charles Naude – chairman of the investment committee
- Peter Nelson – member of the investment committee
- Salukazi Dakile-Hlongwane – member of the social, ethics and transformation committee
- Peter Nelson – chairman of the nominations committee.

Compliance and regulatory

The leniency agreement between PPC and the Competition Commission concluded in 2009 remains intact and we continue to cooperate fully with the Commission.

Rights issue

The proposed rights issue is well progressed and the company is both pleased with, and appreciative of the support of its shareholders who overwhelmingly supported the necessary resolutions. The recapitalised balance sheet and the reduced debt will be a large step towards a more conservative debt structure following the recent phase of expansionary investments and capital expenditure which were debt financed. The successful delivery of these projects will receive focused attention over the next few years as the company strives to achieve planned returns, reduce business risk and adjust to the changes to the construction sector.

Black economic empowerment (BEE)

The company is seeking to unwind BEE 1 in a mutually beneficial manner which recognises the contributions of our BEE partners and facilitates the next phase (BEE 3) in a constructive and compliant manner. This project is well under way and will be completed in the new financial year.

Dividends

In this period no dividend is recommended.

A strong, resilient African major

Achieving our vision of more than doubling our business every 10 years requires a significant shift in our business approach and organisational culture. We have a deliberate approach to navigating the current economic landscape by driving cost efficiencies, leveraging our capabilities to achieve operational excellence and completing our sizeable projects.

With a view to the long term, we are equally deliberate about getting the company future ready to partner with and enable economies across Africa achieve their growth imperatives. Our vision is to be an African major, playing a similar pioneering role on the continent as we have done for 124 years in South Africa; building a strong and resilient company, able to exceed the expectations of all our stakeholders sustainably.

Appreciation

I thank our customers – you are the reason we have been in business for well over a century. Your continued patronage and loyalty confirms that we have a portfolio of quality products that meet your expectations, consistently.

Our stakeholders and partners across our footprint are key to our business, and we thank you for the value you add to our business.

The review period was a short one, adding much pressure to a company already undergoing significant transformation. On behalf of the board, I acknowledge Team PPC – the executive team, ably led by Darryll Castle, our management teams and employees – and thank them for their dedication and resilience.

My gratitude goes to my fellow directors, chairs of our board committees, and the board members of our subsidiary companies for support over the period and their leadership and commitment to building a successful and diverse pan-African building materials company.

Peter Nelson
Interim chairman
12 September 2016

Material issues

Evaluating our strategic objectives, stakeholder engagement and comprehensive risk assessments, we have identified material issues our stakeholders need to consider.

Determining materiality is a comprehensive process that combines risk identification and assessment with strategic objectives, stakeholder feedback, market conditions and our own performance to prioritise issues that are key to our sustainability now and in the near future.

A continuous cycle of inputs, evaluation and prioritisation from divisional, operational, executive and board assessments is used in determining our most material issues. See our risk section on page 85.

Material issues	Strategic pillar and response strategy
Group capital structure Balance sheet weakness due to project debt, concurrent with falling profit margins in existing operations Risk ranking:	**Doubling our business every 10 years** – Maintain committed facilities – Maintain good relationships with ratings agencies and provide detailed information to assist in reviews – Raise capital by means of a rights issue – Restructure our BEE partnerships
Failure to maintain profit margins and volumes Intense competitor activity due to new entrants and imports, leading to falling selling prices and volumes Risk ranking:	**Excellence in all that we do** **Innovation** – Operationally plan to be lowest-cost producer – Profit improvement programme to deliver sustainable long-term value creation – Focus on using our most thermally efficient equipment to remain competitive – Increased focus on customer service and technical solutions – Government liaison to prevent dumping activity
A major investment not achieving expected business case returns Investments in the rest of Africa carry sovereign, operational and financial risks Risk ranking:	**Taking a strategic approach** – Increase understanding of the drivers, risks and trends in each of our operating regions – Operational readiness plans are developed to ramp up operations with increased emphasis on sales, marketing and route-to-market strategies – Continue to strengthen relationships with relevant government authorities and in-country equity partners – Regular risk assessments and reviews to mitigate forecast risks, impairment of assets and any challenges in repatriating funds
Stagnant SADC economy and political uncertainty in our operating regions Slowing regional SADC growth in the face of increased cement capacity Risk ranking:	**Provider of materials and solutions** – Materials business division established to capitalise on adjacent and transformational business opportunities – Deepening channel management strategies to better leverage PPC subsidiaries – Increase revenue generation by diversifying PPC's footprint into other African economies
New imports into PPC markets Cement imports continue to trade in South Africa, the DRC, Rwanda and Zimbabwe Risk ranking:	**Innovation** – Monitor incoming imports and ensure regulatory compliance is adhered to – Continue to engage with government entities on anti-dumping duties – Continue to ensure PPC delivers high-quality, value-for-money products
Undervalued share price Inherent value of PPC not reflected in current valuations, hindering our ability to fund growth and execute strategy Risk ranking:	**Excellence in all that we do** – Continue to ensure comprehensive reporting of progress against strategy – Effective delivery of projects to demonstrate ability to execute complex and multidimensional projects – Improve transparency of information to enhance ability to conduct valuations on PPC

Material issues	Strategic pillar and response strategy
Lack of required local skills in some jurisdictions to effectively support our strategic and operational needs Lack of required cement industry experience in some geographies, coupled with challenges in recruiting for remote rural locations Risk ranking:	**People and culture** – Training facilities and programmes to develop local skills – Group mentoring and coaching of team members – Effective recruitment and retention policies – Talent management and career pipelines to focus on critical skills – Strengthen PPC's internal talent pool
Serious health and safety incidents Increased risk as team members travel across the continent as well as increased risk of serious health and safety breaches during project construction and operational ramp-up stages Risk ranking:	**Excellence in all that we do** – Continually improve health and safety standards – Special focus on projects and newly commissioned operations to develop a safety-aware workforce and healthy work environment – Continue frequent health and safety risk assessments, inspections and compliance audits – Repatriate staff if political or health and safety situations deteriorate
Risk of administrative and/or control deficiencies in new business environments Increased complexity due to expanding operations operating in a number of diverse geographies Risk ranking:	**Excellence in all that we do** **People and culture** – Ensure appointment of appropriate personnel across all jurisdictions – Implement PPC standards and procedures for all projects at inception – Introduce sound system-integration processes – Monitor and understand changes in legal, accounting and taxation regimes
Detrimental effect of changes in legislative environments Changing compliance, taxation, environmental and other regulatory requirements often affect profitability Risk ranking:	**Taking a strategic approach** – Ensure an effective compliance function is in place – Improve relationships with governments to better understand policy direction – Lobby industry and state bodies to ensure regulatory environment is congruent with a competitive manufacturing industry

	Impact/consequence				
Likelihood	1 Negligible	2 Marginal	3 Serious	4 Critical	5 Catastrophic
5 Almost certain	L	M			VH
4 Likely	L	M		H	VH
3 Moderate	L	M	M		
2 Unlikely	L	M	M	H	H
1 Rare	L	L	M	M	H

Risk level	L – Low	M – Medium	H – High	VH – Very high
Guidelines for risk matrix	Monitor and manage as appropriate	Actively manage	Escalate to exco. Proactively manage	Escalate to board. Eliminate, avoid, implement specific actions, plans/procedures to manage and monitor

Risk descriptions

- Group capital structure
- Failure to maintain profit margin and volumes
- A major investment not achieving expected business case returns
- Stagnant SADC economy and political uncertainty in our operating regions
- New imports into PPC markets
- Undervalued share price
- Lack of required local skills in some jurisdictions to effectively support our strategic and operational needs
- Serious health and safety incidents
- Risk of administrative and/or control deficiencies in new business environments
- Detrimental effect of changes in legislative environments

Leadership

Our board

Board committees:

Remuneration
Nominations
Investment
Audit
Risk and compliance
Social, ethics and transformation

Peter Gill Nelson (62)
Independent non-executive director
Appointed interim chairman March 2016
Nominations (chair), remuneration and investment
Appointed January 2015
BCom (Rhodes), BCompt (Hons) (Unisa), CA(SA)

Peter's experience covers manufacturing, mining, telecommunications, healthcare, leisure, property, packaging and the motor industry in listed and private entities in South Africa, the United Kingdom, Zimbabwe and Nigeria. He has served as CFO on several boards including Telkom, Netcare, PPC and Mondi and has extensive operational and corporate finance experience.

Darryll John Castle (47)
Chief executive officer
Risk and compliance
Appointed January 2015
BSc (civil), BCom, MBA, CFA

Darryll has a broad range of skills in corporate management, fund management, financial analysis, mining and engineering. He has extensive experience in the mining industry and served as CEO of Trafigura Mining Group and Anvil Mining Limited (listed on the Toronto and Australian stock exchanges), as well as chief operations officer at Metorex Group Limited. He has first-hand knowledge of various countries in Africa and emerging markets as well as deep relationships built over the years.

Mmakeaya Magoro Tryphosa Ramano (45)
Chief financial officer
Appointed August 2011
CA(SA)

Tryphosa was CEO of WIP International (a subsidiary of WIPHOLD focused on African expansion). She also served as CFO of SAA, and prior to that, she was requested to join National Treasury, where she set up a business unit with financial oversight of state-owned entities. As chief director of this unit, she was instrumental in listing Telkom on the Johannesburg and New York stock exchanges. Her diverse professional development includes financial and strategic planning, corporate governance reform, industry analysis and corporate restructuring.

Salukazi Dakile-Hlongwane (66)
Independent non-executive director
Social, ethics and transformation
Appointed January 2016
BA (economics and statistics) (National University of Lesotho), MA (development economics) (Williams College, Massachusetts, USA)

Salukazi is non-executive chairman of Nozala Investments Pty Limited, a broad-based women-owned and controlled empowerment company she co-founded in 1996. Her career experience includes senior roles at Lesotho National Development Corporation, African Development Bank where she worked closely with government officials of several African countries, FirstCorp Merchant Bank and BoE Specialised Finance. She is a non-executive director of Nozala investee companies and a director of MultiChoice South Africa Holdings Pty Limited and MultiChoice South Africa Pty Limited. She is also a trustee of Nozala Trust and Chancellor House Trust.

Nicky Goldin (46)
Independent non-executive director
Remuneration and investment
Appointed January 2015
BCom (Hons) (University of the Witwatersrand), MBA (University of Illinois)

Nicky is presently a strategy and investment consultant to the Yellowwoods Group. She has global experience having worked in Africa, Australia and the United States in strategy development and execution; business development; corporate finance and investment banking (debt and capital raising), primarily focusing on the natural resources and financial services industry sectors. She has held senior positions at Deloitte Consulting, BHP Billiton, Anglo American, Standard Bank and ANZ Bank (Australia).

Timothy Leaf-Wright (63)
Independent non-executive director
Risk and compliance, social, ethics and transformation, and investment
Appointed January 2015
Chartered Institute of Secretaries (Natal Technikon)

Timothy's career with Nampak Limited spanned 41 years prior to early retirement in 2014. In this time his senior positions included group export manager and business development director (rest of Africa). During the last 11 years, he was seconded to Mozambique, Nigeria and Angola to spearhead negotiations and subsequently construction and managing of both brown and greenfields plants in those countries.

Tito Mboweni (57)

Independent non-executive director

Social, ethics and transformation (chair), and nomination

Appointed January 2015

BA (National University of Lesotho), MA development economics (University of East Anglia), diploma in international business diplomacy (Georgetown University), CD(SA)

Tito is chairman of Nampak Limited, Sacoil Holdings and Accelerate Property Fund. He also holds other directorships. In an academic, political and business career spanning three decades, he has gained considerable expertise and experience in the fields of economic and political analysis, macro-level economy strategy, finance, labour relations and public policy.

Sydney Knox Mhlarhi (43)

Non-executive director

Remuneration and investment

Appointed March 2012

BCom, BAcc (University of the Witwatersrand), CA(SA)

Sydney serves on the board as a representative of the PPC consortium of strategic black partners. He is a founder and director of Tamela Holdings Pty Limited, an investment holding and corporate finance advisory company. His senior positions in the investment banking sector include divisional director of Standard Bank and chief investment officer of Makalani Holdings. He completed his articles at Ernst & Young in 1997 and is a member of the South African Institute of Chartered Accountants' education and examinations committee. He is a non-executive director of Assore Limited.

Bridgette Modise (49)

Independent non-executive director

Risk and compliance (chair) and audit

Appointed December 2010

BCompt (Hons), CTA, CA(SA), CIMA, management development programmes

Bridgette was director at KPMG for 10 years, focusing on internal and external audit, risk management and consulting. Prior to that, she was a partner at KMMT, an audit and consulting firm. She is currently the CEO of Sugarberry Trading and chairperson of Kutira Capital, an investment holding company. She is a non-executive director of Nestlife Assurance Limited, Tellabs South Africa Pty Limited and Finesse Global Ventures.

Todd Moyo (58)

Independent non-executive director

Remuneration (chair), audit and nominations

Appointed November 2013

BAcc (Hons) (University of Zimbabwe), CA(Z), CA(SA), RPA(Z), MCSZ

Todd is chairman of PPC Zimbabwe Ltd. He is a member of both the Institute of Chartered Accountants in Zimbabwe and the South African Institute of Chartered Accountants and has attended a number of executive development programmes. His experience spans several economic sectors and disciplines including production, sales and marketing and information technology. Todd is chairman and CEO of healthcare company Datlabs (Pvt) Ltd and chairman of National Foods Holdings Ltd, both based in Zimbabwe. He sits on a number of boards in listed and unlisted companies. He participates in a number of charitable trusts and committees in the education, medical and civic arenas and has been involved in the activities of professional associations and industry bodies.

Charles Naude (61)

Independent non-executive director

Investment (chair), remuneration, risk and compliance

Appointed January 2015

BSc (geology, chemistry) (Hons) (University of Pretoria), MBL (Unisa)

Charles has been a self-employed derivatives trader for the past five years. Prior to that, he was CEO of AfriSam South Africa and chairman of Tanga Cement Company Limited in Tanzania. Collectively, he has 30 years' experience in all facets of the cement industry, including aggregates, readymix and lime.

Timothy Dacre Aird Ross (72)

Independent non-executive director

Audit (chair), risk and compliance and investment

Appointed July 2008

CA(SA)

Tim was a partner with Deloitte & Touché for 36 years, retiring in 2008. He led the Johannesburg audit practice and served on the executive as client service director as well as the board and remuneration committees. Tim was the lead/advisory partner for a number of multinational clients and headed the Deloitte & Touché World Cup 2010 initiative. He is a director and chairs the audit committees of Eqstra Holdings, Adcorp and Mpact. He is also a member of the risk committee of Eqstra and a member of the remuneration and nomination committee of Mpact.

Leadership continued

Group executive committee

Darryll Castle (47)
Chief executive officer
See page 20

Tryphosa Ramano (45)
Chief financial officer
See page 20

Happy-Girl Nonhlanhla Buthelezi* (43)
Executive head: business development (international)
Appointed to exco: October 2013
BCom (University of Natal), postgraduate in management accounting (University of Natal), MBA (UCT Graduate School of Business), diploma in tax (ICIE)

Happy-Girl joined PPC in October 2013 and is responsible for leading execution of its expansion strategy outside South Africa. She has over 15 years' experience in Africa business development, having been part of teams and led various projects in developing and executing multi-billion rand infrastructure investments, advising governments on privatisation transactions, public-private partnerships, and issuing concessions. She has previously supported private-sector clients on greenfields transactions and licences and concessions bids.

* Resigned effective 31 July 2016.

Neil Caldwell (50)
Executive: commercial
Appointed to exco: February 2016
BSc (mechanical), MBA (University of Cape Town), BProc (University of South Africa)

Neil has over 20 years of experience in the manufacturing and mining industries. Starting his career in engineering, he has since held various management and specialist roles. He joined PPC from Trafigura, where he was the GM development – mining group. Prior to that, he worked for Anvil Mining and MMG with a focus on activities in the DRC and spent eight years at Nampak from 1998 to 2006.

Johannes Theodorus Claassen (57)
Managing director PPC Cement RSA
Appointed to exco: January 2013
BEng (University of Stellenbosch), EDP (Wits Business School)

Johan is a professional engineer who joined PPC in 1989 and has served as executive: cement operations, executive: lime and other senior and general management roles across the cement and lime divisions. He was previously employed by the Department of Water Affairs, progressing to regional engineer.

Everhardus Johannes (Hardie) de Beer (51)
Executive: technical
Appointed to exco: March 2016
BEng (mechanical), MBL (University of South Africa)

Hardie is a professional engineer who joined PPC in 1996. He has served PPC in a number of key positions including engineering manager, general manager, head of technical and as an executive in operations and technical for PPC's international operations.

Njombo Lekula (48)
Managing director PPC International
Appointed to exco: November 2015
National diploma chemical engineering (Vaal University of Technology), MBA (University of Stellenbosch)

Njombo is a chemical engineer who joined PPC in 1990 and has been in several roles in the cement operations side, including general management. He was previously executive of group services where he headed the technical, projects, procurement and supply chain divisions. Prior to his current appointment, he was seconded to PPC Zimbabwe in May 2013 as managing director.

Azola Cubekile Lowan (36)

Executive: strategy and communications

Appointed to exco: August 2013

MBusSci (UCT), CFA

Azola heads up PPC's strategy, investor relations and communications departments. She was awarded the 2015 Top Young Achiever at the Standard Bank Top Women awards. Azola has experience in investment management as well as economics, having headed economic strategy and research units at various asset management and actuarial consulting firms. Her most recent position was in the financial analytics team at Absa.

Kgomotso Molefe (44)

Chief information officer

Appointed to exco: January 2014

BSc computer science (Hons) (University of the Witwatersrand)

Kgomotso started his career in business management consulting, focusing on process and technology aspects in telecommunications, utilities, government and financial services. He also worked for a multinational software development company focused on enterprise strategy consulting and software developments. At a major managed-services company in South Africa, he focused on service design and service delivery management before joining PPC.

Ndivhu Nepfumbada (45)

Group human resources executive

Appointed to exco: February 2016

BSocSc psychology and sociology (University of Natal), postgraduate diploma human resources (University of the Witwatersrand)

Ndivhu has over 24 years' experience in human resources. She was country HR manager and executive director at Shell South Africa, head of organisational transformation for the Nedbank group and HR director for Cummins Diesel.

Rob Rein (40)

Executive: sales and marketing

Appointed to exco: February 2015

BCom accounting (University of Pretoria)

Rob joined PPC in February 2015 on secondment from Safika Cement and he is responsible for group sales and marketing. He joined the Safika Cement sales department in 1998 and became a director and shareholder of Safika Cement.

Jacobus Hendrik De La Rey Snyman (49)

Executive: secretarial and legal, PPC company secretary

Appointed to exco: January 2008

BA, LLB, LLM (University of Johannesburg), MBA (University of the North West)

Jaco is an Attorney of the High Court of South Africa. He started his career as a practicing attorney and, after a short stint as lecturer at a university, was appointed as a group legal adviser by Absa. He was responsible for corporate governance in the Absa group prior to joining PPC in 2007. He currently oversees the legal, compliance, risk and procurement departments at head office. He is also the group company secretary.

Phuti Semenya (40)

Chief audit executive*

Appointed to exco: May 2012

CA(SA), CIA, certified control self-assessor (CCSA), certificate in advanced banking law (cum laude)

Phuti spent four years in external audit management before assuming an executive finance role with a medium-sized printing company. He then moved into internal audit and covered two leading financial institutions before entering the forensic audit field.

*Attends as observer only.

Aerial view of Green Point Stadium in Cape Town

South Africa

Scaffolding, construction site, SA

Concrete pipes for sewage treatment plant

Construction work SA

Stakeholder engagement

Customers

Why we engage
- To remain competitive
- Determine customer satisfaction
- Obtain insights on new requirements, trends and competition
- Retain customers
- Attract new customers
- Build strong brand affinity and preference, ensuring PPC is the cement brand of choice
- Identify opportunities for growth and creating value

Who is included
- Retailers
- Blenders
- Concrete product manufacturers
- Readymix concrete suppliers
- Contractors
- Individual customers

How we engage
- Independent customer satisfaction surveys
- Social, online and mobile media
- Interaction in store during brand promotions
- Site and store visits by sales team Industry conferences and retail events
- Technical support hotline and training events

Issues raised
- Value for money
- Highly price sensitive
- More technical support in the construction market
- Broader product offering and solutions
- In-store promotions to highlight benefits of Surebuild, a premium general purpose cement

Actions
- Launched IDM premixes in bags for retail market – concrete, mortar and plaster
- Started IDM migration to PPC; now 50% endorsed by PPC and marketed under PPC
- Optimised composition of IDM product

Next steps
- Continue to increase range of products and solutions to cover other customer segment needs
- The strong PPC brand will be leveraged across our product portfolio, making it easier to cross-sell. The products of acquired businesses – Pronto and Ulula – will be PPC endorsed
- Improve products through innovation

Employees

Why we engage
- Employees are integral to our performance and the sustainability of our company
- To drive strong health and safety culture

Who is included
Employees from:
- Head office
- Factories and sites
- Safika
- Pronto Readymix
- International operations
- Sales offices

How we engage
- Factory Invocoms and key leader meetings
- Key leader summits
- Intranet, newsletters, presentations and briefings
- CEO town hall sessions
- Employment equity and skills development committees
- Annual functions (Diamond awards and site awards)
- Management roadshows/live internet broadcast
- Internal staff surveys
- Climate surveys
- Factory safety and environmental meetings
- Union committee meetings
- Women's Forum
- Group meetings
- Monthly health and safety representative meetings
- Lunch time talks

Issues raised
- Quality of life
- Job security
- Corporate social transformation
- Behaviour and conduct of employees
- Working environment
- Succession management
- Career path planning, learning and development
- Remuneration and benefits
- Housing

Actions
- Improve adherence to safety standards and rules
- Ongoing communication on employee value proposition
- Retention of key/critical skills
- Develop integrated talent and succession management
- Eight bursaries awarded to children of staff
- 73 housing transactions completed to date

Next steps
- Implement more internships as a way to give back to the community
- Extend employee housing initiative
- Effective change management
- Full implementation of PPC minimum standards
- Full implementation of health standards at all operations
- PPC safety system appropriately adapted to dynamics of each operating entity

Shareholders/investors

Why we engage
- Owners need regular and accurate information on PPC's performance and strategy
- Comprehensive and transparent reporting enhances ability to conduct valuations on PPC

Who is included
- Shareholders
- Buy-side analysts, fund managers
- Sell-side analysts
- Banks
- Minorities/subsidiary boards

How we engage
- SENS announcements
- Presentations
- Roadshows
- Annual and interim results
- Site visits
- Annual general meeting
- Corporate website and videos
- Integrated report

Issues raised
- Company performance
- Debt covenants
- Restructuring BEE debt
- Share price performance
- Competitor activity
- Delivering international projects' business plans
- Corporate governance
- Slow economic growth in sub-Saharan Africa
- Rating agencies' possible downgrades

Actions
- Negotiations completed with banks and debt covenants revised
- BEE debt will mature in December 2016
- Increasingly transparent reporting
- Delivered Rwandan project within budget
- De Hoek investor site visit
- Remuneration committee roadshows
- Chairman, CEO and CFO videos for integrated report available on the PPC website

Next steps
- Continuously improving disclosure
- Increase engagement with analysts, shareholders and fund managers
- Local and international site visits
- Increase use of digital investor relations initiatives
- Capital raise process

Communities and NGOs

Why we engage
- Understand community needs, communicate PPC's corporate social investment (CSI) policy and strategy

Who is included
- Community forums including NGOs
- Stakeholders from our projects

How we engage
- Public forums
- Meetings
- Internet
- Community engagement forum meetings

Issues raised
- Sustainable funding for NGOs
- CSI spend not aligned to areas of operations
- Impacts are not profound in areas of operations

Actions
- Identifying strategic partnership opportunities with NGOs and other companies in operating areas
- Developed an integrated CSI policy to align with business goals

Next steps
- Roll out CSI strategy internally and externally
- Workshop NGO on funding criteria

Government/regulators

Why we engage
- Mining licence approvals and conversions
- Identification of local economic development projects
- Approval of social and labour plans
- Reporting progress on mining charter targets
- Reporting progress on employment equity
- Keep communities informed about our environmental activities and performance
- Monitoring cement imports to ensure no dumping is taking place

Who is included
- Regular liaison with government departments at company level and through industry bodies
- Municipal councils
- Government and parastatals
- Embassies
- Environmental stakeholder forums
- International Trade Administration Commission (ITAC)
- South African Revenue Service (SARS)
- National Regulator of Compulsory Specifications (NRCS)
- Legal and consulting bodies

How we engage
- Conferences
- Working groups
- Meetings
- Stakeholder forums
- Participation in government public hearings and policy debates, written submissions (anti-dumping, carbon taxes)
- Regular meetings with departments to establish changes or progress with projects
- Site inspections
- Conferences
- Working groups
- Meetings
- Stakeholder forums
- Factory inspections
- Class-action submissions by different cement producers to ITAC

Issues raised
- Licence to operate
- Mining rights and scorecard
- Procurement progression
- Employment equity analysis
- Housing and living conditions
- Air quality and waste
- Health and safety compliance
- Water use licence amendment and applications
- Carbon tax
- Desired emission reduction outcomes
- Postponement application for emission compliance
- Environmental impact assessment appeal
- Sourcing pricing from Pakistan to prove dumping was challenging
- Anti-dumping was an extensive process which started in 2011

Actions
- Social and labour plans for 2013 to 2017 submitted
- Identified non-compliant suppliers
- All hostels converted to single or family quarters
- Submitted a portfolio skills plan
- Invest in efficient technology
- All health and safety elements reviewed and complied with
- Additional information required for Dwaalboom integrated water use licence
- Further engagement with Treasury on design of tax regime for cement sector
- Carbon budget numbers submitted to Department of Environmental Affairs
- Hired our own team of experts to source pricing from Pakistan to include in our submissions
- Interim anti-dumping duties on Pakistani cement were implemented in May 2015 and final anti-dumping duties in December 2015. This will be enforced for five years
- SARS is imposing duties on all Pakistani imports
- Engaging with quality assurance authorities on quality of imported cement

Next steps
- Further engagement on licence amendments
- Implement various environmental authorisation and licence requirements
- Meet licence conditions through continual improvement at our operations
- Seek approval for all new social and labour plans
- Alignment to revised dti BBBEE codes or other country-specific codes
- Continuously monitoring imports from Pakistan and other countries
- Engaging government bodies to introduce a general tariff on cement from all countries

Suppliers

Why we engage
- Build relationships that align with our business
- Actively promote partnerships with strategic suppliers
- Innovation and continuous improvement

Who is included
- Top 300 suppliers and greater focus on our strategic suppliers
- Providing targeted procurement opportunities to exempt micro-enterprises and qualifying small enterprises

How we engage
- PPC engages with strategic suppliers (representing around R975 million or 38% of the total procurement spend of R2,6 billion) annually through workshops
- Regular interaction throughout and after strategic sourcing processes
- Category managers and procurement officers continually monitor and manage commercial relationships with strategic suppliers to address delivery, quality, social, transformational (BBBEE), risk and environmental issues

Issues raised
- Transformation – suppliers must have 26% black ownership – duly approved transformation plans aligned to PPC's expectations
- Cost pressures
- Supplier performance
- Secure, transparent and stable relationships
- New legislation

Actions
- Better understanding of strategic suppliers' BBBEE transformation plans and incorporate these plans into service-level agreements
- Innovation
- Knowledge sharing
- PPC procurement portal incorporates potential vendors within a sound governance structure and offers assistance to potential and current suppliers in supplying goods and services to the group

Next steps
Focus on:
- Preferential procurement
- Enterprise development
- Supplier development
- Establish supplier relationship management across the business, moving beyond strategic spend categories

Media

Why we engage
- To provide context on our business in a transparent and credible way

Who is included
- Journalists across media categories and geographies
- Industry stakeholders

How we engage
- Media events
- Press releases
- Digital platforms (website, social media)
- Brand campaigns
- Sponsored events
- Media site visits

Issues raised
- New vision and strategy
- Company performance in a slowing economy with increasing competition
- Successful completion of major projects

Actions
- CIMERWA site visit
- Media launch of PPC Newlands naming rights
- Launch and activation of partnership with JP Duminy's JP21 Foundation
- Conference speaker opportunities (Totally Concrete, Nairobi; CemTech MEA, Dubai; 8th CemenTrade Summit, Kigali)
- Sponsored events (PPC Imaginarium; Addo trail run)
- Media interviews for key spokespeople

Next steps
- Manage our reputation in established PPC markets
- Build our reputation in new markets
- Provide updates on our strategic objectives and goals

Industry associations and academic institutions

Why we engage
- Identify relevant issues in the industry: present issues to government
- Support skills and economic development
- Align our strategy to future developments

Who is included
- Industry forums:
- Association of Cementitious Material Producers (ACMP)
- South African Readymix Association (SARMA)
- Aggregate & Sand Producers Association of Southern Africa (ASPASA)
- Concrete Society of Southern Africa (CSSA)
- Green Building Council of South Africa (GBCSA)
- South African National Standards (SANS) technical committee
- South African Road Pavement Forum
- Institute of Architects (Gauteng and Pretoria)
- PPC supports or sponsors a number of universities:
- UCT – research unit CoMSIRU R1,1 million under a THRIP partnership
- Stellenbosch University – sustainable infrastructure programme with school of engineering. Funding of R900 000 per annum
- Cape Peninsula University of Technology – research projects
- University of Johannesburg – fine arts and architecture public space and bench project

How we engage
- Industry forums: memberships and sponsorships and active participation in government engagements
- Imaginarium platform with design innovation in six disciplines (film, sculpture, design, jewellery, fashion and architecture)
- Cement and Concrete Cube web-based industry library and knowledge sharing
- FLIP programme (student visits to factories)
- Public lectures and knowledge sharing at industry events through presentations, workshops and exhibits
- Final-year student projects/master's dissertations as external examiners

Issues raised
- Need for skills development (technical/strategy)
- Government infrastructure spending has slowed
- Sustainability construction and infrastructure designed for the future
- Impact of climate change
- Environmental issues – durability of structures

Actions
- Expand our portfolio of services to customers by training them in cement and concrete technology
- In partnership with Department of Public Works and Murray & Roberts, we have trained small enterprises in brick-making to develop skills
- PPC presents certified professional development lectures
- Student engagements through FLIP programme
- Imaginarium-initiated arts platform for young designers to collaborate and learn

Next steps
- Concrete benches (public installations) at Nelson Mandela Children's Hospital
- Cool Capital Biennale 2016 and Venice Biennale
- Social projects to get the industry and community talking

Chief executive officer's report

Darryll Castle
Chief executive officer

Progress with our new strategy includes the acquisition of 3Q Mahuma Concrete, the largest independently owned readymix concrete supplier in southern Africa.

Being at the helm of a company that is evolving into a major player on the African continent has been invigorating. The theme of this integrated report is "strength in diversity"; this certainly captures the essence of the deep transformational change PPC has embarked on in recent years. Our fundamental DNA, being a trusted southern African cement player, is now evolving into a portfolio of lucrative assets across different countries in the continent and a deliberate move beyond cement into materials and other transformational businesses and solutions. Our new vision and strategy aptly capture this ambition, and we believe all our stakeholders will benefit from our increasingly diverse offering.

In October 2015, we launched our new vision and strategy to all PPC staff. This was crafted by 70 of our most senior managers and, once the PPC board had approved it, we launched it in an inspiring way to all staff. Since then, much work has been done to cascade this across our organisation. Relevant key performance indicators are being crafted to ensure we can measure the success of our strategy and incentivise all staff to work together towards achieving our goals.

We believe that our vision – to become a world-class provider of materials and solutions in the basic services sector, taking a strategic approach to more than doubling our business every 10 years – is achievable. Our initial focus is in Africa where research from various institutions confirms our belief that this continent will still require cement and related materials and solutions to meet growing demand for infrastructure. Research from the Mo Ibrahim Foundation suggests that, in the next 35 years, Africa will have to accommodate another 900 million new urban dwellers. This is significant given that the USA, Europe and Japan combined achieved this in the last 265 years. In addition, by 2050, Africa is expected to host nearly a quarter of the global urban population.

> The diverse portfolio effect of PPC's assets is evident in the variable performance achieved by different operating entities.

We have made some changes to our operating architecture to ensure we have the appropriate business model to deliver on our new vision and strategy. Two key changes include establishing a materials business division as well as a new commercial structure. The materials business is focused on expanding our product and service offering in the aggregates, readymix, fly ash, lime and related businesses. It will identify and capitalise on growth areas across our footprint in Africa. In July 2016, we concluded the acquisition of 3Q Mahuma Concrete, the largest independently owned readymix concrete supplier in southern Africa. The commercial division will create and entrench an increased commercial perspective to facilitate our ambitious move to become a world-class provider of materials and solutions. A dedicated project management office now operates in this division to ensure we realise our aspirations.

Performance outcomes

Our results in this period continue to reflect disciplined cost management in the face of headwinds in most operating geographies. We are particularly pleased by the continued success of our profit improvement programme (PIP) which is now well entrenched in PPC. In the review period, we generated an impressive R178 million from the PIP, largely on the back of improved cost efficiencies and strategic cost reductions. The success of this programme is evident in cost of sales only increasing 2% to R3 261 million (2015: R3 206 million) while administration and other operating expenditure actually declined by 12% to R489 million (2015: R554 million). This excellent cost performance also needs to be judged against the backdrop of rapidly raising producer and consumer inflation. In the absence of our PIP initiatives, our EBITDA performance could have been significantly lower. Our management teams are considering other ways to change our operating model to ensure sustained improvements in our revenue and cost performance in the medium term.

The diverse portfolio effect of PPC's assets is evident in the variable performance achieved by different operating entities. Volumes in our South African cement business were slightly positive for the period, in particular in the Western and Eastern Cape where we recorded solid double-digit volume growth. Our new product strategy and the imposition of import dumping duties supported growth in the coastal regions. Intense competitor activity in Gauteng and inland regions, however, affected overall performance. The Zimbabwean cement market was also under severe pressure during this period on the back of weakening in-country demand while volumes were under pressure in Botswana amid increased competitor activity. We are pleased to note that our Rwandan operation has sold over 120 000 tons of cement in the review period at the expected EBITDA margin. Our materials business has also benefited from the diverse portfolio effect as improvements in the aggregates and readymix divisions cushioned the weaker performance of the lime division.

Our business units have therefore produced a credible performance in a challenging environment. Specifically, our revenues ended in line with the previous reporting period at R4 501 million (2015: R4 541 million). Despite rising finance costs, as we no longer capitalise interest costs from our

Chief executive officer's report continued

Rwandan operations, we have benefited from the sale of non-core assets (generating over R100 million). Consequently profit attributable to PPC shareholders rose 35% to R369 million (2015: R274 million).

Covenants and empowerment transaction

As highlighted last year, discussions with our lenders ensured that our covenants are better aligned with our expansion imperatives. Our funders agreed to exclude non-recourse project finance from the definition of PPC's indebtedness and relaxed the debt to EBITDA covenant from 3,0 to 3,3 times. In this period, we achieved debt to EBITDA of 2,7 times, well within the stated levels.

We previously announced our intention to develop a solution to resolve our broad-based black economic empowerment (BBBEE) transaction. After much investigation, the company opted to allow BBBEE 1 to run its course and mature in December 2016. The maturity of BBBEE 1 will probably be EPS positive (as some R100 million in finance costs, which were not tax deductible, will no longer recur), but the necessary introduction of BBBEE 3 could negate this benefit. On maturity of BBBEE 1, cash of almost R1 billion is expected to be received by PPC to retire debt.

African projects progressing well

In August 2015, we officially opened our new 600 000 tpa plant at CIMERWA in Rwanda. The final project cost is US$165 million and most provisional acceptance test certificates were issued at the end of March 2016. Good progress has been made in meeting our operational business plan although limited export opportunities have disappointed. Despite this, we met our first principal instalment at the end of March 2016. We still believe our plant should reach full capacity over the next two years.

Our 1 mtpa plant in the Democratic Republic of the Congo (DRC) is now 83% complete, with all civil and structural work finished. Commissioning is still expected to start towards the end of calendar 2016, with cement ready for sale early in calendar 2017. Contingency utilisation is high in relation to the construction programme and could result in a 4% to 6% increase in the US$280 million capital estimate. We have identified potential start-up funding requirements that PPC might have to contribute between US$20 million and US$50 million. These will be reimbursed to PPC as inflows from operating profits.

The 700 000 tpa mill in Harare, Zimbabwe, is now 70% complete and on track for commissioning towards the end of calendar 2016. Operational readiness activities are under way with staffing, skills transfer, material and equipment plans being implemented accordingly.

The 1,4 mtpa plant in Ethiopia that will be completed at a capital cost of US$170 million to US$180 million is now 71% complete and on track for commissioning in the second calendar quarter of 2017. Both PPC and the Industrial Development Corporation (IDC) followed their rights in the first capital raising, with PPC investing a further US$5,1 million in March 2016. PPC's shareholding has risen to 35%. We remain optimistic about prospects for this project and its development plans, which include the opportunity to double production capacity.

We must, however, be cognisant that as we expand into new geographies across the continent, the complexity of our business increases significantly. As highlighted in our material issues, the risk of administrative and/or control deficiencies therefore rises. Ensuring appropriately skilled personnel across all jurisdictions and strengthening our oversight and compliance function becomes a key priority.

Safety and sustainability

We regretfully report two fatalities at our South African operations in the period. In October 2015, a contractor at Slurry (North West), was fatally injured in a conveyor belt tail-pulley incident. A PPC employee at Mooiplaas (Gauteng), was fatally struck by a front-end loader in March 2016. Our deepest condolences to the families, colleagues and friends affected by these fatalities. We continue to ensure all our people are safe in the workplace.

The global regulatory environment on climate-change mitigation is evolving. In South Africa, the government is developing carbon tax legislation, allocating carbon budgets and implementing other measures to transition to a lower-carbon economy. In line with this, PPC has made progress in reducing the carbon intensity of our cement. In the review period, the carbon intensity of finished cement decreased to 749 kg CO_2/ton (2015: 757 kg CO_2/ton). This reflects our mega-plant strategy where, regionally, the most thermally efficient kilns are prioritised to meet demand as well as Safika's continued integration into our cement business. Safika produces highly extended cements with very low carbon intensities.

The draft carbon tax bill was released for comment in November 2015. Salient features include the promulgation of the Carbon Tax Act 2017, which will come into operation on 1 January 2017. The proposed headline carbon tax of R120 per ton of carbon dioxide equivalent (CO_2e) has been maintained, but some adjustments have been made to allowances. Under the latest draft, this is now expected to be just below R120 million per annum.

Under the revised Department of Trade and Industry's BBBEE codes of good practice, PPC was rated a level 8 contributor in December 2015. We had anticipated this outcome and management has plans to improve our BBBEE score to level 4 over the next three years. This will enable our customers to claim back 100% of their spending with our group for their own preferential procurement points. To reach level 4, we will concentrate on improving our score in the categories of management control, skills development as well as enterprise and supplier development.

The group's remuneration policy, which includes non-financial measures such as safety, transformation and environmental compliance in the scorecard, successfully aligns staff to our key sustainability measures. However, in this period no short-term incentive was paid.

A housing support scheme was introduced in 2012 to assist over 300 PPC employees improve their living conditions. To date, 471 South African employees have enrolled in the programme and are being assisted to become homeowners. In total, 73 employees in our South African operations have moved into their new homes, upgraded an existing home or are awaiting title deeds before moving into their homes. Last year, we stated that we would introduce a similar housing initiative for our Zimbabwean operations in the 2016 financial year. Through this initiative, our Zimbabwean employees in lower grades are given preference to purchase their existing home or any company high-density house at our Bulawayo or Colleen Bawn sites. To date, over 100 employees have capitalised on this opportunity and we are currently finalising the individual homeownership transfer process.

The PPC Women's Forum, established in 2011, focuses on attracting, nurturing and advancing female talent to lead PPC. Against the forum's end-2016 objective of 30% female representation across all levels at PPC, we reached 24% in the review period.

We have also successfully realigned our organisational structure. This process, which we called Project Omega, became effective in April 2016 and is detailed on page 8.

Capital structure

Standard and Poor's (S&P) downgraded PPC's corporate credit rating to below investment grade due to liquidity and leverage concerns. The severity and timing of the ratings action was unexpected and compelled PPC to accelerate its capital raising plans and increase the quantum of the previously planned capital raise. This is now intended to be R4 billion as a sub-investment credit rating requires us to redeem our outstanding bonds.

Looking ahead to 2017

PPC is under no illusion about the challenging domestic market conditions we expect to encounter in the remainder of calendar 2016. These include a competitive landscape and difficult economic climate. However, we are better equipped to manage these effectively. Our change management programme is expected to deliver additional financial and non-financial benefits. We are also confident of delivering our remaining projects on time and within budget.

I thank my fellow board members, the executive committee, and Team PPC for their continued focus and energy during the review period. Our customers, shareholders and other stakeholders remain critical to our success and we are grateful for their support.

Darryll Castle
Chief executive officer
12 September 2016

PPC's change programme

PPC embarked on its change management programme, #IGNITE in mid-2015. This umbrella project focuses on providing the strategy, plans and leadership needed to transform PPC into more than just a cement company through five focus areas:

- Leadership effectiveness
- Strategy alignment
- Profit improvement
- Delivering a "PPC one-team" culture
- Talent and performance management.

Leadership alignment

We developed a leadership model appropriate to the reality of the business and suited to our strategic thrusts of innovation, being world-class and more competitive. The leadership framework was developed by executives, senior managers and input from a specially selected team of "igniters" spanning operations and support business units. The model was translated into a 360° instrument and administered to the top management team, with detailed reports and development plans in the latter part of the year. We will continue to review the model.

Strategy alignment

The project has developed clear and coherent corporate, business unit and divisional strategies. These were developed in-house in a top-down/bottom-up way and are currently being implemented.

The strategies and plans were presented to the board in the third quarter of 2015 and to the rest of the business in an interactive and learning-oriented medium later in the year. The plans are reviewed each quarter and we believe will result in PPC evolving into a provider of an innovative building solutions and materials provider in South Africa and the rest of Africa.

The strategy and business plans are being executed by a skilled and aligned team within a performance-based culture. Each team member delivers against carefully designed key performance indicators (KPIs) which are reviewed each quarter. Reviews include space for reflection, learning and agreeing on new and innovative ways of working.

Profit improvement programme

The programme is designed to:

- Deliver short-term reliable results
- Drive cultural and behavioural change
- Support strategic positioning of businesses in the group
- Deliver sustainable solutions for long-term value creation

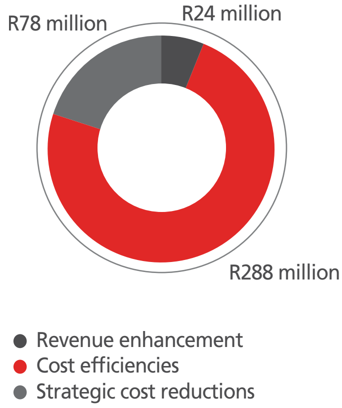
The R400 million profit improvement programme (PIP) concept was introduced to stakeholders in May 2015. In our first reporting period, we recorded R212 million in savings. Momentum was maintained in the second reporting phase, with additional savings of R178 million. This brings total savings to date to R390 million which comprises cost efficiencies of R288 million, cost reduction of R78 million and revenue enhancement of R24 million.

To ensure the integrity of PIP, we included an internal audit component for objective assurance and independent insight into its results.

We believe the success of the programme to date has been in mobilising employees from various parts of the business to manage the process. While there have been tangible monetary benefits, the positive cultural shift has been marked. This is key to the sustainability of the programme.

PPC continues to reward contributions made by employees to the programme. A monthly non-financial reward system has been in place from the start while related KPIs are reflected in all employee performance scorecards.

PROFIT IMPROVEMENT R390 MILLION



A PPC one-team culture

The executive committee recognised the importance of galvanising the business, a process that began by reviewing our values, guiding principles and practices. We implemented monthly operational, support and business reviews to track progress, to facilitate knowledge sharing, change, transparency and, equally important, to communicate our priorities. These forums are complemented by monthly engagement and communication sessions. We also use the forums to recognise individuals and teams who have contributed to changing the culture of Team PPC.

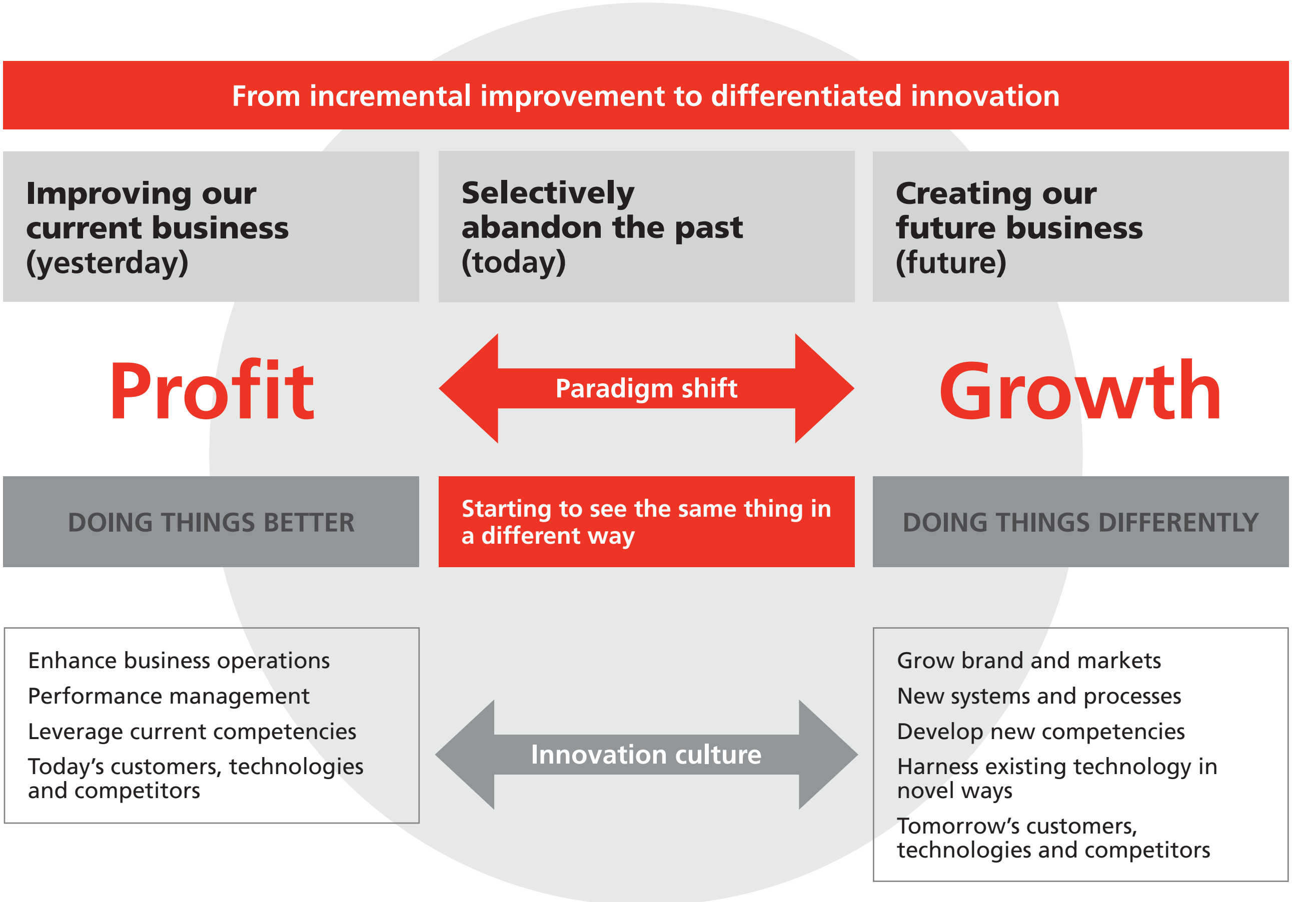
Talent management

Two company-wide talent boards were held in the year where all executives, senior and middle managers' talents and skills are scrutinised and discussed. These sessions identified talent that is not yet fully leveraged while identifying gaps in our development programmes.

Innovation

Innovation is one of PPC's five strategic pillars that will contribute to our economic, organisational and individual success, and a key driver of business competitiveness and growth. One of our key focus areas is building our innovation culture by extending a historical focus on incremental improvement for improved profit, to differentiated innovation. We will do things differently to drive growth and sustainability. Differentiated innovation is characterised by medium-scale changes with low to medium risk across business sectors.

Our innovation strategy will create an environment that encourages creative and non-linear ideas and systematically transforms these ideas, knowledge and unique connections through collaboration into profit. We see innovation as a tangible, effective and sustainable activity with the potential to deliver on key strategic objectives.



Innovation continued

Investment and growth

Innovation metrics have been developed to ensure we measure both input and outcomes to achieve our objectives. We have committed financial resources for training and the commercialisation or implementation of ideas.

Organisational capability and innovation culture

Sustainable innovation requires that we embed a culture of innovation based on transparency, increased risk tolerance and collaboration. To build innovation capability, a series of creativity and idea-generation workshops were held to stimulate creativity inside PPC and create opportunities to innovatively solve challenging issues. The portfolio of opportunities will be managed as a pipeline to transform ideas into profit or organisational value.

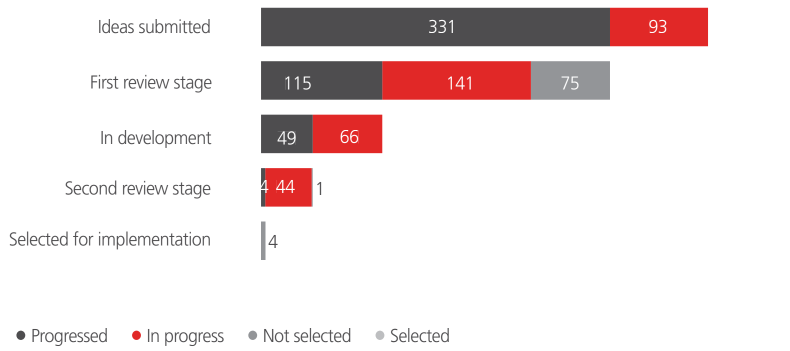
To build our innovation capability, PPC implemented a best practice web-based idea management system – **PPC Innov8** – to encourage a bottom-up flow of ideas, ensure continuous feedback and remove barriers to implementation. The system democratises the process through social participation where ideas can be submitted, commented on and voted for. The social aspect enhances inclusiveness, collaboration and knowledge sharing. A formal process of review and feedback identifies ideas with potential for further development and implementation. Ideas are stimulated by challenges that are issue-based or have site-specific goals. These challenges have rewards and recognition programmes. They are managed in a business-integrated approach to build a culture of everyday innovation.

Future capability-building plans include idea development and collaboration with customers, suppliers and partners using focused challenges. As an example, the PPC Imaginarium (page 123) is an innovation platform that uses creativity and design to explore alternative uses for cement and concrete. PPC has also completed two pilot studies with international technology scouts to evaluate the potential for outward-in innovation.

Leadership

PPC's innovation leadership capability was benchmarked using the *Innovation Leadometer* from the Research Institute for Innovation and Sustainability. This assessment tool uses an organisational dynamics framework to assess the dimensions and determinants of success in a 360° approach, generating individual innovation leadership profiles as well as organisational benchmark indices. The survey highlighted our strengths in implementation and development of innovative solutions, but that our ability to coordinate, communicate and organise knowledge was an area for development. Organisational support for innovation through leadership support will be driven by performance metrics on scorecards. The results of the assessment were used to plan future capability-building initiatives.

INNOV8 IDEAS (OCTOBER 2015 to MARCH 2016)



Case study: **Innovative bag designs**

Pre-packaged cement is sold in 50 kg paper bags which have to conform to the compulsory cement standard. This resulted in a large number of bag designs, each specific to the cement product, type and manufacturing site. Bags were not interchangeable, and product changes or marketing initiatives required changes to all bag designs at great cost. A simple solution was developed to accommodate a number of different products and manufacturing sites using a common bag design. Fewer bag designs reduce the cost of design changes and require less management time. This innovative approach also reduced bag inventories and lowered the risk of obsolescence or stock-outs.

Business model

Our business model aims to **create value** for all our stakeholders in order for us to make a significant contribution to building "an integrated and prosperous Africa" through extracting natural resources and manufacturing material solutions. Our pursuit

Inputs

Financial capital

- Total assets = **R16,4 billion**
- Net working capital = **R1 119 million**
- Total borrowings = **R9,2 billion**
- Total equity = **R3,6 billion**
- Finance costs = **R350 million**
- Reinvestment in the group to maintain and develop operations = **R620 million**
- Economic climate
- Exchange rate fluctuations
- Government regulation
- Tough operating environment
- Project Omega

Manufactured capital

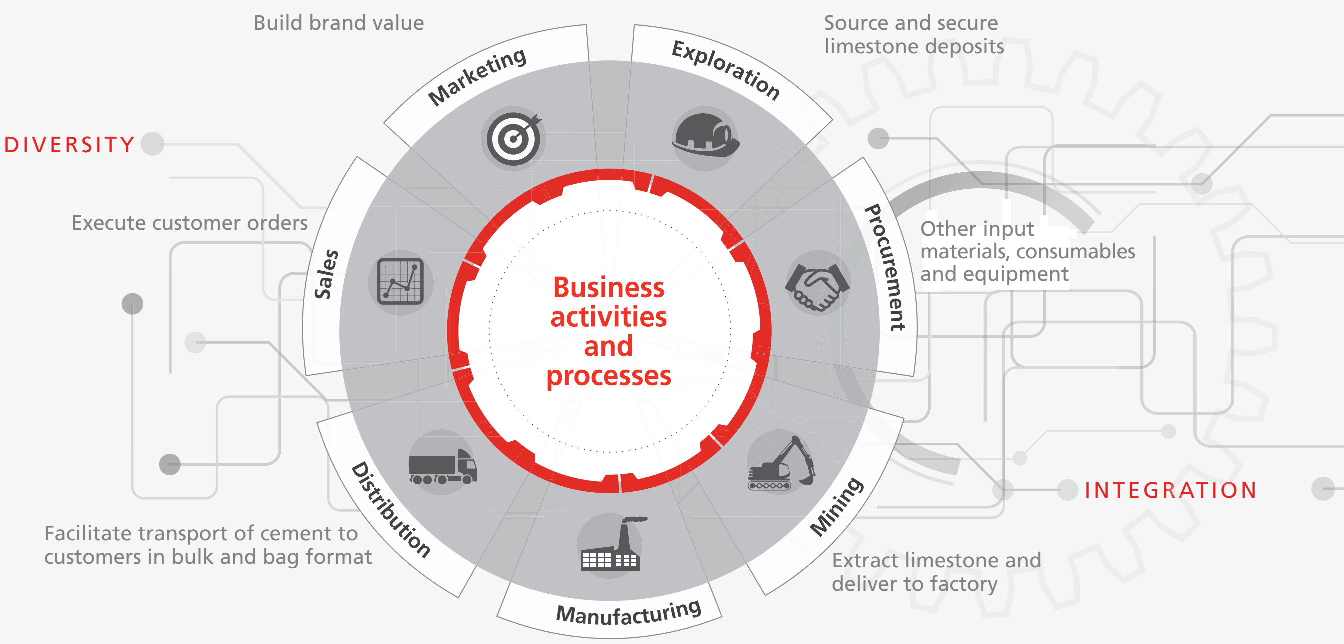
- Infrastructure (electricity, railways, roads, and water treatment plants)
- Equipment (mobile)
- Factories (kilns and mills)
- Waste material (slag ash, tyres and carbonaceous spent pot lining)

Natural capital

- Minerals (limestone, gypsum, iron and silica)
- Tyre burning process
- Energy (oil and coal)
- Land
- Water
- Air

Social and relationship capital

- Communities
- Government institutions
- Trade unions
- NGOs
- Amended BBBEE codes
- Construction sector



Convert limestone into cement/lime through nine cement factories, a lime factory, four milling plants, five blending facilities, five aggregate quarries in Botswana and South Africa and 26 readymix and one fly ash batching plant in South Africa

Outcomes

Financial capital

- Payments to suppliers = **R2,6 billion**
- Tax to national, local and provincial governments = **R114 million**
- Employee salaries and benefits = **R770 million**
- Income from investments = **R12 million**
- Revenue = **R4,5 billion**
- Profit improvement programme = **R390 million cumulative**
- Project Omega will streamline and optimise South African and international operations

Manufactured capital

- 600 000 tpa plant completed within budget in Rwanda – final project cost of US$165 million
- 1 mtpa plant in the DRC to be commissioned end calendar 2016
- 1,4 mtpa plant in Ethiopia to be commissioned second calendar quarter 2017
- 700 000 tpa mill in Harare, Zimbabwe, to be commissioned end of calendar 2016
- 1 mtpa Slurry kiln 9 to be commissioned in calendar 2018

Natural capital

- Mining and overburden rehabilitation
- Consuming non-renewable fossil fuels
- De Hoek kiln 6 – tyre burning will have heat replacement value of 15% of coal
- PPC is constructing a new 1 mtpa kiln line for **R1,5 billion – R1,7 billion** at Slurry (SK9)

Social and relationship capital

- CSI projects
- Enterprise development
- Supplier development
- Preferential procurement
- PPC rated level 8 BBBEE contributor

of **value** encompasses providing sustainable total returns, remaining relevant in the societies in which we operate, being cognisant of our impact on the environment and its impact on our business.

Human capital

- South Africa operations = **2 378**
- Rest of Africa operations = **926**
- Training and development = **R19,1 million**
- Core skills and expertise
- Organisation culture

Intellectual capital

- Employee competencies
- Mineral rights
- Institutional memory
- Innovation hub
- PPC brand

Outputs

Financial capital

- Cement revenue **(R3,7 billion)**
- Lime revenue **(R383 million)**
- Aggregates and Readymix revenue **(R503 million)**
- Cash generated from operations **(R334 million)**
- CO_2 emissions for cement, lime and dolomite **(2,1 million tons)**

Human capital

- Revenue per employee = **R1,4 million**
- Wealth created per employee = **R0,6 million**
- Employee development
- Employee wellness
- Innovative culture
- Health and safety targets
- Skills development and empowerment
- Core skills retention
- Housing initiatives **(173 houses to employees)**
- PPC employees, children bursaries = **8 children**

Intellectual capital

- PPC Innovation Portal
- Technical customer support
- Builders' app
- Online credit application
- Cement and concrete cube (C^3)

Business support functions

- STRATEGY DEVELOPMENT
- GOVERNANCE
- LEGAL
- TECHNICAL SERVICES
- PROJECT MANAGEMENT
- GROUP FINANCE AND TAX
- BUSINESS DEVELOPMENT
- STAKEHOLDER RELATIONS
- INTERNAL AND EXTERNAL COMMUNICATIONS
- COMMERCIAL
- INFORMATION TECHNOLOGY
- HUMAN RESOURCES
- SALES AND MARKETING

Chief financial officer's report

Tryphosa Ramano
Chief financial officer

The company has made significant progress in addressing its short-term liquidity constraints.

Introduction

Post-completion of our first March year-end, S&P Global Ratings (S&P) released a report downgrading the company's long and short-term South African national scale corporate credit ratings to zaBB-/zaB from zaA/zaA-2 respectively. As a result of this event-driven and unexpected ratings review which led to the company's long-term rating falling below investment grade, the company was obliged to offer early redemption to noteholders in terms of the domestic medium-term note (DMTN) programme memorandum. As a result, the company reclassified the amounts outstanding to noteholders as short term, thereby negatively impacting the company's short-term liquidity. The company has, subsequent to period end, made significant progress in addressing its short-term liquidity constraints, which have been discussed further in this report.

I am pleased to report that the group maintained its EBITDA and related margins despite continued pressures from a low economic growth environment combined with increased competitor activity. This has been achieved by the group's continued commitment to the profit improvement programme (PIP), cost containment and strategy to improve all elements of cash flow generation.

In last year's report, I noted the company was looking to restructure its first BBBEE transaction. After much investigation, the company has concluded that the most beneficial option for all parties is to allow the transaction to run its original course and conclude in December 2016.

We have recently completed the implementation of the group's new legal organisational structure which will see the streamlining of our legal structure, changing the holding company from that of an operating and holding company into a traditional investment holding company and aligning the company structure with that of our group strategy. This streamlining became effective on 1 April 2016 and will form the basis of reporting going forward.

Income statement

In providing analysis on the income statement for the six months to March 2016, the comparison base used is the six months to March 2015. This, we believe, provides a more comparable basis for understanding the financial performance of the group rather than the 12 months to September 2015.

Total cement sales volumes for the six-month reporting period were 1% below last year at 2 614 kt (2015: 2 629 kt). South African cement volumes increased by 0,5%, compared to the prior reporting period as the Western Cape and Eastern Cape provinces recorded double-digit growth on the back of reduced imports, while volumes in Gauteng and other inland provinces were lower compared to the prior reporting period due to increased competition.

In our rest of Africa portfolio, volumes in Zimbabwe declined 22% due to tighter market liquidity, increased local competition and lower disposable income, while cement volumes in Botswana declined 15% following increased competition in the southern African region. Since commissioning of the new plant in Rwanda in September 2015, over 120 kt of cement has been sold seeing our market share rising in line with the increased output.

As a result of competition and overcapacity in the industry during the period under review, the group has experienced declining margins due to lower selling prices in South Africa and Botswana and our limited ability to pass on cost increases. Following the recent devaluation of the rand and other regional currencies against the US dollar, PPC Zimbabwe's ability to compete in the export market has been negatively impacted and has been compounded by rising levels of imports into the country.

The group has maintained a policy of deliberate and calculated pricing, incentive and promotional initiatives to remain competitive and support brand confidence, further strengthened by its technical support services.

In the South African materials business, lime volumes were 12% lower for the six months ended 31 March 2016 compared to the corresponding period last year on the back of continued pressures in the steel industry. Volume growth was, however, recorded in both the aggregates and readymix businesses as they supplied major projects such as the Mall of Africa, Waterfall Estate, N14 and Cedar Road projects as well as the Steyn City development.

As a result of the above, group revenue declined by 1% to R4 501 million (2015: R4 541 million).

During the six months ended 31 March 2016, the group generated a further R178 million in savings from PIP, largely on the back of improved cost efficiencies and strategic cost reductions favourably impacting both the cost of sales and administration and other operating expenditure lines. The success of PIP is evident in cost of sales increasing only 2% to R3 261 million (2015: R3 206 million), while administration and other operating expenditure declined by 12% to R489 million (2015: R554 million), with total administration and other operating expenditure approximating 11% of revenue (2015: 12%). It is pleasing to note that the cumulative sustainable benefits from PIP now amount to R390 million and reflect the group's disciplined cost management culture which is evident in cost of sales for the South African cement business ending 3% lower than the prior period on a nominal price per ton basis.

Chief financial officer's report continued

EBITDA is up 2% at R1 144 million (2015: R1 123 million), with an EBITDA margin of 25,4% (2015: 24,7%) primarily due to improved efficiencies and cost savings.

Finance costs, including fair value adjustments on financial instruments, increased by 26% to R350 million (2015: R277 million). This increase was mainly due to interest of R88 million expensed to the income statement post-commissioning of our new plant in Rwanda in contrast to the prior reporting period where interest was being capitalised to property, plant and equipment during the commissioning phase.

Profit on disposal of non-core assets, being our investments in Afripack and Ciments du Bourbon amounted to R117 million. Impairments of R5 million were recorded on property, plant and equipment on loans advanced.

The group's taxation charge decreased by 4% to R156 million (2015: R163 million) at an effective tax rate of 30,8% (2015: 36,4%). The decrease in the effective tax rate was mainly due to the tax rate differential on capital profits made on the disposal of non-core assets and favourable prior year tax reassessments.

Profit attributable to PPC shareholders increased 35% to R369 million (2015: R274 million), with the increase ascribed to the profit made on the sale of non-core assets partly offset by increased finance charges. In line with this, headline earnings per share ended 12% lower at 53 cents (2015: 60 cents) while normalised earnings per share of 56 cents was 8% lower than the prior year in part due to the increased finance costs as noted earlier.

Statement of financial position

In providing analysis on the statement of financial position, the comparable base used is the statement of financial position at 30 September 2015, as the group has invested substantially in expansion projects with a resultant increase in borrowings.

At 31 March 2016, property, plant and equipment amounted to R11 716 million (September 2015: R10 648 million), with capital investments in property, plant and equipment amounting to R1 176 million with R970 million being invested in the Slurry kiln 9 project in South Africa and expansions in the DRC and Zimbabwe. The group has made substantial progress with its projects; the 700 ktpa plant in Zimbabwe and the 1 mtpa plant in the DRC, are anticipated to be commissioned at the end of calendar 2016. The 1 mtpa Slurry kiln 9 project will be commissioned in 2018. Following the devaluation of the rand by approximately 7% post-September 2015, translation adjustments of R300 million were recorded to property, plant and equipment.

Capital commitments at period end amounted to R3 283 million (September 2015: R4 643 million). On the DRC project, we have identified additional potential startup funding requirements to which PPC might have to contribute between US$20 million and US$50 million which will be reimbursed to the company from future operating profits made by the DRC business. These payments may arise because of delayed VAT repayments (VAT exemption was only received in January 2016), settling of bank facilities relating to cement trading losses incurred ahead of commissioning and pre-funding of future debt repayments.

In Ethiopia, the US$170 million to US$180 million, 1,4 mtpa plant remains scheduled to be commissioned in the second quarter of calendar 2017. Plant construction is progressing well, with overall project progress at 71%. During the period, the group invested a further R75 million into Habesha, thereby increasing PPC's shareholding to 35%.

Other non-current assets have increased by R235 million from September 2015 to R590 million following the reclassification of VAT incurred on the DRC project as the local revenue authorities indicated that there would be delays in refunding VAT receivables.

During March 2016, the company acquired the shareholding in Safika Cement that was previously owned by Safika Cement management, under a put option agreement, for R44 million. The purchase consideration was settled with a combination of cash and through the issue of new PPC shares. PPC now holds 95% of Safika Cement with the balance being owned by management, via a trust, through a notional vendor financing mechanism.

Borrowings and going concern

Group debt increased to R9 171 million (September 2015: R8 221 million) following further investments in our DRC, Zimbabwe and Slurry projects. As the project funding debt is mainly denominated in US dollar and Rwanda franc, the devaluation of the rand had an unfavourable impact on borrowings when translated into rand.

As noted earlier, the amounts outstanding on the DMTN programme were reclassified to short-term borrowings. The group secured funding, through a liquidity and guarantee facility agreement, from Absa Bank, Nedbank, Rand Merchant Bank and Standard Bank to facilitate early redemption of the notes. This repayment was successfully concluded in July 2016, where R1 614 million of outstanding notes were repaid where noteholders selected early redemption.

On 22 August 2016, the company concluded an underwrite agreement for the R4 billion rights issue, which is subject to standard material adverse change clauses. On successful conclusion of the rights issue, the group's capital position will have been significantly enhanced ensuring the group continues to be a going concern for the foreseeable future. Further details can be found in the going concern basis of preparation section on page 20 of this report.

Review audit opinion

Post-finalisation of the liquidity and guarantee funding and rights issue underwrite agreements, the disclaimer opinion received from our auditors on the reviewed financial results for the six months to March 2016, published on 14 June 2016, has been replaced with an unmodified audit opinion on the audited financial statements for the six months to March 2016. The auditors have, however, included an emphasis of matter in their unmodified report, which makes reference to the going concern note.

Cash flow

The group's net cash inflow from operating activities decreased by R75 million from R224 million in the six months ended 31 March 2015 to R149 million for the current reporting period. This decrease was due to an increase in working capital, in particular accounts payable and inventory, and higher finance costs paid offset in part by lower dividend and taxation payments.

Net cash outflow from investing activities increased by R284 million to R1 283 million (2015: R999 million) as the group further invested in property, plant and equipment, incurred further VAT payments on property, plant and equipment acquired for the DRC project, which will be recovered over time, and an additional investment into Habesha Share Company Limited.

The group's net cash inflow from financing activities increased by R217 million from R632 million in the six months ended 31 March 2015 to R849 million. This increase was due to net borrowings of R1 499 million raised in the six months to March 2016 in comparison to the R632 million raised in 2015 as the group utilised further on project funding for its expansion projects. Drawdowns on project funding were partly offset by the repayment of our first note (PPC001) of R650 million.

Dividends

In line with the revised, more flexible dividend policy implemented last year and taking the current liquidity constraints and phasing of our build programme into consideration, no dividend was declared.

Looking forward

We will focus on ensuring a successful rights issue with R4 billion gross proceeds expected to flow into the group to repay outstanding amounts advanced under the liquidity and guarantee facility while the remainder of the proceeds will be used to reduce current debt levels. Post-receipt of the rights offer proceeds and strengthening of the group's capital structure, we will engage with the banks in order to optimally restructure our debt and related funding terms.

As noted earlier in the report, the company's first BBBEE transaction will conclude in December 2016. Work has already commenced with advisers and engagements taking place with the authorities in order to implement a suitable mechanism to address the future BEE ownership shortfall following the limited transfer of BBBEE I.

On 1 July 2016, the acquisition of 100% of 3Q Mahuma Concrete was concluded. This acquisition further enhances our channel management strategy and growth in the readymix concrete segment. We will focus on integrating 3Q Mahuma Concrete into our business materials division further enhancing our service offering to our customers.

A key focus item will be the delivery on our financial and operating targets post-commissioning of the DRC plant.

In conclusion, I would like to thank team PPC for their support of PIP and its related initiatives, and particularly the finance teams across the group for their continued dedication during this period.

Tryphosa Ramano
Chief financial officer
12 September 2016

Seven-year financial review

	Six months ended March 2016 Rm
Total assets	16 389
Net working capital[(a)]	1 119
Total equity	3 563
Gross borrowings	9 171
EBITDA interest cover (times)	3,46
Gross debt to EBITDA (times)	3,85
Number of years to repay interest-bearing borrowings[(b)]	5,98
Revenue	4 501
Normalised EBITDA[(c)]	1 157
Normalised EBITDA[(c)] margin (%)	25,7
Effective rate of taxation (%)	30,8
Normalised EPS (cents per share)	56
Normalised HEPS (cents per share)	56
Dividends per share (cents per share)	–
Dividend cover (times)	–
Cash generated from operations	813
Cash conversion ratio	0,7
Dividends paid (Rm)	185
Investment in property, plant and equipment and intangible assets	1 188
Investment in subsidiaries and equity-accounted investments	75
Weighted average number of ordinary shares in issue during the year (000)	526 076
Market capitalisation	7 386

(a) Net working capital is calculated as follows: inventory plus trade and other receivables (net trade receivables, other financial receivables and prepayments) less trade and other payables (trade payables and accruals and other financial payables).

(b) March 2016 calculated on a rolling 12-month period for EBITDA and cash from operations.

(c) Normalised EBITDA calculated by adjusting EBITDA for restructuring costs and corporate action.

	Twelve months ended September 2015 Rm	Twelve months ended September 2014 Rm	Twelve months ended September 2013 Rm	Twelve months ended September 2012 Rm	Twelve months ended September 2011 Rm	Twelve months ended September 2010 Rm
	15 257	11 575	8 876	6 907	6 419	6 112
	831	1 086	1 363	1 184	1 101	925
	3 164	2 418	2 142	1 176	955	858
	8 221	6 091	4 046	3 585	3 510	3 521
	4,56	4,67	6,04	6,22	5,93	6,78
	3,48	2,58	1,66	1,54	1,64	1,42
	4,45	3,56	1,91	2,17	2,45	2,08
	9 227	9 039	8 316	7 346	6 826	6 807
	2 424	2 374	2 504	2 327	2 146	2 483
	26,3	26,3	30,1	31,7	31,4	36,5
	36,6	30,1	35,8	39,9	38,0	36,0
	148	175	214	185	166	213
	149	175	215	185	167	219
	57	114	156	146	130	175
	2,33	1,50	1,14	1,10	1,26	1,21
	2 716	2 583	2 885	2 284	2 102	2 442
	1,14	1,10	1,18	0,98	0,98	0,98
	559	880	770	706	876	1 062
	2 892	2 182	970	640	517	658
	108	665	266	214	–	–
	526 022	526 180	522 678	524 567	526 754	526 780
	10 346	17 895	18 647	17 866	13 665	18 451

Value added statement

for the period ended 31 March 2016

A measure of the wealth created by the group is the amount of value added to the cost of raw materials, products and services purchased. This statement shows the total wealth created and how it was distributed.

	Notes	Six months ended 31 March 2016 Rm	Twelve months ended 30 September 2015 Rm
Revenue		4 501	9 227
Paid to suppliers for materials and services	1	(2 568)	(5 508)
Value added		1 933	3 719
Empowerment transactions IFRS 2 charges		(18)	(43)
Exceptional items and impairments		112	(81)
Income from investments[a]		12	12
Total wealth created		2 039	3 607
Wealth distribution:			
Salaries, wages and other benefits	2	770	1 325
Providers of capital		535	1 055
Finance costs (net of fair value adjustments on financial instruments)		350	496
Dividends		185	559
Governments	3	114	483
Reinvested in the group to maintain and develop operations		620	744
Depreciation and amortisation		393	702
Retained profit		166	102
Deferred taxation		61	(60)
		2 039	3 607
Value added ratios			
Number of employees		3 304	3 372
Revenue per employee (R000)		1 362	2 736
Wealth created per employee (R000)		617	1 070

NOTES

1. Paid to suppliers for materials and services

Barloworld Logistics is the only supplier of services exceeding 10% of total amounts paid.

2. Salaries, wages and other benefits

	Six months ended 31 March 2016 Rm	Twelve months ended 30 September 2015 Rm
Salaries, wages, overtime payments, commissions, bonuses and allowances[b]	677	1 140
Employer contributions (retirement funding, medical and insurance)	93	185
	770	1 325

3. Governments

	Six months ended 31 March 2016 Rm	Twelve months ended 30 September 2015 Rm
Normal taxation	74	439
Withholding taxation	21	12
Rates and taxes paid to local authorities	7	15
Customs duties, import surcharges and excise taxes	9	15
Skills development levy	5	6
Cash grants and subsidies received from the government	(2)	(4)
	114	483

[a] Includes interest received, dividend income and share of associate's retained profit.

[b] Includes restructuring costs of R13 million (2015: R8 million), and share incentive schemes charges of R1 million (2015: R10 million).

Managing our business

Responsibility and integrity underpin our approach to managing our business. Key developments during the year were focused on strengthening this approach.

Ethics

Founded in our corporate value that states integrity is non-negotiable, and supported by a code of conduct enforced across our operating territories.

Salient features in 2016

High level fraud survey conducted by insurance underwriters yielded positive results. They were pleased with the processes and controls implemented to reduce potential incidents of fraud.

We conducted a roadshow to reinforce our code of ethics and company values.

Risk compliance

Risk and compliance is monitored by a board committee.

Salient features in 2016

Risk management systems (GRC) allows all senior group and operations management to take active responsibility for their risks.

A comprehensive risk review was conducted from operational to group level. All risk registers were confirmed by responsible management.

Governance

Robust governance standards are monitored by a strong and experienced board of directors.

Salient features in 2016

Chairman, Bheki Sibiya, retired from the PPC board. A rigorous selection process was initiated to find a suitable candidate to succeed Mr Sibiya. In March 2016, Peter Nelson was appointed interim chairman.

The board is confident that all issues related to the resignation of the former CEO have been resolved. This is confirmed by the results of the latest board evaluation.

Remuneration

To ensure we create value for shareholders and align to market norms we have amended senior level STI participation.

Salient features in 2016

In the review period, short-term incentive (STI) maximum limits were reviewed and adjusted. The STI limit varies by grade: for the CEO, STI is capped at 140% of total guaranteed pay, 120% for the CFO and 110% to 90% for prescribed officers. However, no short-term incentive was paid to staff.

Investment proposition

1. Quality of portfolio supported by iconic brands
2. Resilient performance through the cycle
3. Experienced management team
4. Delivery and execution of complex projects in different African countries
5. Clear expansion strategy
6. Leading producer in southern Africa with good geographic spread
7. Pan African player offering access to high growth countries

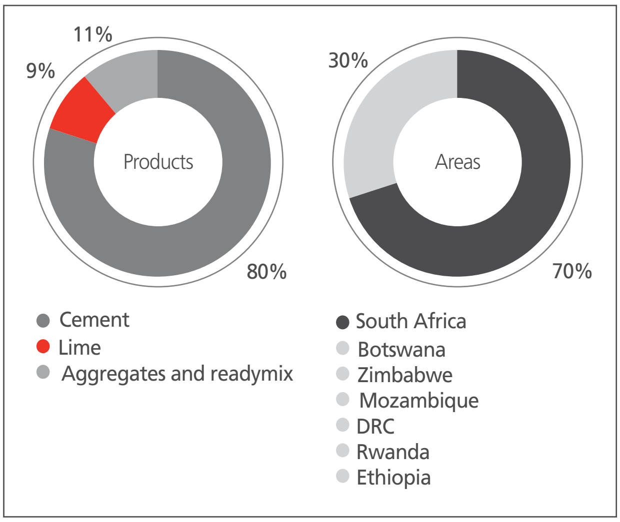
Operations review

PPC group

PPC's revenue from South Africa was R3,1 billion while revenue from operations outside South Africa was R1,4 billion. Revenue from outside South Africa now accounts for 30% of PPC's group revenue.

	6 months ended March 2016		12 months ended Sept 2015	
	SA	**Rest of Africa**	SA	Rest of Africa
Revenue (Rm)	**3 134**	**1 367**	6 603	2 624
Employees	**2 378**	**926**	2 472	900

Revenue split 2016



Cement

PPC Cement has a successful track record spanning over 120 years as the leading supplier of cement in southern Africa. During this time PPC has expanded into Botswana, Zimbabwe and Rwanda. Our unique combination of quality products and good geographic footprint allows us to meet customer requirements in most parts of these countries.

Weakness in the operating environment has led to group cement revenue dropping 1% to R3,7 billion while EBITDA was down 2% to R972 million.

Group cement

	6 months ended March 2016	12 months ended Sept 2015
Revenue (Rm)	**3 700**	7 506
EBITDA (Rm)	**972**	2 016
EBITDA margin (%)	**26,3**	26,9
Operating profit (Rm)	**614**	1 379
Operating margin (%)	**17**	18
Assets (Rm)	**14 998**	13 863

South Africa

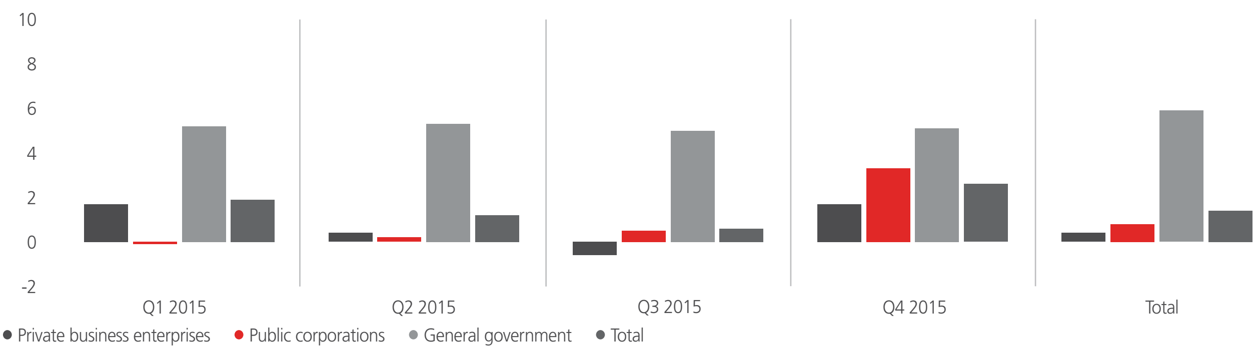
South Africa Cement

Fixed capital

Growth in real gross fixed capital gained momentum from -0,4% in 2014 to 1,4% for 2015. Growth in the private business enterprise sector increased by 0,4%, mainly due to higher capital spending by the private electricity sector in turn underpinned by a noticeable increase in capital outlays on projects included the government's renewable energy independent power producer procurement programme.

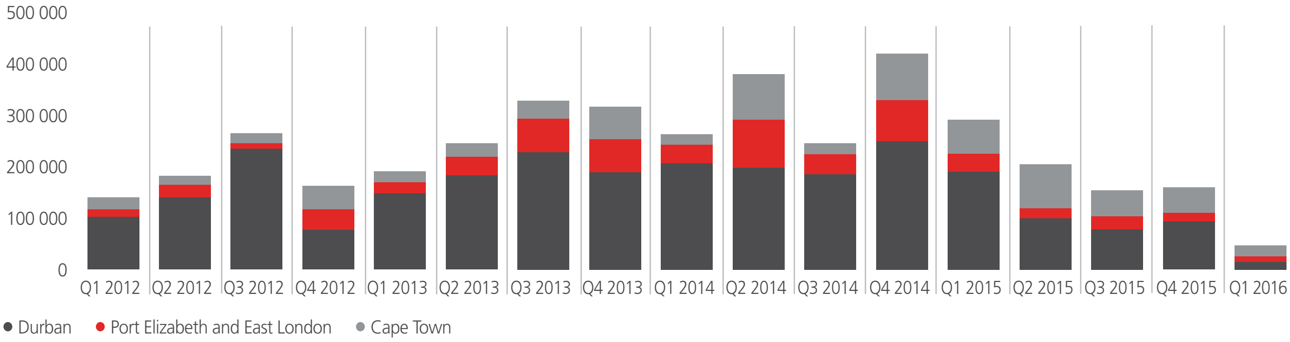
Real capital investment contracted in the fourth quarter of 2015, particularly in agriculture where capital spend on machinery contracted due to the drought.

REAL GROSS FIXED CAPITAL FORMATION % (CALENDAR YEAR)



Source: South African Reserve Bank

IMPORTED CEMENT VOLUMES BY PORT ENTRY (TONS) (CALENDAR YEAR)



Source: South African Reserve Bank

Real fixed capital expenditure by public corporations increased nominally to 0,8% in 2015, underpinned by higher spending on construction works and transport equipment by the water and transport sectors in particular.

Real capital spending by general government increased fairly steadily at over 5% throughout 2015. Increased capital outlays by local government focused largely on improving social and economic infrastructure as part of government's priorities. Growth in real fixed capital expenditure by general government, however, dropped from 10,3% in 2014 to 5,9% in 2015.

Demand

Cementitious volumes (including imported cement) for South Africa rose by 3,1% for calendar 2015. PPC's South African equivalent volumes (including Safika Cement) declined by 0,6% over the same period. However, for the six months ended March 2016, PPC's volumes rose by 0,5%.

With increased competitor activity in Gauteng and other inland provinces, PPC recorded lower cement volume in most of these regions. Limpopo was again hardest hit, with double-digit volume declines. The North West region, although also under pressure, showed some resilience with positive volumes. In the Gauteng area, the construction and industrial segments produced a relatively better performance than the highly contested retail space.

The coastal regions performed better, with double-digit volume increases in most regions. In the Western Cape and Eastern Cape provinces, volumes continued to rise on the back of reduced imports. A number of road, residential and non-residential projects have been awarded in the Western Cape.

The International Trade Administration Commission (ITAC) finally imposed anti-dumping duties of between 14% and 77% on Portland cement originating in or imported from Pakistan from December 2015. These will be enforced for five years. Since imposing these duties, imports from Pakistan have declined in KwaZulu-Natal, Eastern Cape and Western Cape. In 2015, cement imports fell by 38% to 820 000 tons. Imports have continued to decline in 2016.

Despite declining shipping rates, total imports have dropped substantially, supported by the continued weakening of the rand. The local cement industry continues to engage with the authorities to align anti-dumping duties.

Selling prices

Competition in the South African cement industry remained fierce during the period. Higher demand was offset by the entry of another competitor in December 2015 in the inland provinces. While PPC continues to earn a premium, we maintained our policy of deliberate and calculated pricing, incentive and promotional initiatives to remain competitive and support brand confidence. As a result, while we defended and grew volume, average selling price declined by 4% from the comparative period last year.

Customers

Maintaining our customer base in this competitive environment was a key challenge in the review period. Around 60% of all cement consumed in the country is sold through the retail industry. Our focus in this sector has been to leverage off the strong PPC brand and cost competitiveness of the IDM brand. During the period, we started migrating and integrating the IDM brand to complete the PPC suite of products, enabling the group to cover the range of products in the retail space.

PPC continued to perform well in the readymix concrete, construction and concrete product manufacturing channels. We attribute this to our strong brand, industry-leading delivery service, highly respected technical support team and consistent product quality. In certain instances, new customer-specific products have been introduced with great success.

Operations

Cost of sales decreased by 3% with fixed costs falling 11% while variable delivered costs rose 2%.

Construction of the new 1 mtpa clinker production line (SK9) at PPC Slurry is on schedule. A number of leading technology features have been incorporated into the SK9 plant design which will ensure optimised production, reduced heat and electrical energy consumption, and increased plant availability. A higher level of automation and process controls will enable better tracking and quicker adjustment of process parameters to enhance consistent quality of plant output. With resource efficiency and sustainability considered central to the design of the SK9 plant, it will use a number of technologies that enhance the longevity of its components.

Operations review continued

Manufacturing, quality inspections and delivery to site of major key equipment are on schedule. The appointed EPC contractor's site management team mobilised to site and established its construction camp, using local contractors. All site-preparation works to accommodate the footprint of the new plant are complete. While issuing work permits to the EPC contractor's workforce has been delayed, as an interim plan to avoid delaying implementation, the contractor has partnered with local contractors to begin the main earthworks.

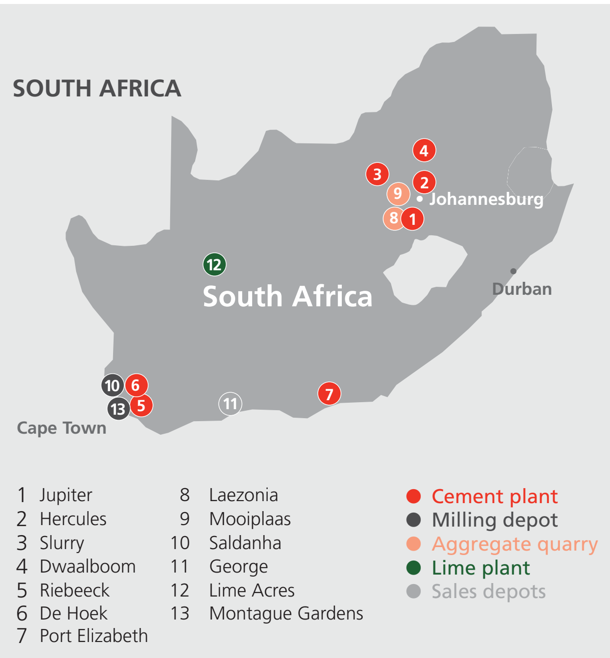
The project is estimated to cost between R1,5 billion and R1,7 billion and is currently on schedule for commissioning and ramp-up in 2018.

Safety

Six lost-time injuries were recorded at South African sites, leading to a lost-time injury frequency rate (LTIFR) of 0,24. However, a fatality was recorded at the Slurry factory.

Outlook

Projections for economic growth in South Africa have disappointed. Recently, the IMF has cut its growth forecast for 2016 from 1,3% to 0,7%, the lowest forecast on record. The IMF's forecast for 2017 was also revised down, from 2,1% to 1,8%. The Bureau for Economic Research forecasts a contraction of cement demand in 2016 but, from 2017 to 2020, cement demand growth is expected to continue outpacing GDP. Over this period, some 1,4 million tons of additional cement will be required to meet forecast demand.



Materials business

As part of PPC's strategy to be a world-class provider of materials and solutions, we revised our business structure to consolidate PPC Aggregates, Pronto Readymix, Ulula Ash and PPC Lime into a materials business. This business will report into the SA operations through a management committee.

The materials business strategy includes:

- Expanding product range and service offering
- Broadening the offering into other African countries
- Protecting and growing cement volumes.

It will identify and capitalise on growth areas through both existing operations and new entities. Achieving this strategic aspiration will require a new and innovative approach to doing business.

In line with this strategy, PPC concluded the acquisition of 3Q Mahuma Concrete (Pty) Limited for an asset-for-share agreement for a consideration of R135 million in July 2016. 3Q Mahuma Concrete was the largest independently owned readymix concrete supplier in South Africa and has been in business for the past nine years. The company has branches in Limpopo, North West, Northern Cape, Mpumalanga and Mozambique.

Aggregates RSA

PPC Aggregates supplies quality construction aggregates to the civil construction sector and products for the chemical, metallurgical and agricultural industries. PPC has two aggregate quarries in Gauteng (Mooiplaas and Laezonia).

Review of 2016

Sales volumes were 15% up, mainly due to higher sales of concrete stone to the readymix concrete and concrete product manufacturers segments, supported by supply to commercial and road construction projects. Significant volumes were supplied to the Mall of Africa development, the N14 and Cedar Road construction projects that started in the prior period.

Above-inflation increases for power, explosives, labour and certain maintenance spares were partially offset by cost-saving initiatives and efficiency improvements. Combined with increased sales volumes, this resulted in total cost of sales rising by only 1% compared to last year. Regrettably, one fatality was recorded.

Outlook

The outlook for 2017 is comparable with the reporting period as some major projects will continue well into the new financial year. Replacement projects for the completed Mall of Africa have been identified. Increased competition in the base course (road construction) market may affect volume and pricing as well as the metallurgical dolomite market due to the decline in the steel industry.

The installation and commissioning of additional equipment will improve operational efficiency and flexibility.

Aggregates Botswana

PPC Aggregates supplies quality construction aggregates to the building and civil construction sector. PPC has two aggregate quarries in Botswana (Gaborone and Francistown).

Review of 2016

The aggregate trading environment remains tough. Our strategic response of consolidating our operations paid off via improved cost and plant performance and positioning our business as a major supplier of construction aggregates in the greater Gaborone and Francistown markets. In the final step of the consolidation process, the two legal entities will be combined in April 2016.

Outlook

The outlook for 2017 is similar to 2016, with a marginal increase in sales volume due to projects in the Gaborone central business district and Jwaneng. We commissioned additional capacity at Kgale towards the end of the review period, which will assist with operational efficiency and flexibility in matching production yield to market demand.

The aggregates industry is expected to remain very competitive, but we anticipate an improved performance from the restructured business and optimised support services. Our participation in construction activity will depend on our regional footprint relative to the location of these projects.

Pronto Readymix

Pronto (100% owned by PPC) is a leading supplier of quality readymix concrete and mortars, with 10 batch plants in the greater Gauteng area supplying key commercial and industrial projects.

Review of 2016

Although pricing came under pressure in a tough trading environment, sales volume increased 6% compared to the prior period. This reflects increased market share in the residential and small to medium commercial segments.

The Midrand area of Gauteng was particularly busy with Pronto supplying a number of projects near the Mall of Africa development and Waterfall Estate. Construction at the Steyn City development also increased in the review period.

Outlook

The building industry is expected to slow in the year ahead. Prices will be under further pressure as companies attempt to consolidate their market shares. Pronto's focus will remain on quality products and excellent service to maintain and grow market share. It will also begin a truck-replacement programme to ensure better availability. The company plans to open two new strategically placed readymix plants, which will be operational by the second and third quarters of the new financial year.

Ulula Ash

Ulula supplies fly ash to the southern African market from its beneficiation plant at Eskom's power station in Kriel, Mpumalanga. Producing both classified and unclassified fly ash, the plant is designed and operated to facilitate excellent turnaround times for tankers collecting loads. In recent years, Ulula Ash has penetrated various markets in supplying cement, concrete, readymix, civil, building, blenders, tile adhesives, mining and ash sand operations.

Review of 2016

Volumes increased 10% for the period. Growth in ash sales is predominantly from new customers and increased offtake from the tile adhesive industry. The latter is due to formulation and technical innovation enabling a higher ash component in the end product.

Outlook

The company's key focus for 2017 will be expanding into new markets and increasing its fleet of tankers to cater for increased volumes.

Lime

PPC Lime is the leading supplier of metallurgical-grade lime, burnt dolomite and related products and solutions in southern Africa. Products are used in key local industries such as steel and alloys, food manufacturing, gold, uranium and copper mining, as well as water purification and other environmental applications. Steel manufacturing remains the biggest consumer of lime-related products in the South African market, with growth potential in environmental applications.

Review of 2016

As noted, PPC Lime's sales volumes are directly tied to steel production, and current conditions in the local industry had a major impact on 2016 revenue. The closure of Highveld Steel (8% of 2015 sales) in mid-2015 had a substantial impact on lime sales volumes. Production interruptions and stoppages at some steel customers in the review period negated growth in other markets.

PPC Lime achieved better revenue per ton sold through a more favourable customer mix (higher-value products), and cost of sales (rand per ton) was flat on 2015. This reflects savings on coal and maintenance, as well as manpower cost.

Capital expenditure for the review period focused on mobile equipment replacement.

Outlook

The South African (and global) iron and steel market is under severe pressure, and latest forecast is that conditions might only improve in 2017. The outcome of current interaction between the local steel industry and government on the local steel-pricing mechanism, import tariff protection and commitment to using local steel for government infrastructure spend will be the main driver of prospects in the South African lime market in the year ahead.

We will continue to focus on capitalising on growth and diversification opportunities, reducing fixed cost and optimising production operations in FY17.

Operations review continued

Sales and marketing

The cement industry differs from other commodity markets. While all are highly competitive, our industry is integral to infrastructural development, which often relates to quality of life. In that respect, marketing the myriad benefits of cement is as important in our industry as it is in, say, the platinum industry which annually invests significantly in raising awareness of the diverse applications of this metal.

PPC has been a nation-building company for generations, instrumental in building many landmarks in Africa. Equally, we believe it is our responsibility to partner with governments and communities to provide infrastructure and housing for citizens and thus play a role in building better communities.

We believe it is our moral responsibility to provide quality products that will build dependable structures. Building is a significant undertaking for our customers and we need to support them with solutions, not just products. Innovation in cement and concrete is at the centre of this.

In general, most cement markets are under pricing pressure due to muted construction growth and new entrants chasing market share.

In South Africa, the retail inland area remains a highly congested and contested market. At this point, we are under immense pressure to lower our prices in certain retail markets where we supply bagged cement. We have repositioned our prices to support the inherent strength of the PPC brand while still maintaining a premium over competitors. We have also bolstered our product range with the quality 32,5N IDM product to complement our brand leading 42,5N Surebuild.

On the bulk-cement side, our total value offering, brand and national footprint remain key differentiating attributes over our competitors. Our seasoned technical team also advises manufacturers of readymix concrete, precast and concrete products and construction companies on the use of PPC products. Together with customer, they develop innovative and cost-effective solutions.

PPC also has a flexible pricing mechanism that accommodates market-specific needs – per area, per segment, per customer, per product.

Our people are our competitive advantage. Their skills and commitment ensure we are able to meet all our responsibilities. We create an environment for them to develop and be fairly rewarded and recognised for their efforts.

The PPC brand

PPC is transitioning from a local (South African) brand to an African brand and, ultimately, a global brand. Our aim is to operate a simplified and harmonised portfolio, investing in one priority – the PPC brand.

The power of our brand will be leveraged across the PPC product portfolio, making it easier to cross-sell. We believe that accumulating brand exposures over time and in different countries will have an impact far beyond their intended function.

In recent years, PPC has acquired IDM, Pronto and Ulula Ash, and most recently 3Q Mahuma Concrete, enabling our team to sell a portfolio of building materials. This is the initial stage of becoming a strategic provider of building materials and solutions. In addition, PPC partners with its customers in certain regions to offer the solutions they require.

Our business is built on a philosophy of providing "strength beyond the bag". This is why we develop products and solutions for customers, with customers – so that they can harness our strength to realise their vision.

Technical support

PPC assists customers with technical support which includes testing materials in our laboratories and helping customers resolve problems or issues in their operations.

Our technical team offers customers a number of sophisticated analytical techniques that can be used for investigations in the field of concrete, concrete products and mortars.

PPC central laboratories (cement, chemistry and concrete) have been accredited under ISO/IEC 17025 for the past 12 years. All three laboratories have the latest scientific equipment and a highly skilled team which enables us to develop a large number of advanced technical products and assist in solving complex problems, eg efflorescence (the migration of water to the surface of concrete and subsequent deposition of salts when the water evaporates) in various products.

Our technical team conducts training, delivers technical papers at conferences and conventions, lectures at universities, maintains relationships with authorities and associations, contributes actively to shaping standards and norms, and publishes specialist articles.

Marketing

Brand building

Marketing initiatives are localised informed by in-depth customer surveys, to ensure we better align to their needs. We select relevant mediums based on target markets to cover public, consumers, builders and business-to-business partners.

- South Africa: PPC has secured the naming-rights sponsorship to Newlands cricket stadium, now known as PPC Newlands, under a two-year agreement with an option to renew for a further year. As part of the sponsorship, PPC has extensive branding and advertising rights at the stadium. To leverage the sponsorship, PPC has partnered with cricketer JP Duminy to build three concrete pitches at disadvantaged Cape Town schools. PPC also advertises in FNB stadium and Newlands rugby stadium
- Botswana: PPC brand on billboards, wall murals, radio and in print
- Zimbabwe: PPC brand on billboards and at Rufaro stadium
- Rwanda: PPC brand on bus shelters and in print
- DRC: PPC brand importing Surebuild

Business-to-business support

Sponsoring industry conferences reflects our commitment to contribute to the industry and sector, using this platform to improve standards, enable stakeholders to network, and explore how we can create a sustainable building industry in Africa together.

Engagement is a critical element of this process – and it is only through proactive partnerships and innovative collaborations that we will meet both South Africa and Africa's infrastructure needs. With the continent currently growing at around 5% per annum and investment in large infrastructure projects a priority, participants across the building ecosystem are being called to find dynamic solutions to the continental challenges of affordability, sustainability and long implementation timeframes, among others.

While manufacturers, including PPC, are already looking at ways to produce products more sustainably, traditional design approaches will also need rethinking which is where our industry partners come in. With the construction phase of any building accounting for around 15% of its total energy footprint and the remaining 85% being produced during its life, designing for energy efficiency means that the original 15% can – and should – be offset by savings during the building's useful life.

This is the type of conversation we encourage conference delegates to be part of so that we can find viable solutions across the construction ecosystem and lifecycle. Accordingly, we promote the use of our Cement & Concrete Cube (C3) online platform throughout and beyond conferences. Designed to drive dialogue, share industry content and promote collaboration, anyone interested in the industry is invited to sign up, join the conversation and help shape our industry. In this way, construction companies can tap into the wealth of expertise and experience already available in the sector, and use these insights to grow their own businesses.

Retail/consumer segment

In all our markets, retail accounts for a significant share of volume, and remains highly competitive due to new entrants and imports. The PPC brand is the strongest in most markets where we operate, justifying some price premium.

Given the category commoditisation by competitors and retailers, PPC needs to move from retail relationships built on price to ones built on long-term partnerships.

Most people are indifferent about cement and have little knowledge of the product, so they are guided by price. PPC's main focus is to inspire behavioural change – encourage homeowners and builders to think beyond price when choosing cement because it is the proverbial glue that gives a structure fundamental integrity but accounts for less than 10% of its building costs.

We encourage consumers to ask for and insist on PPC despite cheap choices available as our brand has offered consistent quality and a durable build for over 120 years.

Case study:

PPC conference participation

South Africa

South African Forum of Civil Engineering Contractors (SAFCEC) conference

SAFCEC supports large, medium and small civil engineering contracting companies, and is affiliated to Business Unity South Africa (BUSA). The annual awards gala for outstanding achievements for 2014/2015 attracted over 30 project entries.

Green Building Council's annual convention

This brings together participants across the infrastructure, construction, architecture, design and property sectors. The week-long programme includes building tours, education courses and high-profile speakers. It is a platform to discuss trends, share knowledge and insights shared, and host compelling debates.

Roads Paving Forum

This is a platform to share information and technologies and discuss issues of strategic importance to the road-construction industry. It enables wider representation and participation from the broader roads industry, particularly urban and provincial authorities, tertiary institutions and contractors.

Zimbabwe

Zimbabwe Builders and Constructors Association congress

This annual event is attended by builders, contractors and suppliers to the construction industry. It is also attended by some government ministers and their deputies.

Zimbuild general conference

An interactive three-day focus on the health of the construction sector.

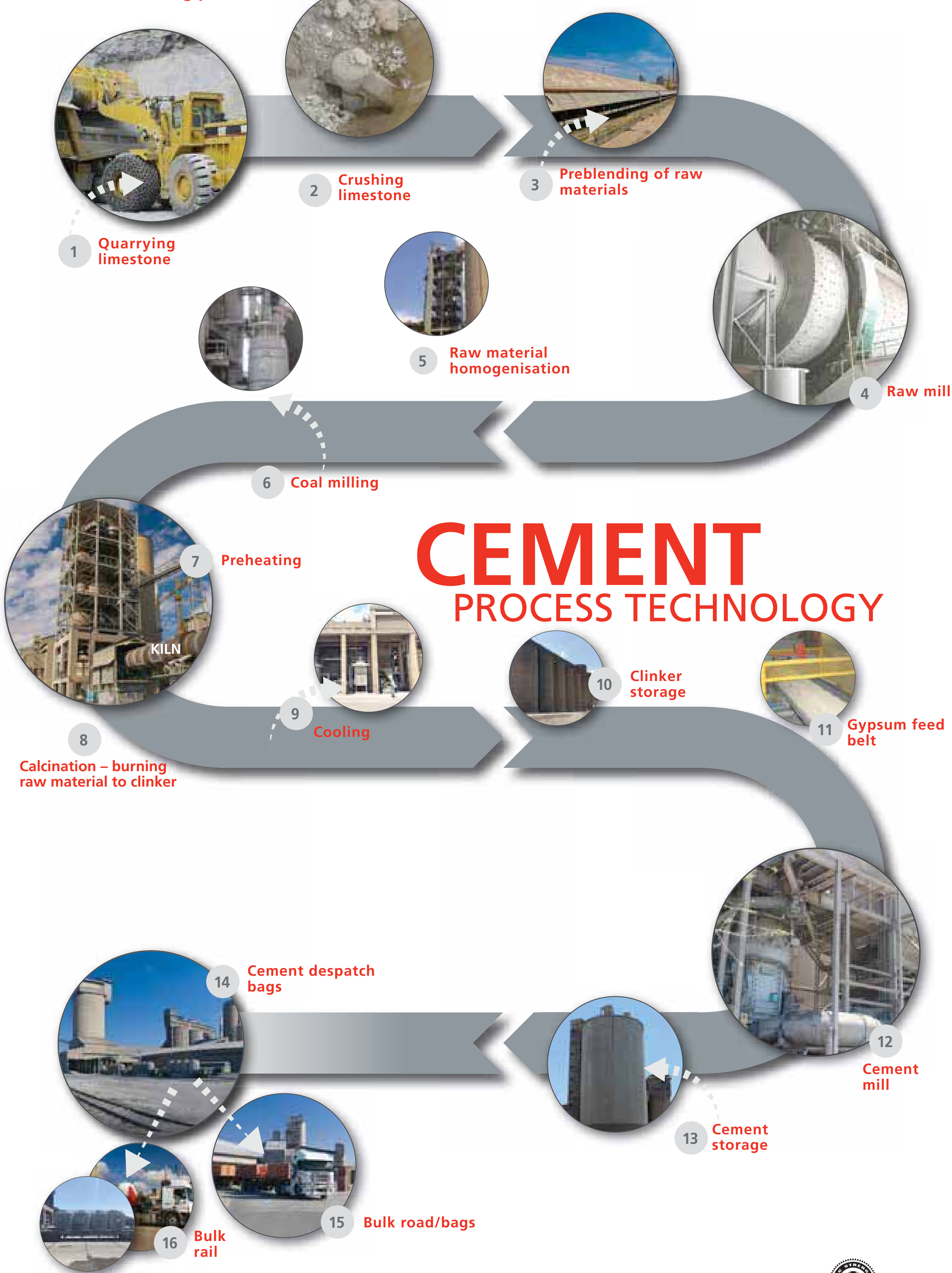
Rwanda

Proudly Rwandan expo

The campaign to promote locally made goods among Rwandans was significantly boosted after the Private Sector Federation and Trade and Industry Ministry organised an exhibition targeting Rwandan producers like CIMERWA to exhibit their offerings and encourage the public to buy locally produced products.

Operations review continued

Cement manufacturing process



Botswana

Company overview

PPC's business structure in Botswana comprises three wholly owned subsidiaries:

- PPC Botswana Pty Limited
- Kgale Quarries Pty Limited
- PPC Aggregate Quarries Botswana Pty Limited

PPC Botswana has a milling, packaging and dispatch operation in Gaborone supporting a national distribution network, while the aggregates business operates two quarries in Gaborone and Francistown.

Review of 2016

The political landscape in Botswana remains stable and the country again improved its position on the World Economic Forum's Global Competitiveness ranking, from 74 (2015) to 71 out of 140.

Botswana has a government-driven economy, with the majority of revenue generated by the diamond industry. Its economy has not escaped the global commodity pricing collapse and contracted for a second consecutive quarter at the end of calendar 2015.

Cement

The increase in cement capacity and competitiveness in the southern African region has affected pricing and volume in all segments. Consequently, our volumes declined over the reporting period, affecting results. We maintained our market leadership, however, by focusing on our brand, operational efficiencies and cost competitiveness. Management remains in regular contact with the Botswana government on issues that will strengthen the local industry to serve national objectives.

We are particularly pleased with our safety record, achieving one million injury-free hours (over four years) in March 2016.

Aggregates

The aggregates trading environment remains tough. We continue to strategically consolidate our operations, reflected in improved volumes and profitability by positioning our business as a major supplier of construction aggregates in the greater Gaborone and Francistown markets. In the final step of this consolidation process, the two legal entities will be combined in the near future.

The 12-month rolling average LTIFR for our aggregates operations was 0,49, with 216 days since the last LTI.

Outlook

We remain optimistic about the medium-term outlook for the Botswana economy. The government has recently communicated its economic stimulus package, specifically targeting small and medium enterprises as well as local contractors. This should support increased government infrastructure development, especially for water, electricity and roads.

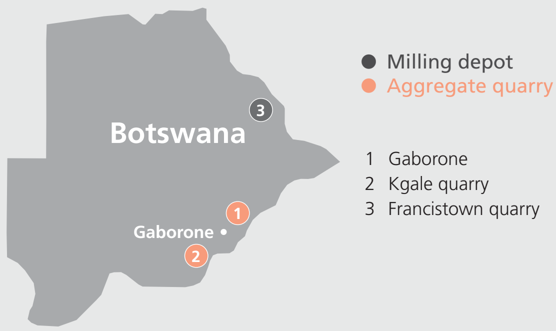
While our cement operation remains well placed to participate in the expected growth in local demand, a very competitive landscape with resultant volume and pricing pressure will continue as South Africa has surplus cement capacity. To remain competitive, we continue to evaluate the nature of our presence in Botswana.

The aggregates industry is expected to remain very competitive, but we anticipate an improved performance from the restructured business and optimised support services. Our participation in construction activity will depend on our regional footprint relative to the location of these projects.

Cement product range – Botswana

The popular 32,5R **Botcem** product, manufactured at the Gaborone milling depot, is complemented by the OPC and **Surebuild** brands.

BOTSWANA



Operations review continued

Zimbabwe

Company and project overview
PPC Zimbabwe is a 70%-owned subsidiary of the group, comprising a clinker manufacturing operation at Colleen Bawn – a grinding and packaging plant in Bulawayo. It is both the market leader and largest cement manufacturer in Zimbabwe, with a well-established brand.

With a current installed capacity of just over 1 mtpa, we are the only supplier in Zimbabwe capable of offering palletised cement, which has reduced cost and customer turnaround times. Construction of a new 700 000 tpa grinding and dispatch plant in Harare is progressing well.

Review of 2016
Domestic cement demand declined significantly in the review period after several years of growth. This reflected a poor agricultural season, tighter market liquidity, increased local competition and lower disposable incomes. Supported by weakening regional currencies against the US dollar and increased regional capacity, imports from neighbouring countries have grown despite a number of barriers to entry. To maintain market leadership, we reduced pricing, especially in the border areas.

Lower volumes were offset by the benefits of improved operational efficiencies as a result of prior period initiatives. The focus on operational excellence continues, laying the platform for efficient output in the medium to long term, should demand improve.

PPC Zimbabwe's current capacity is just over 1 mtpa, produced solely in Bulawayo. After commissioning the Harare plant we plan to retire two of our smaller and less efficient cement mills, resulting in a combined national capacity of 1,4 mtpa.

Construction of the US$85 million mill in Harare was around 70% complete at 31 March 2016. The rail-siding works were 82% complete, and 95% of equipment manufactured and delivered to site. Civil and structural construction works are 68% complete. Operational readiness activities are under way with staffing, skills transfer, material and equipment plans being implemented against a ramp-up plan. Plant commissioning is expected towards the end of calendar 2016.

In line with the policy of conserving natural resources and ensuring continued water security for Colleen Bawn, an advanced water-treatment plant was commissioned in January 2016. This plant treats effluent water for use in the plant conditioning towers, reducing raw water demand from the water utility.

A mine planning review was completed at Colleen Bawn during the period and the life of mine has been extended as a result.

PPC Zimbabwe is about to conclude its employee housing scheme which involves selling company-owned houses in high-density residential areas to our people. To date, 100 employees in the country have benefited from this initiative to support homeownership.

Commendably, our operations and the Harare mill project maintained their zero LTIFR status, with Colleen Bawn at 1 492 days, Bulawayo at 1 048 days and Harare at 516 days at the end of the period.

Outlook
The slowdown in Zimbabwe's economic growth, caused by ongoing liquidity problems and high external debt levels, will continue for calendar 2016 and challenge the objective to grow domestic sales. With increased competition in the region and Zimbabwe's deflationary environment, the outlook for pricing remains muted. PPC will continue its strategy to defend and grow its domestic and export market by investing in marketing and sales initiatives and remaining customer focused.

Production may be affected by the poor domestic and regional power-supply outlook, but the company has maintained sound relations with relevant power utilities and continues to benefit from a tariff structure that supports continued supply.

Commissioning of the Harare plant by the end of calendar 2016 will ensure the company is positioned for the expected economic upturn and associated infrastructural development and investment in the medium term.

Cement product range – Zimbabwe
OPC, **Surebuild**, **PMC** and **Unicem** – a trusted 32,5N multipurpose cement – are produced and distributed from the Bulawayo factory and will soon be available from the Harare factory after commissioning.

ZIMBABWE

Mozambique
PPC Mozambique SA is a wholly owned subsidiary managed by the PPC Zimbabwe team, in line with our regional outlook.

The Tete economic environment has not improved from the previous reporting period, in line with the muted international resources segment, specifically coal, while political sensitivities in central Mozambique have deteriorated. Volume supplied to Tete decreased over the prior year, while we continue to supply into southern Mozambique through a distributor.

Outlook
In Mozambique, consensus projects a favourable long-term outlook for economic growth. For our materials handling facility in Tete this does, however, hinge on the recovery of the international resources segment and the country's ability to unlock significant investments made in developing Tete coal reserves.

Rwanda

Company and project overview

In 2013, PPC acquired a 51% equity stake in CIMERWA Limited, the only integrated cement producer in Rwanda.

Our new 600 000 tpa plant was commissioned in the second half of 2015 at a cost of US$165 million. Ramp-up has been satisfactory to date and most of the plant's provisional acceptance certificates were issued by 31 March 2016.

Review of 2016

Between commissioning and the end of March 2016, the plant has sold over 120 000 tons of cement. This gradual ramp-up will continue and the plant should reach full capacity over the next two years. Plant performance for the review period was satisfactory, with further improvements expected once current initiatives are implemented. Particle emissions during the period were maintained below 50 mg/Nm^3.

By the end of 2015, Rwanda's cement market had reached some 570 000 tons, reflecting growth of around 10% over the last three years. The product from the new plant was well accepted in the market, and CIMERWA's market share has risen in line with improved output. Unfortunately, the political environment in neighbouring Burundi has restricted our ability to export to this key market.

Initiatives to develop the local transport industry are progressing and a contracted fleet has been introduced. We will continue to optimise inbound and outbound logistics opportunities.

A range of empowerment-focused corporate social responsibility initiatives have been launched, focused on growing local cooperatives. A particular success was the Environmental Sustainability Ladies Co-operative, which manufactures and supplies retaining blocks for use in the plant. This cooperative is also responsible for planting trees on site and in surrounding areas as part of our environmental management programme.

CIMERWA's 12-month rolling average LTIFR at the end of March 2016 was 0,83, with 92 days since the last safety incident.

Outlook

The plant is well located to supply cement to the Rwanda, eastern DRC and Burundi regions. The medium-term economic outlook for Rwanda and the region remains positive, with the main Rwanda market expected to continue expanding at 6% to 8% in a stable inflation environment.

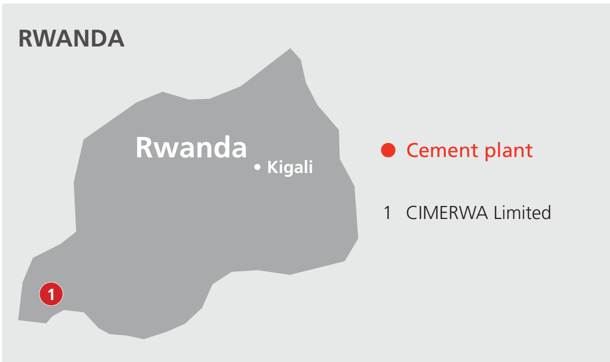
Until an amicable resolution to political challenges in Burundi is achieved, our ability to export to that market will remain restricted. Exports to the region remain a key focus and strategic response to our foreign currency exposure.

Aligned with the government's national development plans (Rwanda Vision 2020, Economic Development and Poverty Reduction Strategy 2) and a rapidly growing middle class, cement demand is expected to grow steadily over the medium term. The percentage of the population living in urban settlements is now about 17%, and expected to rise to 35% by 2020. Aligned with national plans, six secondary cities were selected to promote urban development outside of Kigali.

To further support the Rwanda Vision 2020, CIMERWA has developed a localisation programme aimed at fast-tracking cement-specific skills development through a structured shadowing initiative. This will strengthen both the local skills base and CIMERWA's competitiveness.

Cement product range – Rwanda

CIMERWA produces 42,5N and 32,5N Portland Pozzolana cement.



Operations review continued

Democratic Republic of the Congo (DRC)

Company and project overview

PPC, in partnership with the Barnet Group and International Finance Corporation (IFC), is building a 1 mtpa integrated cement plant for around US$280 million. The plant is near Kimpese in the Kongo Central province in western DRC, 230 km south-west of the capital Kinshasa. Ercom Engineering is the technical consultant and Sinoma is the EPC contractor.

The new plant is 60% project debt funded with the IFC and PTA Bank as joint lead arrangers.

The PPC Barnet DRC Company is 69% owned by PPC, 21% by the Barnet Group, our local partner, and 10% by the IFC.

Review of 2016

Construction of the new plant is on schedule, with civil and structural erection work completed in 2015. The plant was 83% complete by March 2016, with mechanical and site electrical installation due for completion in May and commissioning starting later in the year.

Contingency utilisation is high in relation to the construction programme and could result in a 4% to 6% increase in the capital estimate.

In conjunction with the country's utility company, Société Nationale d'Electricité (SNEL), PPC Barnet DRC is constructing a 13 km overhead transmission line to supply power to the cement plant as a public-private partnership. SNEL has appointed an EPC contractor and PPC Barnet DRC is actively managing this contract to ensure permanent power is on-site.

Construction of a village to house company employees is well advanced, with the first houses ready for handover.

In addition to key investment incentives by the country's investment promotion agency, ANAPI, the ministry of finance has also awarded fiscal incentives for a four-year period to the manufacturing business.

Our cement trading business continues to import and trade own-manufactured PPC-branded cement into Kinshasa and Matadi. The PPC brand is now recognised in the market and the management team is developing a solid understanding of the country and business environment. Selling prices deteriorated as low-cost imports from neighbouring Angola increased markedly on the back of local exchange rate variations. Imports from Angola continue to fill the gap left by current local production capacity being well below market demand. A local cement producers association was formed under the auspices of the Fédération des Enterprises du Congo (FEC) as a vehicle to engage with government on local industry protection as it moves towards self-sufficiency.

The new technical training facility at the factory site, focused on developing the skills of people from villages near the plant, is well established and awaiting formal accreditation from the department of labour. Courses on basic engineering and life skills are ongoing.

The operational readiness programme is on track to secure key raw materials and recruit qualified and skilled staff. Skills transfer programmes with new recruits are under way using PPC's Technical Skills Academy in South Africa and exposure to operational plants across the group.

After achieving over two million injury-free hours, the project recorded three lost-time injuries by March 2016. The 12-month rolling average LTIFR at year-end was 0,06.

A number of sustainability initiatives are under way in the area, including a malaria vector-control programme of spraying and fogging in nearby villages, establishing a tree nursery for rehabilitation projects, improving sanitation and providing desks at a local school, as well as a number of basic healthcare improvement programmes. Stakeholder engagement continues at all levels to entrench our brand while building relationships and a strong local cement industry as a responsible corporate citizen.

Outlook

GDP growth in the DRC of above 5% is expected in the medium term, reflecting a steady reduction of the infrastructure deficit and expanding investment due to ongoing government reforms. This will support a continued increase in cement demand, and we are well located to serve the Kinshasa, Matadi and interior markets. With additional regional capacity being constructed, our targeted commissioning date for the new plant of end calendar 2016 will give us a first-mover advantage.

The situation surrounding the presidential election scheduled for November 2016 remains uncertain, affecting current cement demand growth, but this is expected to be temporary. We recognise that the election could coincide with the scheduled cement plant commissioning.

We have identified potential start-up funding requirements and PPC might have to contribute between US$20 million and US$50 million. These will be reimbursed to PPC as inflows from operating profits.

Cement product range – DRC

PPC currently exports 32,5N and 42,5N cement manufactured at its South African facilities to DRC.

DRC

- Sales depots
- Cement plant

1 Kinshasa
2 Kimpese (under construction)

Ethiopia

Company and project overview

PPC holds a 35% equity stake in Ethiopia's Habesha Cement Share Company (Habesha) and South Africa's Industrial Development Corporation (IDC) holds 20%.

Habesha is the first cement public company in Ethiopia, with over 16 000 local shareholders. Designed for annual cement capacity of 1,4 million tons and situated just 35 km north-west of the capital, Addis Ababa, the modern plant is well positioned to serve this market. The plant is being supplied and built by China's Northern Heavy Industries Group (NHI) which has built over 100 cement plants in China, and supplied and erected a plant for Ethiopia's National Cement in Dire Dawa.

The project is funded by a combination of equity and debt financing by Development Bank of Ethiopia and PTA Bank. With an expected full project cost of US$170 million to US$180 million, additional funds will be sourced from a two-step rights issue and debt funding. Both PPC and the IDC have followed their rights in the first capital raising, with PPC investing a further US$5,1 million in March 2016. The capital-raising programme is forecast to be concluded by the third calendar quarter of 2016.

Review of 2016

Construction is progressing well, with overall project progress at 71%, civil construction 86% complete and mechanical erection at 34%. The plant design is 99% complete, with 95% of equipment manufactured and delivered to site. The main plant power agreement is in place with the Ethiopian power authorities and the contract for supply and construction of a 14 km 132 KV transmission line has been awarded.

Operational readiness preparation is progressing on schedule, with training for 30 key technical personnel in China planned for the second quarter of calendar 2016. Recruitment is also on track, with 110 employees already on site.

The project's 12-month rolling average LTIFR was 0,53 with 183 days since the last lost-time injury.

Outlook

Construction activity in Ethiopia is brisk and our outlook for cement demand in the country is strong. The government's growth and transformation plan (2010) focuses on infrastructure development, industrialisation and housing to improve the country's economy and raise GDP. This will underscore future cement demand, particularly in Addis Ababa and surrounding areas.

The plant is expected to be commissioned in the second calendar quarter of 2017, and development plans include the opportunity to double production capacity.

ETHIOPIA

● Cement plant

1 Habesha Cement (under construction)

Marketplace in Harar, Ethiopia

Ethiopia

Addis Ababa, light metro rail construction

Harar street construction

Ethiopia construction

Corporate governance review

Governance

Our governance report is structured in two parts in line with the latest practice in governance reporting. The first part tells the governance story of PPC, while the second focuses on compliance with applicable governance and regulatory standards.

Part 1
High level overview of the governance structure in the PPC group

Shareholders/stakeholders

PPC group board

Strategic

- Audit committee
- Nominations committee
- Investment committee
- Social, ethics and transformation committee

PPC group executive

Aligned execution

PPC group executive committee

- International business committee
- Group business committee
- Group finance committee
- South African business committee

Operational

Subsidiary boards/functional leadership/business unit executive committees

Board structures

Chairman

Key objectives: Board leadership and performance, custodian of the corporate governance processes. See page 61 for more details.

The PPC board

Key objectives: Strategic planning, selling objectives, appointing CEO, monitoring implementation of board plans and strategies. See page 61 for more details.

Audit committee

Key objectives: Provide governance and compliance oversight of the financial results, performance of internal and external audit and the group's system of internal control. See page 66 for more details.

Nominations committee

Key objectives: Ensure appropriate board composition induction and training of directors and succession plans. See page 68 for more details.

Remuneration committee

Key objectives: Establish a remuneration policy, monitor executive remuneration and ensure the mix of salary and incentives supports achieving PPC's targets. See page 69 for more details.

Investment committee

Key objectives: Evaluate investment in, or divestment from other enterprises for purposes of enhancing the sustainable income of the group. See page 70 for more details.

Social, ethics and transformation committee

Key objectives: Monitor company activities on social, transformation and economic development, stakeholder relationships, good corporate citizenship, environment, labour and employment. See page 69 for more details.

Risk and compliance committee

Key objectives: Oversee implementation of an effective policy and plan for risk management and disclosure on risk that is comprehensive and relevant. See page 67 for more details.

The interim chairman of our board is Peter Nelson who was appointed to that position on 29 March 2016. He was an independent non-executive director for the period under review. As interim chairman, he is responsible for board leadership and board governance, assisted by the company secretary. Together, they are responsible for the board's annual work plan and ensuring the performance of the board is annually reviewed against performance standards.

In executing his responsibilities and those of the board, Peter is assisted by a very capable team of directors. On 12 September 2016, 12 directors served on the group board. The majority were non-executive directors, with an independent majority when classified against the JSE Listings Requirements.

More information on board composition and activities follows in this report. Most notable were the appointment of an interim chairman on 29 March 2016 and the appointment of one non-executive director at the AGM in January 2016.

During the year the following resignations and retirements were reported:
- Mr BL Sibiya
- Ms ZJ Kganyago
- Mr MP Malungani.

Key roles and responsibilities

Key roles in the corporate governance of PPC lie mainly in the responsibilities of three functionaries:

The interim chairman: Peter Nelson

The role of the chairman is set out in a document approved by the board:
- Lead the board, not the company
- Safeguard the integrity of corporate governance processes and actions as determined collectively by the board
- Be the link between the board and management, particularly the CEO
- Be the main link between the board and shareholders, and the public at large.

The CEO: Darryll Castle

The role of the CEO is determined by the board, formalised in the board charter and managed through his annual scorecard:
- The CEO leads the company and the management team. He is responsible for the day-to-day operations of the company and is its principal spokesperson, while the chairman is the leader of the board.

The company secretary: Jaco Snyman

The role of the company secretary is largely determined in section 88 the Companies Act 2008 (the Act):
- Guiding PPC's directors collectively and individually on their duties, responsibilities and powers
- Making directors aware of any law relevant to or affecting the company
- Reporting to the board any failure by the company or a director to comply with the memorandum of incorporation, rules of the company or the Act
- Ensuring minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded
- Certifying in the annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all returns and notices appear to be true, correct and up to date
- Ensuring a copy of the company's annual financial statements is sent to every person who is entitled to it.

The group company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities. He is a central source of information and advice to the board and in the company on matters of ethics and good governance. He also ensures the proceedings and affairs of the board, its committees, the company itself and, where appropriate, owners of securities in the company are properly administered in accordance with pertinent laws. Details of his qualifications and experience appear on page 23. The board evaluates the company secretary's performance as part of its annual board evaluation.

He is responsible for compliance with the rules and Listings Requirements of the JSE and the Zimbabwe Stock Exchange on which the company's securities are listed and administers the statutory requirements of the company and its subsidiaries in South Africa.

The company secretary is satisfied that he is able to effectively perform the role as gatekeeper of good governance in the company and to carry out his role and responsibilities as company secretary.

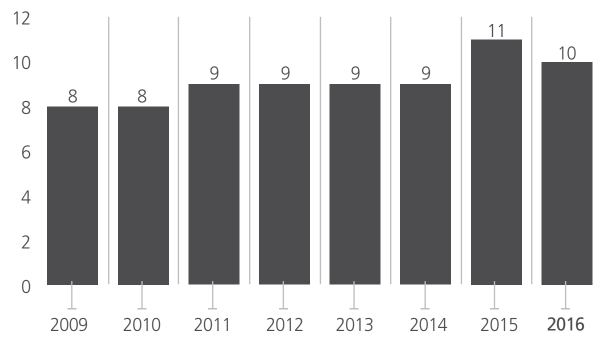
How the board operates

The members of our board are shown below:

Non-executive directors
PG Nelson, S Dakile-Hlongwane, N Goldin, T Leaf-Wright, T Mboweni, SK Mhlarhi, B Modise, T Moyo, C Naude, TDA Ross

Executive directors
DJ Castle, MMT Ramano

NON-EXECUTIVE DIRECTORS



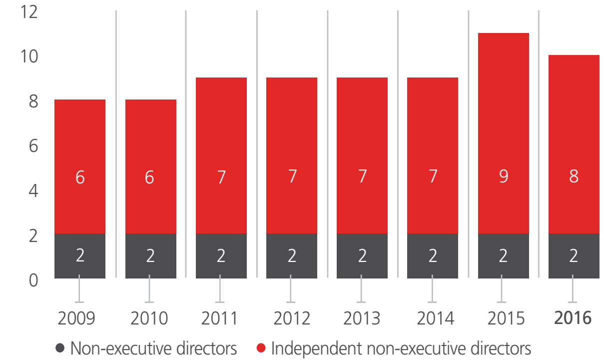
Corporate governance review continued

The nominations committee annually evaluates whether the board's size, diversity and demographics make it effective. A number of studies have shown that the composition of the board can have a significant impact on company performance. Early studies on board composition focused on factors such as independence of directors, with the impact of cognitive diversity in decision-making, gaining recognition only in recent years. Recent diversity studies have focused on gender diversity with interesting but mixed results.

At year-end, the board comprised an independent non-executive chairman, two executives and 10 non-executive directors. At its meeting in May 2016, the nominations committee evaluated the independence of non-executive directors and concluded that the following directors are independent as defined in King III (the code) and the JSE Listings Requirements:

Independent non-executive directors
PG Nelson, N Goldin, T Leaf-Wright, T Mboweni, B Modise, T Moyo, C Naude, TDA Ross

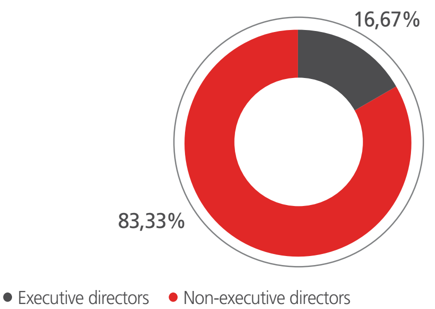
NON-EXECUTIVE AND INDEPENDENT NON-EXECUTIVE DIRECTORS



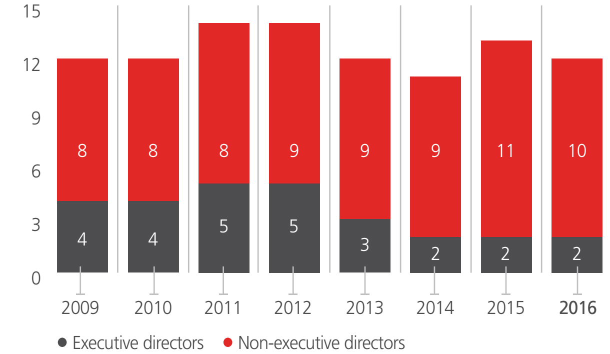
The board has made notable progress in transformation and compliance with the BBBEE code as reflected in the following graphs.

Balance between executives and non-executives
During the review period, the balance on the PPC board between executive and non-executive directors moved further in favour of the non-executive directors by the appointment of additional non-executives while the number of executives remained at two.

COMPARISON AT MARCH 2016

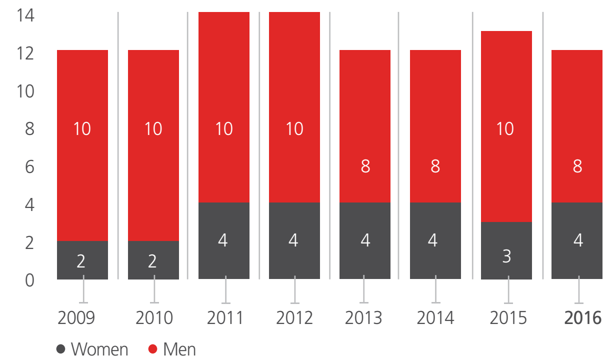


BALANCE BETWEEN EXECUTIVE DIRECTORS AND NON-EXECUTIVES DIRECTORS



Gender balance
At PPC, 33% of board members are women, and the chairperson of the risk and compliance committee is female.

GENDER BALANCE



In support of gender diversity the board has adopted the following policy statement:
"The PPC Board recognises the benefits of having a gender diverse Board, and sees increasing diversity at Board level as a competitive advantage. Gender diversity will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

"The nominations committee will discuss and agree annual objectives for achieving gender diversity on the Board and recommend them to the Board for adoption.

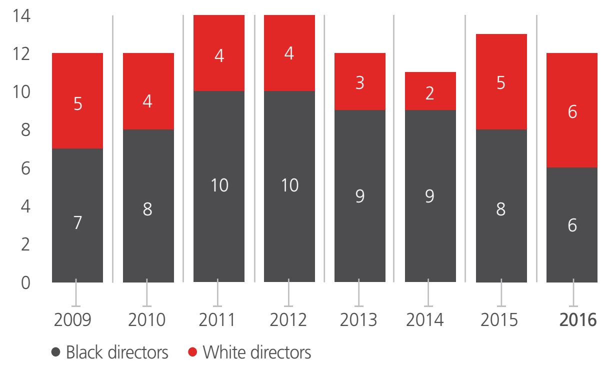
"At the date of adoption of this Policy Statement, the Board's aim was to ensure that at least 30% of the Board was made up of women and for that position to have exceeded 35% by the end of 2018.

"The nominations committee will report annually, in the corporate governance section of the Integrated Report to shareholders the achievement of the objectives for its gender diversity. This report will include a summary of this Policy Statement, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives."

Racial balance

At 12 September 2016, 50% of directors were black.

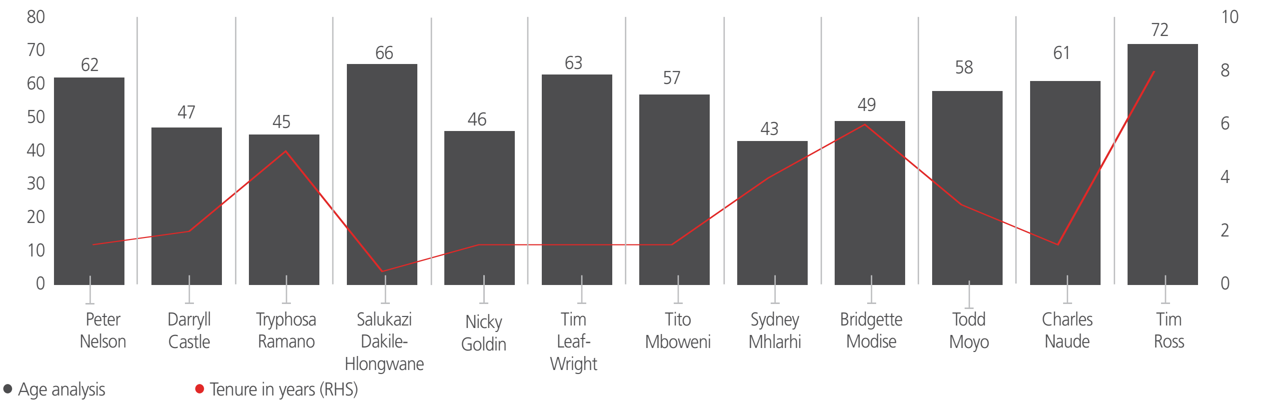
RACIAL BALANCE



Age analysis

Age diversity is considered when the nominations committee evaluates the board composition. The average age of the directors is 56 years.

AGE ANALYSIS/TENURE IN YEARS



Board tenure

All major ratings agencies include an assessment of board tenure as one of their criteria for evaluating board effectiveness, with longer tenure potentially leading to lower scores. The average tenure at our board is three years.

Comparison with peers on the JSE

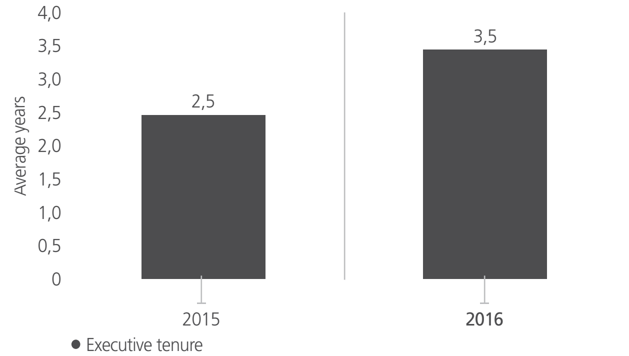
With regards to corporate governance best practice we have noted the findings in the Spencer Stuart "South African Board Index 2015". This report contains an analysis of practices at all the JSE-listed companies in 2015. PPC has exceeded the average on all the below mentioned scores:

	Some key statistics from JSE-listed companies (average):			
PPC achieved	80%	50%	33%	84%
JSE average	57%	49%	25%	47%
	Independence ✓	Diversity ✓	Women on boards ✓	Board evaluation ✓

Spencer Stuart: South Africa Board Index 2015

Corporate governance review continued

EXECUTIVE TENURE



Directors are appointed through a formal process and the nominations committee assists in identifying suitable candidates to be proposed to shareholders. This process is detailed in the company's selection and appointment policy. The primary objective of this policy is to provide a transparent framework and set standards for the selection and appointment of high-calibre executive directors and non-executive directors with the capacity and ability to lead the company towards sustainable value creation and long-term growth. The nominations committee oversees this policy.

A formal induction programme is in place for new directors, and directors with less experience are developed through training programmes. For continuing development, PPC encourages directors to attend the professional development programmes of the Institute of Directors in Southern Africa (IoDSA).

While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors can have, approval must be obtained from the chairman prior to accepting additional commitments that may affect the time directors can devote to the group.

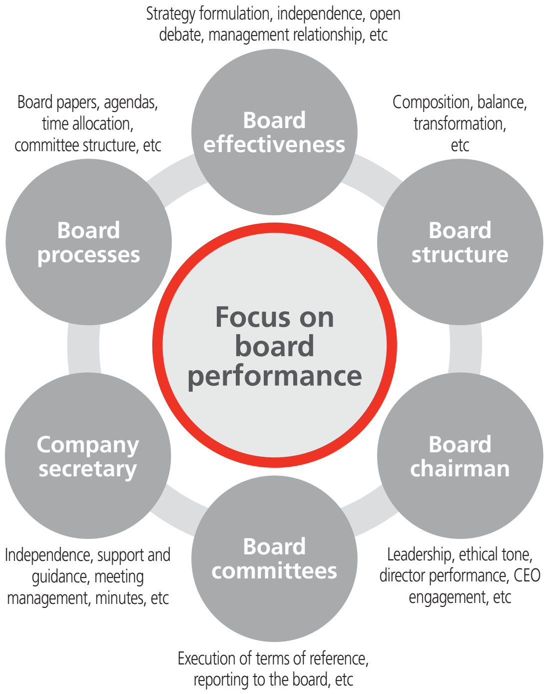
The table below indicates the attendance of directors at scheduled meetings from 1 October 2015 to 12 September 2016:

Board members	Board strategy session	Board	Annual general meeting	Audit	Invest-ment	Social, ethics and trans-formation	Nomina-tions committee	Remune-ration committee	Risk and comp-liance	Attend-ance
PG Nelson	1/1	6/6	1	3/3*****	3/3****		1/1	5/5		23/23
DJ Castle	1/1	6/6	1						1/2	9/10
S Dakile-Hlongwane	1/1	4/6	1			1/1***				7/9
N Goldin	1/1	6/6	1		6/6			5/5		19/19
ZJ Kganyago*		1/2	1							2/3
T Leaf-Wright	1/1	6/6	1		6/6	2/2			2/2	18/18
MP Malungani*		2/2	1		1/1	1/1				5/5
T Mboweni	1/1	4/6	1			2/2	2/2			10/12
SK Mhlarhi	1/1	5/6	1		6/6			4/5		17/19
B Modise	1/1	6/6	1	6/6					2/2	16/16
T Moyo	1/1	6/6	1	6/6			2/2	3/3**		19/19
C Naude	1/1	6/6	1		3/3****			4/4	2/2	17/17
T Ramano	1/1	6/6	1							8/8
TDA Ross	1/1	6/6	1	6/6	6/6				2/2	22/22
BL Sibiya*		2/2	1				1/1	1/1		5/5

Notes
*Retired at 25 January 2016 AGM
** Appointed to committee as chairman 13 April 2016
*** Appointed 13 April 2016
**** Appointed 13 April 2016
***** Retired from committee on 30 March 2016 when appointed interim chairman

Annual board evaluation

The code requires annual board performance evaluations by the chairman or an independent service provider and that the results of these evaluations should identify training needs for directors. This year, the nominations committee appointed the company secretary to conduct the annual evaluation and the following elements were considered:



The key findings indicated a notable improvement in the relationship between the board and management. The following can be reported:

- **Information flow** – All but one member of the board confirmed that the reports and presentations to the board are appropriate. It was further confirmed that management is keeping the board abreast of internal and external issues and trends affecting group performance
- **Strategic planning** – The board is satisfied that it is adequately and effectively involved in determination of the long-term strategy of the group (90% score)
- **Relationships** – The members are of the view that the chairman acts as an effective link between the board and management and particularly the board and the CEO.

The overall performance of the board also showed a very notable improvement:

Board evaluation	%
Board 2015	77
Board 2016	84

Strategic planning

As a key performance area of the board, group strategy is mapped by the board in consultation with PPC's executive committee (exco). The board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy. The strategy review appears on page 5 of the report.

Internal control

Reporting in the company is structured so that key issues are escalated through the management team and ultimately to the board, if appropriate.

The board has delegated to the audit committee responsibility for reviewing, in detail, the effectiveness of the company's system of internal controls. After completing these reviews, the committee reports to the board on its findings so that the board can take a view on this matter. This has been subject to regular review over a number of years, resulting in several refinements. The report on internal control for the period appears on page 84 of the report.

Delegation

The board delegates certain functions to committees and management, but without abdicating its own responsibilities. Delegation is formal and involves:

- Approved and documented terms of reference for each committee of the board
- Terms of reference are reviewed once a year
- The committees are appropriately constituted with due regard to the skills required
- The board has a framework for delegating authority to management.

How board committees operate

The board has six standing committees through which it operates. Committees play an important role in enhancing good corporate governance, improving internal controls and thus the sustainable performance of the company.

Corporate governance review continued

The current board committees and their chairpersons are:

Chairpersons	Board committees
T Mboweni	Social ethics and transformation
B Modise	Risk and compliance
T Moyo	Remuneration committee
C Naude	Investment committee
PG Nelson	Nominations committee
TDA Ross	Audit committee

The chairpersons of these committees are independent non-executive directors.

In the interest of free information flow and good oversight, full or summary minutes of all committee meetings are included in document packs for board meetings. In addition, each chairperson was required to present an annual report on the activities of that committee at the board's meeting in June 2016.

At this meeting, the board concluded that all committees had executed their responsibilities within the scope of their respective terms of reference in the review period.

About the audit committee

The current members of the audit committee are:

Name	Qualifications	Status
TDA Ross (chair)	CA(SA)	Independent
B Modise	CA(SA)	Independent
T Moyo	CA(Z), CA(SA)	Independent

Peter Nelson was a member of the audit committee but subsequently resigned when he was appointed as PPC's interim chairman. Once a new board chairman is appointed, he will go back onto the audit committee.

All members are independent, as required by the code and the Act. The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

Tim Ross has been elected chair of the committee since 2009. He was a partner with Deloitte for 36 years and retired in May 2008. Tim is a member of the South African Institute of Chartered Accountants.

Members of the executive team, including the CFO, attend committee meetings by invitation. Similarly, external and internal auditors attend meetings by invitation and have no voting rights. The chairperson reports to the board on the committee's activities and recommendations. The chief audit executive reports to the chairperson of the committee and to the CEO on day-to-day matters. The latest minutes of committee meetings are included in board packs.

The audit committee has adopted formal terms of reference that have been approved by the board of directors, and has executed its duties in the past financial year in line with these terms of reference.

Among others, the committee's terms of reference include the following responsibilities:

Financial statements

The committee reviews the annual financial statements, interim and preliminary announcements, accompanying reports to shareholders and any other announcements on the company's results or other financial information to be made public, prior to submission and approval by the board.

Integrated reporting

The committee oversees integrated reporting, particularly:

- All factors and risks that may affect the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward looking statements or information
- Reviews the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents
- Comments in the annual financial statements on the financial statements, accounting practices and effectiveness of internal financial controls
- Reviews disclosure of sustainability issues in the integrated report to ensure this is reliable and does not conflict with the financial information
- Recommends to the board whether or not to engage an external assurance provider on material sustainability issues
- Reviews the content of summarised information for whether it provides a balanced view
- Engages the external auditors to provide assurance on summarised financial information
- Prepares a report for inclusion in the integrated report and annual financial statements for the financial year (page 83):
  - Describing how the audit committee carried out its functions
  - Stating whether the committee is satisfied that the auditor was independent of the company
  - Commenting in any way it considers appropriate on the financial statements, accounting practices and the internal financial control of the company
- Recommends the integrated report for approval by the board.

Internal audit

The committee is responsible for overseeing the internal audit function, in particular:

- The appointment, performance assessment and/or dismissal of the chief audit executive
- Reviewing the internal audit charter
- The appointment, performance assessment and/or dismissal of any outsourced/company's internal audit service provider

- Approving the internal audit plan and any significant changes and satisfying itself that this plan will effectively address critical risk areas of the business
- Ensuring the internal audit function is subject to an independent quality review, as the committee determines it appropriate
- Reviewing internal audit's compliance with its charter as approved by the audit committee and considering whether the internal audit function has the necessary resources, budget and standing in PPC to enable it to discharge its functions.

Risk management

The committee is an integral component of the risk management process. Specifically, the committee must oversee:
- Financial risk
- Financial reporting risks
- Internal financial controls
- Fraud risks as these relate to financial reporting
- IT governance and risks as these relate to financial reporting.

External audit

The committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. In this regard, the committee must:
- Nominate an independent external auditor for appointment by shareholders
- Determine the fees to be paid and terms of engagement of the auditor
- Ensure the appointment of the auditor complies with the Act and other relevant legislation
- Monitor and report on the independence of the external auditor in the annual financial statements
- Define a policy for non-audit services provided by the external auditor
- Pre-approve contracts for non-audit services to be rendered by the external auditor
- Ensure there is a process for the committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act 2005) identified and reported by the external auditor
- Review the quality and effectiveness of the external audit process.

Financial director

The audit committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director and must confirm this to shareholders in its annual report.

Financial function

The committee reviews the expertise, resources and experience of the company's finance function, and disclose the results in the integrated report and discloses the results to the shareholders.

Internal controls

The chief audit executive has completed a report to the board on the effectiveness of controls and risk management, which was tabled at the board meeting in June 2016. In this report he concluded that:

"Other than the issues described below relating to PPC Barnet, nothing has come to the attention of GIA to indicate that any significant breakdown in the functioning of controls, resulting in material loss to the group and the company, has occurred during the period and up to the date of this report.

"In relation to PPC Barnet GIA noted weaknesses relating to governance, risk management and controls in PPC Barnet. These weaknesses were around the validity and recoverability of VAT, import tax issues, high cash handling and delays in bulk power supply. These issues are being attended to by management as a matter of urgency."

IT governance

In recent years, PPC has made appropriate investments to ensure its information technology (IT) systems and governance processes comply with the recommendations of King III. This is detailed in the King III application table on our website. Specific developments during the period included:
- The IT charter, framework and policy documents were reviewed and approved by the audit committee, and implemented
- The IT strategy was approved by the board and is aligned to the business strategy and objectives by focusing on robust infrastructure, an enabling platform and solid governance processes
- Initiation of an information security management system to ensure the integrity, confidentiality and availability of information.

The committee reported on its activities for the review period at the board meeting on 13 June 2016 and signed off on the integrated report at a meeting on 9 September 2016.

About the risk and compliance committee

The members of the committee are:

Name	Qualifications	Status
B Modise (chair)	CA(SA)	Independent
DJ Castle	BSc, BCom, MBA,CFA	Executive
T Leaf-Wright	Chartered Institute of Secretaries	Independent
C Naude	BSc (Hons), MBL	Independent
TDA Ross	CA(SA)	Independent

Mr Castle, though an executive director, serves on the committee to align it with the best practice recommendations of the code. All other members of the committee are non-executive directors.

The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

Corporate governance review continued

Members of the executive team responsible for risk and compliance management, including the CEO, attend committee meetings by invitation. Similarly, external and internal auditors attend meetings by invitation but have no voting rights. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

The committee has its own terms of reference approved by the board, to assist its members to understand their roles and enable them to add value in discharging their duties. The committee's terms of reference are reviewed annually. Among other issues, the committee's terms of reference include responsibility to:

- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes
- Make recommendations to the board on the levels of risk tolerance and appetite, and monitor that risks are managed within these levels as approved by the board
- Approve the company's compliance policy and oversee that the policy is disseminated through the company
- Oversee that the risk management plan is disseminated throughout the company and integrated in its day-to-day activities
- Ensure risk assessments are performed continuously
- Ensure compliance management assessments are continuously performed
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure management considers and implements appropriate risk responses
- Ensure continuous risk monitoring by management takes place
- Liaise closely with the audit committee and other board committees to exchange information relevant to risk
- Express a formal opinion to the board on the effectiveness of the system and process of risk management
- Review reporting on risk management and compliance in the integrated report in terms of being timely, comprehensive and relevant.

For a more detailed review on risk and compliance, refer to page 85.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

About the nominations committee

The members of the nominations committee are:

Name	Qualifications	Status
PG Nelson (chair)	CA(SA)	Independent
T Mboweni	BA, MA, CD(SA)	Independent
T Moyo	CA(Z),CA(SA)	Independent

Mr Sibiya was chairman until his retirement in January 2016. Mr Nelson was appointed as the chairman of the nominations committee following his appointment as the interim chairman.

The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

The committee normally asks the CEO to attend its meetings, but he has no voting rights.

The committee has its own terms of reference, approved by the board, which are reviewed annually. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

The committee performs all the functions necessary to fulfil its role as stated in its terms of reference including:

- Ensuring the establishment of a formal process for appointing directors, including:
  - Identifying suitable members for the board
  - Performing reference and background checks of candidates prior to nomination
  - Formalising the appointment of directors through an agreement between the company and the director
- Overseeing the development of a formal induction programme for new directors
- Ensuring inexperienced directors are developed through a mentorship programme
- Overseeing the development and implementation of continuing professional development programmes for directors
- Ensuring directors receive regular briefings on changes in risks, laws and the environment in which the company operates
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution
- Finding and recommending to the board a replacement for the CEO when necessary
- Ensuring formal succession plans for the board, CEO and senior management appointments are developed and implemented
- Providing input on senior management appointments as proposed by the CEO.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

About the remuneration committee

The members of the remuneration committee are:

Name	Qualifications	Status
T Moyo (chair)	CA(Z),CA(SA)	Independent
N Goldin	BCom, MBA	Independent
SK Mhlarhi	CA(SA)	Non-executive
C Naude	BSc (Hons), MBL	Independent
PG Nelson	CA(SA)	Independent

During the year, Mr Moyo was appointed as chairman of this committee following Mr Nelson's appointment as the interim chairman of PPC. All members are non-executive directors. PwC, appointed by the committee, acted as independent remuneration advisers to the committee and provided detailed information on market trends and the competitive positioning of remuneration. The committee normally asks the CEO to attend its meetings but he has no voting rights. He does not participate in discussions on his own remuneration, which is set by the committee.

The committee performs all functions necessary to fulfil the role stated in its terms of reference, including:

- Overseeing the establishment of a remuneration policy that will promote achieving strategic objectives and encourage individual performance
- Ensuring the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year
- Reviewing the outcomes of implementing the remuneration policy against set objectives
- Ensuring the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives
- Satisfying itself on the accuracy of recorded performance measures that govern the vesting of incentives
- Ensuring all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- Considering the results of the performance evaluation of the CEO and other executive directors, both as directors and as executives in determining remuneration
- Selecting an appropriate comparative group when comparing remuneration levels
- Regularly reviewing incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules
- Considering the appropriateness of early vesting of share-based schemes at the end of employment
- Advising on the remuneration of non-executive directors
- Overseeing the preparation of the remuneration report and recommending to the board this be included in the integrated report.

The remuneration policy of the company is annually presented to shareholders to pass a non-binding advisory vote to indicate support for this policy. PPC's remuneration policy appears on page 88 and shareholders will be requested to pass a non-binding advisory to indicate support for this policy at the annual general meeting.

The committee has reviewed group remuneration policies to ensure these are aligned with the company's strategy and linked to individual performance.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference. A further meeting was held on 15 August 2016.

About the social, ethics and transformation committee

The members of the social and ethics committee are:

Name	Qualifications	Status
T Mboweni (chair)	BA, MA, CD(SA)	Independent
S Dakile-Hlongwane	BA, MA	Non-executive
T Leaf-Wright	Chartered Institute of Secretaries	Independent

During the period Ms Dakile-Hlongwane was appointed as a new member of the committee. All members of the committee are non-executive directors.

The committee has its own terms of reference approved by the board and reviewed annually. The chairperson reports to the board on activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

In line with its terms of reference, the committee's objectives are to assist the board in monitoring PPC's activities – against relevant legislation, other legal requirements or prevailing codes of best practice – on matters relating to:

- Social and economic development
- Corporate citizenship
- Transformation
- The environment
- Health and public safety
- Stakeholder relationships
- Labour and employment.

The committee reported on its activities for the review period at the board meeting on 13 June 2016. At this meeting, the board confirmed that the committee has complied with its terms of reference.

Corporate governance review continued

About the investment committee

During 2015 the board appointed a new committee called the investment committee. This committee replaced the ad hoc deal committee and has an extended responsibility.

The members of the investment committee are:

Name	Qualifications	Status
C Naude (chair)	BSc (Hons), MBL	Independent
N Goldin	BCom, MBA	Independent
T Leaf-Wright	Chartered Institute of Secretaries	Independent
SK Mhlarhi	CA(SA)	Non-executive
PG Nelson	CA(SA)	Independent
TDA Ross	CA(SA)	Independent

Mr Naude was appointed as chairman of the committee during the period. The committee performs all functions necessary to fulfil the role stated in its terms of reference, including:

Strategic investments (to enhance long-term sustainable income)
- Consideration of prospective acquisitions in respect of its ability to enhance long-term sustainable income of the group
- Evaluation of the merits of investment proposals within strategic guidelines, potential financial returns and risk of the evaluation/monitoring of the performance of strategic investments included in the strategic investment portfolio, relative to original business plan
- Approval of proposed divestments from identified investments and the terms of the divestment transactions.

Strategic alliances (to position PPC strategically for future markets/benefits)
- Consideration of prospective strategic alliances
- Evaluation of the merits of alliance proposals to consider the benefits that could derive from the proposed positioning relative to the imposed risks (especially reputation risk)
- Evaluation/monitoring of the performance of strategic alliances relative to original objectives
- Approval to exit from strategic alliances as well as the associated conditions for divestment.

Operational investments (business unit growth objectives)
- Approval of investment decisions "above threshold" levels
- Consideration and evaluation of the merits of investment proposals, the impact of the proposal on the operational strategy and the likelihood of achieving the targeted return in terms of that particular investment
- The monitoring of the performance of the group relative to the investment objectives of management
- Approval of proposed divestments in assets in the operational portfolio, the terms of the divestment transactions to be considered and the exit strategies.

Other initiatives (improve efficiencies in a cost-effective way)
- Approval of initiatives with a total cost "above threshold". Total cost will include all cost elements and should be calculated over the total project lifespan
- Consideration of the strategic impact in respect of proposed initiative
- Evaluation of the financial merits in initiative business cases.

Part 2
Corporate governance compliance

This section deals with disclosure on compliance with relevant and prescribed corporate governance principles. For the convenience of shareholders, all King III disclosures are made in one place to give the reader a complete picture.

Most recent developments in corporate governance

1. US: The Council of Institutional Investors (CII), Corporate Governance Policies state that at least two-thirds of the directors should be independent.
2. In 2014, the Australian Securities Exchange (ASX) updated their non-financial disclosure requirements, now requiring companies to disclose if they have material exposure to "environmental and social sustainability risks" and how they plan to manage and mitigate this risk.
3. The European Commission has proposed legislation that would require non-executive directors to be 40% women by 2020, up from 16,6% in 2013.
4. Corporate governance code for most of the countries in Europe (Italy, France, Germany), UK, APAC (China, Japan, India) state requirements of board oversight on IFC, risk management, related-party transactions and other disclosures in their annual report.
5. The Commission of the European Communities recommended that directors' remuneration should be based on performance. Variable components of remuneration should be linked to predetermined and measurable performance criteria, including criteria of a non-financial nature.

Deloitte global trends in corporate governance (December 2015)

Compliance with King III on Corporate Governance

We have complied with the practices of the King Report on Corporate Governance known as King III (the code) unless specifically indicated otherwise. A complete King III application register is available on the company's website at www.ppc.co.za/investors/governance/.

We describe how we have applied those principles in this report, notably, in the following section, together with the sections on risk management, IT governance and directors' remuneration.

Compliance with mandatory principles for JSE main board issuers

In the period ended 31 March 2016 and to the date of this document, we complied with the practices and applied the principles of the King report on Corporate Governance known as King III (the code) unless specifically indicated otherwise.

Compliance with mandatory principles for JSE main board issuers

Paragraph 3.84 of the JSE Listings Requirements stipulates that issuers must comply with specific requirements on corporate governance and issuers do not have the option of explaining any non-compliance. PPC has complied with all mandatory principles to the extent indicated below.

Paragraph	Required practice	Compliance
3.84(a)	There must be a policy detailing procedures for appointment to the board of directors. Such appointments must be formal and transparent and a matter for the board of directors as a whole, assisted where appropriate by a nominations committee. The nominations committee must constitute only non-executive directors, of whom the majority must be independent (as defined in paragraph 3.84(f)(iii)), and should be chaired by the chairman of the board of directors.	The PPC board has appointed a nominations committee constituted as required with a formal mandate that includes the obligation to ensure that "directors are appointed through a formal process". In this regard, the committee has a formal policy in place.
3.84(b)	There must be a policy evidencing a clear balance of power and authority at board of directors level, to ensure that no one director has unfettered powers of decision making.	The board charter specifies the different roles of members to maintain a balance of power. The roles of the chairman and CEO are clearly defined to avoid role confusion. In addition, a guideline is in place that specifies the role of the chairman.
3.84(c)	The issuer must have an appointed chief executive officer and a chairman and these positions must not be held by the same person. The chairman must either be an independent director, or the issuer must appoint a lead independent director, in accordance with King III.	See above. Currently Mr Castle is the CEO and Mr Nelson the interim chairman of the board. In addition, Mr Ross remains the lead independent director.
3.84(d)	All issuers must, in compliance with King III, appoint an audit committee and a remuneration committee and if required, given the nature of the business and composition of the board of directors, a risk and nominations committee. The composition of such committees, a brief description of their mandates, the number of meetings held and other relevant information must be disclosed in the integrated report.	The board has appointed an audit committee, remuneration committee, nominations committee, investment committee, risk and compliance committee, and social and ethics committee. Details are disclosed in the corporate governance review.
3.84(e)	A brief CV of each director standing for election or re-election at a general meeting or the annual general meeting (which election or re-election may not take place at a meeting contemplated in section 60 of the Act) should accompany the notice of the general meeting or annual general meeting.	A brief CV of each director standing for election or re-election appears in the notice of AGM.
3.84(f)	The capacity of each director must be categorised as executive, non-executive or independent, using the prescribed guidelines.	The nominations committee annually evaluates the independence of all directors.
3.84(g)	All issuers must have an executive financial director. The JSE may, at its discretion, when requested to do so by the issuer and due to special circumstances, allow the financial director to be employed on a part-time basis only. This request must be accompanied by a detailed motivation by the issuer and the audit committee.	Ms Ramano is the current CFO of PPC and she is in the full-time employment of the company.
3.84(h)	The audit committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director. The issuer must confirm this by reporting to shareholders in its integrated report that the audit committee has executed this responsibility.	The audit committee assesses the appropriateness of the expertise and experience of the CFO. Please refer to the report of the audit committee on page 84.
3.84(i)	The board of directors must annually consider and satisfy itself on the competence, qualifications and experience of the company secretary. The issuer must confirm this by reporting to shareholders in its integrated report that the board of directors has executed this responsibility. This communication must specifically include details of the steps which the board of directors took to make this annual assessment and provide information that demonstrates the actual competence, qualifications and experience of the company secretary.	The board annually assesses the competence qualifications and experience of the company secretary. Please refer to the corporate governance report on page 60.
3.84(j)	The recommended practice of the King Report on Governance for South Africa highlights, inter alia, that the company secretary should maintain an arm's length relationship with the board of directors and should ideally not be a director.	The company secretary is not a director of PPC and the board has confirmed that he has maintained an arm's-length relationship with the board.

Corporate governance review continued

Governance element	Principle	
1. Responsible leadership		
	1.1 The board should provide effective leadership based on an ethical foundation	The PPC group board plays a key role in directing the strategy of the group to ensure a sustainable business. This is reflected in the annual work plan of the board. During the period, the board met with the entire executive team of the group to debate the strategies prepared by management. Key considerations in strategic discussions are the short and long-term impacts of the strategy on the economy, society and the environment. In this regard the role of the social, ethics and transformation committee of the board should also be noted. This committee has a specific monitoring role with regard to ethics, the impact of the operations on the natural environment and the impact on internal and external stakeholders. It reports on its activities at every board meeting following its meetings. See the report on the next principle for more detail.
	1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	As stated above, the board has appointed the social, ethics and transformation committee to assist it in this regard. The terms of reference of the committee as it relates to corporate citizenship requires that the committee should monitor: – Promotion of equality, prevention of unfair discrimination, and reduction of corruption – Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed – Record of sponsorship, donations and charitable giving. With regard to these matters good progress had been made by the company.
	1.3 The board should ensure that the company's ethics are managed effectively	The terms of reference of the social, ethics and transformation committee has been amended to include the governance of ethics, including: – The implementation of the ethics management programme in the company – The values of the company – Ethical risks and opportunities – Code of conducts. The company secretary is responsible for the promotion of the ethics in the company and reports to the social, ethics and transformation committee on matters related to ethics. The company has a board-approved code of conduct in place which includes the value statement of the company. The chief audit executive (CAE) also reports to the risk committee on all reports received from the ethics committee Call line and investigations of alleged breaches. At board level, the company secretary plays an important role in alerting the board to ethical dilemmas.
2. Boards and directors		
Role and function of the board	2.1 The board should act as the focal point for and custodian of corporate governance	The board is the focal point of corporate governance. In this regard the chairman, assisted by the company secretary, plays a key role. In preparation of board meetings, the chairman meets with the company secretary to discuss the agenda as well as potential corporate governance concerns. The board charter specifies the role of the board, the chairman, the CEO and the individual members of the board. In addition, the role of the chairman of the board has been defined in detail in a separate document. The work plan of the board is annually approved and formalised in a detailed plan.
	2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	In 2016, two meetings dedicated to strategy review and approval had taken place. The first of these meetings was dedicated to discuss the strategy proposals of management and the second covered its formal approval and the approval of budgets in support of the strategy. The board appreciates that strategy risk, performance and sustainability are inseparable. While the board is responsible for strategy, its decisions in this regard is informed by inputs from its committees. In this context, the inputs from the risk and compliance committee and the social, ethics and transformation committee are important.

Governance element	Principle	
Role and function of the board (continued)	2.3 The board should provide effective leadership based on an ethical foundation	The board has formalised its ethical guidance in a company code of conduct. The code is intended primarily to promote and encourage ethical behaviour and has been adopted to give effect to the core values supported by the board and to guide our relationships with all our stakeholders and other relevant role-players as well as to outline our commitments to them. The code is also the basis for the development of site specific codes of conduct to operationalise the values. The board has delegated the responsibility for oversight of the development and implementation of the PPC code of conduct to the social, ethics and transformation committee.
	2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	In this regard, we refer to the report on principle 1.2.
	2.5 The board should ensure that the company's ethics are managed effectively	In this regard, we refer to our report on principle 1.3.
	2.6 The board should ensure that the company has an effective and independent audit committee	In this regard, we refer to our report on chapter 3.
	2.7 The board should be responsible for the governance of risk	In this regard, we refer to our report on chapter 4.
	2.8 The board should be responsible for information technology (IT) governance	In this regard, we refer to our report on chapter 5.
	2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	In this regard, we refer to our report on chapter 6.
	2.10 The board should ensure that there is an effective risk-based internal audit	In this regard, we refer to our report on chapter 7.
	2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	In this regard, we refer to our report on chapter 8.
	2.12 The board should ensure the integrity of the company's integrated report	In this regard, we refer to our report on chapter 9.
	2.13 The board should report on the effectiveness of the company's system of internal controls	In this regard, we refer to our report on chapters 7 and 9.

Corporate governance review continued

2. Boards and directors (continued)		
Role and function of the board (continued)	2.14 The board and its directors should act in the best interests of the company	Members of the board are required to act in the best interest of the company. During 2015/16, the company secretary ensured that the members of the board understand their responsibilities and potential liability by scheduling a special board training event for the directors. In addition to the main board members, directors of the subsidiaries in the group were also invited. The board has also adopted a policy on directors and prescribed officers' interests. In case of uncertainty about their responsibilities in specific circumstances, directors are allowed to obtain independent advice. This is confirmed in the appointment letter of directors where the procedure for this is formalised.
	2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	The audit committee evaluates the going concern status of the company at each of its meetings. This is done with reference to financial indications, operating indications and other indications. Management also reported on actions taken to ensure that adequate financial resources are available for future capital expansion and working capital financing. The audit committee also evaluates the solvency and liquidity of the company and reports on its views in this regard to the board.
	2.16 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The board has appointed Mr Castle as CEO in January 2015 and the position of chairman of the board was held by Mr Sibiya until his retirement in January 2016. Subsequently, Mr Nelson was appointed as interim chairman pending the appointment of a new board chairman. Mr Nelson is an independent director of the board. His role has been formalised in the board charter as well as a policy document on the role of the chairman. The board has also appointed Mr Ross as a lead independent director. Mr Ross meets separately with the non-executive directors from time to time to discuss any concerns which the non-executive directors may wish to raise. The performance of the chairman and the board has been evaluated in 2016 and the results have been considered by the Nomination Committee (Nomco) for actions to be taken to improve the performance of the board.
	2.17 The board should appoint the CEO and establish a framework for the delegation of authority	The board has appointed Mr Castle as CEO in January 2015 and has also determined his performance indicators for the 2015/16 financial year. The chairman leads the annual evaluation of the performance of the CEO against these indicators. In this regard, he has been assisted by the chairperson of the remuneration committee. The board also provides input on the appointments of senior management and the management structure of the company. A number of changes to the management structure were implemented in 2015/16. The delegation of authority of the board is reviewed annually by the audit committee as part of its annual work plan. In this regard, no amendments were proposed to the board during 2015/16, but is in the process of review on the back of Project Omega. The nominations committee has discussed the CEO succession plan at its meeting in May 2016 as part of its annual work plan. Progress in this regard will be evaluated in the coming year.
Composition of the board	2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The nominations committee evaluates the board and board sub-committee's composition at all of its meetings. At its meeting in October, the committee evaluated the board composition with reference to the balance between executive and non-executive members. Currently, the CEO and CFO are the only executives on the board. The committee also considered the gender composition of the board. Racial diversity was considered. Other important considerations were age, tenure, qualifications and experience. The nominations committee has proposed certain changes to the membership of the committees to the board as well as the appointment of a director. In conclusion, it can be confirmed that the majority of the non-executive directors are independent.
Board appointment process	2.19 Directors should be appointed through a formal process	The PPC board has appointed a nominations committee with a mandate which includes the obligation to ensure that "directors are appointed through a formal process". In this regard, the committee has a formal policy in place. The committee members are all non-executive directors of which the majority are independent and is chaired by the chairman of the board. Directors are required to sign a formal letter of appointment in which their responsibilities are specified.

2. Boards and directors (continued)		
Director development	2.20 The induction of and ongoing training and development of directors should be conducted through formal processes	The chairman and company secretary are responsible for the formal induction programme of the board. In addition to an annual board training event which covers the key responsibilities and liabilities of the board, the directors are informed of IODSA training events and invited to attend these training events. The directors also receive a bi-monthly compliance review from the company secretary which covers the changes in compliance risks and laws specific to the company's operations.
Company secretary	2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	The board appointed Mr Snyman as the group company secretary in 2007. Jaco is an attorney of the High Court of South Africa. He started his career as an attorney but, after a short stint as lecturer at a university, was appointed as group legal adviser by Absa. He was responsible for corporate governance in the Absa group prior to joining PPC. As part of his responsibilities Mr Snyman: – Assists the nominations committee with the appointment of directors – Assists with the director induction and training programmes – Provides guidance to the board on the duties of the directors and good governance – Ensures board and committee charters are kept up to date – Prepares and circulates board papers – Elicits responses, input, feedback for board and board committee meetings – Assists in drafting yearly work plans – Ensures preparation and circulation of minutes of board and committee meetings. His independence and performance has been evaluated and confirmed by the board in 2016.
Performance assessment	2.22 The evaluation of the board, its committees and the individual directors should be performed every year	The performance of the board committees is evaluated annually by the board. At its meeting in November, the chairpersons of the individual committee submitted written reports on the annual activities of the committees. These were evaluated by the board and the board has confirmed that all the committees have complied with their responsibilities as stated in formal terms of reference. The board evaluation has been performed for the financial year 2015/16 with the assistance of the company secretary. The results will be used to identify possible training needs for the board.
Board committees	2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board has six standing committees through which it operates. Committees play an important role in enhancing good corporate governance, improving internal controls and thus the sustainable performance of the company. The current board committees are: – Audit committee – Risk and compliance committee – Remuneration committee – Nominations committee – Social, ethics and transformation committee – Investment committee. The nominations committee ensures that the committees are appropriately constituted and the composition and the terms of reference are be disclosed in the integrated report.
Group boards	2.24 A governance framework should be agreed between the group and its subsidiary boards	The group governance framework is currently under review in the context of the company's African strategy. The group governance framework covers, inter alia: – Governance structures – Management of legal entities – Corporate lifecycle management – Corporate governance – Company secretarial standards – High level discretions and delegated authority.
Remuneration of directors and senior executives	2.25 Companies should remunerate directors and executives fairly and responsibly	The terms of reference of the remuneration committee includes the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance and support the company's long-term interest. In 2015/16 the external adviser has also assisted the committee in a benchmarking exercise of the executive and board fees. This exercise supports proposals for annual adjustments of board fees. The fees comprise a base fee as well as an attendance fee per meeting.

Corporate governance review continued

2. Boards and directors (continued)		
Remuneration of directors and senior executives (continued)	2.26 Companies should disclose the remuneration of each individual director and prescribed officer	The remuneration report included in the integrated report includes: – All benefits paid to directors – All benefits paid to prescribed officers – The policy on base pay – Participation in share incentive schemes – The use of benchmarks – Incentive schemes to encourage retention – Material payments that are ex-gratia in nature – Policies regarding executive employment – The maximum expected potential dilution as a result of incentive awards.
	2.27 Shareholders should approve the company's remuneration policy	Shareholders have passed a non-binding advisory vote on the company's remuneration policy at the AGM in January 2015. At the AGM in 2016, the revised remuneration report will again be submitted to shareholder vote.
3. Audit committees		
Role and function of the board	3.1 The board should ensure that the company has an effective and independent audit committee	In accordance with the MOI and section 94(7) of the Companies Act, 2008 and the JSE Listings Requirements, the board has established an effective and independent audit committee. Formal terms of reference define the role of the audit committee. The terms of reference were reviewed in October 2015. The committee comprises three members who have been elected by the shareholders on recommendation by the nominations committee. The committee is chaired by Mr Ross, an independent non-executive director who has been appointed by the board from the members elected by the shareholders. The work plan of the committee is approved annually by the committee at its meeting in October. In 2015, the committee met for five meetings. The committee has met with the internal and external auditors in the absence of management during the year as best practice dictates.
Membership and resources of the audit committee	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	The nominations committee has reviewed the membership of the audit committee in May 2016 and remains of the view that they are suitably skilled and experienced independent non-executive directors. The members are: – Tim Ross – Bridgette Modise – Todd Moyo The nominations committee has proposed the re-election of these members by the shareholders in October 2016.
	3.3 The audit committee should be chaired by an independent non-executive director	Mr Tim Ross is the chairman of the audit committee. Tim was a partner with Deloitte & Touche for 36 years, retiring in 2008. He led the Johannesburg audit practice and served on the executive as client service director as well as the board and remuneration committees. Tim was the lead/advisory partner for a number of multinational clients and headed the Deloitte & Touche World Cup 2010 initiative. Tim meets with the CFO and company secretary to finalise the agenda of the committee prior to every meeting. The nominations committee, at its meeting in May 2016, has confirmed that Tim is an independent non-executive director.
Responsibilities of the audit committee	3.4 The audit committee should oversee integrated reporting	At a special meeting of the audit committee in June 2016, the audit committee, assisted by the chairpersons of the other board committees, has evaluated the draft integrated report to shareholders. The key role of the committee with regard to the report is to review the disclosure of sustainability issues in the report to ensure that it is reliable and does not conflict with the financial information. The audit committee has reviewed and commented on the financial statements included in the integrated report at its meeting in June and has proposed the approval of the financial statements to the board.

3. Audit committees (continued)		
Responsibilities of the audit committee (continued)	3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	A combined assurance model is in place and was reviewed at the meeting of the audit committee in May 2016.
Internal assurance providers	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	In discussions with the external and internal auditors as well as the CFO, the audit committee has satisfied itself of the expertise, resources and experience of the company's finance function. In this regard, new appointments to the finance department during the year were noted to support the growth strategy of the business. Changes were also made in the DRC to strengthen the finance team in that country. We refer to the report of the audit committee in the integrated report.
	3.7 The audit committee should be responsible for overseeing of internal audit	The audit committee oversees the work of internal audit. In this regard, the audit committee has approved the internal audit plan for 2017 at its meeting in June 2016. The audit committee also evaluates the performance of the internal audit function and the performance of the chief audit executive (CAE). These evaluations have been done in consultation with the CEO for the 2015/16 financial year.
	3.8 The audit committee should be an integral component of the risk management process	The role of the audit committee in the risk management system has been formalised in its terms of reference. The committee is an integral component of the risk management process and specifically the committee must oversee: – Financial risks – Financial reporting risks – Internal financial controls – Fraud risks as it relates to financial reporting – IT governance and as well as risks related to financial reporting To ensure this integration of oversight, two members of the committee also serve as members of the risk and compliance committee.
External assurance providers	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The audit committee has evaluated the performance of the external auditors at its meeting in November. In this regard, the committee has met with the management team to obtain its assessment of the performance and independence of the auditors. Based on this evaluation, the audit committee has: – Concluded that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE Listings Requirements and King III – Nominated Ms Radebe, from the audit firm Deloitte & Touche, for appointment who in the opinion of the committee was independent of the company – The audit committee is also responsible for the terms of engagement and remuneration for the external audit engagement. The audit plan for 2016/17 will be approved by the audit committee following the shareholder appointment of the auditors at the October 2016 AGM.
Reporting	3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	In this regard we refer to the audit committee report in the integrated report.

Corporate governance review continued

4. The governance of risk		
The board's responsibility for risk governance	4.1 The board should be responsible for the governance of risk	The board charter confirms that the PPC board is responsible for the governance of risk. The risk and compliance committee has been appointed to assist the board in this regard. The risk committee oversees the implementation of the documented and approved risk policy and risk management plan. The risk and compliance committee reports to the board its review of the implementation of the risk management plan annually and the board report in the integrated report on the effectiveness of the system and process of risk management.
	4.2 The board should determine the levels of risk tolerance	The board determines the levels of risk tolerance and has reviewed the risk tolerance levels at its meeting in June 2016 following proposals from the risk committee.
	4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	As mentioned above, the board has appointed a risk and compliance committee. During the financial year under review the members of the committee have been: – Bridgette Modise – Darryll Castle – Tim Leaf-Wright – Charles Naude – Tim Ross All the members except Darryll were independent non-executive directors. Darryll was the executive representative on the committee.
Management's responsibility for risk management	4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	The board's risk strategy is executed by management in accordance with the risk management framework. The company secretary was appointed as the Chief Risk Officer (CRO). This appointment is appropriate as he is a suitably experienced person who has access and interacts regularly on strategic matters with the board and appropriate board committee and executive management. The company secretary is assisted by the risk management unit.
Risk assessment	4.5 The board should ensure that risk assessments are performed on a continual basis	Systematic, documented, formal risk assessments are conducted annually in accordance with the annual risk plan. During this annual assessment, the board and senior management introduces a judgemental overlay and rank risks to focus responses and interventions. This process involves the risks affecting the various income streams of the company, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders. The risk assessments completed by management was reviewed by the risk and compliance committee during the period.
	4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	A framework and processes are in place to anticipate unpredictable risks. The risk and compliance committee continuously review the risk matrix of the company to ensure that changes in the risk profile are identified.

4. The governance of risk (continued)		
Risk response	4.7 The board should ensure that management considers and implements appropriate risk responses	Management has identified and specified in the risk register the risk responses agreed upon. The appropriate responses are reported to the risk and compliance committee and debated at each committee meeting.
Risk monitoring	4.8 The board should ensure continual risk monitoring by management	The risk management plan for 2016/17 has been approved by the committee and the board and defines the responsibility for risk monitoring and management.
Risk assurance	4.9 The board should receive assurance regarding the effectiveness of the risk management process	Internal audit provides a written assessment of the effectiveness of the system of internal controls and risk management to the board. The report in this regard was submitted at the June 2016 meeting of the board after submission to the audit committee.
Risk disclosure	4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	We refer to the integrated report for the board's view on the effectiveness of the risk management process.

5. The governance of information technology		
	5.1 The board should be responsible for information technology (IT) governance	The board charter confirms that the board assumes responsibility for IT governance. The board has assigned this responsibility to the audit committee due to the important link between financial reporting risks and controls with IT governance. The PPC IT governance framework was approved by the board. The overall objective of the framework is to provide an understanding of the issues and place an emphasis on strategic importance of IT. The framework has been refined to align with COBIT 5 processes. IT steercom (steering committee) meetings (chaired by the CEO) are conducted on a quarterly basis, and the minutes of the committee is circulated to the audit committee. IT policies are communicated throughout the organisation with new team members through an induction programme.
	5.2 IT should be aligned with the performance and sustainability objectives of the company	The IT strategy was revised in 2016 to be aligned to the business strategy by providing cost-effective solutions. Operational IT matters relating to business requirements take place during the IT steercom forum meetings. IT and information systems (IS) are in process of finalising corporate strategies for PPC expansion/growth initiatives (minimum standards and consolidation). These strategies will include roll out of IT infrastructures and IS enterprise resource planning systems and accompanying/required business processes.
	5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	The responsibilities for the implementation of the governance framework is delegated to two management committees namely the executive committee and the IT steering committee. The executive committee monitors the implementation of the IT governance framework through the IT steering committee. The steering committee prioritises and tracks progress against initiatives identified to improve the governance processes. The board is kept abreast of progress through the audit committee.
	5.4 The board should monitor and evaluate significant IT investments and expenditure	Projects are undertaken and managed through a project management office (PMO) and any investment undertaken by the IT department is properly investigated and motivated to the IT steering committee within the necessary delegated authority. The IT steering committee monitors and evaluates significant IT investments and expenditure and makes recommendations to the audit committee and board on significant investments and expenditure. Both internal and external audits on IT for 2016 were performed. No major/significant findings were reported and prior years' critical findings were addressed.
	5.5. IT should form an integral part of the company's risk management	The IT department, through its established business processes, has conducted risk assessments in 2016 and has developed appropriate responses to mitigate these risks. Risks were identified and listed per project and appropriate steps were taken to reduce the impact to the organisation. These risks were reported to the audit committee.

Corporate governance review continued

5. The governance of information technology (continued)		
The board's responsibility for risk governance (continued)	5.6. The board should ensure that information assets are managed effectively	Information protection is one of the key risks in the IT risk register. Basic systems are in place for the management of information and it includes information security, information management and information privacy. Management is currently in the process of improving its information security management system.
	5.7. A risk committee and audit committee should assist the board in carrying out its IT responsibilities	As mentioned above, the board has assigned this responsibility to the audit committee due to the important link between financial reporting risks and controls with IT governance. Through the IT governance structure the audit committee obtains appropriate assurance that controls are in place and effective in addressing IT risks.
6. Compliance with laws, rules, codes and standards		
	6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The responsibility to ensure that the company complies with applicable laws has been assigned to the risk and compliance committee.
	6.2 The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	During induction, directors are informed of their legal responsibilities and liabilities. A bi-monthly compliance review is circulated to the board which covers legislation and changes to legislation relevant to the PPC operations.
	6.3 Compliance risk should form an integral part of the company's risk management process	The company secretary is the company compliance officer. In this regard, he reports administrative matters to the CEO and functionally to the board. The compliance officer also reports to the audit committee and risk and compliance committees.
	6.4 The board should delegate to management the implementation of an effective compliance framework and processes	A legal compliance policy, approved by the board, has been implemented by management and has been reviewed by the risk and compliance committee during the 2016 financial year. Compliance with laws has also been incorporated in the code of conduct of the company. Management has developed a compliance manual and has established the appropriate structures to manage compliance in the company. In 2015, the effectiveness of the compliance framework was improved by the introduction of a new compliance software application. For more information refer to the compliance report in the integrated report.
7. Internal audit		
The need for and role of internal audit	The need for and role of internal audit	The company has established an internal audit function led by the CAE. Previously, the function was outsourced. The function now uses a co-sourced model where resources are sourced from appropriate assurance providers. The revised group internal audit charter was approved by the audit committee in this financial year. This charter defines the purpose, organisational status, authority, responsibilities and scope of activities of the internal audit function for PPC Ltd along with its operating subsidiaries. The audit committee is responsible for assessing the performance of group internal audit on an annual basis. The audit committee ensures that the internal audit function is subjected to an independent quality review as and when the audit committee determines it appropriate. The internal audit function adheres to the International Internal Audit (IIA) standards.
Internal audit's approach and plan	7.2 Internal audit should follow a risk-based approach to its plan	Internal audit follows a risk-based internal audit plan which is subject to the audit committee's approval on an annual basis. To provide for the independence of group internal audit (GIA), the CAE reports administratively to the chief executive officer but reports functionally to the chairman of the audit committee. The CAE has unlimited access to all officers of the company.

7. Internal audit (continued)		
Internal audit's approach and plan (continued)	7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Internal audit provides annual written assessment of the effectiveness of the company's system of internal controls and risk management. This report was submitted to the audit committee and the board in June 2016 and in the report it was concluded that the systems of governance, risk management, and internal controls provide reasonable assurance that the significant risks for PPC group are managed in within tolerable levels. However, some concerns were raised with PPC Barnet in the DRC which management is attending to.
	7.4 The audit committee should be responsible for overseeing internal audit	The CAE reports administratively to the CEO but reports functionally to the chairman of the audit committee and has unlimited access to all officers of the company. The audit committee is responsible for overseeing internal audit and evaluates the performance of the internal audit function and the CAE. The audit committee also ensures that the internal audit function is appropriately resourced and that the internal audit function is subject to an independent quality review as and when the audit committee determines it appropriate.
Internal audit's status in the company	7.5 Internal audit should be strategically positioned to achieve its objectives	The CAE has a standing invitation to attend executive committee meetings as well as board and board committee meetings. The audit committee also ensures that the internal audit function is skilled and resourced as is appropriate for the complexity and volume of risk.
8. Governing stakeholder relationships		
	8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	The board appreciates that stakeholders' perceptions could affect the company's reputation. It has assigned stakeholder relationships to the social, ethics and transformation committee. Management reports to the social, ethics and transformation committee on key stakeholder relationships. A regular media feedback report is also tabled at the committee to inform the committee of media publications on PPC.
	8.2 The board should delegate to management to proactively deal with stakeholder relationships	Management is frequently reminded by the board of the importance of managing stakeholder relationships. In this regard, management maintains a record of stakeholder engagement and reports on these engagements are recorded to ensure coordination in engagement. The rest of Africa strategy has also adopted a stakeholder engagement philosophy. In this philosophy, the relationships with local government and communities are seen as a key to success.
	8.3 The board should strive to achieve an appropriate balance between its various stakeholder groupings, in the best interests of the company	In decision-making, the board considers the interests of various stakeholders. In matters of shareholder interests, the company secretary plays a key role in reminding the board of shareholder rights and the interests of minorities. In debates on consumer issues, the CEO plays a key role in balancing the interests of the production and other units in the company with the right of consumers to the best quality cement.
	8.4 Companies should ensure the equitable treatment of shareholders	In matters of shareholder interests, the company secretary plays a key role in reminding the board of shareholder rights and the interests of minorities. In listed entities like PPC, this is a matter largely regulated by the JSE Listings Requirements. The investor relations unit also ensures the equitable treatment of all shareholders.

Corporate governance review continued

8. Governing stakeholder relationships (continued)		
	8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The board appreciates that stakeholders' perceptions could affect the company's reputation. It has assigned stakeholder relationships to the social, ethics and transformation committee. Management reports to the social, ethics and transformation committee on key stakeholder relationships. A regular media feedback report is also tabled at the committee to inform the committee of media publications on PPC.
Dispute resolution	8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Management generally adopts informal dispute resolution processes for internal and external disputes. This approach is evidenced in the company's standard contractual clauses which provides for alternative dispute resolution. The board is only involved in material disputes were reputation risk has been identified.
9. Integrated reporting and disclosure		
Transparency and accountability	9.1 The board should ensure the integrity of the company's integrated report	The audit committee ensures the integrity of the company's integrated report. In this regard the audit committee also obtains independent assurance where appropriate. The integrated report: – Is prepared every year by management and presented to the board committees for consideration – Assurance is provided by independent assurance providers – The audit committee ensures the integrity of the report and recommends it to the board prior to circulation to the shareholders – The board ensures that the report conveys adequate information regarding the company's financial and sustainability performance – The board ensures that the report focuses on substance over form.
	9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	The integrated report describes how the company has made its money but also talks to the positive and negative impacts of the company's operations. The report further contains the plans to improve the positives and negate the negatives in the financial year ahead.

Audit committee report

Report to shareholders on the activities of the audit committee for the six months ended 31 March 2016

The audit committee is a committee of the board of directors and in addition to having specific statutory responsibilities to shareholders in terms of the Companies Act, it assists the board by advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

Terms of reference

The audit committee has adopted formal terms of reference that were reviewed during the period and approved by the board of directors, and has executed its duties in the past financial period in line with these terms of reference.

Composition

The committee consists of three independent non-executive directors:

Membership	Qualification	Tenure (years)
Ross, Tim (Chairman)	CA(SA)	8
Modise, Bridgette	CA(SA)	5
Moyo, Todd	CA(Z), CA(SA)	2

Mr Nelson had been a member of the committee but has resigned his membership when he was appointed as the interim chairman of the board in accordance with governance requirements. The CEO, CFO, chief audit executive, senior financial executives of the group and representatives from the external and internal auditors attend committee meetings. The internal and external auditors have unrestricted access to the audit committee.

Meetings*

The audit committee held four scheduled meetings during the year, with attendance shown below:

26 January 2016	All present
25 May 2016	All present
3 June 2016	All present
13 June 2016	T Moyo and TDA Ross present

* Meetings were held on 9 September 2016 to approve the integrated report and 11 August 2016 to approve the Rights Offer circular.

Statutory duties

In executing its statutory duties in the 2016 financial year, the audit committee:

- Nominated Mr Nyembe, from the audit firm Deloitte & Touche (Deloitte), for appointment. In the opinion of the committee, Mr Nyembe was independent of the company
- Determined Deloitte's terms of engagement
- Believes that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE Listings Requirements and King III
- Developed and implemented a policy setting out the extent of any non-audit services the external auditors may provide to the company or which the external auditors may not provide
- Pre-approved all non-audit service contracts with Deloitte
- Received no complaints on the accounting practices and internal audit of the company, the content or auditing of its financial statements, internal financial controls, or other related matters.

Delegated duties

In executing its delegated duties and making its assessments (as reflected in its terms of reference), the audit committee obtained feedback from external and internal audit, and based on the processes and assurances obtained, believes the accounting practices are effective. Accordingly, the committee fulfilled all its obligations including:

Financial statements

The committee reviewed the financial statements, summarised annual financial statements, and preliminary announcements, short form announcements and accompanying reports to shareholders and other announcements on the company's 2016 results to the public.

Integrated reporting

- Recommended to the board to engage an external assurance provider on material sustainability issues
- Reviewed the disclosure of sustainability issues in the integrated report to ensure it is reliable and does not conflict with the financial information
- Recommended the integrated report for approval by the board.

Audit committee report continued

Internal audit

- Took responsibility for the performance assessment of Mr Semenya, chief audit executive. A formal performance assessment had been performed at the end of 2015 and nothing has come to the attention of the committee indicating that performance has declined
- Approved the internal audit plan and changes to the plan and satisfied itself that the audit plan makes provision for effectively addressing the critical risk areas of the business
- Reviewed internal audit's compliance with its charter and considered whether the internal audit function has the necessary resources, budget and standing within PPC to enable it to discharge its functions.

Risk management

The committee is an integral component of the risk management process and specifically reviewed:

- Financial risks
- Financial reporting risks
- Internal financial controls
- Fraud risks as they relate to financial reporting
- IT governance.

External audit

- Evaluated and reported on the independence of the external auditor
- Reviewed the quality and effectiveness of the external audit process
- Based on our satisfaction with the results of activities outlined above, recommended to the board that Deloitte should be reappointed for 2017, with Ms Radebe nominated as the registered auditor. In line with best practice, Ms Radebe takes over from Mr Nyembe who rotates after the prescribed period
- Determined the fees to be paid and the terms of engagement of the auditor
- Ensured the appointment of the auditor complies with the Companies Act and other relevant legislation.

Financial director

The committee has satisfied itself of the appropriateness of the expertise and experience of Ms Ramano, the financial director, and confirms this to shareholders.

Financial function

- The committee has reviewed the expertise, resources and experience of the company's finance function, and confirms this to shareholders
- In making these assessments, we have obtained feedback from both external and internal audit
- Based on the processes and assurances obtained, we believe the accounting practices are effective.

Oversight of risk management

The committee engages with the risk and compliance committee to ensure adequate understanding of risk management processes.

Internal financial controls

- Reviewed the effectiveness of the company's system of internal financial controls, including receiving assurance from management and internal audit
- Reviewed material issues raised by the internal and external audit process
- Based on the processes and assurances obtained, we believe material internal financial controls are effective.

Combined assurance

During the period, further progress has been made to align the combined assurance model with the enhanced risk framework of the group. This model will only be implemented in the 2017 financial year.

Regulatory compliance

The audit committee has complied with all applicable legal and regulatory responsibilities.

On behalf of the audit committee

Tim Ross (chairman)
12 September 2016

Risk and compliance committee report

Report to shareholders on the activities of the risk and compliance committee for the six months ended 31 March 2016

Introduction

The committee is a committee of the board and its main objective is to ensure sustainable growth in all our businesses and to promote a proactive approach in evaluating, monitoring, resolving and reporting risks associated with our businesses.

This objective is supported by the following underlying policy statement:

To ensure protection of shareholder value through the establishment of an integrated risk management framework/system for identifying, assessing, mitigating, monitoring, evaluating and reporting risks.

Responsibilities

The responsibility for risk in the PPC group is clearly mapped and can be summarised as follows:

The board is accountable to shareholders for the governance of risk and to ensure that the company's strategy and business plans have properly considered and evaluated the associated risks.

The board has delegated responsibility to evaluate the risk management process, the effectiveness of the risk management activities, the key risks facing the company and the appropriate responses to address key risks to the risk and compliance committee of the board. The members of the committee are:

- B Modise (chair) – independent
- TDA Ross – independent
- D Castle – executive
- T Leaf-Wright – independent
- C Naude – independent.

The responsibility to design, implement and monitor the risk management plan has been delegated to management. The risk management plan ensures that the risk management policy is implemented and that the risk management processes are embedded in all the organisation's practices and business processes. The risk management process includes five main activities:

- Although the risk management process in the group is guided from the centre, the responsibility for managing day-to-day operational risks remains with operations. Communication and consultation is therefore important to ensure that the interests of stakeholders are understood and considered.
- By establishing context we ensure that both the internal and external parameters are taken into account when managing risk.
- Risk assessment refers to the overall process of risk identification, risk analysis and risk evaluation and is a key element in the process. Management teams are assisted in facilitated sessions to identify sources of risk, areas of impacts, events and their causes and their potential consequences.
- Risk mitigation involves a cyclical process of assessing a risk treatment; deciding whether residual risk levels are tolerable or not. The purpose of risk treatment plans is to document how the chosen treatment options will be implemented.
- Monitoring and review are a planned part of the risk management process.

Material issues

During the period under review all the risk registers in the PPC group had been reviewed. Refer to material issues and response strategy on page 18.

Group capital structure risk

S&P has recently rerated the company and while it was indicated that PPC's business risk profile remains fair, reference was made to liquidity and leverage concerns.

The severity and timing of this ratings action was unexpected and has therefore compelled the company to accelerate its capital raising plans and increase the quantum of the previously planned capital raise.

In light of the above and to mitigate the immediate risks, the board and the executive management of the company have reviewed the company's business plan and capital structure and are in the process of implementing a funding strategy which incorporates a capital raise to deal effectively with the impact of a continued low-growth environment.

Group compliance

As a governance principle, the board ensures PPC complies with applicable laws and considers adhering to non-binding rules, codes and standards.

In the group, this responsibility has been delegated to the risk management and compliance committee. This committee's responsibilities include monitoring compliance issues, approving the compliance policy, ensuring it is observed and that compliance risk is reported.

Risk and compliance committee report continued

Management is responsible for implementing the compliance policy and the day-to-day management of compliance risks. This includes responsibility for ensuring appropriate remedial or disciplinary action is taken if breaches are identified.

The regulatory environment is constantly changing but with the assistance of the legal department, legislation applicable to PPC or a specific business unit are identified and incorporated into the respective country risk universes. The registers also indicate:

- Regulators responsible for enforcing the legislation
- Basic content and scope of the legislation
- Analysis of the impact of legislation
- Details of penalties for non-compliance.

Legislation watchlist

The following new legislation is currently on the PPC group watchlist:

- Draft Carbon Tax Bill: The draft carbon tax bill which was released for comment on 2 November 2015 and outlines the carbon tax. Implementation of the tax has been delayed a couple of times. While many believe delays will continue, the draft bill points to 1 January 2017 as the commencement date
- Draft of the Broad-based socio-economic empowerment charter for the South African mining industry (Mining Charter): The draft mining charter has been published by the Department of Mineral Resources (DMR) in April. This charter is the instrument that gives effect to the intentions of the Mineral and Petroleum Resources Development Act and it is understood that this draft document will be the basis for engagement between the DMR and key industry stakeholders
- The National Water Amendment Act has been promulgated and came into operation on 2 September 2014, the same date as the National Environmental Laws Amendment Act 2014. The 1998 Water Act dealt with water use licence applications, specifically for timeframes and appeals, to provide an integrated licencing system between the Departments of Mineral Resources, Environmental Affairs and Water Affairs. The amended act introduces a departure from the current appeal system.
- The National Environmental Management Laws Amendment Act 25 of 2014 was signed by the President. The Act seeks to amend various sections of the National Environmental Management Act 1998; National Environmental Management: Waste Act 2008 and National Environmental Management Amendment Act 2008
- King IV: The Institute of Directors in South Africa (IoDSA) and King Committee have issued the draft sectoral supplements for the new King Code of Corporate Governance (King IV) for comment. The King IV Supplements will be open for comment from 11 May to 11 July 2016
- Employment Equity Amendment Act entrenches the concept of "equal pay for work of equal value" to ensure parity in remunerating workers of the same employer doing work of equal value when all terms and conditions of employment are the same. Any differentiation in pay that cannot be justified becomes unfair discrimination. A provision has been made for better dispute resolution mechanisms by facilitating access to justice through the CCMA and Labour Court in unfair discrimination cases.

Environmental compliance

For more detail we refer to the environmental report on page 126 of this report.

Health and safety

For more detail we refer to the health and safety report on page 108 of this report.

Conclusion

Based on the processes and assurances obtained, we have recommended this report to the board for approval.

On behalf of the risk and compliance committee.

Bridgette Modise (chairman)
12 September 2016

Information technology

Information technology (IT) remains a key driver of our revised strategy, and is underpinned by five pillars:

- **Ease of doing business** – with support from the business, the IT team continues to optimise and enhance business processes throughout PPC, with specific focus on key stakeholders including our customers, employees, business partners, shareholders and communities
- **World-class connectivity and infrastructure** – the IT team is optimising connectivity and IT infrastructure to achieve the level of robustness required by a growing organisation. This optimisation cuts across the group. The major focus has been on security as levels of cyber crime increase
- **Fit-for-purpose** – key milestones include centralising critical services to optimise resources and reduce operational costs
- **Monetising the data** – data and information are critical components in the success of PPC. Equally important is the availability, consistency and integrity of this data
- **Integration of IT and operations technology** – this is ongoing, with good progress to date.

IT governance

The IT environment is governed in terms of King III, and the board has delegated authority to ensure implementation of the IT governance framework to the audit committee. PPC's IT framework is supported by COBIT 5 processes – a globally accepted standard for an end-to-end business view of enterprise IT governance that reflects the central role of information and technology in creating value for companies.

The audit committee receives regular updates (at least quarterly) from the management team on material IT projects. Group internal audit and the external auditors provide assurance on IT general controls and internal financial controls affected by IT projects. Findings and updates on remedial actions are reported to the executive and audit committees.

The design, implementation and execution of the IT governance framework have been assigned to the group chief information officer, who reports to the chief executive. The group finance executive committee has oversight of IT governance, with support from the IT steering committee and other management committees. The IT steering committee, in turn, is responsible for aligning IT initiatives with PPC's strategic objectives. Prioritising IT initiatives is the responsibility of the group executive committee.

IT is an integral part of PPC's risk management framework. IT risks are managed, monitored and updated regularly and reported to the relevant oversight committees. The board, through the risk and audit committees, receives reports on mitigation of IT risks. The IT team is the custodian of PPC's information assets and responsible for ensuring compliance. As the group expands to other geographies, IT ensures compliance with in-country telecommunications laws and other regulations.

PPC is well on track to meet the necessary compliance requirements, with programmes under way in South Africa including:

- POPI (protection of personal information) – the first phase defined the attributes of personal information for PPC (in line with legislation) and identified which systems contained this data.
- Amendments to national road traffic regulations – the compliance programme for PPC cement factories has been completed, and will now be rolled out to other dispatching plants in South Africa.

PPC REMUNERATION REPORT

Dear shareholder

I am pleased to present the remuneration committee's report for the six months ended 31 March 2016, highlighting key issues considered in the period. Since we presented the last remuneration policy to shareholders for the year ended 30 September 2015, the committee reduced the maximum bonus opportunity under the short-term incentives (STIs) at most levels and introduced more robust measurement of personal performance to encourage enhanced individual performance as well as allow for fair recognition of company results. These changes align the short incentive more closely to the market.

This report details the company's remuneration policy, particularly the fixed and variable elements of executive remuneration, as well as fees paid to non-executive directors.

The six months ended 31 March 2016 has been extremely challenging for the company. This has been mainly due to increasing competition in the market from new entrants in the cement industry and the high finance costs associated with our expansion projects. Given these challenges, the remuneration committee has reflected and responded to shareholder views, and incorporated a policy that ensures the delivery of sustained value as well as the attraction and retention of key skills at all levels within the organisation.

The remuneration outcomes for the reporting period are indicative of the subdued performance of the company and the financial position of the company. Notably no STI bonuses were paid for the six-month period.

In April 2016, members of the committee consulted with various shareholders on our remuneration policy. Overall, there was support for our incentive structures and the level of transparency of our report. The committee will continue to evaluate and consider feedback by shareholders.

The report is again presented in two parts, with the first setting out the company's remuneration philosophy and policy, and the second detailing implementation of the policy for the six months from 1 October 2015 to 31 March 2016.

The committee is satisfied that the principles laid down by the King Code of Corporate Governance for South Africa (King III) and the Companies Act 2008 (the Act) have been adhered to, unless otherwise stated in this report.

Mr Peter Nelson served as chairman of the committee until March 2016 when he was appointed as interim chairman of PPC Limited and the committee thanks Mr Nelson for his contribution in this capacity. Also, the committee is advised by independent consultants PwC and the committee extends its thanks to PwC for their assistance during the period.

Todd Moyo (chairman of the remuneration committee)
12 September 2016

Part 1: Remuneration policy

Governance and the remuneration committee

Role of the committee

As a committee of the board, the remuneration committee assists in setting the company's remuneration policy and directors' and prescribed officers' remuneration. It operates according to its terms of reference, which are published on the company's website.

Members

Members are non-executive directors, and the majority are independent as defined by King III. The committee held five meetings in the period, with attendance shown on page 64.

The chief executive, chief financial officer and head of human resources attend meetings by invitation to assist the committee in executing its mandate. Other members of executive management can be invited when appropriate. No executives participate in the vote process or are present at committee meetings when their own remuneration is discussed or considered.

The remuneration committee uses the services of PwC as standing independent remuneration advisers.

Terms of reference

Please refer to page 69.

Our remuneration policy

Ensure employees are rewarded fairly and appropriately	Attract, retain and motivate individuals with the necessary calibre and behaviour

Fixed pay	Short-term incentive (STI)	Long-term incentive (LTI)
– Basic pay – Retirement benefit – Other benefits Appropriate to recruit and retain.	– Annual bonus plan Aligned to company financial performance, strategic priorities; and individual performance.	– Share appreciation rights (SAR) plan – Forfeitable share plan (FSP) Aligned to shareholder returns.

Maximum rewards are achieved only for high company and individual performance, in addition to high shareholder returns

Key principles of the remuneration policy

PPC recognises that one of its competitive sources of value is its employees. To meet our business objectives, therefore, remuneration and reward policies and practices must be based on the following principles:

- Encourage organisational, team and individual performance
- Be designed to drive a high-performance culture
- Be based on the premise that employees should share in the success of the company
- Be designed to attract and retain high-calibre individuals with the optimum mixture of competencies
- Take into account industry benchmarks and practices of comparable companies of a similar size.

The policy conforms to King III and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short, medium and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle
- The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

Remuneration of executive directors and prescribed officers

Elements of remuneration

Fixed/variable	Element	Definition
Fixed	Total guaranteed pay (TGP)	The fixed element of remuneration is referred to as TGP and includes salary, car allowance, retirement, life insurance and medical aid contributions.
Variable	Short-term incentives (STIs)	An annual short-term incentive is paid in cash and gives executive directors and prescribed officers an incentive to achieve the company's short and medium-term goals, with payment levels based on both company and individual performance.
	Long-term incentives (LTIs)	– Long-term incentives comprise instruments, awarded under two plans: share appreciation rights (SARs) awarded under the PPC share appreciation rights scheme (SAR scheme) – Forfeitable shares awarded under the PPC forfeitable share plan (FSP). A mix of these instruments is awarded and the company believes that the combined use of SARs and FSPs provide maximum alignment with shareholders over the long term. Where used for performance, vesting is subject to company performance vesting conditions. Where used for retention, continued employment is used as a vesting condition.

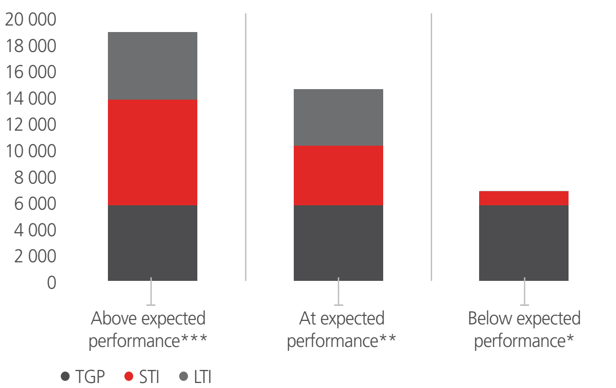
Remuneration report continued

Package design

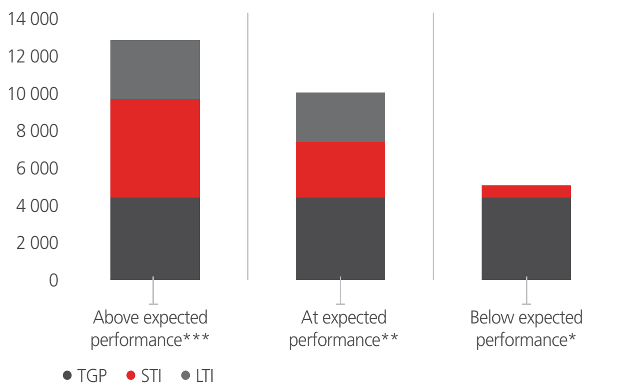
The company's policy for executive directors and prescribed officers results in a significant portion of the remuneration received being dependent on company performance. In part 2 of the report, the actual total pay outcomes for the six months ended 31 March 2016 are depicted, while the total pay opportunities for the chief executive and the finance director and prescribed officers (on average) under the following three different performance scenarios are illustrated below:

- Above – representing 100% of maximum for variable pay opportunity
- Target – representing estimated target performance of variable pay
- Below – representing 0% of maximum for variable pay opportunity and retention shares.

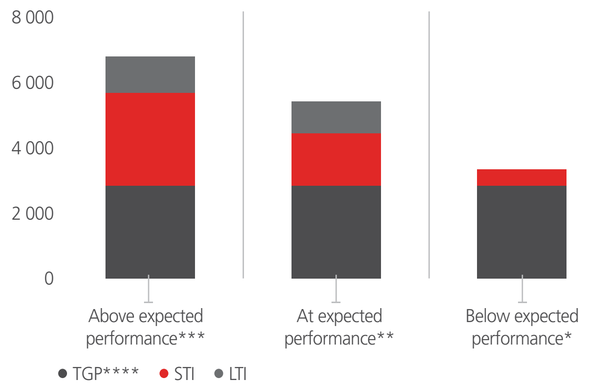
CEO (R000)



CFO (R000)



PRESCRIBED OFFICERS (R000)



Notes:
* LTI includes indicative expected value of retention FSPs on grant date.
** LTI includes indicative expected value on grant date.
*** LTI includes indicative expected value on grant date assuming full vesting.
**** The average TGP was used for the prescribed officers.

Total guaranteed pay (TGP)

The company generally pays fixed remuneration at the relevant market median.

Monthly pay and benefits are targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the performance of the employee concerned. Market data is used to benchmark salary and benefits and to inform decisions on salary adjustments. Salary increases are not guaranteed and are adjusted annually at financial year-end based on market benchmarks, market inflation, company affordability, company performance and to address market anomalies.

Professional advisers appointed by the remuneration committee provide benchmark information.

The comparator group selected in 2015 to benchmark executive remuneration remains unchanged.

Benefits

The following benefits are provided as part of TGP:

- Participation in the PPC retirement fund is compulsory for all permanent employees. The fund is an in-house defined contribution fund and provides risk cover for death and disability
- All employees are required to belong to a choice of company-sponsored external medical aids or to be a member of their spouse/life partner's medical aid
- All employees are covered for death, medical and disability expenses as a result of an accident
- Employees who need to use their motor vehicle in their duties can elect to allocate an appropriate portion of their TGP as a car allowance.

Short-term incentives (STIs)

Purpose	To reward employees for contributing to achieving the company's financial and strategic objectives. The STI scheme has been designed to be easy to understand, pay out fairly, and be differentiated according to individual performance, while being linked to PPC's overall financial performance.
Participation	Employees participate in the STI and levels of participation and minimum qualifying targets (thresholds) vary according to employee grades, with higher financial thresholds for senior executives.
Operation	The STI scheme is measured over a one-year period, using the following formula: Annual TGP x STI maximum % x company performance % x individual performance %. The remuneration committee retains the right to vary the terms of the STI in special circumstances. For example in the previous year, this was applied on a pro rata basis across all participants to reduce the cost to company in line with lower-than-expected profits.
STI maximum percentage	In the six-month review period, STI limits were reviewed and reduced. The STI limit varies by grade: for the CEO, the STI is capped at 140% of TGP, 120% of TGP for the CFO and a range of 110% to 90% of TGP for prescribed officers.
Company performance measures and percentages	A combination of financial (70%) and non-financial (30%) business drivers is used. Financial drivers include EBITDA, normalised HEPS and the cash conversion ratio. Non-financial drivers relate to transformation, sustainability and safety. Targets and thresholds are set annually for each driver with the aim of achieving the business plan and essential elements of long-term sustainability. Company performance is measured against these targets and can range from 0% (threshold performance) to 150% (stretch performance). No bonus is payable below threshold performance.
Personal performance measures and percentages	Personal performance is measured through personal scorecards with objective and subjective measures, including financial and non-financial goals. They cover all aspects of an individual's role that are important to creating value and sustainability. Personal performance ranges from 50% (threshold) to 120% (stretch). A personal performance factor of below 50% will result in no bonus being payable, irrespective of the company performance outcome. Overall performance is expected to average 75% to 80%.
Changes for 2017	Consideration will be given to the appropriateness of future clawback arrangements in special circumstances. In addition, CO_2 emissions will be considered as a sustainability measure for 2017. The committee agreed to a slight change in the relative weighting for the company performance conditions and amended the following: 30% for EBITDA and 20% for HEPS while the weighting for the remainder of the conditions remain unchanged at 20% for CCR and 30% for strategic measures.

Long-term incentives (LTIs)

The company introduced the forfeitable share plan (FSP) in 2011, with awards to executive directors comprising both performance shares (75%) and retention shares (25%).

Prior to that, PPC operated a cash-settled share appreciation rights (SAR) scheme, under which SARs were granted. As leveraged instruments, the SARs gave employees the right to receive any appreciation in the share price between grant and exercise price.

The company reviewed its LTIs in 2015. The outcome indicated that the FSP in isolation did not provide adequate incentive or leverage to participants, and we decided to use an equity-settled SAR scheme alongside the FSP.

Remuneration report continued

This revised approach recognises the company's robust business plans and growth opportunities and the importance of delivering on these plans for the long-term benefits of all shareholders. This policy still applies and is explained below.

Purpose	To align participants with shareholders over the long term by making performance awards, with vesting subject to company performance conditions and continued employment, and to act as a retention tool by making retention awards, with vesting subject to continued employment.
Operation and instruments	Annual awards are made, using a combination of: – Share appreciation rights – rights given to employees to the extent of appreciation in the share price between grant date and exercise date – Forfeitable shares – free shares with full voting and dividend rights from award date.
Performance versus retention instruments	The policy for executive directors and prescribed officers is that at least 75% and 50%, respectively of the total LTI award should be performance based. In the case of executive directors and prescribed officers, the SAR scheme is currently used to incentivise performance, while the FSP is used to address retention. The mix between FSP and SAR awards is: (see table below)
Performance measurement	Appropriately stretched performance conditions are set by the remuneration committee each time an award is made, measured over a three-year performance period. Currently, the following conditions are used: – Normalised basic HEPS (37,5% weighting) – ROIC (37,5% weighting) – Growth in cash available from operations (5% weighting) – Execution of SA business plan (10% weighting) – Execution of international business plan (10% weighting). In line with best practice, vesting is applied on a sliding scale as follows: – 30% vesting at threshold performance – 100% vesting at target performance – Linear vesting is applied between threshold and target with no vesting below threshold.
Vesting periods	Awards of forfeitable shares will vest in year three, subject to continued employment from the date of award. SAR awards will vest in year three to the extent that performance conditions have been satisfied, and will lapse if not exercised by the sixth anniversary of the award date. SARs are also subject to continued employment from the date of award until exercised.
Dilution	LTIs are not dilutive as they can only be settled by purchasing shares on the market.
Changes for 2017	Performance measures are subject to review at the time of making new awards. The continued use of ROIC as a performance measure will be reassessed given the current investment cycle during which significant capital is being spent on the African projects with no earnings.

	Performance % (SARs)	Retention % (FSPs)
Executive directors	75	25
Prescribed officers	50	50

Black economic empowerment (BEE) schemes

South African employees participated in a broad-based black economic empowerment (BBBEE) scheme in 2008 and in a second scheme in 2012. Certain directors and prescribed officers also participated in these schemes as detailed on page 97.

Employment contracts – executive directors

The remuneration committee, subject to circumstances, will maintain the following policy for executive directors' employment contracts:

- All agreements should contain a restraint-of-trade clause
- Contracts should not commit the company to pay on termination arising from the director's failure to perform agreed duties
- Employment contracts should not contain balloon payments
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter period
- Contracts should not compensate directors for severance because of change of control. The appointed CEO is an exception; he has an optional six-month compensation clause if he decides to resign post any change in control. The CEO is appointed on a five-year contract

Appointment of non-executive directors

Non-executive directors appointed during the year are subject to election by shareholders at the first annual general meeting following their appointment, after which they must retire according to the board rotation plan.

Non-executive directors' fees

The CEO recommends non-executive directors' fee structures to the remuneration committee for onward approval by the board, after obtaining input from independent advisers on benchmark studies based on the same comparator group used for executive directors' remuneration.

As suggested by King III, board fees comprise both a base fee and attendance fee which, in the remuneration committee's view, are sufficient to attract directors with the appropriate level of skill and expertise. Fees are not automatically increased but, as a principle, are aimed at the median of the selected comparator group.

Non-binding advisory vote

The remuneration policy in part 1 will be subject to a non-binding, advisory vote at the annual general meeting to be held on 29 August 2016. The policy is reviewed annually as the company strives to achieve the highest levels of alignment and performance and, accordingly, shareholder views are central to these reviews.

Part 2: Implementation of policies for the review period

Summary of remuneration activities/decisions in the six-month period

The main issues considered and approved by the remuneration committee for the six months ended 31 March 2016 were:

- Review the impact of the year-end change on remuneration matters
- Approve the committee's work plan for 2016
- Review the remuneration policy and approve the remuneration report
- Review of shareholder feedback post-annual general meeting
- Reassessed salary review process in light of year-end change
- Review of short-term incentive structure
- Approval of short-term incentive targets for executive directors, prescribed officers and all other staff
- Approval of short-term incentive outcomes for 2016
- Review of fees payable to non-executive directors.

2016 total guaranteed pay (TGP) adjustments

Following the change in year-end, TGP will next be adjusted in October 2016, then effective in April each year, in line with the prevailing inflation rate, taking account of market benchmark movements and company affordability.

2016 STI outcomes

No STI was paid in the six-month period under review due to the subdued overall company performance. Some of the performance targets for the period under review were achieved.

2016 LTIs awarded

No LTIs were awarded in the six-month period under review. These will be awarded during the course of the year.

Vesting of 2013 FSPs

FSP awards granted in 2013 comprised performance shares and retention shares. The performance condition required growth in HEPS over 2012 to 2015 to exceed growth in CPI for the three years by at least three percentage points. CPI grew by 17%, but HEPS declined with the result that no performance awards vested. Retention awards vested.

Total remuneration outcomes

Actual remuneration outcomes for the six months ended 31 March 2016 are illustrated below:

ACTUAL (R000)*

Notes

* The actual remuneration outcomes are reflected for the past six months whereas the policy remuneration scenario graphs in part 1 reflect annual figures.

** LTI includes instruments that have vested in the period to 31 March 2016

*** Average TGP.

Remuneration report continued

Remuneration paid to executive directors and prescribed officers for the six months ended March 2016

R000	Salary	TGP retirement and medical contri-butions	Car allowance	STI[10]	LTI[9] realised	Other[11]	Total
Executive directors							
DJ Castle	2 546	305	–	–	–	8	**2 859**
MMT Ramano	1 605	475	98	–	–	4	**2 182**
Prescribed officers[8]							
PL Booysen[1]	374	102	81	–	–	1	**558**
HN Buthelezi[12]	1 303	152	–	–	–	4	**1 459**
N Caldwell[2]	224	53	–	–	–	1	**278**
JT Claassen	1 275	240	150	–	143	5	**1 813**
EJ de Beer[13]	152	40	16	–	–	–	**208**
NL Lekula[3]	863	115	–	–	140	1	**1 119**
AC Lowan	912	90	–	–	66	–	**1 068**
KPP Meijer[4]	388	116	39	–	–	4 353	**4 896**
FK Molefe	924	189	–	–	–	–	**1 113**
FN Nepfumbada[5]	306	54	–	–	–	1	**361**
RM Rein	1 202	195	168	–	–	2	**1 567**
TR Sibisi[6]	525	92	–	–	–	84	**701**
JHDLR Snyman	936	118	59	–	116	1	**1 230**
JJ Taljaard[7]	543	97	73	–	–	1	**714**
	14 078	**2 433**	**684**	–	**465**	**4 466**	**22 126**

Notes
[1] Following an internal restructure, December 2015 was the last month as a member on the group exco.
[2] Appointed to exco in February 2016.
[3] Appointed to exco in November 2015.
[4] Resigned effective December 2015. Other comprises negotiated mutual separation package made up as follows: Annual leave pay – R127 000. Negotiated separation package – R2,6 million. Notice pay – R813 000. Balance of restraint of trade – R813 000.
[5] Appointed to exco in February 2016.
[6] Resigned effective December 2015. Other comprises encashed leave.
[7] Following an internal restructure, December 2015 was the last month as a member on the group exco.
[8] Following committee deliberation, going forward prescribed officers will be reduced to core decision-makers only, in line with the Companies Act.
[9] LTI realised refers to: FSP retention shares that vested in February 2016.
[10] No STI paid in the period even though some targets have been met.
[11] Other includes sundry expenses relating to medical aid gap cover, executive holiday accommodation expenses, etc except in the instance of T Sibisi and KPP Meijer (see notes 4 and 6).
[12] Resigned effective 31 July 2016.
[13] Appointed to exco in March 2016.

Remuneration paid to executive directors and prescribed officers for the 12 months ended September 2015

R000	Salary	Retirement and medical contri-butions	Car allowance	STI	LTI realised	Other	Total
Executive directors							
DJ Castle[1]	3 520	420	–	1 853	–	2	**5 795**
MMT Ramano	3 026	881	240	1 821	3 248[2]	11	**9 227**
BL Sibiya[3]	862	–	–	–	–	–	**862**
Prescribed officers							
PL Booysen	1 386	390	324	854	137[4]	6	**3 097**
HN Buthelezi	2 434	291	50	1 140	–	701[5]	**4 616**
JT Claassen	2 137	424	360	1 289	215[4]	1 021[6]	**5 446**
AC Lowan	1 812	162	–	782	–	87	**2 627**
KPP Meijer	2 235	663	232	1 244	202[4]	789[5]	**5 365**
FK Molefe	1 832	268	–	789	–	–	**2 889**
RM Rein[7]	1 605	96	214	–	–	378	**2 293**
TR Sibisi	2 315	310	–	1 000	–	–	**3 195**
JHDLR Snyman	1 766	217	117	869	294[4]	5	**3 268**
JJ Taljaard	2 076	375	320	1 047	207[4]	2	**4 027**
RS Tomes[8]	299	53	38	–	–	288	**678**
	27 305	**4 550**	**1 895**	**12 688**	**4 303**	**3 290**	**54 031**

Notes
[1] Appointed 12 January 2015.
[2] Vesting of restricted share units granted in 2012.
[3] Reimbursement to permanent employer while performing the role of executive chairman for three months.
[4] Vesting of FSP with no performance conditions, granted in 2012.
[5] Restraint-of-trade payment.
[6] Restraint-of-trade payment and relieving allowance.
[7] Seconded from Safika Cement from March 2015, other comprises secondment allowance.
[8] Resigned in October 2014; other comprises leave pay.

Remuneration report continued

Non-executive directors’ fees

Non-executive directors’ fees are as approved by the previous AGM and valid from that date until the next AGM.

Total emoluments to non-executive directors for the six months ended March 2016

			Committee							
R000	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social, ethics and transformation	Investment	Special meetings	Total
S Dakile-Hlongwane[1]	51	–	–	–	–	–	–	–	40	**91**
N Goldin	137	–	–	–	–	73	–	31	40	**281**
ZJ Kganyago[2]	82	–	–	–	–	–	–	–	–	**82**
TJ Leaf-Wright	137	–	–	–	38	–	45	31	79	**330**
MP Malungani[2]	104	–	–	–	–	–	45	62	–	**211**
T Mboweni	137	–	98	–	–	–	77	–	140	**452**
SK Mhlarhi	137	–	–	–	–	92	–	31	59	**319**
B Modise	137	–	–	87	77	–	–	–	80	**381**
T Moyo	137	–	89	87	–	–	–	–	60	**373**
CH Naude	137	–	–	–	38	92	–	–	119	**386**
PG Nelson	137	–	–	87	–	187	–	–	238	**649**
TDA Ross	179	–	–	174	38	–	–	43	196	**630**
BL Sibiya[2]	–	431	187	–	–	53	–	31	40	**742**
	1 512	**431**	**374**	**435**	**191**	**497**	**167**	**229**	**1 091**	**4 927**

Notes
[1] Appointed January 2016.
[2] Resigned January 2016.

Total emoluments to non-executive directors for the 12 months ended September 2015

			Committee							
R000	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social, ethics and transformation	Investment	Special meetings	Total
DJ Castle[1]	50	–	–	48	–	–	–	18	215	**331**
N Goldin	223	–	–	–	–	119	–	19	–	**361**
ZJ Kganyago[2]	252	–	–	37	–	–	–	18	480	**787**
NB Langa Royds[3]	82	–	43	–	–	108	72	–	332	**637**
TJ Leaf-Wright	202	–	–	–	63	–	56	38	–	**359**
MP Malungani	273	–	–	–	–	–	87	148	215	**723**
T Mboweni	202	–	40	–	–	–	99	–	–	**341**
SK Mhlarhi	294	–	–	–	–	169	–	74	215	**752**
B Modise	252	–	–	94	179	–	–	–	215	**740**
T Moyo	294	–	96	57	–	–	–	–	215	**662**
CH Naude	223	–	–	–	63	119	–	–	–	**405**
PG Nelson	223	–	–	57	–	244	–	–	–	**524**
TDA Ross	367	–	52	210	88	–	–	55	567	**1 339**
J Shibambo[4]	82	–	43	–	28	53	35	–	215	**456**
BL Sibiya	–	1 221	142	–	–	33	45	55	538	**2 034**
D Ufitikirezi[5]	138	–	24	–	–	–	–	–	–	**162**
	3 157	**1 221**	**440**	**503**	**421**	**845**	**394**	**425**	**3 207**	**10 613**

Notes
[1] Served as non-executive director for three months before becoming CEO.
[2] Alternate director to BL Sibiya.
[3] Retired January 2015.
[4] Retired January 2015.
[5] Resigned September 2015.

Interests of executive directors and prescribed officers in share capital

The aggregate direct beneficial holdings of directors and their immediate families (none of whom hold over 1%) in the issued ordinary shares of the company are detailed below. There are no indirect holdings by directors and their immediate families. There have been some material changes to these shareholdings since that date.

Name	Number of shares at 31 March 2016	Number of shares at 30 Sept 2015
Current directors		
MMT Ramano	**134 143**	134 143
Prescribed officer		
JHDLR Snyman	**24 100**	24 100

Interests of directors and prescribed officers in BBBEE schemes

In 2008, in terms of the company's first BBBEE transaction, certain executive directors and prescribed officers were granted participation rights in the loan-funded Black Managers Trust which owns shares that are subject to vesting conditions and a lock-in period restricting transferability which expires on 15 December 2016. In addition, in the 2012 financial year, they each received rights to 2 541 shares in a trust owning donated shares which were subject to a lock-in expiring on 15 December 2013. Certain non-executive directors received vested rights in 2008 in a trust owning donated shares which were subject to vesting conditions and a lock-in expiring annually in thirds from 15 December 2012 to 15 December 2014.

In the 2013 financial year, after implementation of the company's second BBBEE transaction, executive directors and prescribed officers were included among South African employees granted participation rights in a notional loan-funded trust owning shares that are subject to vesting conditions and a lock-in period restricting transferability which expires in September 2019.

	As at 31 March 2016	
Participation rights	**BEE 1**	**BEE 2**
Executive directors		
MMT Ramano	335 249	372 737
Prescribed officers[1]		
PL Booysen[2]	–	16 322
HN Buthelezi[4]	–	218 676
JT Claassen	–	22 501
EJ de Beer	–	20 235
NL Lekula	109 531	220 634
AC Lowan	–	118 850
KPP Meijer[3]	–	28 488
FK Molefe	–	171 490
JHDLR Snyman	–	18 167
JJ Taljaard	–	25 384

Notes

[1] Following committee deliberations, going forward prescribed officers will be reduced to core decision-makers only, in line with the Companies Act.

[2] No longer a prescribed officer following internal restructure.

[3] Paid out 10% of market value at date of separation, in lieu of forfeiting 100% full value of participation at vesting date in 2019.

[4] Resigned effective 31 July 2016.

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
Executive directors				
DJ Castle				
Share appreciation rights				
2015/05/29	2 333 652	–	–	–
Forfeitable shares – no performance conditions				
2015/05/29	125 150	–	–	–
Total				
MMT Ramano				
Share appreciation rights				
2013/09/30 cash-settled	170 000	–	–	–
2015/05/29	581 300	–	–	–
	751 300	–	–	–
Forfeitable shares – with performance conditions				
2013/03/15	78 700	–	–	78 700
2014/02/18	128 700	–	–	–
	207 400	–	–	78 700
Forfeitable shares – no performance conditions				
2015/05/29	56 900	–	–	–
Total				
Prescribed officers:				
HN Buthelezi (resigned 31 July 2016)*				
Share appreciation rights				
2015/05/29	151 200	–	–	–
Forfeitable shares – no performance conditions				
2014/02/18	12 400	–	–	–
2015/05/29	24 300	–	–	–
	36 700	–	–	–
Forfeitable shares – with performance conditions				
2014/02/18	20 700	–	–	–
Total				
JT Claassen				
Share appreciation rights				
2007/08/08 cash-settled	40 000	–	–	–
2008/09/17 cash-settled	24 000	–	–	–
2009/09/25 cash-settled	26 000	–	–	–
2015/05/29	148 800	–	–	–
	238 800	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	10 400	–	10 400	–
2014/02/18	33 353	–	–	–
2015/05/29	23 900	–	–	–
	67 653	–	10 400	–
Forfeitable shares – with performance conditions				
2013/03/15	17 300	–	–	17 300
2014/02/18	21 500	–	–	–
	38 800	–	–	17 300
Total				

* Instruments subsequently forfeited on date of resignation.

Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
2 333 652	19,71		
125 150	–		
			–
170 000	–		
581 300	19,71		
751 300			
–	–		
128 700	–		
128 700			
56 900	–		
			–
151 200	19,71		
12 400	–		
24 300	–		
36 700			
20 700	–		
			–
40 000	43,00		
24 000	31,80		
26 000	35,35		
148 800	19,71		
238 800			
–	–	13,76	143
33 353	–		
23 900	–		
57 253			
–	–		
21 500	–		
21 500			
			143

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
EJ de Beer				
Share appreciation rights				
2007/08/08 cash-settled	38 000	–	–	–
2008/09/17 cash-settled	33 000	–	–	–
2009/09/25 cash-settled	28 000	–	–	–
2015/05/29	127 900	–	–	–
	226 900	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	8 200	–	8 200	–
2014/02/18	11 100	–	–	–
2015/05/29	20 600	–	–	–
	39 900	–	8 200	–
Forfeitable shares – with performance conditions				
2013/03/15	9 200	–	–	9 200
2014/02/18	18 500	–	–	–
	27 700	–	–	9 200
Total				
NL Lekula				
Share appreciation rights				
2007/08/08 cash-settled	38 000	–	–	–
2008/09/17 cash-settled	30 000	–	–	–
2009/09/25 cash-settled	24 000	–	–	–
2015/05/29	126 200	–	–	–
	218 200	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	10 200	–	10 200	–
2014/02/18	11 000	–	–	–
2015/05/29	20 300	–	–	–
	41 500	–	10 200	–
Forfeitable shares – with performance conditions				
2013/03/15	16 900	–	–	16 900
2014/02/18	18 300	–	–	–
	35 200	–	–	16 900
Total				
AC Lowan				
Share appreciation rights				
2015/05/29	103 000	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	4 800	–	4 800	–
2014/02/18	6 500	–	–	–
2015/05/29	16 600	–	–	–
	27 900	–	4 800	–
Forfeitable shares – with performance conditions				
2013/03/15	5 400	–	–	5 400
2014/02/18	10 800	–	–	–
	16 200	–	–	5 400
Total				

Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
38 000	43,00		
33 000	31,80		
28 000	35,35		
127 900	19,71		
226 900			
–	–	13,76	113
11 100	–		
20 600	–		
31 700			
–	–		
18 500	–		
18 500			
			113
38 000	43,00		
30 000	31,80		
24 000	35,35		
126 200	19,71		
218 200			
–	–	13,76	140
11 000	–		
20 300	–		
31 300			
–	–		
18 300	–		
18 300			
			140
103 000	19,71		
–	–	13,76	66
6 500	–		
16 600	–		
23 100			
–	–		
10 800	–		
10 800			
			66

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
FK Molefe				
Share appreciation rights				
2015/05/29	114 400	–	–	–
Forfeitable shares – no performance conditions				
2014/02/18	9 900	–	–	–
2015/05/29	18 400	–	–	–
	28 300	–	–	–
Forfeitable shares – with performance conditions				
2014/02/18	16 600	–	–	–
Total				
JHDLR Snyman				
Share appreciation rights				
2007/08/08 cash-settled	25 000	–	–	–
2008/09/17 cash-settled	27 000	–	–	–
2009/09/25 cash-settled	23 000	–	–	–
2015/05/29	114 400	–	–	–
	189 400	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	8 400	–	8 400	–
2014/02/18	9 000	–	–	–
2015/05/29	18 400	–	–	–
	35 800	–	8 400	–
Forfeitable shares – with performance conditions				
2013/03/15	13 900	–	–	13 900
2014/02/18	15 100	–	–	–
	29 000	–	–	13 900
Total				
JJ Taljaard				
Share appreciation rights				
2015/05/29	151 000	–	–	–
Forfeitable shares – no performance conditions				
2013/03/15	11 800	–	11 800	–
2014/02/18	13 100	–	–	–
2015/05/29	24 300	–	–	–
	49 200	–	11 800	–
Forfeitable shares – with performance conditions				
2013/03/15	19 700	–	–	19 700
2014/02/18	21 900	–	–	–
	41 600	–	–	19 700
Total				
KPP Meijer (left 30 November 2015)				
Share appreciation rights				
2015/05/29	170 500	–	–	170 500

Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
114 400	19,71		
9 900	–		
18 400	–		
28 300			
16 600	–		
			–
25 000	47,36		
27 000	31,80		
23 000	35,35		
114 400	19,71		
189 400			
–	–	13,76	116
9 000	–		
18 400	–		
27 400			
–	–		
15 100	–		
15 100			
			116
151 000	19,71		
–	–	13,76	162
13 100	–		
24 300	–		
37 400			
–	–		
21 900	–		
21 900			
			162
–	19,71	16,74	–

Remuneration report continued

Value of long-term incentives

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year
Forfeitable shares – no performance conditions				
2013/03/15	12 300	–	11 275	1 025
2014/02/18	13 300	–	7 758	5 542
2015/05/29	27 400	–	4 567	22 833
	53 000	–	23 600	29 400
Forfeitable shares – with performance conditions				
2013/03/15	20 500	–	–	20 500
2014/02/18	22 200	–	–	22 200
	42 700	–	–	42 700
Total				
TR Sibisi (resigned 15 December 2015)*				
Share appreciation rights				
2015/05/29	125 900	–	–	125 900
Forfeitable shares – no performance conditions				
2014/02/18	10 900	–	–	10 900
2015/05/29	20 300	–	–	20 300
	31 200	–	–	31 200
Forfeitable shares – with performance conditions				
2014/02/18	18 200	–	–	18 200
Total				
Retired directors:				
SG Helepi (resigned 14 February 2013)				
Share appreciation rights				
2007/08/08 cash-settled	18 000	–	–	–
Total				

All instruments are equity-settled unless otherwise indicated.
* Instruments subsequently forfeited on date of resignation.

Closing number	Grant price (R)	Price on exercise date/ vesting price (R)	Exercise/ vesting gain (R000)
–	–	16,74	189
–	–	16,74	130
–	–	16,74	76
–			
–	–		
–	–		
–			
			395
–	19,71		
–	–		
–	–		
–			
–	–		
			–
18 000	43,00		
			–

Virunga National Park in DRC, central Africa.

The DRC

Downtown Bukavu, South Kivu, DRC

Building a new well in Bangadi, DRC

Likasi, school being built

People review

Safety and health

Please note this report covers safety and health from October 2015 to March 2016, except where otherwise stated.

Highlights

- **13 of 18 South African sites and seven of 10 international sites record zero lost-time injury frequency rate (LTIFR). Six sites exceed one million lost-time injury-free hours, with PPC Bulawayo and PPC Riebeeck at over 2,5 million hours**
- **Solid safety performance at established PPC operations with only three lost-time injuries (LTIs) compared to five in the prior six-month period (March to September 2015)**
- **Pronto and Safika now included in PPC group safety and health programme**
- **Significant reduction in malaria prevalence at our DRC project and adjacent villages after introducing a comprehensive prevention programme.**

Lowlights

- **Two fatalities (Slurry and Mooiplaas)**
- **Ten LTIs in 2016**
- **Speed of implementing safety and health standards at some projects and acquired operations.**

PPC safety and health policy (revised March 2016)

PPC is committed to protecting the occupational health and safety of employees, contractors and visitors in the workplace and, where appropriate, other stakeholders. The PPC group demonstrates this commitment through its occupational health and safety management system that is entrenched in all organisational activities and conforms to recognised occupational and railway health and safety standards and legal frameworks.

We will establish clear accountability for leading occupational health and safety standards in the company and although legal compliance is the foundation of the PPC health and safety management system, we will also monitor emerging issues, technological innovations and stakeholder interests to ensure effective and sustainable solutions to health and safety challenges. Accordingly, the health and safety policy will be periodically reviewed and revised.

To achieve best-in-class occupational health and safety performance, we are committed to:

- Building, through engagement and empowerment, a proactive, high-reliability health and safety culture at individual, leadership and organisational levels
- Providing the necessary resources and implementing formal systems and structures to ensure an effective health and safety management system for the group to achieve related objectives
- Maintaining a specialised health and safety function for an informed view of associated risks arising from our business activities
- Continuously identifying and controlling occupational health and safety risks to eliminate or minimise related hazards in the workplace and, where appropriate, our neighbouring communities
- Establishing meaningful metrics to monitor our health and safety performance, and using these to set goals for continual improvement
- Reporting and investigating health and safety incidents and actively sharing best practices and lessons
- Educating, training and developing employees and other stakeholders, where appropriate, to ensure each person is able to act in a way conducive to health and safety
- Maintaining open and transparent relations with all our stakeholders on occupational health and safety matters
- Actively involving employee representatives in managing health and safety.

It is the responsibility of our leaders to ensure this policy is understood and effectively communicated and implemented throughout the PPC group. All employees are responsible for understanding the impacts of this policy on their day-to-day work practices and are expected to apply and support these principles.

Supporting our international expansion strategy, the latest revision of our health and safety policy ensures alignment with the requirements of the World Bank, recognises the extent of railway-related activities on our sites and facilitates appropriate accountability for safety at all levels in the organisation.

Safety performance

PPC uses management control as the guiding principle in determining whether safety statistics are reported as part of group figures or separately:

- Where PPC has a majority share in the business, completes a financial consolidation and therefore has effective management control, safety statistics are included as part of group data
- Where PPC does not consolidate the financials (ie does not have majority shareholding) or have effective management control, statistics are reported separately.

Under this definition:

- Safika (91%) and Pronto (100%) health and safety statistics are included
- Habesha (31%) is excluded and has been reported separately from PPC group statistics.

Tragically, we recorded two fatalities at our South African operations in the reporting period. In October 2015, a contractor worker at Slurry (North West), was fatally injured in a conveyor belt tail-pulley incident. A PPC employee at Mooiplaas (Gauteng), was struck by a front-end loader in March 2016. Our deepest condolences go to the families, colleagues and friends affected by these events. PPC confirms its commitment to the safety and health of all our team members and other stakeholders. These tragic incidents will further strengthen our resolve to continuously improve our safety performance. As with all other significant incidents, full investigations were carried out and corrective steps implemented throughout the group.

PPC group safety statistics

For comparison, all statistics below are based on a rolling 12 months:

– 2012 to 2015: previous financial year, ie October to September
– 2016: April 2015 to March 2016
– Six-month group actual: October 2015 to March 2016, ie current reporting period.

	Group target 2017	Six-month PPC group actual 2016	PPC group actual 2016	Actual (excluding Safika and Pronto)[3] 2015	Actual – excluding Safika, Pronto, DRC, CIMERWA, Mozambique[3] 2015	Actual (PPC only) 2014	Actual (PPC only) 2013	Actual (PPC only) 2012
Fatalities	0	2	2	0	0	0	1	0
FFR[1] per 200 000 hours worked	0	0,05	0,02	0	0	0	0,02	0
Number of LTIs	–	10[4]	20	18	12	16	18	14
LTIFR per 200 000 hours worked (12-month window)	0,27[5]	0,24	0,24	0,24	0,23	0,25	0,28	0,23
Days lost to LTIs	–	300	511	804	586	663	1 060	553
Significant administrative notices[2] (number)	–	3	6	4	4	2	9	9

[1] Fatality frequency rate.
[2] Section 54 (DMR).
[3] Excluded operations as no GRI auditing was done in specific review period.
[4] There were nine incidents that resulted in 10 LTIs.
[5] 2017 target will include Safika, Pronto, DRC, CIMERWA and Mozambique.

PPC prides itself on excellent safety systems and has achieved considerable success in recent years. Despite our solid LTIFR record, the number of fatalities is a grave concern. After a relatively good record over 2012 to 2015 (one fatality), two fatalities in the reporting period has led PPC to critically examine its approach to safety. The focus areas identified for 2017 and other initiatives will strive for a zero-harm environment and culture over the next few years.

The group LTIFR was stable over the past five years, despite acquiring several new businesses and embarking on a major expansion drive. The increased number of contractors, projects and start-up businesses contributes to a higher risk profile. PPC recorded 10 LTIs, excluding the noted fatalities, in the review period: six were PPC employees and four were contractors. Three of the LTIs occurred at established South African operations, three at CIMERWA (Rwanda), three at Project Barnet (DRC) and one at the Slurry SK9 project. Focus areas for the coming year have therefore been developed to address the changed risk profile. The target for 2017 includes all these operations, recognises that safety interventions do take time to gain significant traction but also indicates our commitment to succeed in the short term.

The severity of incidents, reflected partially in days lost to LTIs, shows a steady decline from previous years and indicates that LTIs generally are not leading to long-term impacts. PPC developed and implemented a structured incident-analysis tool which is being used for all significant incidents. Lessons are shared to eliminate similar incidents group-wide.

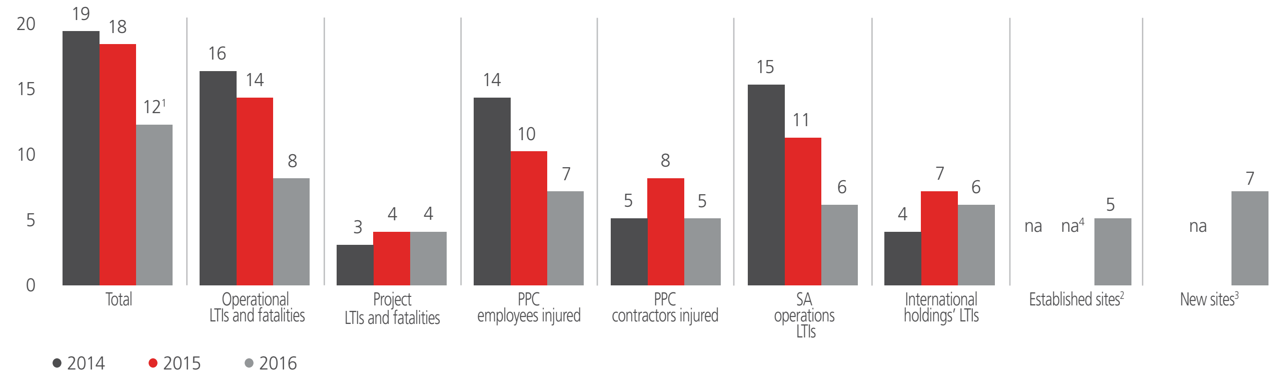
Two of three administrative notices served followed the fatalities at Slurry and Mooiplaas, while the third was for a minor mobile equipment-related issue at Slurry. Further details are provided under authority visits.

Project Habesha – Ethiopia

The Habesha project recorded no LTIs in the reporting period. PPC and Habesha management have agreed to establish acceptable safety standards at the project and are cooperating to implement these. The critical role of leadership in this process cannot be overemphasised. PPC assists Habesha where necessary with all health and safety matters and strives to implement standards similar to those in other PPC international operations.

People review continued

FATALITY AND LOST-TIME INJURY ANALYSIS



[1] Two fatalities and 10 LTIs.
[2] Established sites include: Dwaalboom, De Hoek, Jupiter, Hercules and Beestekraal, Slurry, Riebeeck, Port Elizabeth, Mount Steward, Grassridge, Lime Acres, Saldanha, Montague Gardens, Sales and Marketing, Sandton, Group Laboratory Services, Aggregates SA, George, Colleen Bawn, Bulawayo, Aggregates Botswana, Botswana depot, Mozambique depot.
[3] New sites include: Slurry SK9 project, Pronto, IDM, Project Msasa (Zimbabwe), CIMERWA factory (Rwanda), Project Barnet (DRC), Project Habesha (Ethiopia)
[4] Meaningful comparisons with current year not possible.

In the period October 2015 to March 2016, established sites recorded five LTIs and new sites seven LTIs.

Direct comparisons for different reporting periods (six months versus 12 months) do not necessarily represent developing trends. PPC did record two fatalities in this period, however, compared to zero in the preceding period. An apparent increase in injuries is attributed to the critical phases of certain projects where construction activities are peaking (projects Barnet and Msasa) and one new project where contractors established site (Slurry SK9) in the review period. In addition, the new CIMERWA plant was commissioned and began operating in this reporting period (new personnel, unfamiliar with equipment). As a result, we have carefully evaluated the operational readiness process followed for CIMERWA and incorporated the learning points in operational readiness processes for projects Barnet and Msasa. We are also working on integrating Pronto and Safika into group health and safety best practices.

Comparing new sites and established sites with past years is not meaningful given the phasing of projects and acquisitions in each year.

Authority visits

	Oct 2015 to Mar 2016 (six months)	Oct 2014 to Sept 2015 (12 months)	Oct 2013 to Sept 2014 (12 months)
Number of visits	13	28	48
Section 54 (SA – work stoppage)	3	4	2
Section 55 (SA – notice to rectify)	0	16	2
Other (non-SA)	0	2	7

PPC recognises the important roles played by the Department of Mineral Resources (DMR) and Department of Labour (DOL) in South Africa in improving safety and health at our sites and we continue to support officials in this work. Similarly, we look forward to jointly strengthening cooperation and the legal framework in all our international operations.

For the review period, PPC received three notices from the DMR and zero from the DOL on health and safety issues. We are focused on aligning our operations with the requirements of the authorities. There were no visits from authorities in other countries in the review period.

Occupational health

All contractors and employees undergo health and safety induction before starting work.

In addition to entry, annual and exit medical examinations for all PPC employees and contractors, we continued conducting extensive pre-deployment health evaluations for expatriate workers (including all employees and contractors travelling for international assignments). These include medical assessments, fitness to work and/or travel, individual travel health assessments, vaccination requirements and malaria prophylaxis.

All legal health and medical reporting requirements of the DMR or DOL (as applicable) have been met. In addition, under the mining charter scorecard, PPC reports on HIV/Aids and tuberculosis programmes run by clinics at group operations. Prevalence is low for both diseases. No cases of silicosis were reported during the period and the incidence is extremely low in PPC with sites reporting zero silicosis cases over the last 10 years.

Due to the heavy industrial environment, noise-induced hearing loss is a specific hazard in PPC. Several years ago, we introduced the use of personalised hearing protection in all our established operations. New acquisitions and start-up operations will adopt this approach as appropriate. At all projects, we use disposable hearing protection due to the turnover of construction personnel. Hearing-conservation programmes are in place at most sites and will be rolled out to new operations.

PPC has implemented a malaria-control programme at project Barnet in the DRC which includes malaria awareness induction, insect repellent, issuing malaria test kits and extensive malaria vector spraying at construction and accommodation sites, and adjacent villages.

We had the opportunity to test our medical emergency evacuation procedure when an expatriate worker in the DRC developed malaria with complications. He was successfully evacuated and hospitalised in Johannesburg, and subsequently made a full recovery.

PPC remains active in Chamber of Mines structures to interact, obtain information and add value on compliance with various elements of the mining charter. The related scorecard for all SA mining sites was also completed and submitted in March 2016.

All South African manufacturing sites remain certified to the OHSAS 18001 standard.

Outlook

Our strategy to double our business every 10 years entails expanding existing operations; constructing, commissioning (both greenfield and brownfield projects) and operating new sites; and diversifying into a number of other materials and services businesses. The safety and health risk profile of each of these initiatives differs vastly and although PPC is guided by its overall health and safety policy, implementation methodology and processes need to consider in-country dynamics. As the operation in CIMERWA ramps up production, and with the construction completion and commissioning of the DRC, Zimbabwe and Ethiopia projects scheduled for late calendar 2016/early 2017, the challenges on building and maintaining robust safety and health systems will be significant. Simultaneously, we recognise that we need to strengthen the base in our established operations.

Focus areas for 2017

For existing and well-established PPC operations (South Africa, Zimbabwe and Botswana), our main focus for the year ahead is to provide refresher training at all levels based on individual roles and responsibilities (eg safety fundamentals, risk assessment, accident investigation and, in particular, focus on supervisor safety competence). In addition, we will strive to ensure safety and health systems are standardised across the group and, where necessary, appropriate software tools are provided to effectively manage these matters. We are also concentrating on management and reporting processes for occupational health.

PPC has developed a detailed operational readiness plan for project Barnet in the DRC and project Msasa in Zimbabwe. Extensive health and safety training will be provided to key leadership and all personnel will undergo a health and safety induction to ensure personnel are ready for the operational phases.

In line with the increased risk profile stemming from our expansion strategy, PPC has defined three overarching focus areas for 2017, primarily based on integrating the principles of a high-reliability organisation into all our businesses. The need for a new safety management software tool to meet our expanding requirements has been identified and full scoping for this system will be completed in 2016.

The three main focus areas for the group for 2017 are:

- Enacting mindful leadership
  The role of leaders in safety management is as skilled facilitators able to motivate, collaborate and engage people, without losing sight of the goal. PPC leaders at various levels will be enlisted and equipped to enable them to inspire and enact a culture of safety – a prerequisite to becoming a resilient and safe operation. The role of leadership among contractors at our various construction projects will be critical and appropriate actions to ensure their commitment will be implemented
- Developing safety competence
  Competence in health and safety is a critical component of workplace activities. Safety competence can be described as the combination of a person's training, skills, experience and knowledge and the ability to apply these to perform a task safely. PPC will invest in building the safety capacity of all team members, focusing on our start-up business, projects and new acquisitions. Tailored in-country solutions, based on the PPC safety and health policy, will be developed
- PPC occupational health and safety management standards
  Effective occupational health and safety (OHS) management will always form the foundation of acceptable performance in this area. Given the level of legal and reputational exposures of our different operations, this is an integral and critical part of the strategy. Our objectives include revising PPC's safety and health management standards and structure to improve the quality of OHS management and ensure an appropriate solution for all operations.

People review continued

Human capital

Highlights

- **Substantive negotiations with all respective unions concluded within mandate and without work stoppages.**
- **Extended our Dinaledi bursary scheme to include children of PPC employees, with eight additional students supported**
- **All mining rights have now been converted from old-order to new-order rights**
- **High rate of recruiting new senior executives to meet business requirements**
- **High success rate of artisans qualifying from our accredited Technical Skills Academy – all seven employees who wrote their trade test passed**
- **Two successful intakes of community learners on the basic equipment and hand tools programme in DRC**
- **Over 170 employee housing transactions completed in South Africa and Zimbabwe**
- **Launched employee volunteer programme**

Lowlights

- **Slight increase in number of high-potential employees leaving the company in the last six months**
- **Talent management process not yet embedded.**

Managing our people

PPC operations are supported by a diligent and dedicated team of 3 304 employees across five countries. We believe that better business decisions and stronger performance are driven by competent, high-calibre individuals operating in a diverse environment with the right skills, experience and passion. Their determination continues to drive our progress in executing our strategy.

Employee engagement is the very fibre of who we are as an organisation and our Kambuku philosophy, which has been an integral part of our people processes for many years, is still being applied to ensure high-engagement levels. To assess the current status and identify areas where we need to improve, we conducted a climate survey in the review period (detailed on page 113).

Given the changing competitive landscape and company strategy, we have revised our business approach to achieve our strategic aspiration of sustainable competitive returns for all stakeholders by focusing on five key business pillars:

- World-class excellence in all we do
- Provider of materials and solutions
- Creating an innovative culture
- Taking a strategic approach
- Doubling our business every 10 years.

In tandem, we initiated a robust change management approach that focuses on delivering results and driving a high-performance culture. Work is ongoing to ensure that our goals are achieved through the #IGNITE change initiative.

#IGNITE is establishing the foundation for a one-team PPC culture that will support our strategic goals by focusing on five broad elements:

- Leadership effectiveness
- Aligning the business behind the strategy
- Head office effectiveness and value add
- Developing a one-team PPC culture
- Talent management.

Various initiatives within the different elements have been developed and implemented. Key roleplayers, who act as change igniters, have been identified across the business to drive and support these initiatives. The human resources team is also focused on revamping and embedding world-class talent management strategies and processes in the business.

Delivering business success through high performance

For PPC to achieve its objectives, all employees must be aligned to its strategic direction (page 5). This is cascaded throughout the organisation to drive functional, team and individual performance. Performance management and development are therefore important steps to enable staff to contribute to the success of PPC. The process is fair and robust, with employees identifying and agreeing personal development plans.

The performance management process comprises:

- Scorecard alignment and agreement on key performance areas
- Objective and subjective measures
- Clear understanding of expectations/delivery by both parties
- Progress reviews and performance coaching.

Short-term bonus payments and salary increases are linked to performance against agreed scorecards, and calculated on a combination of individual achievement and company performance.

Our people management system

Aligned to our business and HR functional strategies, our people management systems form an integrated link between strategy, performance management, remuneration and succession planning.

Talent reviews and succession management

Our succession management process aims to safeguard critical business positions by effectively managing vacancy risks, particularly at leadership level and in positions identified as critical to the success of our business. The goal is to identify, develop and retain highly talented and diverse individuals for a continuous supply of potential successors in key leadership and critical positions.

In the review period, we completed our second cross-functional talent board reviews across the business. The aim of these reviews is to identify key people who will take the business to the next level while effectively supporting and managing line employees. Feedback from these reviews is used as input to succession management.

Housing initiative

The PPC employee housing support scheme was introduced in 2012 to assist more than 300 employees to improve their living conditions over the next few years. Most eligible candidates do not qualify for a state-funded RDP house or a mortgage, and fall in the so-called gap market, making it virtually impossible for them to become homeowners without support.

To date, 471 South African employees have enrolled in the housing programme and are being helped to become homeowners. In total, 73 employees have moved into their new homes, upgraded an existing home or are awaiting title deeds before moving into their homes. Another 13 houses are in the transactional phase.

In 2015, we introduced a similar housing initiative for our Zimbabwe operations where lower-grade employees are given preference to purchase their existing home or any company high-density house at our Bulawayo or Colleen Bawn sites. To date, over 100 employees have capitalised on this opportunity and we are currently finalising the individual home ownership transfer process.

Empowering people

PPC's relevant, empowered, actualised and lasting (REAL) transformation philosophy concentrates on maintaining a strong foundation to grow and empower employees. As part of this approach, the second phase of our BBBEE transaction in 2012 resulted in effective black ownership of PPC's South African operations increasing to 26%. This transaction supported the conversion of our mining rights, and placed around 7% of the holding company's ownership with South African employees.

In 2014, R100 million in shares from the 2008 BBBEE 1 transaction vested in the hands of employees. Allied to this transaction, the PPC Masakhane Employee Share Trust was created to allow all eligible employees to become shareholders of PPC. Since its launch, employee shareholders have received over 26 million shares and more than R23 million in dividends.

Employee participation and engagement

Our culture is founded on participation and engagement. We believe positive results are easily achieved when all employees are engaged, empowered and accountable. Active involvement and communication therefore occur frequently across PPC through established systems and processes, summarised below:

CEO town hall sessions

Monthly feedback on business performance and strategic issues. These are facilitated by Darryll and broadcast across all PPC sites by video link or recording. Employees can post questions or provide feedback on the PPC intranet.

CEO breakfast

The CEO held a series of breakfasts with groups of 10 to 12 head office employees over the last 18 months. These are designed to give employees an opportunity to engage with Darryll directly on any topic they choose, and feedback has been overwhelmingly positive.

Lunch-time talks

To ensure PPC employees stay abreast of developments in PPC and our business environment, a monthly lunch-time talk series was introduced in the review period. Speakers cover topics of interest, with the CEO addressing the inaugural session on PPC's strategy. All sessions are recorded and distributed throughout the organisation.

Ask Darryll

A portal, Ask Darryll, was created on the PPC intranet as a platform for employees to submit questions to the CEO. Answers are posted on the webpage to benefit all employees. To date, 58 questions have been posted and answered.

Key leader summits

Regular team meetings at plant or site level, and across the business, involve all appointed, elected and informal leaders. The aim is to inform employees about plant, site or business performance, strategic initiatives, challenges and opportunities. Robust and constructive communication takes place in an environment of mutual trust and cooperation, and the outcomes of each summit are communicated clearly and promptly to shop-floor level. Through this process, we maintain a clear purpose and common vision and direction throughout the company.

Invocoms

Daily structured team discussions take place at shop-floor level, weekly at sectional supervisory level, and monthly at departmental level. There are around 365 active and effective Invocoms operating across PPC. Through these Invocom engagement sessions, we communicate elements of PPC's vision and objectives, evaluate team performance, analyse obstacles affecting performance, develop appropriate action plans, and ensure targets are achieved. Behavioural safety, educational topics and development are also discussed in these forums.

Climate survey

In 2015, we implemented a new climate survey approach which was conducted independently across PPC to assess morale and identify improvement areas. Covering all PPC operations in South Africa and internationally, the survey indicated that PPC is doing very well on six of nine elements, with an excellent/very positive score of 75%. Three elements scored positive/favourable. The results of this survey will become a baseline for future assessments.

Although all PPC operations are implementing specific initiatives to improve climate relative to their own and business trends, general areas for improvement across the group were identified as:

- Effective management and development of talent
- Effective succession planning in business units and across the organisation
- Stronger focus on performance management and developing a high-performing organisation
- Supervisory and foremen development in terms of people management and leadership
- Create greater understanding and insight into PPC's employee value proposition
- Attracting and retaining employees.

Our targets for FY17 and FY18 are 76% and 77% respectively by focusing on the issues noted stated above. In future, this will also include focused training for supervisors on career development and performance management to facilitate meaningful discussions with their staff and better support their development.

Recognition

Our recognition programme is an integrated approach between country/site and group level. The aim is to recognise and motivate employees towards continuous improvement, innovation and a high-performing culture.

Our prestigious Diamond Awards consist of six categories; rising talent, customer service excellence (internal and external), sales, production excellence, business support and safety. An additional category recognises the #IGNITE initiative. This is a CEO discretionary award. The next Diamond Awards ceremony will be held in the fourth quarter of this year.

People review continued

Group workforce analysis

PPC's total workforce for 2016 is 3 304 compared to 3 372 in 2015. This includes our subsidiaries, Pronto and Safika, with a total workforce of 266.

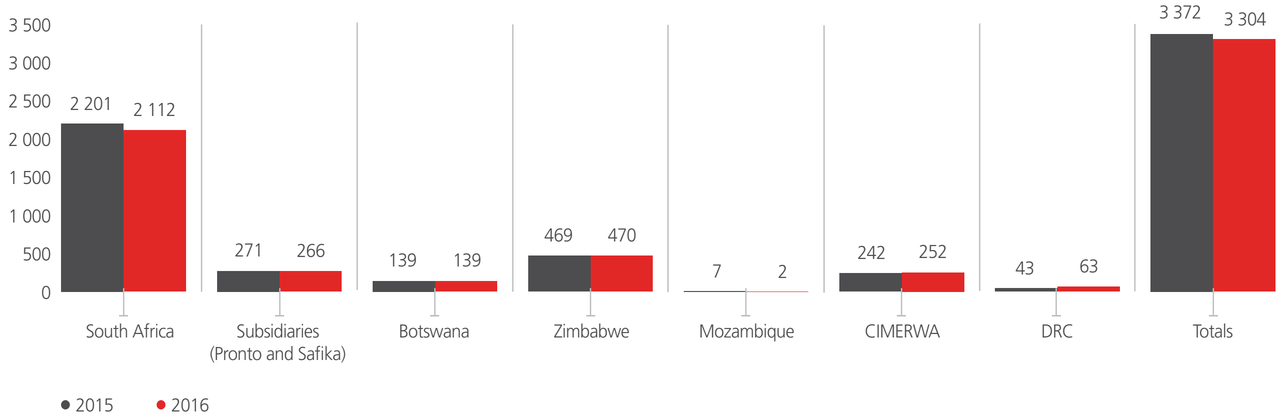
Employment equity status (SA operations only)

Our focus areas for employment equity are at professional and senior management levels. We have good representation at skilled and semi-skilled levels as well as learners.

EE levels	African			Coloured			Indian			White			SA national			Foreign		Grand
	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total
Top management (CEO)	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1	0	0	1
Senior management	5	4	9	1	0	1	0	2	2	0	17	17	6	23	29	0	0	29
Professional	30	26	56	5	19	24	3	17	20	17	79	96	55	141	196	0	3	199
Skilled workers	117	297	414	72	169	241	17	3	20	80	211	291	286	680	966	3	8	977
Semi-skilled	78	475	553	24	150	174	2	1	3	3	5	8	107	631	738	0	0	738
Learners	1	11	12	0	1	1	0	0	0	0	1	1	1	13	14	0	0	14
Total permanent	**231**	**813**	**1 044**	**102**	**339**	**441**	**22**	**23**	**45**	**100**	**314**	**414**	**455**	**1 489**	**1 944**	**3**	**11**	**1 958**
Learners	13	27	40	4	17	21	0	0	0	0	3	3	17	47	64	0	0	64
Fixed-term contracts	19	18	37	9	30	39	1	0	1	3	7	10	32	55	87	1	2	90
Total fixed-term contracts	32	45	77	13	47	60	1	0	1	3	10	13	49	102	151	1	2	154
Grand total	**263**	**858**	**1 121**	**115**	**386**	**501**	**23**	**23**	**46**	**103**	**324**	**427**	**504**	**1 591**	**2 095**	**4**	**13**	**2 112**

Levels as defined by the Employment Equity Act.

GROUP WORKFORCE ANALYSIS



Expatriates per country

PPC SA permanent employees have been seconded to its subsidiaries, to replicate and embed the PPC way and transfer skills to localise roles in our international operations.

Seven years
General manager – Botswana Cement

30 months
CEO – CIMERWA Rwanda

Two months
GM – sales and marketing Rwanda

18 months
MD – PPC Barnet DRC

Workforce demographics

PPC's workforce is well balanced by age. Young and upcoming consistency talent (under 30) represents 17% of the workforce, while the age group normally associated with greater career stability accounts for 62%. The risk of losing intellectual capital and institutional experience is well managed. Only 21% of our employees are aged 50 and above.

Workforce turnover

The nature and purpose of fixed-term contracts for employees are of limited-duration types for relief-of-duty and short-term project requirements. These numbers are not a true reflection of avoidable exits, and we have therefore excluded them.

The annual turnover rate (calculated using GRI methods) for 2016 is 6% in South Africa, 1% in Zimbabwe and 3% in Botswana operations. We have recorded an overall increase in turnover for this reporting period. The turnover rate for our Rwanda operations is 3% and DRC operations is 2% for the reporting period*.

* Not verified by Deloitte & Touch for assurance.

Permanent employee turnover for South Africa, Botswana and Zimbabwe

	Region									
	South Africa			Botswana			Zimbabwe			Grand total
Age group	F %	M %	Total %	F %	M %	Total %	F %	M %	Total %	%
30 – 50	5,10	6,01	5,78	0,00	1,32	1,08	0,00	1,75	1,50	4,81
Over 50	3,51	6,81	6,38	0,00	11,11	9,68	0,00	0,00	0,00	5,24
Under 30	8,05	5,33	6,25	0,00	0,00	0,00	0,00	0,00	0,00	5,06
Total	**5,46**	**6,13**	**5,98**	**0,00**	**3,64**	**2,96**	**0,00**	**1,05**	**0,92**	**4,94**

Absenteeism rate

The absenteeism rate has increased from 1,6% in 2015 to 1,9% in 2016. However, the acceptable benchmark is below 3%.

	Female		Male		Total	
Region	2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
South Africa	2,1	1,9	2,0	1,8	2,0	1,9
Botswana	0,3	1,3	1,4	0,6	1,2	0,7
Zimbabwe	0,7	1,0	1,6	0,8	1,5	0,8
Total (including sick leave)	**1,8**	**1,8**	**1,9**	**1,6**	**1,9**	**1,6**

Labour relations

In South Africa (excluding Pronto and Safika, which are not unionised), 30% of employees are members of a recognised trade union, 45% in Botswana and 65% in Zimbabwe. PPC supports freedom of association and relevant agreements between the company and various unions are in place.

People development

The development and growth of globally competitive people is a key principle of our HR strategy and culture. We believe in enriching our team members by ensuring they have the right skills and knowledge to reach their potential. Training programmes are designed to produce substantial benefits for both PPC and its employees.

Training hours recorded for 2016 reflect six months compared to 12 months in 2015. PPC is on par with industry trends of average hours per employee of 60 to 80.

People review continued

Staff training hours per employment category: South Africa

	2016 total training hours	2016 total employees	2016 average hours per employee	2015 total training hours	2015 total employees	2015 average hours per employee
Top management	0	1	0	0	1	0
Senior management	16	29	1	200	26	8
Professional	1 079	201	5	5 876	216	27
Skilled workers	21 664	1 013	21	53 135	1 043	51
Semi-skilled	13 193	790	17	30 305	848	36
Learners	65 127	78	835	149 485	67	2 231
Total	**101 079**	**2 112**	**48**	**239 001**	**2 201**	**109**

The training hours recorded for DRC and Rwanda are significantly higher than 2015 and well above the norm due to operational readiness requirements and ramping up.

Training hours per country: international

Country	2016 total training hours	2016 total employees	2016 average hours per employee	2015 total training hours	2015 total employees	2015 average hours per employee
Botswana	383	139	2,75	364	139	2,6
DRC	10 791	63	171	–	–	–
Rwanda	25 275	252	100	582	242	2,4
Zimbabwe	6 700	470	18,9	19 075	470	40,6

Skills development expenditure – October 2015 to March 2016

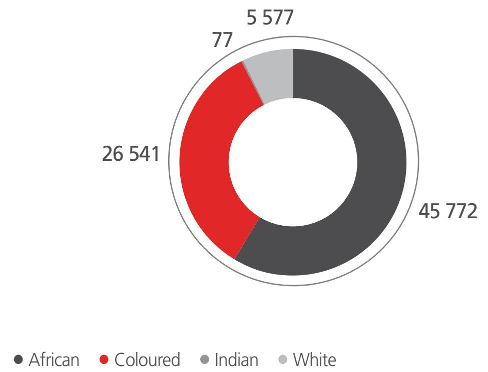
Training expenditure as a percentage of wage bill: by race and gender

Country	Annual wage bill	Training expenditure for 2015	Training expenditure as percentage of annual wage bill
SA (rand)	581 184 833	19 152 525	3,3
Zimbabwe (US dollar)	5 377 517	204 072	3,8
Botswana (pula)	18 940 590 666	35 199	0,2
Rwanda (Rwandan franc)	1 489 594 500	46 591 626	3,1
DRC (Congolese franc)	130 363 754	14 735 196	11,3

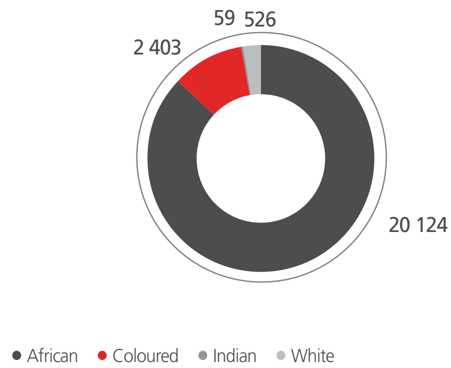
Staff training hours by race and gender: South Africa

Training hours for year	Female					Male					Grand total	Female hours as % of total hours
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total		
2014	33 543	7 051	464	1 910	**42 968**	98 072	69 839	503	23 438	**191 851**	**234 819**	18
2015	44 308	8 691	482	1 824	**55 305**	99 722	66 305	353	17 316	**183 696**	**239 001**	23
2016	20 124	2 403	59	526	**23 112**	45 772	26 541	77	5 577	**77 967**	**101 079**	23

MALE (HOURS)



FEMALE (HOURS)



PPC Technical Skills Academy (TSA)

TSA provides training and trade tests as a decentralised trade test centre and is fully accredited by Merseta (sector education and training authority for manufacturing, engineering and related services). TSA again retained its Mining Qualifications Authority (MQA) accreditation and ISO 9001:2008 certification in the review period. It was also accredited under the new National Artisan Moderation Board (NAMB).

Since 2002, TSA has successfully trained 230 engineering learners. Employed and unemployed learners enrolled for engineering learnerships at TSA during the review period are shown below:

Engineering learnerships by trade, race and gender

Learnership programme	African		Indian		Coloured		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Electrical	14	6	0	0	4	1	0	0	25
Fitter and turner	15	3	0	0	8	1	2	0	29
Plater-welder	6	1	0	0	5	0	1	0	13
Diesel mechanic	5	1	0	0	2	1	0	0	9
Total	**40**	**11**	**0**	**0**	**19**	**3**	**3**	**0**	**76**

TSA is also accredited for learnerships in carbonate materials manufacturing processes and mining and surface excavations, both accredited by the MQA and registered with the South African Qualifications Authority (SAQA). Participation on these programmes is as follows:

- Carbonate materials manufacturing processes National Qualifications Framework (NQF) level 4 learnership:
  To date, 90 employees have successfully completed this programme
- Rock-breaking: surface excavations NQF level 3 learnership:

To date, 51 employees have successfully completed the programme.

People review continued

PPC leadership talent development programme

As part of our strategy to establish values-based leadership in PPC, we have initiated a leadership talent development programme in partnership with the Gordon Institute of Business (GIBS). The aim is to develop globally competitive leaders in support of our business and HR strategy by focusing on carefully selected desired outcomes, including:

- A style of leadership that underpins a multinational, multicultural and high-performance company
- Providing a forum for strategic decision-making so that socially grounded leadership is a default strategy rather than a legislation-driven approach
- A leadership approach that acknowledges and incorporates the tenets of African leadership to reorientate a South Africa-dominated PPC into a truly international organisation
- Provide a self-governing framework that transcends individuals and is driven by the collective leadership of PPC.

The first intake of 24 potential leaders in PPC completed the programme in 2014, with candidates from South Africa, Botswana, DRC, Rwanda and Zimbabwe.

A second group of 23 candidates was identified and nominated through the talent board review process. This programme started in August 2015 and was concluded in November 2015. As part of this delegation, we included candidates from our South African subsidiaries, Pronto and Safika. The participation of women in this intake was 42% compared to 21% in the first intake.

Graduate development programme

The graduate development programme was implemented in 2008 to give our Dinaledi bursars the opportunity to gain two years' relevant work experience and exposure. To date, 39 graduates have successfully completed the programme, with 24 permanently employed at our operations.

Bursary scheme

In support of PPC's employee value proposition, we introduced a bursary scheme for children of employees. The purpose is to invest in developing South African human capital, particularly among the financially needy. The policy governing our bursary schemes is influenced by scarce and critical skills as defined by the company to meet its longer-term employment equity targets and future operational needs, and to contribute to the national skills pool.

We issued eight bursaries to children of employees during the period in the following disciplines:

Study course	
Electrical engineering	2 African and 1 coloured male students
Mechanical engineering	1 African male student
Industrial engineering	1 African male student
Mechatronics	1 white male student
BCom accounting	1 white female student
Humanities	1 coloured female student

Study assistance

As part of our strategy to develop globally competitive people, we annually support employees in furthering their qualifications. In 2016, 57 employees received study assistance, of which 10 were postgraduate degrees. Four of these employees are completing MBA degrees. Study assistance is granted in line with approved individual development plans.

Number of employees receiving study assistance by race and gender

African		Coloured		Indian		White		Total number assisted
F	M	F	M	F	M	F	M	
22	15	1	5	3	2	5	4	57

Three African females

One coloured female

Three African males

Two white males

Bursary schemes

Dinaledi bursary scheme

Our Dinaledi bursary scheme was introduced in 2006 to support the development of children mostly from previously disadvantaged communities. To date, we have assisted 38 students in obtaining tertiary qualifications. Currently, 10 students are participating in this bursary scheme in the following disciplines:

Mining engineering
One coloured male student

Mechanical engineering
One coloured male student

Electrical engineering
Three African male students

Chemical engineering
One coloured female student

Other qualifications
One African female, one African male, one coloured female and one coloured male

Social review

Empowered ownership

Highlights

- **Effective 26% black ownership (comprising broad-based trusts, employees and strategic business partners) of South African operations in line with mining charter requirements at transaction value of around R3,8 billion**
- **Over R1 billion in dividends paid to BEE structures to date, of which some 90% was used to service the debt**
- **Net value of shares totalling R108 million have been transferred to PPC employees and PPC black non-executive directors**
- **Our employees hold over 6% of PPC shares allocated under BBBEE and over 3% owned by broad-based trusts**
- **Over R100 million in dividends paid to employees and BBBEE beneficiaries since inception**
- **R294 million advanced to the broad-based trusts to assist with funding obligations.**

Lowlight

- **PPC's BBBEE score dropped to level 8 (from level 2) due to the revised codes of good practice**

PPC continues to advance BBBEE in South Africa, recognising the importance of meaningful mainstream economic participation by black people in meeting the country's socio-economic objectives.

The total transaction value of the combined BEE is some R3,8 billion (after our initial R2,7 billion BBBEE transaction seven years ago, the R1,1 billion second phase was introduced in 2012). Black beneficiaries in broad-based shareholder groupings, including employees and communities, now hold an effective 26% of PPC's South African operations, meeting mining charter requirements.

During the period, we continued to engage with national and provincial government departments to align our broad-based socio-economic transformation objectives. Progress is guided by our relevant, empowering, actualised and lasting (REAL) transformation philosophy, the heart of all our social performance initiatives.

PPC external broad-based trusts

Combined, our broad-based trusts own over 3% of PPC, allocated in terms of BBBEE. As one example of how these trusts benefit our stakeholders directly and indirectly, the PPC Education Trust has completed a mathematics and science project at high schools near our operations. With a total investment of some R1,4 million, close to 250 pupils benefited from this much-needed initiative. This trust also ensured the successful completion of the artisan programme, with all graduating learners employed in the group. To date, the broad-based trusts have received some R39,6 million in dividends.

PPC internal staff trusts

In December 2013 and 2014, shares belonging to four employee trusts and the black non-executive directors' trust vested. This facilitated the transfer of 3,5 million shares, valued at R108 million, directly to beneficiaries. This is in addition to dividends of over R37,3 million received by beneficiaries since 2008.

Under the PPC Masakhane Employee Share Trust, our second employee scheme, existing staff beneficiaries have received R23,2 million in dividends. To date, 92% of the 26,7 million shares allotted to the trust have been allocated to beneficiaries. After issuing participation rights to new employees for three years from inception in 2012, the trust is now closed to new entrants.

The mandate of the PPC Bafati Investment Trust, launched in the second phase of our BBBEE structure, is to contribute meaningfully and sustainably to enhancing the standard of living and improving the well-being of disadvantaged people, especially black women, in areas where we operate. It also aims to assist in their development and empowerment and to advance BBBEE in line with the spirit and purpose of the BEE Act, mining charter and codes. The trustees are in the final stages of appointing beneficiaries. The trust has 1,9 million shares to allocate across 100 women beneficiaries from communities in PPC's operations.

PPC Botswana share scheme

The staff scheme (Sesigo) for permanent team members of PPC Botswana and Kgale quarries was introduced over four years ago.

Under the scheme, team members share in the profits and growth of PPC by receiving the same dividends as PPC shares listed on the JSE in South Africa. As Botswana's requirements for localisation (or BEE) have not yet been defined, we could not award employees in Botswana shares in PPC Botswana Pty Limited in their own names. Until this legislation is finalised, Botswana employees will enjoy the same financial benefits as their South African colleagues. To date, 111 employee beneficiaries have received R225 980 in cash payments.

Socio-economic development

Social and labour plans

Socio-economic development initiatives in PPC encompass community development projects we support in communities surrounding our operations through our CSI projects as well as social and labour plans, which include local economic development funding over a five-year plan.

Social and labour plan highlights for 2015

- **Potterville Path-Out-of-Poverty (POP) Centre – Western Cape**
- **Emmanuel Haven hydroponics farm – Port Elizabeth**

Lowlight

- **Instability in certain municipalities**

Potterville POP Centre – Western Cape

PPC signed a memorandum of understanding with the Bergrivier Municipality in 2014 to develop a community POP centre. Through this three-way partnership, PPC will fund construction of the centre on land donated by the municipality while the Goedegedacht Trust will operate the centre and ensure its sustainability. The centre will adopt a multi-faceted approach, based on the premise that appropriate early intervention in education, healthcare, personal development and environmental awareness can transform rural communities.

PPC funded a similar centre in Riebeeck West in 2011 which operates seven days a week offering the community after-school care for children and homework support, a library and internet-connected computer lab, a trauma room used in partnership with the local social worker and police, and a meal a day for needy children. Training courses offered at the centre include life skills, youth leadership, health and fitness, and cultural exchange programmes. In the review period, the exchange of land was finalised and construction is expected to begin in August 2016. The cost of the centre is estimated to be R3,5 million.

Emmanuel Haven hydroponics farm – Port Elizabeth

The Emmanuel Haven hydroponics' farm is a high-tech commercial greenhouse operation producing tomatoes and cucumbers for commercial retail in Port Elizabeth. It also incorporates open-field operations producing vegetables for consumption by Emmanuel Haven Wellness Centre clients and cash crops for sale to local hawkers for resale into the Motherwell community.

Emmanuel Haven specifically responds to issues related to unemployment, especially in Motherwell, HIV and Aids, and food security. Its non-profit organisation manages the project that currently employs 31 local workers from Motherwell. A memorandum of agreement between the Nelson Mandela Bay Municipality, DMR, PPC and the Mining Forum in Port Elizabeth was concluded to implement the project. Members of the Mining Forum, including PPC, will contribute financially to the project in line with their social and labour plan commitments.

Going forward

In consultation with the DMR, PPC will align its budget forecasts for the new five-year plans to the expected profits of each mining licence. In continuous consultation with our host and surrounding municipalities, various projects are being discussed for possible funding once accepted and approved by the DMR.

- In Thabazimbi Municipality, a feasibility study was concluded to establish a waste buyback centre
- PPC remains committed to uplifting the community of Matsatseng, near our Slurry operation. We are working with the local municipality to secure land to formalise this settlement, after which the municipality will provide housing and basic services
- In the Northern Cape, PPC will contribute to upgrading electrical systems and networks as outlined in the 2014 to 2018 infrastructure initiatives of the Kgatelopele Municipality's integrated development plan.

Corporate social investment

Highlights

- **Successful partnerships fostered with Growthpoint**
- **Well-entrenched community engagement forums across the business**
- **Launch of our employee volunteer programme**
- **Social-economic development strategy developed to align to business goals**

Lowlights

- **Fragmented approach to CSI which we are now streamlining**
- **Desire to meet more needs**

Our corporate social investment (CSI) endeavours are central to our values of contributing to society, valuing diversity and respecting others, which underpins PPC's aim of being a responsible corporate citizen.

Our REAL philosophy remains at the core of our CSI strategy.

Our philosophy

Transformation must be

REAL

Relevant

Must make business sense, add economic value to all stakeholders

Empower

Must make a difference to many, must bridge socio-economic gap

Actualise

Be part of DNA of doing business, a way of life

Lasting

Sustainable, visible and emotional impact

CSI must be approached as a business process "invest to empower"

The active involvement of our people, through volunteering, remains at the core of our social investment strategy. We have many well-established CSI partnerships that are supported by volunteering initiatives.

We also donate to charities in response to requests for assistance across all regions and business areas in the group. This allows us to allocate meaningful grants in areas where we operate.

We have always encouraged staff to volunteer. Experience has shown that far more can be achieved by deploying our knowledge, expertise and influence than limiting our contribution to cash grants.

We have formalised our employee volunteer programme with the launch of two initiatives: the PPC Community Change Igniters programme and the Sports for Change programme. The first is a partnership with employees who volunteer at non-governmental organisations or NGOs of their choice. PPC contributes R10 000 to NGOs where our team members are actively involved. Our Sports for Change programme matches funds raised by team members for charities of their choice.

Jacqueline Fourie, an administration officer in our Rustenburg sales office, volunteers at the Morester Children's Home and recently qualified for the R10 000 grant

PPC back-to-school campaign

PPC Cement, in partnership with Wits medical students' community initiative and Gift of the Givers, spent time at the NET HIV/Aids centre in Grasmere. The centre houses 105 children of all ages and supports child-headed households in the local informal settlement. Each child received a backpack with stationery and a pair of school shoes for the new school year. Time for Change, a PPC-supported shelter for vulnerable women in Johannesburg, manufactured the backpacks using PPC bags.

Beneficiaries at the orphanage in Grasmere were excited to receive their PPC school bags

Socio-economic development continued

Counting the benefit
A snapshot of our beneficiaries

200 primary school children reached in our back-to-school campaign

Five disability centres supported across the group

Over R8 million spent on socio-economic development across all areas of operation

PPC and Growthpoint partnership

Concrete being delivered at Lerato Education Centre

In line with our strategy to provide materials and solutions, PPC and Pronto recently partnered with Growthpoint Properties to deliver readymix to Lerato Education Centre, which serves the local informal settlement and houses over 150 learners.

JP21 and PPC partnership

Constructing cricket pitches

Official opening of first cricket pitches sponsored by PPC

The PPC and Newlands stadium partnership was announced in October 2015 (page 50). In a related agreement, we have partnered with cricketer JP Duminy and his non-profit organisation, the JP21 Project, to build a number of concrete cricket pitches and practise nets in under-resourced primary schools in the Western Cape, with a view to some of these children playing for South Africa at PPC Newlands one day. Initial beneficiaries from this partnership are Parkhurst Primary, Eisleben Road Primary and Duneside Primary.

Our PPC Montague Gardens team supports Learn to Earn (LtE), which focuses on sustainability, empowerment and job creation, in line with the group focus for CSI partnerships. LtE is a non-profit organisation that provides skills training to the Khayelitsha community and the broader Western Cape community. PPC has been in partnership with LtE for six years, providing financial support for the training and development of unemployed, socially and economically disadvantaged people in the province.

Skills development centre at Learn to Earn in Khayelitsha

Community benches

Cool capital: PPC public benches

Ten benches were commissioned and designed by artists from Pretoria, and placed in public spaces around the capital where the need for seating had been identified. The project included skills development and skills transfer through bench-design mentoring and manufacturing training. PPC received a BASA (Business and Arts South Africa) award for this project.

Concrete benches for public spaces

The PPC Imaginarium awards, now in their second year, were built on the legacy of the Young Concrete Sculptors awards, which ran for over two decades. The PPC Imaginarium is now part of our CSI arts and culture initiatives (see page 125).

Botswana

Tlamelong Rehabilitation Centre

Tlamelong is a community project that caters for people with disabilities, training beneficiaries in horticultural skills and house-building to make them self-reliant. PPC Botswana's support is aligned to one of the country's Vision 2016 strategic pillars: a compassionate, just and caring nation.

Hothouse sponsored by PPC Botswana

With PPC Botswana's assistance, the project now generates income to cover the school's operational costs and creates employment for students when they graduate.

DRC

In addition to establishing a technical skills training centre, PPC DRC has a number of other initiatives under way:

- Malaria vector control programme: regular spraying and fogging in surrounding villages
- Improved sanitation at Malanga School
- Improved water provision to local communities
- Assisting local communities with ambulance services

Rwanda

CIMERWA is contributing to several initiatives in its local community:

- Pro-femme/Twese Hamwe documentation centre fund-raising event. The beneficiaries of the Tuffblock project participated in this event
- Upgrading clinic and school facilities
- Providing purified water facilities
- Socio-economic development focused on job creation:
  - Tuffblock manufacturing
  - Carpentry
  - Knitting
  - Poultry farming
  - Low-cost housing construction
  - Hydroform brick-making

Zimbabwe

PPC Zimbabwe supported:

- Holiday classes for secondary school children, focused on maths and science
- A disability centre

2016 and beyond

Changing legislation, a renewed focus on BBBEE, a drive for innovation in the social arena and increased expectations from all stakeholders in our areas of operation continue to shape the social investment landscape.

Our recent strategy alignment process highlighted a number of opportunities that will support our positioning, growth and impact in the social investment sector. It also made a number of recommendations in terms of how we are structured and how we can leverage our knowledge and expertise to support our strategic CSI intent of becoming the leader in community development. We have refined our CSI strategy and aligned it to the business strategy with a focus on areas of operations.

Socio-economic development continued

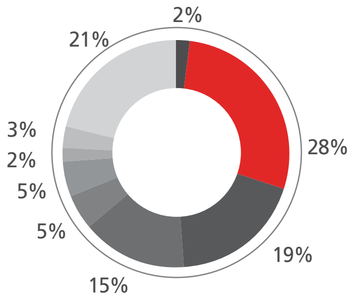
Preferential procurement

The weighted BBBEE procurement spend under the dti's revised codes of good practice was over 81% (R3,3 billion) of our total measured procurement spend. Our expenditure with suppliers per BBBEE status level is shown below:

Weighted BEE procurement level

BBBEE level	Value (excluding VAT) (Rm)	Recognition %	Weighted BEE procurement (Rm)	%
Level 1	67	135	92	1,7
Level 2	1 150	125	1 438	28,3
Level 3	766	110	825	18,8
Level 4	612	100	612	15,1
Level 5	190	80	152	4,7
Level 6	207	60	122	5,1
Level 7	86	50	43	2,1
Level 8	113	10	11	2,8
Non-compliant	871	0	0	21,4
Total	**4 062**		**3 297**	**100,0**

SPEND WITH SUPPLIERS CLASSIFIED BY BBBEE STATUS



PPC has met and exceeded the revised dti compliance target of 80%. It has also met the definition of a level 5 contributor to BBBEE under enterprise and supplier development – preferential procurement requirements.

In terms of preferential spend against the mining charter, we met or exceeded all targets except for multinational contributions. We await finalisation of the broad-based economic empowerment charter for the mining and minerals industry (notice 450 Government Gazette 39933 of 15 April 2016), currently under public review.

Spend category	Target 2015 %	Actual 2015 %	Actual 2014 %	Actual 2013 %
Capital goods	40	43	43	30
Consumable goods	50	61	61	47
Services	70	71	70	60

Supplier assessments – societal impact in our areas of operation

PPC seeks to maximise procurement from black-owned and black women-owned companies to promote entrepreneurship and enterprise development in local communities at regional, provincial and national levels, aligned to our social and labour plan, as well as local economic development plan. We actively support the national agenda of promoting small, medium and micro-enterprise (SMME) sustainability, poverty reduction and employment creation. This includes shared economic growth by migrating procurement from non-transformed companies and bringing new participants into mainstream procurement opportunities without affecting our established value-for-money principles or society in any negative way.

PPC will implement enterprise and supplier development programmes aimed at suitably qualified existing and potential black- and black women-owned suppliers aligned to government programmes, eg black industrialists' programme. These programmes will be commercially oriented and, as such, will be differentiated from any other socio-economic development programmes. For the duration of the enterprise and supplier development programme, the procurement team will, together with business, focus on identifying and selecting qualitative, reliable and cost-effective suppliers. It will also conduct annual performance assessments to establish the impact of these programmes to our areas of operation.

Supplier assessments – labour and human rights practices

PPC annually assesses its key suppliers through a structured questionnaire measuring the overall health of the supplier's business across:

- Commercial
- Engineering and technical
- Environmental
- Finance
- Preferential procurement
- Health and safety
- Human resources
- Quality and business continuity

This process assists PPC to mitigate risk and ensures that, in addition to price and quality, the overall value proposition from suppliers is realised.

Supplier engagement

To ensure continuity in delivery, pricing and quality throughout the value chain, PPC evaluates the performance and progress of its supply base in implementing transformation programmes. Aspiring suppliers have the opportunity to engage PPC through our web-based procurement portal (www.ppcprocure.co.za), which is also a tool to assess the supplier's compliance to labour and human rights practices, among others.

Easy access to information for supplier selection and rotation includes:

- Early identification of enterprise and supplier development opportunities
- Improving data integrity and security
- Electronic tenders (e-tendering)

Awards and recognition

Kaap Agri
Supplier of the Year and **winner of the hardware and building material category** in a field of almost 800 suppliers

Rwandan Expo
PPC CIMERWA won the award for **best stand** at the Expo

Concrete Society of Southern Africa (CSSA)
George Evans, Technical Specialist Technology, **2015 Concrete Achiever of the Year**

Concrete Society of Southern Africa
Hanlie Turner, Specialist: Technical Information Services, **elected president of CSSA**

Cool Capital Biennale
Special award for **PPC's public benches project**

Build Zimbabwe, build your legacy promotion
PPC Zimbabwe won an award for the best competition

PMR.africa excellence awards
PPC won the highly acclaimed **Diamond Arrow 2016 award** in the category of **cement supplier**

Botswana policy development
Through PPC Botswana's sponsorship, the construction regulatory layman's bill was presented to the Minister of Infrastructure, Science and Technology. If passed into law, the construction industry in that country will finally be regulated by an act, ensuring government and private projects are effectively regulated to meet budgets, schedules and the required quality standards

PPC Imaginarium

The PPC Imaginarium recognises innovation and design using Portland cement-based concrete as a primary inspiration or material across six disciplines: architecture, fashion, sculpture, jewellery, industrial design and film. The award is unique through its programmes that incentivise, reward, nurture, profile and assist emerging South African artists and designers in establishing their careers.

Building on the legacy of the 22-year-old Young Concrete Sculptors awards, the PPC Imaginarium is now one of South Africa's largest creativity support and profiling platforms, and positions PPC as the champion of design and innovation in the cement and concrete field. The Imaginarium has grown remarkably, with 942 entries for 2015 versus 416 in 2014, its inception year. Last year, the Imaginarium exhibitions were seen by 87 000 people across six large exhibitions.

Digitally, the PPC Imaginarium is another first for our country. It offers uniquely interactive features with a strong and experimental emphasis on building online communities that encourage sharing, co-creation and online tutoring. The Imaginarium is digitally driven, mobi-biased with a strong and active presence on key social platforms. Its Facebook page has a reach of 74 600 with over 4 700 followers.

The exposure and support received by finalists have enabled many to start their own businesses. One finalist has subsequently been profiled by Design Indaba as a South African fashion talent while another's film, Lilith – Genesis One, was featured at the Phoenix Film Festival Melbourne 2015 and Tanzrauschen International Dance on Screen Festival. The Imaginarium itself was a finalist for both the Concrete Society of Southern Africa's Fulton and Business and Arts South Africa 2015 awards.

www.ppcimaginarium.co.za

August de Wet. Industrial design: light bollards

Ivan Brown. Industrial design: concrete beehive

Marina Walsh. Sculpture: homeless

Carike Nel. Detail of concrete dress

Environmental review

Highlights

- **Construction of kiln 9 line is under way at Slurry. This upgrade is part of our commitments in the postponement application approved in 2015 by the Department of Environment Affairs (DEA). The new facility will comply with 2020 minimum emission standards**
- **PPC De Hoek finishing mill bag filter upgrade completed, with dust emissions below 10 mg/Nm^3**
- **PPC successfully submitted its emission data for 2015 to the National Emission Inventory System (NAEIS)**
- **Fugitive dust-extraction system commissioned for clinker offloading at Bulawayo milling facility**
- **Tree nursery established in DRC for rehabilitation of factory and mining site, with almost 3 000 trees planted on site**
- **PPC Port Elizabeth granted authorisation to upgrade facility in line with postponement application to DEA**
- **Successful fuel replacement programme using tyre-derived oil at Hercules plant.**

Lowlights

- **Three National Environmental Management Act (NEMA) section 30 reports submitted to DEA: NOx emissions exceedance at Dwaalboom, dust emissions exceedance at PPC Lime, and flooding of vehicle garage at Hercules contaminating storm water.**

PPC environmental vision and policy

PPC Ltd believes in operating a sustainable business and we are committed to reducing the environmental impact of our operations while continually improving environmental performance. We ensure that sustainability forms an integral part of our business strategy while we strive to minimise or eliminate negative impacts and maximise positive impacts.

We encourage all our customers, suppliers and business associates to meet similar environmental goals.

PPC is committed to:
- Integrating environmental management into management practices throughout the group
- Implementing our environmental best practices to reduce adverse environmental impacts of our operations and, where practical, prevent pollution
- Achieve continual environmental improvement by identifying significant environmental aspects and setting objectives and targets while reviewing environmental performance of our workplace and surrounding environment
- Ensure compliance to environmental legislation and other requirements to which PPC subscribes
- Responsible stewardship by managing natural resources through efficient energy strategies and implementing waste reduction and recycling where possible
- Achieve effective and transparent communication with our stakeholders through internal communiqués and environmental management stakeholder forums
- Train and educate our employees in environmental responsibilities and build capacity among our stakeholders to identify, report and act on opportunities to minimise environmental impacts
- Manage our land through concurrent rehabilitation and maintaining biodiversity.

Employees and contractors working on PPC operations play a fundamental role in achieving environmental objectives through:
- Taking ownership of, and participating in, environmental management programmes and initiatives
- Integrating environmental concerns into everyday practice

Our group energy policy acknowledges that PPC is an energy-intensive business. We are committed to developing energy and carbon management programmes throughout the organisation, considering lifecycle costs in procurement and design, and setting energy-efficiency targets. PPC aims to source 10% of its energy requirements from renewable or alternative energy sources by 2017.

Significant environmental issues

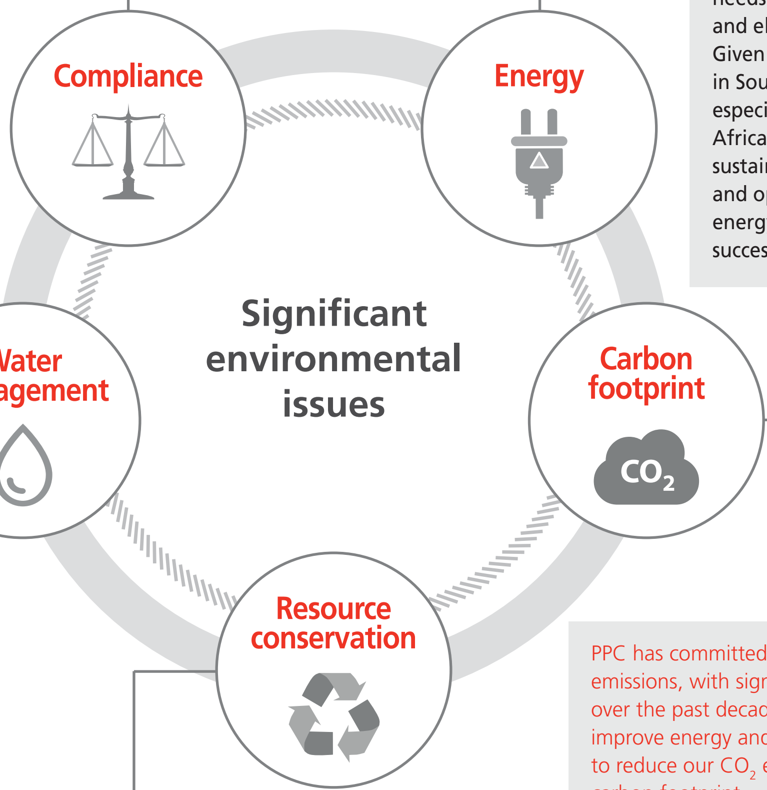
Based on stakeholder engagement, internal and external factors that affect the company as well as legal obligations, PPC has identified its significant environmental issues for 2017, summarised below and detailed from page 128.

PPC is committed to environmental legal compliance. Where we have non-conformances, we respond appropriately. We strive to ensure that proposed legislation promotes sustainable business practices by actively participating in law-reform processes.

Response:
Challenging and rapidly changing environmental framework in South Africa and in new areas into which we are expanding.

PPC has projects to improve electrical and thermal efficiency, and evaluate alternative forms of energy supply.

Response:
The cement industry needs significant thermal and electrical energy. Given power challenges in South Africa and especially the rest of Africa, the price, quality, sustainable supply, use and optimisation of both energy types are key to successful operation.



We are implementing comprehensive water management programmes aligned to our integrated water use licence and environmental and social impact assessment commitments in our rest of Africa businesses. A number of opportunities for reuse are being investigated and implemented.

Response:
Water scarcity, requiring efficient and responsible use of water resources in the southern African region.

PPC is fully aligned to the Cement Sustainability Initiative and the objectives of the white paper on integrated pollution and waste management. We will continue to identify alternative raw materials and fuels to replace non-renewable resources where possible. The programme is being extended into our African operations, including an alternative fuels co-processing programme aimed at reducing our dependence on fossil fuels.

Response:
PPC's alternative fuels and resources co-processing programmes are aimed at reducing the use of non-renewable resources and delivering our carbon emissions programme.

PPC has committed to reducing CO_2 emissions, with significant progress over the past decade. We continue to improve energy and process efficiencies to reduce our CO_2 emissions and carbon footprint.

We are actively participating in consultative processes with government to ensure decision-makers have a clear perspective on issues, including carbon offset, carbon tax, carbon budgets, desired emission reduction outcomes and pollution prevention plans.

Response:
Due to the chemistry and energy requirements of the cement-manufacturing process, significant quantities of carbon dioxide (CO_2) are generated.

The proposed implementation of a CO_2 tax will have financial implications for the industry as a whole.

Environmental review continued

Compliance

Changing legislative framework and carbon tax

The global regulatory environment on climate-change mitigation is evolving. In South Africa, the government is developing carbon tax legislation, allocating carbon budgets and implementing other measures to transition to a lower-carbon economy. A process is under way to allocate appropriate carbon budgets to individual companies, which will be expected to develop pollution prevention plans to meet these budgets. Currently, the carbon-budgeting process is a voluntary initiative to which PPC has agreed and a budget proposal has been submitted to DEA for consideration.

The DEA published financial provision regulations in November 2015. PPC is evaluating these to understand the impact on its South Africa mining operations. Our international operations manage compliance against international standards in areas where legislation is not yet fully developed.

Compliance management

To ensure compliance across the group, we use a combination of targeted internal audits, legal registers, external legal auditing and external permit-compliance audits. PPC operations use the environmental management systems approach to identify operational risks and manage these to ensure continual improvement and environmental compliance.

All our South African cement operations are certified ISO 14001 by independent certification body, SABS, our lime facility is certified by Dekra and our aggregates facilities are affiliated to ASPASA (Aggregate and Sand Producer Association of South Africa) which follows the ISO 14001 framework. No major findings were recorded in the reporting period.

Our international operations are aligned to the requirements of the International Finance Corporation and other lender institutions and committed to implementing their environmental and social undertakings.

To track and maintain environmental compliance, we have developed environmental legal registers linked to environmental management systems. These are audited every two years. These systems are being extended to other international business.

To improve the effectiveness of environmental management practices across the business, PPC is developing a management framework that responds to the nature and scale of our various operations. The framework will be finalised in 2016 and implemented during 2017.

Air quality management

Point sources

Cement and lime manufacturing releases emissions such as dust, sulphur dioxide (SO_2), and oxides of nitrogen (NO_x). In our South African operations, all point sources are monitored continuously for these emissions, except at Port Elizabeth where kiln gases are monitored with a portable analyser. Our objective is to ensure that all operations, including international, are continuously monitored by 2017.

We monitor the year-on-year performance of our South African cement kilns, in line with our programme to comply with minimum emission standards. PPC Lime operations are now included in this report.

Direct comparisons for different reporting periods (six months versus 12 months) are not necessarily representative of developing trends; however, it seems that both dust and NO_x emissions are lower while SO_2 rose primarily due to higher emissions from PPC Lime and an increase in SO_2 due to pyritic material in De Hoek's new quarry.

	Dust			NO_x			SO_2		
FY	**2016***	2015	2014	**2016***	2015	2014	**2016***	2015	2014
Tons	**371**	930	978	**4 745**	11 399	8 912	**409**	250	367

* October 2015 to March 2016.

Air quality upgrades

PPC completed its De Hoek finishing mill bag-filter upgrade, at a cost of R22 million, resulting in dust emissions of less than 10 mg/Nm^3.

PPC Port Elizabeth has been granted authorisation to upgrade its kiln line and finishing mill to meet 2020 minimum emission standards. The finishing mill filter upgrade was completed in May 2016.

Environmental management inspectorate

PPC's SA operations had no formal compliance inspections in the reporting period, but a number of ad hoc visits were undertaken by provincial and local authorities. At our DRC construction site, a number of inspections indicated non-compliance for rehabilitation provision and waste management. Appropriate plans were developed and communicated to the authorities and the financial provision non-compliance has already been successfully resolved.

Subsequent to the order issued by the Environmental Management Agency in Zimbabwe at our Bulawayo factory, PPC Zimbabwe has successfully installed and commissioned a fugitive dust-extraction system for clinker offloading.

Three NEMA section 30 incidents were reported to the authorities. At PPC Lime, we recorded excessive dust emissions after a premature failure of a large number of filter bags. At our Dwaalboom operation, DK2 nitrogen dioxide emissions exceeded the limit for more than two days, which is a reportable incident. At Hercules, water entered the washbay after a flash flood and contaminated the stormwater with hydrocarbons. The necessary clean-up was done and reports sent to the relevant authorities.

Rehabilitation

PPC's mine rehabilitation is on track, with 95% of disturbed land restored. Areas with high potential for agriculture are leased to local farmers for commercial farming. The wind farm at Grassridge, owned by Innowind, provides for innovative sustainable end use of our mining property.

Case study: PPC Barnet nursery project, DRC

PPC Barnet established an on-site nursery to propagate predominantly endangered tree species – Kambala (Melisia exalta) and Limba (Terminalia Superba) – to reforest disturbed areas. The nursery is also used as temporary storage for rare species relocated due to construction and mining activities.

The project site area has been degraded from its natural form as local communities have removed all sizeable wood and burned the grass each year. Surrounding areas are in the same condition and do not support any substantial grazing for domestic animals. There is also no significant wildlife present in the area. The aim is to reconstitute forest covers in and around the project site and protect biodiversity by creating a favourable environment with seeds collected in the field by local communities and germinated in the nursery.

Work on establishing the nursery started in October 2015 and the first seedlings were produced one month later. Cumulative production to date is around 10 000 seedlings (Kambala, Limba, Acacia and Flamboyant) with almost 3 000 planted, mainly around the project site.

Further community involvement is planned to expand the nursery project. Grass and fruit trees are also propagated and used to vegetate the staff village under construction.

Environmental review continued

Energy

Eskom integrated demand management (IDM) project

After implementing a load-shifting project in terms of Eskom's IDM initiative, we have reduced the electricity cost at our Hercules and Jupiter operations by 2% over the past six months. We plan to use these systems to benefit more operations as there is still opportunity for improvement.

Energy performance 2016 (October 2015 to March 2016)

Terrajoules	2016	2015	2014
Direct energy	**8 464**	19 213	18 506
Indirect energy	**969**	2 203	2 078

Energy performance for the period 2013 to 2015 was reported erroneously as gigajoules instead of terrajoules.

Carbon footprint

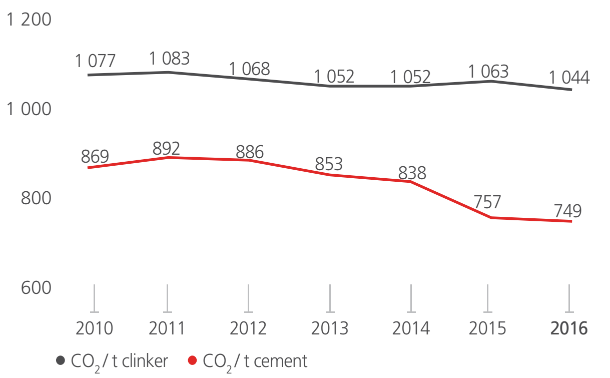
PPC has expanded the scope of reporting on indicators to include recently acquired businesses and other regions in Africa. Given the shortened reporting period, we did not achieve our goal of rolling out indicator reporting to all business units, which has been extended into the next financial year.

Absolute carbon emissions for divisions with a material impact on PPC's carbon footprint are shown below:

CO_2 emissions (tons)	Total	Direct	Indirect
Cement, lime and dolomite	2 082 592	1 810 872	271 720
Cement SA	1 648 673	1 414 885	233 787
Cement Zimbabwe	180 944	163 871	17 073

Carbon emission intensity for the SA Cement operations, although not directly comparable due to the shortened financial year, is shown below.

CEMENT SA



The carbon intensity of finished cement has reduced to 749 kg CO_2 ton. This reflects PPC's mega-plant strategy where, regionally, the most thermally efficient kilns are prioritised to meet demand as well as Safika Cement's continued integration into our cement business. Safika produces highly extended cements with very low carbon intensities.

Resource conservation

PPC Dwaalboom – alternative corrective material

Cement clinker is produced from a raw material mix that contains mainly calcium oxide, silicon dioxide, aluminium oxide (alumina) and iron oxide in certain proportions. An alternative raw material has been introduced at Dwaalboom as a corrective material source. This is recovered from a blend of waste material from slag, then crushed, screened and blended into a useful material for PPC Dwaalboom to manufacture a more consistent quality clinker with improved process stability. Using alternative materials assists in diverting waste from landfill and supports our aim to achieve sustainable manufacturing practices and improve product quality.

Case study: Hercules energy replacement

The hot gas generator at Hercules used to supply heat to the vertical roller mill was fired with diesel. As part of our search for renewable alternatives, we tested a number of recycled oils and fuel oil from tyre pyrolysis as possible energy substitutes. These trials were successful and Hercules has now converted the hot gas generator to use a blend of recycled oil and tyre pyrolysis oil. The alternatives have calorific values in the range of diesel and these oils are delivered to site.

This project has had a significant beneficial impact on energy costs for the Hercules operation and reduced the consumption of non-renewable resources (diesel).

Based on the World Business Council for Sustainable Development's Cement Sustainability Initiative, this alternative fuel replacement project would result in an effective reduction of greenhouse gas emissions on a net emission basis.

Water management

Southern Africa is a water-stressed region and although the cement industry is not water-intensive, PPC has a number of water management programmes in place: raising awareness; monitoring and water balances; storm water management; and water use licensing processes.

Municipal water consumption

2016*	2015	2014
390 131 m³	766 592 m³	718 028 m³

* October 2015 to March 2016.

As part of our water management programme, we identify opportunities to save water and reuse where possible. The comparable period-on-period increase in municipal water consumption reflects PPC Dwaalboom's supply line being split to the neighbouring Holfontein community. The metering has not been realigned to exclude Holfontein.

Water use licensing process

PPC has obtained all necessary integrated water use licences, except for PPC Dwaalboom. Current water uses at this operation are lawful and awaiting transition into the water use licensing regime. PPC is working closely with the Department of Water and Sanitation (DWS) and the licence is expected to be issued within the next financial year.

Case study: Water management

Slurry's new zero-waste sewage plant

As part of the Slurry kiln 9 project, a new sewage treatment plant was built to accommodate the number of employees and contractors on site. This biological waste-water treatment plant produces no sludge and requires no permanent labour given its low maintenance requirements and very low electricity use. As an enclosed plant, it avoids unpleasant odours and offers no access for foreign material to enter the system. While its design means no waste is released, if any waste water does need to leave the system, the specifications ensure this meets the requirements of the DWS and any applicable environmental legislation.

Case study: Stormwater management at CIMERWA

Through its various environmental programmes, CIMERWA is committed to implementing measures to manage its stormwater in line with industry good practice. In collaboration with the local government, CIMERWA identified an opportunity to use local women to construct stormwater management systems on the factory site. Formalised as a Tuffblock association, these women provide gardening services in addition to implementing the stormwater management system which involves making the Tuffblocks to prevent erosion and planting trees and grass to rehabilitate the area.

Turf blocks made by women's co-operative

Stakeholder engagement

The South African Association of Cementitious Material Producers plays a pivotal role in the engagement process and ensures industry issues are addressed through legislative reform processes, for example carbon tax, desired emission reduction outcomes, carbon budgets, greenhouse gas emissions reporting and pollution prevention plans and financial provision.

PPC is committed to interacting with environmental stakeholders through various channels. We meet our stakeholders at least twice a year to update them on projects, emissions and address any issues of concern. This model has also effectively been implemented at our expansion projects (see case study below).

Case study: PPC takes sustainability to the people through stakeholder forums

The purpose of the Club Ntemo in DRC is to address issues arising from the project, contribute to the implementation of the sustainable development plan and maximise the benefits of the project.

Club Ntemo comprises delegates from four villages in the project's primary sphere of influence: Zamba, Nkumba, Malanga and Malanga Gare. Each village sends six people (including at least two women) designated by the chief of the village or the duke. Meetings are held once a month on rotation through the different villages. During the reporting period, six meetings were held.

Focus areas for 2017

- We will continue to implement and maintain ISO 14001 standards across our operations
- We are developing an effective pollution-prevention plan for relevant sites
- After completing the De Hoek (DK1) bag filter upgrade, our focus shifts to optimising the benefits
- The Port Elizabeth finishing mill bag filter upgrade is expected to be complete by May 2016
- We are compiling a group waste classification to support our strategy for managing waste.

Independent limited assurance report to the directors of PPC

We have performed our limited assurance engagement in respect of the selected non-financial key performance indicator (KPI) disclosures to be published in the PPC integrated annual report for the period ended 31 March 2016.

Subject matter

The subject matter comprises the non-financial key performance indicators prepared in accordance with the Global Reporting Initiative G4 Guidelines (GRI G4) supported by management's internal basis of preparation (the criteria) as prepared by the responsible party during the year ended 31 March 2016.

The subject matter comprises the following:

GRI 4 indicator	Boundary of indicator assurance
Total workforce by employment type, employment contract, region and gender	South Africa (excluding Pronto and Safika), Botswana, Zimbabwe
Total number and rates of new employee hires and employee turnover by age group, gender and region	South Africa (excluding Pronto and Safika), Botswana, Zimbabwe
The percentage of total employees covered by collective bargaining agreements	South Africa (excluding Pronto and Safika), Botswana, Zimbabwe
Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	South Africa (including Pronto, excluding Safika), Botswana, Zimbabwe
Average hours of training per year per employee by gender, and by employee category	South Africa (excluding Pronto and Safika)
Composition of governance bodies	South Africa, Botswana, Zimbabwe
Percentage of operations with implemented local community engagement, impact assessments, and development programmes	South Africa (including Pronto and Safika)
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	South Africa (including Pronto and Safika), Botswana, Zimbabwe
Energy consumption within the organisation	South Africa (including Safika, excluding Pronto)
Direct greenhouse gas (GHG) emissions (scope 1)	South Africa (including Safika, excluding Pronto)
Indirect greenhouse gas (GHG) emissions (scope 2)	South Africa (including Safika, excluding Pronto)
NOx, SOx, and other significant air emissions	South Africa (excluding Pronto and Safika)
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	South Africa (including Pronto and Safika), Botswana, Zimbabwe
Direct economic value generated and distributed	South Africa (including Pronto and Safika), Botswana, Zimbabwe

Directors' responsibility

The directors being the responsible party, and where appropriate, those charged with governance are responsible for the selection, preparation and presentation of the subject matter in accordance with the criteria. This responsibility includes ensuring the subject matter is prepared in accordance with the GRI, the identification of stakeholders and stakeholder requirements, material matters, for commitments with respect to the non-financial key performance and for the design, implementation and maintenance of internal control relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.

Assurance practitioner's responsibility

We conducted our assurance engagement in accordance with the *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information,* issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the subject matter of the engagement.

We shall not be responsible for reporting on any non-financial performance indicator transactions beyond the period covered by our limited assurance engagement.

Quality control

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence and other ethical requirements

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of work performed

We have performed our procedures on the subject matter, the non-financial performance indicators of the company, as prepared by management in accordance with the GRI G4 as supported by management's basis of preparation for the period ended 31 March 2016.

Our evaluation included performing such procedures as we considered necessary which included:

- Interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter; and
- Testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the report.

Our assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the non-financial performance indicators has been presented, in all material respects, in accordance with GRI G4 Guidelines, supported by management's internal basis of preparation.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the selected non-financial key performance indicators as set out in the subject matter paragraph (of our report) for the period ended 31 March 2016, is not prepared, in all material respects, in accordance with the GRI G4 supported by management's internally developed basis of preparation.

Other matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the report.

The maintenance and integrity of the entity's website is the responsibility of management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation.

Restriction on use and distribution

Our report is made solely to the directors of PPC in accordance with our engagement letter dated 19 January 2016 for the purpose of providing limited assurance over the subject matter disclosed in the PPC integrated report for the period ended 31 March 2016. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
20 Woodlands Drive
Woodmead, 2052
Per AN le Riche
Partner
28 June 2016

Ancient baobab trees of Kubu Island

Botswana

Maun, Botswana – women workers make road repairs

Botswana's construction boom

Gaborone, South-East, Botswana

Independent auditors' report on the summarised consolidated financial statements

TO THE SHAREHOLDERS OF PPC LTD

The accompanying summarised consolidated financial statements, which comprise the summarised consolidated statement of financial position as at 31 March 2016, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of PPC Ltd for the year ended 31 March 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 24 August 2016. Our auditors' report on the audited consolidated financial statements contained an emphasis of matter and other matter paragraph "other reports required by the Companies Act" (included below). Those consolidated financial statements, and the summarised consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of PPC Ltd.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of IAS 34 *Interim Financial Reporting*; and the requirements of the Companies Act of South Africa as applicable to summarised financial statements and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, *Engagements to Report on Summary Financial Statements.*

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of PPC Ltd for the year ended 31 March 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of IAS 34 *Interim Financial Reporting* and the requirements of the Companies Act of South Africa applicable to summarised financial statements. Note, however, that the emphasis of matter paragraph as included in our audit report dated 24 August 2016 is equally relevant to the summarised consolidated financial statements of PPC Ltd. The emphasis of matter included in our audit report dated 24 August 2016 draws attention to the going-concern basis of preparation paragraph on page 20 of the consolidated financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 24 August 2016 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2016, we have read the directors' report, the audit committee's report, chief financial officer's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Per: B Nyembe
Partner

12 September 2016

Summarised consolidated statement of comprehensive income

	Notes	Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	% change	Twelve months ended 30 Sept 2015 Audited Rm
Revenue		**4 501**	4 541	(1)	9 227
Cost of sales		**3 261**	3 206	2	6 437
Gross profit		**1 240**	1 335	(7)	2 790
Administration and other operating expenditure		**489**	554	(12)	1 130
Operating profit before item listed below:		**751**	781	(4)	1 660
Empowerment transactions IFRS 2 charges[(a)]		**18**	25	(28)	43
Operating profit		**733**	756	(3)	1 617
Finance costs (including fair value adjustments on financial instruments)	2	**350**	277	26	496
Investment income		**12**	11	9	28
Profit before equity-accounted earnings and exceptional items		**395**	490	(19)	1 149
Earnings from equity-accounted investments		**–**	(3)		(16)
Impairments	3	**(5)**	(44)		(81)
Profit on disposal of non-core assets	3	**117**	1		–
Profit before taxation		**507**	444	14	1 052
Taxation	4	**156**	163	(4)	391
Profit for the period		**351**	281	25	661
Attributable to:					
Shareholders of PPC Ltd		**369**	274	35	698
Non-controlling interests		**(18)**	7		(37)
Other comprehensive income, net of taxation					
Items that will be reclassified to profit or loss		**177**	246	(28)	775
Cash flow hedges		**10**	–		38
Taxation on cash flow hedges		**(3)**	–		(11)
Translation of foreign operations[(b)]		**237**	246		752
Reclassification of profit on sale of available-for-sale financial asset to profit and loss		**(82)**	–		–
Taxation impact on reclassification of profit on sale of available-for-sale financial asset to profit and loss		**15**	–		–
Revaluation of available-for-sale financial asset		**–**	–		(7)
Taxation impact on the revaluation of available-for-sale financial asset		**–**	–		3
Total comprehensive income		**528**	527		1 436
Attributable to:					
Shareholders of PPC Ltd		**520**	483		1 340
Non-controlling interests		**8**	44		96
EARNINGS PER SHARE (CENTS)	5				
Basic		**70**	52	35	133
Diluted		**69**	51	35	131

(a) Comprises BBBEE, Zimbabwe indigenisation and DRC IFRS 2 charges.
(b) In March 2015 translation of foreign operations only included the portion owing to shareholders of PPC Ltd and has been adjusted to include the portion owing to non-controlling interests. This was previously shown directly in the consolidated statement of changes in equity.

PPC Ltd changed its financial year-end from September to March. This is the first reporting cycle of the company using the March year-end.

Summarised consolidated statement of financial position

	Notes	31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm
ASSETS				
Non-current assets		**13 579**	9 802	12 202
Property, plant and equipment	6	**11 716**	8 009	10 648
Goodwill	7	**255**	249	254
Other intangible assets	8	**766**	774	772
Equity-accounted investments	9	**200**	219	125
Other non-current assets	10	**590**	536	355
Deferred taxation assets		**52**	15	48
Non-current assets held for sale	11	**42**	–	76
Current assets		**2 768**	2 480	2 979
Inventories		**1 121**	944	1 029
Trade and other receivables	12	**1 187**	1 072	1 232
Cash and cash equivalents		**460**	464	718
Total assets		**16 389**	12 282	15 257
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	13	**(1 113)**	(1 141)	(1 165)
Other reserves		**1 558**	941	1 402
Retained profit		**2 583**	2 123	2 406
Equity attributable to shareholders of PPC Ltd		**3 028**	1 923	2 643
Non-controlling interests		**535**	757	521
Total equity		**3 563**	2 680	3 164
Non-current liabilities		**6 729**	6 628	8 813
Provisions		**408**	388	400
Deferred taxation liabilities		**1 178**	980	1 059
Long-term borrowings	14	**4 614**	5 216	6 711
Other non-current liabilities	15	**529**	44	643
Current liabilities		**6 097**	2 974	3 280
Short-term borrowings	14	**4 557**	1 556	1 510
Trade and other payables and short-term provisions	16	**1 540**	1 418	1 770
Total equity and liabilities		**16 389**	12 282	15 257
Net asset book value per share (cents)		**573**	365	503

Summarised consolidated statement of cash flows

	Notes	Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
Cash flow from operating activities				
Operating cash flows		**1 137**	1 171	2 416
Working capital movements		**(324)**	(31)	300
Cash generated from operations		**813**	1 140	2 716
Finance costs paid		**(292)**	(252)	(408)
Investment income received		**8**	11	28
Taxation paid		**(195)**	(252)	(489)
Cash available from operations		**334**	647	1 847
Dividends paid		**(185)**	(423)	(559)
Net cash inflow from operating activities		**149**	224	1 288
Acquisition of additional shares in equity-accounted investment	9	**(75)**	–	–
Acquisition of additional shares in subsidiary	15	**–**	–	(108)
Proceeds on sale of equity-accounted investment and available-for-sale financial asset		**153**	–	–
Investments in property, plant and equipment and intangible assets	17	**(1 188)**	(1 008)	(2 892)
Movement in other non-current assets		**(181)**	–	–
Other investing movements		**8**	9	5
Net cash outflow from investing activities		**(1 283)**	(999)	(2 995)
Net borrowings raised before note repayment		**1 499**	632	1 796
Purchase of shares in terms of the FSP share incentive scheme	13	**–**	–	(24)
Repayment of note		**(650)**	–	–
Net cash inflow from financing activities		**849**	632	1 772
Net movement in cash and cash equivalents		**(285)**	(143)	65
Cash and cash equivalents at beginning of the period		**718**	563	563
Exchange rate movements on opening cash and cash equivalents		**27**	44	90
Cash and cash equivalents at end of the period		**460**	464	718
Cash earnings per share (cents)[(a)]		**63**	123	351
Cash conversion ratio[(b)]		**0,7**	1,0	1,1

[(a)] Cash earnings per share is calculated using cash available from operations divided by the total weighted average number of shares in issue for the period.

[(b)] Cash conversion ratio is calculated using cash generated from operations divided by EBITDA.

Summarised consolidated statement of changes in equity

	Stated capital Rm	Other: Foreign currency translation reserve Rm	Other: Available-for-sale financial asset Rm
Balance at September 2014 (audited)	(1 173)	416	84
Dividends declared	–	–	–
IFRS 2 charges	–	–	–
Recognition of non-controlling interest in subsidiary	–	–	–
Total comprehensive income	–	209	–
Transfer to retained profit	–	–	–
Vesting of shares held by BBBEE 1 entities	9	–	–
Vesting of FSP share incentive scheme awards	23	–	–
Balance at March 2015 (unaudited)	(1 141)	625	84
Dividends declared	–	–	–
IFRS 2 charges	–	–	–
Non-controlling interest recognised following investment in subsidiary	–	–	–
Put option recognised on non-controlling shareholder investment in subsidiary[(a)]	–	–	–
Shares purchased in terms of FSP incentive scheme treated as treasury shares	(24)	–	–
Total comprehensive income/(loss)	–	409	(3)
Transactions with non-controlling shareholders recognised directly in equity	–	–	–
Transfer to retained profit	–	–	–
Balance at September 2015 (audited)	**(1 165)**	**1 034**	**81**
Dividends declared	**–**	**–**	**–**
IFRS 2 charges	**–**	**–**	**–**
Issuance of shares to fund an additional investment in Safika Cement	**26**	**–**	**–**
Total comprehensive income/(loss)	**–**	**211**	**(67)**
Transactions with non-controlling shareholders recognised directly in equity	**–**	**–**	**–**
Vesting of FSP share incentive scheme awards	**26**	**–**	**–**
Balance at March 2016 (audited)	**(1 113)**	**1 245**	**14**

[(a)]For details on the put options refer note 15 and 16.

reserves					
Hedging reserve Rm	Equity compen-sation reserve Rm	Retained profit Rm	Equity attributable to share-holders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
–	233	2 255	1 815	603	2 418
–	–	(411)	(411)	(12)	(423)
–	36	–	36	–	36
–	–	–	–	122	122
–	–	274	483	44	527
–	(5)	5	–	–	–
–	(9)	–	–	–	–
–	(23)	–	–	–	–
–	232	2 123	1 923	757	2 680
–	–	(129)	(129)	(7)	(136)
–	23	–	23	–	23
–	–	–	–	134	134
–	–	–	–	(422)	(422)
–	–	–	(24)	–	(24)
27	–	424	857	52	909
–	–	(7)	(7)	7	–
–	5	(5)	–	–	–
27	**260**	**2 406**	**2 643**	**521**	**3 164**
–	**–**	**(185)**	**(185)**	**–**	**(185)**
–	**31**	**–**	**31**	**–**	**31**
–	**–**	**–**	**26**	**–**	**26**
7	**–**	**369**	**520**	**8**	**528**
–	**–**	**(7)**	**(7)**	**6**	**(1)**
–	**(26)**	**–**	**–**	**–**	**–**
34	**265**	**2 583**	**3 028**	**535**	**3 563**

Segmental information

The group discloses its operating segments according to the business units which are regularly reviewed by the group executive committee and comprise cement, lime, aggregates and readymix and other. There has been no change in reporting segments during the period under review but lime and aggregates and readymix are shown under the materials business.

Revenue is split between South Africa and the rest of Africa based on where the underlying products are anticipated to be consumed or used by the customer.

No individual customer comprises more than 10% of group revenue.

	Group			Cement[a]		
	31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm	31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm
Revenue						
South Africa	**3 219**	3 363	6 795	**2 386**	2 516	4 999
Rest of Africa	**1 367**	1 288	2 624	**1 314**	1 236	2 507
	4 586	4 651	9 419	**3 700**	3 752	7 506
Inter-segment revenue	**(85)**	(110)	(192)			
Total revenue	**4 501**	4 541	9 227			
Operating profit before items listed below	**764**	789	1 660	**645**	706	1 422
Empowerment transactions IFRS 2 charges	**18**	25	43	**18**	25	43
Restructuring costs	**13**	8	–	**13**	8	–
Operating profit	**733**	756	1 617	**614**	673	1 379
South Africa	**522**	520	1 120	**404**	434	881
Rest of Africa	**211**	236	497	**210**	239	498
Fair value (loss)/gains on financial instruments	**(20)**	(1)	22	**(20)**	4	34
Finance costs	**330**	276	518	**282**	219	382
Investment income	**12**	11	28	**8**	6	19
Profit before earnings from equity-accounted investments and exceptional items	**395**	490	1 149	**320**	464	1 050
Earnings from equity-accounted investments	**–**	(3)	(16)	**–**	(3)	(16)
Impairments and other exceptional adjustments	**112**	(43)	(81)	**113**	(22)	(59)
Profit before taxation	**507**	444	1 052	**433**	439	975
Taxation	**156**	163	391	**129**	140	325
Profit for the period	**351**	281	661	**304**	299	650
Depreciation and amortisation	**393**	342	702	**340**	290	594
EBITDA	**1 144**	1 123	2 362	**972**	988	2 016
South Africa	**793**	821	1 706	**624**	685	1 364
Rest of Africa	**351**	302	656	**348**	303	652
EBITDA margin (%)	**25,4**	24,7	25,6	**26,3**	26,3	26,9
Assets						
Non-current assets	**13 579**	9 802	12 202	**12 613**	8 870	11 251
South Africa	**5 205**	5 178	5 141	**4 280**	4 278	4 231
Rest of Africa	**8 374**	4 624	7 061	**8 333**	4 592	7 020
Current assets	**2 768**	2 480	2 979	**2 343**	2 055	2 536
Non-current assets held for sale	**42**	–	76	**42**	–	76
Total assets	**16 389**	12 282	15 257	**14 998**	10 925	13 863
South Africa	**6 753**	6 919	6 687	**5 441**	5 634	5 376
Rest of Africa	**9 636**	5 363	8 570	**9 557**	5 291	8 487
Investments in property, plant and equipment	**1 176**	995	2 856	**1 113**	957	2 741
Capital commitments (refer note 18)	**3 283**	6 145	4 643	**3 219**	6 120	4 588
Liabilities						
Non-current liabilities	**6 729**	6 628	8 813	**6 536**	5 303	7 492
Current liabilities	**6 097**	2 974	3 280	**5 038**	2 684	2 921
Total liabilities	**12 826**	9 602	12 093	**11 574**	7 987	10 413
South Africa	**8 148**	7 669	8 343	**6 921**	6 075	6 692
Rest of Africa	**4 678**	1 933	3 750	**4 653**	1 912	3 721

[a] Includes head office activities.

[b] Aggregates and readymix have been aggregated in line with industry practices.

[c] Comprises BBBEE trusts and trust funding SPVs.

Materials business								
Lime			Aggregates and readymix[b]			Other[c]		
31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm	31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm	31 March 2016 Audited Rm	31 March 2015 Unaudited Rm	30 Sept 2015 Audited Rm
378	430	853	455	417	943	–	–	–
5	6	18	48	46	99	–	–	–
383	436	871	503	463	1 042	–	–	–
75	56	133	44	27	105	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
75	56	133	44	27	105	–	–	–
75	56	133	43	30	106	–	–	–
–	–	–	1	(3)	(1)	–	–	–
–	–	–	–	(5)	(12)	–	–	–
2	2	4	4	3	29	42	52	103
1	2	1	3	3	8	–	–	–
74	56	130	43	22	72	(42)	(52)	(103)
–	–	–	–	–	–	–	–	–
–	–	–	(1)	(22)	(22)	–	1	–
74	56	130	42	–	50	(42)	(51)	(103)
21	16	35	6	7	31	–	–	–
53	40	95	36	(7)	19	(42)	(51)	(103)
21	22	45	32	30	63	–	–	–
96	78	178	76	57	168	–	–	–
96	78	178	73	58	164	–	–	–
–	–	–	3	(1)	4	–	–	–
25,0	17,9	20,4	15,1	12,3	16,1	–	–	–
325	300	310	641	632	641	–	–	–
325	300	310	600	600	600	–	–	–
–	–	–	41	32	41	–	–	–
187	189	185	237	236	254	1	–	4
–	–	–	–	–	–	–	–	–
512	489	495	878	868	895	1	–	4
512	489	495	799	796	812	1	–	4
–	–	–	79	72	83	–	–	–
37	11	45	26	27	70	–	–	–
5	55	28	59	20	27	–	–	–
103	95	94	90	92	89	–	1 138	1 138
90	78	105	125	120	162	844	92	92
193	173	199	215	212	251	844	1 230	1 230
193	173	199	190	191	222	844	1 230	1 230
–	–	–	25	21	29	–	–	–

Notes to the summarised consolidated financial statements

1 Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the framework concepts, recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 31 March 2016 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with the requirements of IAS 34 *Interim Financial Reporting* and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements.

These summarised consolidated financial statements have been prepared under the supervision of MMT Ramano CA(SA), chief financial officer, and were approved by the board of directors on 24 August 2016.

The accounting policies and methods of computation used are in terms of IFRS and consistent with those used in the preparation of the consolidated annual financial statements for the 12 months ended 30 September 2015, the group's previous financial year-end. There were no revised accounting standards and interpretations adopted during the period under review.

Going concern in basis of preparation

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for the foreseeable future.

The financial performance of the group is dependent upon the wider economic environment in which it operates. Factors exist which are outside the control of the group which can have a significant impact on the business, specifically volatility in the rand/US dollar exchange rate, energy prices and commodity prices, which impact the business's input costs. Despite the operational and cost containment achievements of the group over the last 12 months, the weaker cement price environment due to competitive pressures has put the group's cash flows and profitability under pressure. The directors have determined that the group needs to take further decisive measures to improve its ability to operate in the current competitive pricing environment and enable it to benefit from any recovery in cement prices in the medium to long term.

In 2010, PPC embarked upon an expansion strategy to extract value from high-growth economies by expanding its footprint into the rest of Africa. The Rwanda expansion project was successfully commissioned in 2015 and during the next 12 months the group will commission its expansion projects in Zimbabwe, the DRC and Ethiopia. The result of these expansions will see an increase in gross production capacity of approximately three million tonnes per annum giving the group a strong foundation for further growth. Given the long lead time required to develop greenfield operations, the group has drawn down on pre-arranged project finance debt without an immediate concomitant increase in earnings and resultant cash flow.

During the same period of our expansion growth on the continent, external factors beyond the group's control have seen a slowing global economy, significant decline in commodity prices which culminated in downward pressures on selling prices in the regions in which the group operates. In addition, South Africa which is a major contributor to earnings, has seen intensified competition in terms of new entrants and also imports into the country despite the economic slowdown. That has resulted in overcapacity in the South African market. The board and executive management have reviewed the group's business and capital structure and developed a business plan in order to be able to deal effectively with the effects of a continuation of the current low selling price environment and limited economic growth. Key elements of the business plan are the reduction of costs and improvements in efficiencies, through the Profit Improvement Programme (PIP) implemented in 2015; from which R390 million of savings have been achieved; the curtailment of discretionary capital expenditure while preserving the ability of the business to increase production and compete efficiently when cement prices and economies improve. In prior years, the group had also completed the right-sizing of the various operations throughout the group.

As at 29 March 2016, the board had initiated a review of the group's capital structure and potential rights issue. This capital raise investigation was at an advanced stage at the date of the S&P Global ratings review.

Post our current reporting date S&P Global Ratings conducted an event-driven ratings review which was unexpected given that their annual review was supposed to be in June 2016. Given the unexpected event-driven ratings review, the outcome was the downgrade to sub-investment grade to ZaBB-/ZaB from ZaA/ZaA-2 long and short-term South African national scale. Due to long-term rating falling below ZaBBB-, the company was required to offer early redemption in terms of its domestic medium-term note (DMTN) programme memorandum. The principal value of the notes issued in terms of DMTN programme amounted to R1 750 million as at 31 March 2016 and their maturity date was from the company's 2019 financial year onwards. At period end, the company reclassified the full outstanding notes' value from long-term borrowings to short-term borrowings, thereby creating a technical insolvency where its current liabilities exceeded current assets.

In addition to this early redemption requirement, the company negotiated and finalised the liquidity and guarantee facility to a maximum of R2 billion, from Standard Bank of South Africa Limited, Rand Merchant Bank, Absa/Barclays Bank Limited and Nedbank Limited, that will bear interest at JIBAR plus 10% and guarantee fees of 7,5%. This facility was utilised to redeem the outstanding notes of R1 614 million on 15 July 2016 where noteholders opted to accept the company's offer (refer long-term borrowings, note 14, and events after reporting date, note 20). The balance of the outstanding notes of R136 million will continue following the original terms of the respective notes, as no response was received from noteholders. Should there be a subsequent response from noteholders, the company may consider the request of noteholders but is not legally bound in terms of the DMTN programme. Raising and transaction fees, incurred post the reporting date, of R171 million will be capitalised to borrowings and amortised to the income statement over the five-month period of the facility.

The repayment of the liquidity and guarantee facility will be funded from the proceeds of the proposed rights issue, or 1 November 2016 if earlier. An additional R1 billion will also be utilised to repay other existing debt facilities out of the rights issue proceeds.

The board's review of the group's capital structure has resulted in significant steps being taken to strengthen the group's financial position. As released on the JSE SENS on 31 May 2016, the board is undertaking a R4 billion rights issue. A significant step to the rights issue was taken on 1 August 2016, where shareholders approved the following resolutions at a general meeting of shareholders:

- The increase of the authorised stated capital from 700 000 000 shares to 10 000 000 000 shares
- The amendment to the memorandum of incorporation reflecting the increase in the authorised stated capital
- The authorisation to issue additional shares that will exceed 30% of the existing voting power of the shares that were in issue
- The granting of a general authority to directors to issue the required number of shares for purposes of implementing the proposed rights offer.

Following these approvals, the company is proceeding with the R4 billion proposed rights offer, which is subject to standard material adverse change clauses.

Management has prepared cash flow forecasts for a period in excess of 12 months. Various scenarios have been considered to test the group's resilience against business risks including:

- Significant adverse movements in the rand/US dollar exchange rate, from current forex levels, and cement selling prices or a combination thereof; and
- Failure to meet forecast demand targets.

The directors have concluded that the group's new capital structure, after a successful rights issue and debt facilities amendments, provides sufficient headroom to cushion against downside operational risks and reduces the risk of breaching new debt covenants.

If the rights issue is unsuccessful for whatever reason, the group would have to consider other alternatives which may reduce the risk that the group would be able to meet obligations as they fall due. These options may include:

- renegotiating or refinancing existing facilities;
- full or partial curtailment of capital projects, which may result in significant financial penalties;
- exploring the disposal of assets; or
- merger or acquisition transaction involving the company, although there is no certainty that such sales or transactions could be realised in the available timeframe on acceptable terms, or at all.

The above actions require the participation and agreement of external parties. The directors are therefore not confident that any such alternative courses of action could be achieved in the limited time available, or that they would ultimately be successful or be in the best interest of shareholders over the long term. As a result, in the event that the proposed rights issue is not completed and the amended facilities agreements do not come into effect, the group would be unable to meet its obligations as they fall due.

The need for shareholder approval of the planned rights issue therefore represented a material uncertainty that could have cast significant doubt about the group's and company's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Following approval from the shareholders at the general meeting on 1 August 2016, the directors believe that this uncertainty has been significantly eliminated.

The directors have concluded that the group's new capital structure, after fulfilling the successful rights issue, will provide the necessary headroom to cushion against increased business risks and depreciation in the currency, and reduces the risk of breaching new debt covenants. Accordingly, the directors believe that the successful completion of the planned rights issue is the best option available to the company.

Based on the group's expectation that the conditions of the planned rights issue will be met, in addition to the group's current trading position and forecasts and facilities in place, the directors believe that the group will be able to comply with its financial covenants and be able to meet its obligations as they fall due, and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis. These financial statements therefore do not include any adjustments that would result if the going concern assumption was not used as the basis for the underlying preparation of the financial statements.

Notes to the summarised consolidated financial statements
for the period ended 31 March 2016

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
2	**Finance costs (including fair value adjustments on financial instruments)**			
	Bank and other short-term borrowings	**49**	22	48
	Notes	**98**	95	189
	Long-term loans	**229**	121	313
		376	238	550
	Capitalised to plant and equipment and intangible assets	**(119)**	(39)	(196)
	Finance costs before BBBEE transaction and time value of money adjustments	**257**	199	354
	BBBEE transaction	**41**	53	116
	Dividends on redeemable preference shares	**19**	22	42
	Long-term borrowings	**22**	31	74
	Time value of money adjustments on rehabilitation and decommissioning provisions and put option liabilities	**32**	24	48
	Finance costs	**330**	276	518
	Fair value loss/(gains) on financial instruments	**20**	1	(22)
		350	277	496
	South Africa	**239**	273	474
	Rest of Africa	**111**	4	22
3	**Impairments and other exceptional adjustments**			
	Impairment of goodwill	**–**	(22)	(22)
	Reversal of impairment/(impairment) of financial asset	**–**	1	(1)
	Impairment of loans advanced	**(1)**	–	(1)
	Impairment of property, plant and equipment	**(4)**	(22)	(57)
	Profit on disposal of equity-accounted investment and available-for-sale financial asset	**117**	–	–
		112	(43)	(81)

Impairment of goodwill

In 2015, the recoverable amount of Pronto was calculated to be lower than its carrying amount, resulting in an impairment of R22 million. Pronto is included under aggregates and readymix in the segmental analysis.

Impairment of property, plant and equipment

Following reviews of property, plant and equipment for the period ended March 2016, other minor impairments of R4 million were processed, while in the prior reporting period the following impairments occurred:

- Post the group's decision to no longer pursue the Algeria expansion project, it was deemed appropriate that the costs capitalised of R15 million be impaired in March 2015.
- An impairment of R7 million relating to the old plant at CIMERWA that would not be used post-commissioning of the new plant was recorded in March 2015, while a further R7 million was impaired during the second half of the 2015 financial year.
- Also in the second half of the 2015 financial year, R27 million relating to a limestone quarry in Zimbabwe was impaired due to uncertainty of future prospects.
- Other minor impairments to property, plant and equipment of R1 million were processed in September 2015.

Profit on disposal of equity-accounted investment and available-for-sale financial asset

Profit on disposal of equity-accounted investment and available-for-sale financial asset relates to the sale of Afripack and Ciments de Bourbon, R34 million and R83 million, respectively. Refer to notes 10 and 11.

		Six months ended 31 March 2016 Audited %	Six months ended 31 March 2015 Unaudited %	Twelve months ended 30 Sept 2015 Audited %
4	**Taxation**			
	Taxation rate reconciliation			
	A reconciliation of the standard South African normal taxation rate is shown below:			
	Profit before taxation (excluding earnings from equity-accounted investments)	**30,8**	36,4	36,6
	Prior year taxation impact	**2,8**	6,1	2,7
	Profit before taxation, excluding prior year taxation adjustments	**33,6**	42,5	39,3
	Adjustment due to the inclusion of dividend income	**–**	–	0,3
	Effective rate of taxation	**33,6**	42,5	39,6
	Income taxation effect of:	**(5,6)**	(14,5)	(11,6)
	Disallowable charges, permanent differences and exceptional items	**(1,6)**	(6,4)	(8,9)
	Empowerment transactions and IFRS 2 charges not taxation deductible	**(1,0)**	(2,1)	(1,1)
	Finance costs on BBBEE transaction not taxation deductible	**(1,8)**	(4,0)	(2,1)
	Foreign taxation rate differential	**0,5**	–	1,6
	Capital gains differential on sale of non-core assets	**2,4**	–	–
	Withholding taxation	**(4,1)**	(2,0)	(1,1)
	South African normal taxation rate	**28,0**	28,0	28,0
		Cents	Cents	Cents
5	**Earnings and headline earnings**			
	Earnings per share			
	Basic	**70**	52	133
	Diluted	**69**	51	131
	Basic (normalised)[a]	**56**	61	148
	Diluted (normalised)[a]	**55**	60	147
	Headline earnings per share			
	Basic	**53**	60	145
	Diluted	**52**	59	143
	Basic (normalised)[a]	**56**	61	149
	Diluted (normalised)[a]	**55**	60	147
	Determination of headline earnings per share			
	Earnings per share	**70**	52	133
	Adjusted for:			
	Other exceptional adjustments and impairments	**(21)**	8	15
	Taxation on other exceptional adjustments and impairments	**4**	–	(3)
	Headline earnings per share	**53**	60	145
		Rm	Rm	Rm
	Headline earnings			
	Profit for the period	**351**	281	661
	Other exceptional items and impairments	**(112)**	44	81
	Taxation on other exceptional items and impairments	**24**	(2)	(15)
	Headline earnings	**263**	323	727
	Attributable to:			
	Shareholders of PPC Ltd	**281**	316	759
	Non-controlling interests	**(18)**	7	(32)
	Normalised earnings			
	Net profit	**351**	281	661
	Normalisation adjustments[a]	**(76)**	46	82
	Normalised net profit	**275**	327	743
	Attributable to:			
	Shareholders of PPC Ltd	**293**	320	775
	Non-controlling interests	**(18)**	7	(32)

[a] Normalised earnings adjusts the reported earnings for the effects of empowerment transaction IFRS 2 charges, restructuring costs, impairments and other exceptional adjustments net of taxation and prior year taxation adjustments.

The difference between earnings and diluted earnings per share relates to shares held under the forfeitable share incentive scheme that have not vested.

For the weighted average number of shares used in the calculation, refer note 13.

Notes to the summarised consolidated financial statements continued

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
6	**Property, plant and equipment**			
	Net carrying value at beginning of the period	**10 648**	7 223	7 223
	Additions	**1 122**	996	3 269
	Depreciation	**(348)**	(293)	(612)
	Other movements	**(2)**	(2)	(22)
	Impairments (refer note 3)	**(4)**	(22)	(57)
	Reallocation to other intangible assets (refer note 8)	**–**	(115)	(115)
	Transfer to non-current assets held for sale (refer note 11)	**–**	–	(40)
	Translation differences	**300**	222	1 002
	Balance at end of the period	**11 716**	8 009	10 648
	Comprising:			
	Freehold and leasehold land, buildings and mineral rights	**800**	585	778
	Factory decommissioning and quarry rehabilitation assets	**79**	65	87
	Plant, vehicles, furniture and equipment	**10 836**	7 357	9 780
	Capitalised leased plant	**1**	2	3
		11 716	8 009	10 648

Change in accounting estimate

In the current period the useful life of certain assets was reviewed, as assets were being used for longer than their estimated useful life. The remaining life of reserves was aligned with the useful life of the relevant assets and buildings and structural assets assumed a useful life of 30 years from 1 October 2015. The change in accounting estimate was applied prospectively and resulted in an annual decrease in depreciation for the current period of R37 million with deferred taxation of approximately R10 million.

Assets pledged as security

Property, plant and equipment with a net carrying value of R6 853 million (March 2015: R3 951 million; September 2015: R4 355 million) are encumbered and used as security for borrowings in the DRC, Rwanda and Zimbabwe (refer note 14).

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
7	**Goodwill**			
	Balance at beginning of the period	**254**	268	268
	Impairments (refer note 3)	**–**	(22)	(22)
	Translation differences	**1**	3	8
	Balance at end of the period	**255**	249	254
	Goodwill, net of impairments, is allocated to the following cash-generating units:			
	CIMERWA Limited	**50**	44	49
	Safika Cement Holdings Pty Limited	**78**	78	78
	Pronto Holdings Pty Limited	**127**	127	127
		255	249	254

During the current reporting period no impairments were deemed necessary as the respective recoverable amounts were considered to be higher than the carrying values, while in the prior reporting periods, the recoverable amount of Pronto of R758 million was calculated to be lower than its carrying amount and resulted in an impairment of R22 million.

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
8	**Other intangible assets**			
	Balance at beginning of the period	**772**	681	681
	Additions	**12**	14	36
	Amortisation	**(45)**	(49)	(90)
	Transfers and other movements[(a)]	**–**	115	118
	Translation differences	**27**	13	27
	Balance at end of the period	**766**	774	772
	Comprising:			
	Right of use of mineral assets	**214**	169	191
	ERP development and other software	**140**	137	143
	Brand and trademarks	**339**	345	332
	Customer relationships – contractual and non-contractual	**73**	123	106
		766	774	772

[(a)] The split between property, plant and equipment (PPE) and intangible assets on the contribution made by a then non-current shareholder into PPC Barnet DRC Holdings was finalised in 2015 and R115 million was transferred from PPE and represents the value of the mineral reserves and mining rights.

The group does not have any indefinite life intangible assets, other than goodwill.

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
9	**Equity-accounted investments**			
	Investments at cost	**200**	133	126
	Loans advanced	**–**	45	–
	Share of retained profit	**–**	41	(1)
	Balance at end of the period	**200**	219	125
	Comprising:			
	Afripack Limited	**–**	94	–
	Habesha Cement Share Company	**196**	121	121
	Other minor equity-accounted investments	**4**	4	4
		200	219	125

During the period an additional investment of R75 million was made in Habesha as PPC took up its share of a rights offer made by the company. As not all shareholders followed their rights, PPC's shareholding subsequently increased to 35% from the 32% recorded at both March and September 2015.

During the second half of the 2015 financial year, the board approved the sale of the investment in Afripack, resulting in R36 million being classified to non-current assets held for sale (refer note 11). During the current reporting period the sale became effective and the group disposed its full shareholding in Afripack.

10	**Other non-current assets**			
	Advance payments for plant and equipment[(a)]	**142**	325	148
	Derivative asset	**2**	–	–
	Investment in government bonds[(b)]	**8**	–	7
	Loans advanced	**–**	–	1
	Unlisted collective investment[(c)]	**119**	116	117
	Unlisted investment at fair value[(d)]	**–**	95	82
	VAT receivable[(e)]	**319**	–	–
		590	536	355

[(a)] In terms of the construction agreements with the suppliers of the new cement plants in Rwanda, DRC and Zimbabwe, a portion of the full contract price is required to be paid in advance of the plant construction. The advance payments are secured by advance payment bonds, and will be recycled to property, plant and equipment as the plants are constructed.

[(b)] Represents government of Zimbabwe treasury bills carried at fair value. The treasury bills were issued in September 2015 in exchange for funds previously expropriated by the government in 2007. The treasury bills have a face value of R10 million, repayable in three equal annual instalments from June 2017 to June 2019. A discount rate of 12% was applied in determining the fair value on initial recognition. Interest is paid biannually at a rate of 5% per annum.

[(c)] Comprises an investment by the PPC Environmental Trust in local unit trusts. These investments are held to fund PPC's South African environmental obligations.

[(d)] PPC Ltd disposed of its 6,75% (March 2015: 6,75%, September 2015: 6,75%) shareholding in Ciments du Bourbon, incorporated in Reunion, during the current reporting period, with the resulting gain of R83 million recorded in other exceptional items (refer note 3). Ciments du Bourbon was included under the cement segment in the segmental analysis.

[(e)] The group has incurred VAT during the construction of the plant in the DRC and the amount receivable has been classified as non-current in the current reporting period in contrast to the prior reporting period where the full amount was classified as current. The change follows communication from the local revenue authorities around the delay in refund of VAT receivables.

Notes to the summarised consolidated financial statements continued

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
11	**Non-current assets held for sale**			
	Equity-accounted investment (refer note 9)[a]	**–**	–	36
	Property, plant and equipment (refer note 6)[b]	**42**	–	40
		42	–	76

[a]During the current reporting period, the company finalised the sale of its 25% stake in Afripack for R70 million. The resultant profit of R34 million has been included in other exceptional items. In 2015, the carrying amount immediately before classification as held for sale was R36 million which was lower than its fair value less costs to sell of R70 million (which represented the estimated selling price per the sales agreement less estimated transaction costs). Afripack was included under the cement segment in the segmental analysis.

[b]In September 2015, the PPC Zimbabwe board approved the disposal of houses at its Colleen Bawn and Bulawayo factories which was anticipated to be finalised in 12 months. The disposal was initially planned to be finalised by June 2016 but is now anticipated to be completed by November 2016. No impairment loss was recognised on the initial reclassification as management concluded that the fair value (estimated based on market prices of similar properties) less costs to sell was higher than the carrying amount. The conclusion by management that no impairment loss should be recognised is still appropriate during the current reporting period. PPC Zimbabwe is included under the cement segment in the segmental analysis.

12	**Trade and other receivables**			
	Trade receivables	**982**	1 013	931
	Allowances for doubtful debts	**(77)**	(54)	(70)
	Net trade receivables	**905**	959	861
	Loan relating to non-current asset held for sale – Afripack (refer notes 9, 11)	**–**	–	46
	Mark to market cash flow hedge	**48**	–	38
	Mark to market fair value hedge	**28**	–	13
	Other financial receivables	**111**	65	50
	Trade and other financial receivables	**1 092**	1 024	1 008
	Prepayments	**65**	48	75
	Taxation prepaid	**30**	–	8
	VAT receivable on plant and equipment imported into the DRC (refer note 10)	**–**	–	141
		1 187	1 072	1 232

	Six months ended 31 March 2016 Audited Shares (000)	Six months ended 31 March 2015 Unaudited Shares (000)	Twelve months ended 30 Sept 2015 Audited Shares (000)
13 Stated capital			
Number of shares and weighted average number of shares			
Number of shares			
Total shares in issue at beginning of the period	**605 380**	605 380	605 380
Shares issued to non-controlling shareholders in Safika Cement on exercise of put option[(a)]	**1 801**	–	–
Total shares in issue at end of the period before adjustments for shares treated as treasury shares	**607 181**	605 380	605 380
Adjustments for shares treated as treasury shares:			
Shares held by consolidated participants of the second BBBEE transaction[(b)]	**(37 382)**	(37 382)	(37 382)
Shares held by consolidated BBBEE trusts and trust funding SPVs[(c)]	**(34 477)**	(34 477)	(34 477)
Shares held by consolidated Porthold Trust (Private) Limited[(d)]	**(1 285)**	(1 285)	(1 285)
Shares purchased in terms of the FSP share incentive scheme[(e)]	**(5 563)**	(5 328)	(6 343)
Total shares in issue at end of the period (net of shares treated as treasury shares)	**528 474**	526 908	525 893
Weighted average number of shares, used for:			
Earnings and headline earnings per share	**526 076**	527 189	526 022
Dilutive earnings and headline earnings per share	**534 037**	532 236	532 236
Cash earnings per share	**527 877**	527 189	526 022
	Rm	Rm	Rm
Balance at beginning of the period	**(1 165)**	(1 173)	(1 173)
Shares purchased in terms of the FSP share incentive scheme	**–**	–	(24)
Vesting of shares held by BBBEE 1 entities[(c)]	**–**	9	9
Vesting of shares held in terms of the FSP share incentive scheme[(e)]	**26**	23	23
Shares issued to non-controlling shareholders in Safika Cement on exercise of put option[(a)]	**26**	–	–
Balance at end of the period	**(1 113)**	(1 141)	(1 165)

Shares are weighted for the period in which they are entitled to participate in the profits of the group.

[(a)] At the AGM held on 25 January 2016, shareholders approved the early settlement of the remaining put option held by management of Safika Cement Holdings Pty Ltd for R44 million, to be settled via cash of R18 million and the issue of new PPC shares of R26 million. The shares were issued on 31 March 2016.

[(b)] Shares issued in terms of the second BBBEE transaction which was facilitated by means of a notional vendor funding (NVF) mechanism, with the transaction period concluding on 30 September 2019. These shares participate in 20% of the dividends declared by PPC during the NVF period. With the exception of the Bafati Investment Trust, entities participating in this transaction are consolidated into the PPC group in terms of IFRS 10 *Consolidated Financial Statements*, during the transaction term.

[(c)] In terms of IFRS 10, certain of the BBBEE trusts and trust funding SPVs from PPC's first BBBEE transaction are consolidated, and as a result, shares owned by these entities are carried as treasury shares on consolidation. During the period, no shares (March 2015: 287 361 shares; September 2015: 287 361 shares) vested to beneficiaries.

[(d)] Shares owned by a Zimbabwean employee trust company treated as treasury shares.

[(e)] In terms of the forfeitable share incentive scheme, 5 563 488 (March 2015: 5 328 219; September 2015: 6 342 640) shares are held in total for participants of this long-term incentive scheme. The shares are treated as treasury shares during the various vesting periods of the awards. During the period, 779 152 (March 2015: 537 632; September 2015: 728 200) shares vested and are therefore no longer treated as treasury shares.

Notes to the summarised consolidated financial statements continued

14 Borrowings

	Terms	Security
Notes[(a)]	Various, refer below	Unsecured
Long-term loan	Interest is payable biannually with a bullet capital repayment in December 2016	Unsecured
Long-term loan[(b)]	Interest is payable quarterly with a bullet capital repayment in September 2017	Unsecured
Long-term loan	Interest is payable monthly with a bullet capital repayable 18 months after notice period	Unsecured
Project funding		
US dollar-denominated	US dollar-denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment (refer note 6)
Rwandan franc-denominated	Rwanda franc-denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment (refer note 6)
US dollar-denominated	US dollar-denominated, interest payable biannually. First capital repayment in December 2016; thereafter biannual repayments in equal instalments over five years	Secured by PPC Zimbabwe's property, plant and equipment (refer note 6)
US dollar-denominated	US dollar-denominated, capital and interest payable biannually starting July 2017 ending January 2025	Secured by PPC Barnet DRC's property, plant and equipment (refer note 6)
Long-term borrowings before BBBEE transaction		
BBBEE transaction		
Preference shares	Dividends are payable biannually, with annual redemptions ending December 2016	Secured by guarantee from PPC Ltd
Preference shares	Dividends are payable biannually with capital redeemable from surplus funds. Compulsory annual redemptions until December 2016	Secured by PPC shares held by the SPVs
Preference shares	Capital and dividends repayable by December 2016, with capital capped at R400 million	Secured by guarantee from PPC Ltd
Long-term borrowings	Capital and interest repayable by December 2016, with capital capped at R700 million	Secured by guarantee from PPC Ltd
Long-term borrowings		
Less: Short-term portion of long-term borrowings		
Add: Short-term borrowings and short-term portion of long-term borrowings		
Total borrowings		
Maturity analysis of long-term liabilities obligations:		
One year		
Two years		
Three years		
Four years		
Five and more years		

(a) Comprise three unsecured notes at 31 March 2016, issued under the company's R6 billion domestic medium-term note (DMTN) programme, and are recognised net of capitalised transaction costs:

Interest rate	Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
Various, refer below	**1 747**	2 398	2 398
Fixed 10,86%	**1 417**	1 520	1 520
Variable rates at 400 basis points above JIBAR	**555**	–	–
Variable rates at 125 basis points above JIBAR	**900**	–	–
	3 372	952	2 357
Variable at 725 basis points above six-month US dollar LIBOR	**806**	560	641
Fixed rate of 16%	**474**	255	357
Six-month US dollar LIBOR plus 700 basis points	**550**	137	421
Six-month US dollar LIBOR plus 725 basis points	**1 542**	–	938
	7 991	4 870	6 275
	844	1 138	1 227
Variable rates at 81,4% of prime and fixed rates of 9,24% to 9,37%	**33**	31	64
Variable rates at 86,9% of prime	**16**	17	72
Variable rates at 78% of prime	**393**	396	395
Variable rates at 285 basis points above JIBAR	**402**	694	696
	8 835	6 008	7 502
	(4 221)	(792)	(791)
	4 614	5 216	6 711
	4 557	1 556	1 510
	9 171	6 772	8 221
	4 221	792	791
	1 777	2 925	2 877
	394	142	303
	393	892	1 056
	2 050	1 257	2 475
	8 835	6 008	7 502

Notes to the summarised consolidated financial statements continued

14 Borrowings continued

Note number, term and interest rate	Issue date	Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
PPC 001: three years; three-month JIBAR plus 1,26%	March 2013	**–**	650	650
PPC 002: five years; three-month JIBAR plus 1,5%	December 2013	**750**	750	750
PPC 003: five years; three-month JIBAR plus 1,48%	July 2014	**750**	750	750
PPC 004: seven years; 9,86%	July 2014	**250**	250	250
		1 750	2 400	2 400
Less: Transaction costs capitalised		**(3)**	(2)	(2)
		1 747	2 398	2 398
Less: Short-term portion		**(1 747)**	(650)	(650)
		–	1 748	1 748

During the period PPC 001 of R650 million was redeemed.

On 30 May 2016, S&P Global Ratings (S&P) released a report on PPC which reflected a decline in ratings from zaA/zaA-2 to zaBB-/zaB long and short-term South Africa national scale. Due to the long-term rating falling below zaBBB-, the company was obliged to offer early redemption to noteholders in terms of the bond programme memorandum. The notes have therefore been reclassified from long-term to short-term borrowings.

During June 2016 the company has secured funding up to a maximum of R2 billion from Nedbank, Standard Bank, Rand Merchant Bank and Absa (the liquidity and guarantee facility agreement) which can only be used to reimburse the noteholders for the outstanding notes and related accrued finance costs.

The liquidity and guarantee facility will bear interest at JIBAR plus 10% and repayment is due from the proceeds of the proposed capital raise or 1 November 2016 if earlier. Post reporting date, the company utilised this facility to repay noteholders. The facility incurred fees of R171 million which will be amortised to the income statement over the five-month period of the facility. Further details are included in note 20.

(b) During the period the company secured funding of R2 billion repayable in September 2017. The funding was partly used to settle the note bond repayment while the balance of the facility will be used to repay the remaining portion of the BBBEE liability due in December 2016 after which the company will receive proceeds from the compulsory subscription by the Strategic Black Partners and Community Service Groups in terms of the company's first BBBEE transaction. Transaction costs of R35 million were capitalised against the facility and will be amortised over the period of the funding.

The group is in compliance with its debt covenants for the March 2016 reporting period or where applicable received waivers in respect thereof. Refer to the going concern basis of preparation in note 1.

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
15	**Other non-current liabilities**			
	Cash-settled share-based payment liability	**3**	11	5
	Liability to non-controlling shareholders in wholly owned subsidiary[a]	**17**	–	17
	Put option liabilities	**415**	151	464
	Retentions held for plant and equipment[b]	**97**	–	204
		532	162	690
	Less: Short-term portion of other non-current liabilities	**(3)**	(118)	(47)
		529	44	643

[a]Relates to interest payable on initial equity contributions into the DRC group of companies by a non-controlling shareholder. The accruing of interest ceased in September 2015 and the amount payable will be repaid once the external funding has been settled.

[b]Retentions held on the construction of the cement plants. These retentions will be paid over to the contractors once the plant achieves guaranteed performance targets.

Put option liabilities

PPC Barnet DRC

The International Finance Corporation (IFC) was issued a put option in 2015 in terms of which PPC is required to purchase all or part of the class C shares held by the IFC in PPC Barnet DRC Holdings. The put option may be exercised after six years from when the IFC subscribed for the shares but only for a five-year period. The put option value is based on the company's forecast EBITDA applying a forward multiple less net debt. Forecast EBITDA is based on financial forecasts approved by management, with pricing and margins similar to those currently being achieved by the business unit while selling prices and costs are forecast to increase at local inflation projections and extrapolated using local GDP growth rates ranging between 5% and 9% taking cognisance of the plant production ramp-up and adjusted for the impact of competitor activity. The forward multiple was determined using comparison of publicly available information of other cement businesses operating in similar territories. The present value of the put option was calculated at R415 million (March 2015: Rnil; September 2015: R422 million).

Safika Cement

With the purchase of the initial 69,3% equity stake in Safika Cement, PPC granted non-controlling shareholders individual put options, with different exercise dates, for the sale of their remaining shares in the company to PPC. One of the put options was exercised during the 2015 financial year for R108 million. The remaining put option was anticipated to be exercised on the fifth anniversary of the transaction, but in September 2015 this was classified as current as it was the intention to early settle the remaining put option. In January 2016, shareholders approved the early settlement of the remaining put option through the combination of a fresh share issue and cash payment. At March 2016, the put option liability (refer to note 16) was Rnil (September 2015: R42 million). The put option liability was calculated using the company's forecast EBITDA applying an earnings multiple dependent on the level of EBITDA achieved less net debt.

Notes to the summarised consolidated financial statements continued

		Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
16	**Trade and other payables and short-term provisions**			
	Cash-settled share-based payment liability (short-term portion) (refer note 15)	**3**	10	5
	Capital expenditure payables	**229**	58	147
	Derivative financial instruments	**1**	2	1
	Other financial payables	**89**	297	113
	Put option liability (refer note 15)	**–**	108	42
	Retentions held for plant and equipment	**67**	136	116
	Trade payables and accruals	**994**	525	924
	Trade and other financial payables	**1 383**	1 136	1 348
	Payroll accruals	**139**	157	310
	Taxation payable	**18**	125	112
		1 540	1 418	1 770
17	**Investment in property, plant and equipment and intangible assets**			
	Cement	**1 125**	984	2 777
	Lime	**37**	11	45
	Aggregates and readymix	**26**	13	70
	Investment in property, plant and equipment and intangible assets	**1 188**	1 008	2 892
	South Africa	**474**	233	933
	Rest of Africa	**714**	775	1 959
18	**Commitments**			
	Contracted capital commitments	**2 289**	3 781	3 594
	Approved capital commitments	**994**	2 364	1 049
	Capital commitments	**3 283**	6 145	4 643
	Operating lease commitments	**124**	148	171
	Equity commitment[(a)]	**–**	158	–
		3 407	6 451	4 814
	Capital commitments			
	South Africa	**1 649**	2 088	2 409
	Rest of Africa	**1 634**	4 057	2 234
		3 283	6 145	4 643
	Capital commitments are anticipated to be incurred:			
	– within one year	**2 731**	2 861	2 758
	– between one and two years	**543**	2 592	1 518
	– greater than two years	**9**	692	367
		3 283	6 145	4 643

(a) During November 2014, PPC advised of the conclusion of discussions to acquire the Industrial Development Corporation's (IDC) 20% stake in Ethiopian-based Habesha Cement Share Company for a purchase consideration of US$13 million. During the second half of the 2015 financial year the company did not exercise its rights to purchase the IDC's stake but rather support the upcoming rights issue of Habesha (refer note 9).

Project funding has been secured for the DRC and Zimbabwe projects, amounting to US$168 million and US$75 million respectively. In addition, the IFC subscribed for equity in the DRC project and now holds 10% equity in the project. The one million tons per annum plant in the DRC is expected to be commissioned during PPC's 2017 financial year, while the 700 000 tons per annum mill in Zimbabwe is also on track to be commissioned at the end of the 2016 calendar year. The one million tons per annum kiln expansion at Slurry is planned to be commissioned during the 2018 financial year. A portion of the planned rights issue will also be used to fund existing capital commitments.

The transaction to acquire a 100% shareholding in 3Q Mahuma Concrete Pty Limited was concluded past the reporting date. The purchase consideration of R135 million will be settled via the issue of new PPC shares. Details are included in note 20.

19 Fair values of financial assets and liabilities

The financial assets and liabilities carried at fair value are classified into three categories as reflected below:

	Note	Level*	Six months ended 31 March 2016 Audited Rm	Six months ended 31 March 2015 Unaudited Rm	Twelve months ended 30 Sept 2015 Audited Rm
Financial assets					
Available for sale					
Unlisted investments at fair value[(a)]	10	2	**–**	95	82
Loans and receivables					
Investment in government bonds	10	2	**8**	–	7
Loans advanced	10	2	**–**	–	1
Loans relating to non-current assets held for sale	12	2	**–**	–	46
Mark to market fair values	10/12	1	**78**	–	51
Amounts owing by equity-accounted investment	9	2	**–**	45	–
Trade and other financial receivables	12	2	**1 001**	1 024	911
Cash and cash equivalents		1	**460**	464	718
At fair value through profit and loss					
Unlisted collective investments at fair value (held for trading)	10	1	**119**	116	117
Non-current assets held for sale	11	2	**42**	–	110
Total financial assets			**1 708**	1 744	2 043
Level 1			**657**	580	886
Level 2			**1 051**	1 069	1 157
Level 3			**–**	95	–
Financial liabilities					
At amortised cost					
Long-term borrowings	14	2	**4 614**	5 388	6 727
Short-term borrowings	14	1/2	**4 556**	1 556	1 510
Trade and other financial payables	16	2	**1 476**	1 016	1 504
At fair value through profit and loss					
Cash-settled share-based payment liability	15	2	**3**	11	5
Put option liabilities	15	3	**415**	151	464
Derivatives					
Derivative instruments – current (cash flow hedge)	16	2	**1**	2	1
Total financial liabilities			**11 065**	8 124	10 211
Level 1			**2 086**	1 556	3 906
Level 2			**8 564**	6 417	5 841
Level 3			**415**	151	464

Methods and assumptions used by the group in determining fair values:

*Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets and liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length transaction.

*Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology, and make reference to pricing of similar assets and liabilities in an active market or by utilising observable prices and market-related data.

*Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value. Refer note 15 for quantitative information and significant assumptions on the unobservable inputs used to determine fair value liabilities.

The estimated fair value of financial instruments is determined, at discrete points in time, by reference to the mid-price in an active market wherever possible. Where no such active market exists for the particular asset or liability, the group uses valuation techniques to arrive at fair value, including the use of prices obtained in recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The fair value of the unlisted investment has been valued based on the purchase agreement following the decision to dispose of the investment. Further details are disclosed in note 10.

The fair value of loans receivable and payable is based on the market rates of the loan and the recoverability.

Notes to the summarised consolidated financial statements continued

19 Fair values of financial assets and liabilities continued

The fair value of cash and cash equivalents, trade and other financial receivables and trade and other financial payables approximate their respective carrying amounts of these financial instruments because of the short period to maturity.

Put option liabilities have been calculated using EBITDA forecasts prepared by management and discounted to present value. Further details are disclosed in note 15.

The fair value of derivative financial instruments relating to cash-settled share appreciation rights is determined with reference to valuation performed by third-party financial institutions at reporting date, using an actuarial binomial pricing model.

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Main assump-tions	Carrying value Rm	Decrease Rm	Increase Rm
Put option liabilities	Earnings multiple	EBITDA and net debt	415	74	74

If the key unobservable inputs to the valuation model, being estimated EBITDA and net debt, were 1% higher/lower while all other variables were held constant, carrying amount of the put option liabilities would decrease/increase by R74 million.

The sensitivities are only based on the DRC put option as Safika Cement options have been settled at period end.

Movements in level 3 financial instruments

Financial assets	**Rm**	Rm	Rm
Balance at beginning of the period	**–**	95	95
Remeasurements	**–**	–	(13)
Transfer to level 2	**–**	–	(82)
Balance at end of the period	**–**	95	–
Financial liabilities			
Balance at beginning of the period	**464**	145	145
Exercised during the period	**(42)**	–	(108)
Put options issued	**–**	–	422
Remeasurements	**(16)**	–	(14)
Time value of money adjustments	**9**	6	19
Balance at end of the period	**415**	151	464

20 Events after the reporting date

Liquidity and going concern

Following the finalisation of the liquidity and guarantee facility, the company early redeemed R1 614 million of the outstanding notes on 15 July 2016, with the balance of the outstanding notes of R136 million (excluding transaction costs) following the original terms of the respective notes.

On 1 August 2016, the shareholders approved the following resolutions at a general meeting of shareholders:

- The increase of the authorised stated capital from 700 000 000 shares to 10 000 000 000 shares
- The amendment to the MOI reflecting the increase in the authorised stated capital
- The authorisation to issue additional shares that will exceed 30% of the existing voting power of the shares that were in issue
- The granting of a general authority to directors to issue the required number of shares for purposes of implementing the proposed rights offer.

Following these approvals, the company was able to proceed with the proposed rights offer.

On 24 August 2016, the proposed R4 billion rights offer was fully underwritten by the banks, which is subject to standard material adverse change clauses. The company believes that the proceeds from the capital raise provides it with the necessary funding to continue as a going concern for the foreseeable future.

Business combination

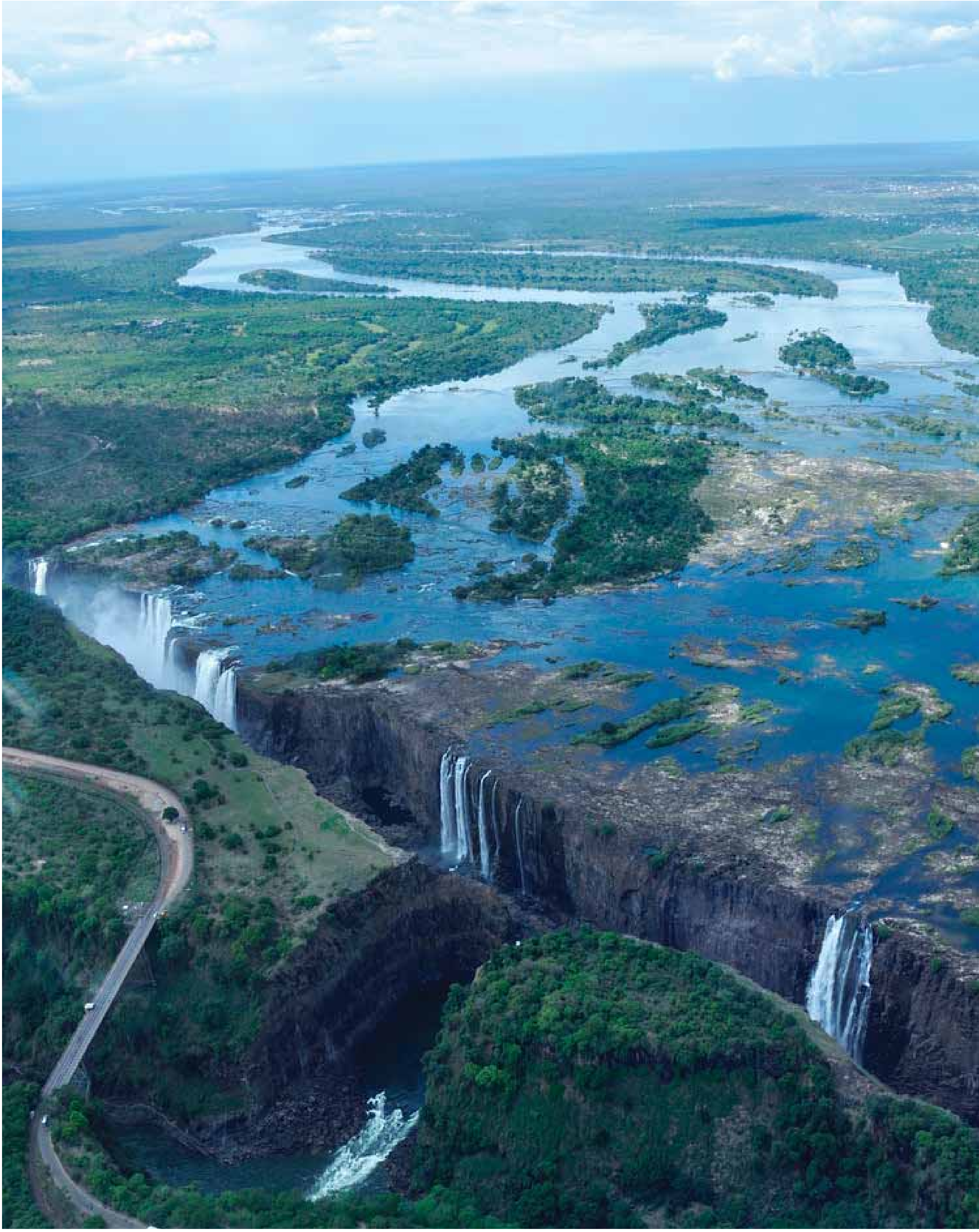
On 1 July 2016, all terms and conditions on the transaction to acquire 100% of 3Q Mahuma Concrete (Pty) Ltd were achieved and 3Q Mahuma Concrete became a wholly owned subsidiary. The acquisition consideration was settled via the issuance of 17 565 872 new PPC shares. The fair value of the shares issued for the acquisition, using the ruling share price of R7,68 on the effective date of the transaction, amounted to R135 million.

The commercial rationale for the transaction is to progress the company's channel management strategy that serves as a complementary platform for cement growth in South Africa. PPC's strategic intention is to be a provider of materials and solutions into the basic services sector. Cementitious distribution channels including readymix is increasingly being utilised as a conduit to grow and sustain cement sales volumes. At the time of acquisition, 3Q Mahuma Concrete was the largest independent readymix concrete provider in South Africa and provides PPC with a further complementary platform to grow our service offering in this market segment. The South African market is evolving towards a concrete delivery model, which requires complementary building materials including cement, aggregates and readymix.

The company is in the process of finalising the fair value of the assets and liabilities as on the acquisition date. Provisional fair values of assets and liabilities are reflected below:

Non-current assets	113
Current assets	108
Non-current liabilities	(9)
Current liabilities	(77)
Total consideration	135

Victoria Falls from the air, Zimbabwe



Zimbabwe

Bridge repair work, Harare

Plastering a wall

ZEAC head office under construction

Mining charter scorecard (South Africa)

Due to the nature of cement manufacturing, PPC's empowerment credentials are measured against both the 2010 scorecard for the broad-based socio-economic empowerment of the South African mining industry, referred to as the mining charter, and the Department of Trade and Industry's (dti) broad-based black economic empowerment codes of good practice as revised in October 2013. PPC reports on both scorecards in this section.

We have noted the proposed revision to the mining charter for 2016 and will participate in envisaged industry debates to contribute meaningfully to the sustainable transformation, growth and development of the mining industry as intended by the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA).

Our progress against the mining charter scorecard as at December 2015 is summarised below. The compliance target, as set by the department, is for 2014 pending promulgation of the new mining charter.

Element	Description	Measure	Compliance target 2014	Progress	
Reporting	Reporting level of compliance with charter for calendar year	Documentary proof of receipt from DMR	Annual	Reporting for 2015 submitted on time. Reporting requirements on employment equity and social and labour plans also met	
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation Full shareholder rights	26% 26%	26% target achieved in 2012 and maintained	
Housing and living conditions	Converting and upgrading hostels to attain occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target	100%	Company housing is provided at most remote locations. PPC also promotes homeownership through its homeowners support programme. To date, 73 employees and their families have been supported and over 200 employees are at various stages of becoming homeowners through this programme	
	Converting and upgrading hostels into family units	Percentage conversion of hostels into family accommodation	100%	100%	
Procurement and enterprise development	Procurement spend from BEE entity		70%	PPC has met the revised dti compliance target of 70%. 81% (R3,3 billion) of discretionary spending was with BEE empowering companies.	
				Actual 2015 *same as prior year due to calendar year reporting	Actual 2014
		Capital goods	40%	41%	43%
		Services	70%	70%	70%
		Consumable goods	50%	55%	61%
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers	0,5% of procurement value	The DMR is formulating a model to implement this contribution to social development.	
Employment equity	Diversification of workplace to reflect the country's demographics to attain competitiveness	Top management (board)	40%	54%	
		Senior management (exco)	40%	40%	
		Middle management	40%	48%	
		Junior management	40%	63%	
		Core skills	40%	84%	

Element	Description	Measure	Compliance target 2014	Progress
Human resources development (detailed table on page 116)	Develop requisite skills, including support for South Africa-based R&D initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation, environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (*excluding mandatory skills development levy)	5%	3,3% spent on skills development (R19,15 million – for the six months from 1 October 2015 to 31 March 2016)
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	Up-to-date project implemen-tation	R9,9 million was spent in South Africa on community development in 2015
Sustainable development and growth	Improvement of industry's environmental management	Implementation of approved environmental management plans (EMPs)	100%	All plants have approved EMPs
	Improvement of industry's mine health and safety performance	Implementation of tripartite action plan on health and safety	100%	Dedicated group safety and health manager. External company training for safety and health representatives
	Use of South Africa-based research facilities for analysing samples across mining value chain	Percentage of samples in SA facilities	100%	100% of samples are processed in South African facilities
Beneficiation	Contribution towards beneficiation (effective from 2012)	Added production volume contributory to local value addition beyond the baseline	Section 26 of MRPDA (percentage above baseline)	No detail on how to measure but raw limestone is beneficiated into cement and lime products in South Africa. Aggregates are fully beneficiated in South Africa
Health and safety	Implementation of culture transformation framework	Percentage versus gap analysis	100%	100% (introduced new training material which is being implemented across the group)
	Percentage of employees embarking on occupational health and safety training	2% per annum	8%	8% (on target)
	Percentage of leading practices from MHSC investigated for implementation	All investigated for 100%	100%	100%
	Percentage of research findings from MOSH learning hub investigated for implementation	All investigated for 100%	100%	100%
	Health: percentage of mandatory occupational health reports submitted	Four required for 100%	100%	100%
	Health: adherence to HIV/AIDS and TB guidelines	Yes/no	Yes	On target

Human resource development

Human resource development – 2015

Description	Measures	Category	African M	African F	Coloured M	Coloured F	Indian M	Indian F	White M	White F	Total
Develop requisite skills, including support for SA-based R&D initiatives intended to develop solutions in mining, processing and exploration technology efficiency (energy and water use in mining), beneficiation, environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excluding mandatory skills development levy)	Bursaries (of core and critical skills)	8	1	4	3	0	0	1	1	**18**
		Engineering learnerships	40	11	19	3	0	0	3	0	**76**
		ABET training (level I, II, III, IV and NQF 1)	37	7	3	2	0	0	2	0	**51**
		Other training (school support and post-matric programmes)	57 employees are being assisted with post-matric qualifications 9 students on graduate development programme								
		Support for SA-based R&D initiatives	100% of R&D expenditure directed at SA-based companies								

dti BBBEE STATUS*

PPC's South African operations maintained a BBBEE rating of level 2 for three years prior to 2015. In 2013, revised BBBEE codes of good practice were introduced and came into effect in 2015.

BEE elements	Score 2010	2011	2012	2013	2014	Score under revised codes 2015
Equity ownership	20,18	21,6	18,06	21,37	20,82	21,94
Management control	5,94	6,07	10,81	11,00	10,56	
Employment equity	6,72	7,75	7,51	7,03	7,45	10,98
Skills development	11,55	12,03	11,04	11,87	8,06	9,01
Preferential procurement	15,20	14,16	19,33	18,78	19,59	19,58
Enterprise development	3,59	9,41	15,00	15,00	15,00	1,86
Socio-economic development	3,05	4,15	5	5	5	5
Total	66,22	75,17	86,75	90,05	86,48	68,37
Level	4	3	2	2	2	8

In December 2015, PPC's BBBEE status was audited and verified by rating agency EmpowerLogic. PPC is rated as a level 8 BBBEE contributor against the revised codes of good practice, with procurement recognition of 10%.

* Due to the nature of cement manufacture, PPC's empowerment credentials are measured against both the South African mining charter scorecard and the South African dti's revised codes of good practice. PPC reports on both in this section.

The fundamental changes in the codes that affected PPC's score for 2015 are:

- A minimum requirement of 40% for the priority elements (ownership, skills development, enterprise and supplier development), failing which the discounting principle applies – PPC failed to meet enterprise and supplier development minimum and was therefore discounted one level
- The introduction of net value calculation under the ownership element
- Higher target on skills development expenditure on black people, from 3% to 6% of wage bill
- A higher weighting on procurement, supplier and enterprise development of 40 points.

BBBEE scorecard summary and priority elements as verified in December 2015

Element points	Weighting	Points achieved	% score	Discounting applied
Overall BBBEE score	109	68,37	62,72	Yes
Equity ownership	25	21,94	87,75	No
Management control	19	10,98	57,82	
Skills development	20	9,01	45,07	No
Enterprise and supplier development – preferential procurement	25	19,58	78,30	
Enterprise and supplier development	15	1,86	12,37	Yes
Socio-economic development	5	5	100	
BBBEE status level	Level 8			
Black ownership	33,39% black ownership; 12,02% black women ownership			
Empowering supplier	Yes			
BEE procurement recognition	10%			

As this was a challenge PPC had anticipated, we have developed a plan to improve the BBBEE score to level 4 in the next three years. This will enable our customers to claim back 100% of their spending with our group for their own preferential procurement points.

The focus elements in the improvement plan are skills development, enterprise and supplier development and a drive to encourage employees to declare disabilities. The disability awareness drive will boost our representation of employees with disabilities and in turn improve the management control and skills development scores. PPC will implement and manage enterprise and supplier development (ESD) programmes aimed at suitably qualified existing and potential black and black women-owned suppliers as well as align to government programmes, eg black industrialists programme.

This is a top business imperative for PPC and special care will be taken to monitor the plan quarterly to ensure compliance to the plan and therefore the revised BBBEE codes of good practice.

PPC Ltd shareholder analysis

Register date: 1 April 2016
Issued share capital: 607 180 890 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	6 878	55,85	2 780 264	0,46
1 001 – 10 000 shares	4 374	35,51	14 200 125	2,34
10 001 – 100 000 shares	750	6,09	21 524 784	3,55
100 001 – 1 000 000 shares	232	1,88	74 248 109	12,23
1 000 001 shares and over	82	0,67	494 427 608	81,43
Total	**12 316**	**100**	**607 180 890**	**100**
DISTRIBUTION OF SHAREHOLDERS				
Banks	100	0,81	149 765 657	24,67
Broad-based black ownership	17	0,14	144 839 159	23,85
Brokers	63	0,51	24 338 848	4,01
Close corporations	113	0,92	826 547	0,14
Endowment funds	35	0,28	1 464 919	0,24
Individuals	9 859	80,05	26 485 076	4,36
Insurance companies	65	0,53	10 107 530	1,66
Investment companies	9	0,07	253 441	0,04
Medical aid schemes	8	0,06	356 062	0,06
Mutual funds	183	1,49	95 075 475	15,66
Nominees and trusts	1 340	10,88	7 550 469	1,24
Other corporations	73	0,59	884 701	0,15
Pension funds	197	1,60	131 235 966	21,61
Private companies	253	2,05	13 966 190	2,30
Sovereign wealth fund	1	0,01	30 850	0,01
Total	**12 316**	**100**	**607 180 890**	**100**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	21	0,17	230 439 694	37,95
Directors' holdings	3	0,02	163 243	0,03
Broad-based black ownership	17	0,14	144 839 159	23,85
Strategic holdings (10% or more)	1	0,01	85 437 292	14,07
Public shareholders	12 295	99,83	376 741 196	62,05
Total	**12 316**	**100**	**607 180 890**	**100**

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE OF THE ISC	Number of shares on 1 April 2016	%
Public Investment Corporation Limited	**85 437 292**	**14,07**
PPC SBP Consortium Funding SPV Pvt Limited	**39 988 926**	**6,59**
PPC Masakhane Employee Share (Est) Trust	**26 757 780**	**4,41**

Financial calendar

The company changed its year-end to March with effect from the 2016 financial year.	
Financial year-end	31 March
Annual general meeting	31 October 2016
Reports	
Interim results for half-year to September	Published November
Preliminary announcement of annual results	Published June
Annual financial statements	Published July
Dividends	
Interim	If declared November
Final	If declared June

Glossary

ABET	Adult basic education and training
ACMP	Association of Cementitious Material Producers
ASPASA	Aggregate and Sand Producers Association of South Africa
BBBEE or BEE	Broad-based black economic empowerment
CDP	Carbon Disclosure Project
CGT	Capital gains tax
CSI	Corporate social investment
DEA	Department of Environmental Affairs (South Africa)
DMR	Department of Mineral Resources (South Africa)
DoE	Department of Energy (South Africa)
dti	Department of Trade and Industry (South Africa)
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental impact assessment
EIUG	Energy-intensive users group
EMP	Environmental management plan
FSP	Forfeitable share plan
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
IFRS	International Financial Reporting Standards
ISO	International Standards Organisation
King III	King Report on Corporate Governance for South Africa
LED	Local economic development (South Africa)
LTIFR	Lost-time injury frequency rate
MOI	Memorandum of incorporation
MPRDA	Mineral and Petroleum Resources Development Act (South Africa)
MQA	Mining Qualifications Authority
NQF	National Qualifications Framework
OHSAS	Occupational Health and Safety Assessment Series
OPC	Ordinary Portland cement (CEM I)
PMC	Portland Masonry cement
SANS	South African National Standards
SLP	Social and labour plan (South Africa)
SMME	Small, medium and micro-enterprise
STC	Secondary tax on companies (South Africa)
STIS	Short-term incentive scheme
TCTC	Total cost to company
VCT	Voluntary counselling and testing

GRI G4 index

GENERAL STANDARD DISCLOSURES

		Page
Strategy and analysis		
G4-1	Statement from most senior decision-maker about the relevance of sustainability to the organisation and strategy for addressing sustainability.	16, 30
Organisational profile		
G4-3	Name of the organisation.	1
G4-4	Primary brands, products and services.	IFC, 46, 48
G4-5	Location of headquarters.	180
G4-6	Number of operating countries, and names of those with significant operations or specifically relevant to sustainability topics covered in the report.	4
G4-7	Nature of ownership and legal form.	8
G4-8	Markets served (geographic breakdown, sectors served, types of customers and beneficiaries).	9
G4-9	Scale, including: total employees, number of operations, net sales, total capitalisation by debt and equity, quantity of products produced.	4, 46
G4-10	Number of employees by employment contract and gender, total permanent employees by employment type and gender.	114
G4-11	Percentage of employees covered by collective bargaining agreements.	115
G4-12	Describe the organisation's supply chain.	36, 124
G4-13	Significant changes in the reporting period on size, structure, ownership, or supply chain.	2, 8
G4-14	Whether and how the precautionary approach or principle is addressed.	1, 2
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives the organisation subscribes to or endorses.	1, 2
G4-16	Active and strategic memberships of associations (such as industry associations) and national or international advocacy organisations	27
Identified material aspects and boundaries		
G4-17	List all entities included in the consolidated financial statements, and specify any entity not covered by the report.	2
G4-18	Process for defining report content and aspect boundaries.	1, 2
G4-19	Material aspects identified in defining report content.	2
G4-20	For each material aspect, report the aspect boundary in the organisation.	2, 132
G4-21	For each material aspect, report the aspect boundary outside the organisation.	2, 132
G4-22	Effect of any restatements of information in previous reports, and the reasons.	2
G4-23	Significant changes from previous reporting periods in scope and aspect boundaries.	2
Stakeholder engagement		
G4-24	Stakeholder groups engaged.	6, 7, 26, 27
G4-25	Basis for identification and selection of stakeholders with whom to engage.	6, 7
G4-26	Approach to stakeholder engagement, including frequency by type and by stakeholder group, and indication of whether any engagement was undertaken specifically as part of report preparation.	26, 27
G4-27	Key topics and concerns raised, and how PPC responded, including through its reporting.	26, 27
Report profile		
G4-28	Reporting period.	2
G4-29	Date of most recent previous report.	2
G4-30	Reporting cycle.	2
G4-31	Contact point for questions on the report or its contents.	2
G4-32	"In accordance" option and external assurance report.	2
G4-33	Policy and current practice on seeking external assurance for the report.	2
Governance		
G4-34	Governance structure, including committees of the board and those responsible for decisions on economic, environmental and social impacts.	60, 61
Ethics and integrity		
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	45, 72

SPECIFIC STANDARD DISCLOSURES

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Economic					
Material aspect: Economic performance					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				18
G4-EC1	Direct economic value generated and distributed on accrual basis.				42 – 44, 137 – 159
Material aspect: Market presence					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				5, 8
G4-EC6	Proportion of senior management hired from local community at significant locations of operation.				114
Material aspect: Indirect economic impacts					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				5, 8
G4-EC7	Development and impact of infrastructure investments and services supported.				120 – 123
Material aspect: Procurement practices					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				124
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.				124
Category: Environmental					
Material aspect: Materials					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126
G4-EN2	Percentage of materials used that are recycled input materials.	Not currently reported.			Not reported.

GRI G4 index continued

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Environmental continued					
Material aspect: Energy					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN3	Total fuel consumption from non-renewable sources, including fuel types.				126, 129
G4-EN5	Energy intensity.				128 – 130
Material aspect: Water					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN8	Total volume of water withdrawn from sources.				130 – 131
G4-EN10	Percentage and volume of water recycled and reused.				130
Material aspect: Biodiversity					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126
G4-EN11	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.				126, 129
Material aspect: Emissions					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN15	Gross direct (scope 1) GHG emissions.				128 – 130
G4-EN16	Gross energy indirect (scope 2) GHG emissions.				128 – 130
G4-EN17	Other indirect GHG emissions (scope 3).				128 – 130
G4-EN21	NOx, SOx and other significant air emissions.				128 – 130

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Environmental continued					
Material aspect: Effluents and waste					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN23	Total weight of hazardous and non-hazardous waste, by disposal method.				129 – 131
Material aspect: Products and services					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN27	Extent of mitigating environmental impacts of products and services.	[land rehab]			128, 130
Material aspect: Compliance					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN29	Significant fines and non-monetary sanctions.				No significant monetary fines or non-monetary sanctions.
Material aspect: Transport					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for operations, and transporting members of the workforce.	[scope 3]			Not reported.
Material aspect: Overall					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN31	Total environmental protection expenditures and investments by type.				129

GRI G4 index continued

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Environmental continued					
Material aspect: Supplier environmental assessment					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.				Not reported.
Material aspect: Environmental grievance mechanisms					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				126 – 127
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal mechanisms in the reporting period.				126
Category: Social					
Sub-category: Labour practices and decent work					
Material aspect: Employment					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-LA1	Number and rate of employee hires and turnover in the reporting period by age group, gender and region.				115
G4-LA2	Standard benefits for full-time employees of the organisation but not provided to temporary or part-time employees.				91, 118
Material aspect: Labour/management relations					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-LA4	Minimum notice periods on operational changes, and whether these are specified in collective agreements.				112

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Labour practices and decent work continued					
Material aspect: Occupational health and safety					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				108
G4-LA6	Types of injury, injury rate, occupational diseases rate, lost-day rate, absentee rate and work-related fatalities for total workforce.				109 – 110
Material aspect: Training and education					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-LA9	Average hours of training by gender and employee category.				115 – 117
Material aspect: Diversity and equal opportunity					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				119
G4-LA12	Percentage of individuals on board by gender, age group, minority groups. Percentage of employees per category by gender, age group, minority groups.				62 – 63, 114
Material aspect: Equal remuneration for women and men					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.				Not reported, remuneration on merit.
Material aspect: Supplier assessment for labour practices					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				119
G4-LA14	Percentage of new suppliers screened using labour practices criteria.				124

GRI G4 index continued

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Labour practices and decent work					
Material aspect: Labour practices grievance mechanisms					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-LA16	Number of grievances on labour practices filed, addressed and resolved through formal mechanisms.				Not reported.
Sub-category: Human rights					
Material aspect: Investment					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				18
G4-HR1	Number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.				Zero.
Material aspect: Non-discrimination					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-HR3	Number of incidents of discrimination and corrective actions taken.				Zero.
Material aspect: Freedom of association and collective bargaining					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-HR4	Operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk.				Zero, 115

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Human rights					
Material aspect: Child labour					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.				PPC does not support the practice of child labour and no incidents were identified during the year.
Material aspect: Forced or compulsory labour					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				112
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to eliminating all forms of forced or compulsory labour.				PPC does not support the practice of forced labour and no incidents were identified during the year nor were any operations identified as a risk.
Material aspect: Security practices					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				Not applicable.
G4-HR7	Percentage of security personnel trained in PPC's human rights policies or procedures relevant to operations.				Outsourced function.
Material aspect: Indigenous rights					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				85
G4-HR8	Number of violations involving rights of indigenous peoples and actions taken.				Zero.

GRI G4 index continued

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Human rights continued					
Material aspect: Assessment					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				85
G4-HR9	Percentage of operations subject to human rights reviews or impact assessments.				Not reported.
Material aspect: Supplier human rights assessment					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				85
G4-HR10	Percentage of new suppliers screened using human rights criteria.				Not reported.
Material aspect: Human rights grievance mechanisms					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				85
G4-HR12	Number of grievances on human rights impacts filed, addressed and resolved through formal mechanisms.				Zero.
Sub-category: Society					
Material aspect: Local communities					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				120
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.				121 – 123
Material aspect: Anti-corruption					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				72
G4-SO3	Number and percentage of operations assessed for risks of corruption and significant risks identified.				Not reported.

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Society continued					
Material aspect: Public policy					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				27
G4-SO6	Total value of political contributions by country and recipient/beneficiary.				Zero.
Material aspect: Anti-competitive behaviour					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				84
G4-SO7	Number of legal actions pending or completed in reporting period for anti-competitive behaviour and violations of anti-trust and monopoly legislation in which PPC has been identified as a participant.				No legal action was instituted during the year. PPC supports the concepts enshrined in competition law of South Africa and applies these standards in other operating regions.
Material aspect: Compliance					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				84
G4-SO8	Significant fines and non-monetary sanctions for non-compliance.				No monetary fine or non-monetary sanctions were imposed in 2016.
Material aspect: Supplier assessment for impacts on society					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				124
G4-SO9	Percentage of new suppliers screened using criteria for impacts on society.				124

GRI G4 index continued

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Society continued					
Material aspect: Grievance mechanisms for impacts on society					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				26
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal mechanisms.				Zero.
Sub-category: Product responsibility					
Material aspect: Customer health and safety					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				7
G4-PR2	Number of incidents of non-compliance with regulations and voluntary codes on health and safety impacts of products during their lifecycle, by outcomes.				PPC has not identified any instances of non-compliance with regulations and voluntary codes.
Material aspect: Product and service labelling					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				5
G4-PR3	Type of information required by PPC's procedures for product labelling, and percentage of significant product categories subject to such requirements.				Not reported.
G4-PR4	Number of incidents of non-compliance with regulations and voluntary codes on product information and labelling, by type of outcomes.				Zero.

SPECIFIC STANDARD DISCLOSURES continued

Disclosure of management approach (DMA) and indicators					Page number (or link)
Category: Social continued					
Sub-category: Product responsibility					
Material aspect: Marketing communications					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				6
G4-PR6	Sale of banned or disputed products.	Not applicable			Not applicable.
Material aspect: Customer privacy					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				6
G4-PR8	Number of substantiated complaints on breaches of customer privacy and losses of customer data.				Zero.
Material aspect: Compliance					
G4-DMA	Report why aspect is material, how it is managed and how the effectiveness of this approach is evaluated.				5
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations on the provision and use of products and services.				Zero.

Corporate information

PPC Ltd
(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
JSE code: PPC

Directors
Executive: DJ Castle (chief executive officer), MMT Ramano (chief financial officer)

Non-executive: PG Nelson (interim chairman), S Dakile-Hlongwane, N Goldin, TJ Leaf-Wright, T Mboweni, SK Mhlarhi, B Modise, T Moyo*, CH Naude, TDA Ross
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Forward-looking statement

This report, including statements on the demand outlook, PPC's expansion projects and its capital resources and expenditure, contains certain forward-looking views that are not historical facts and relate to other information which is based on forecasts of future results and estimates of amounts not yet determinable. By their nature, forward-looking statements involve uncertainties and the risk that these forward-looking statements will not be achieved. Although PPC believes the expectations reflected in these statements are reasonable, no assurance can be given that these expectations will prove correct. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, outcomes could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment, other government action and business and operational risks.

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BASTION GRAPHICS