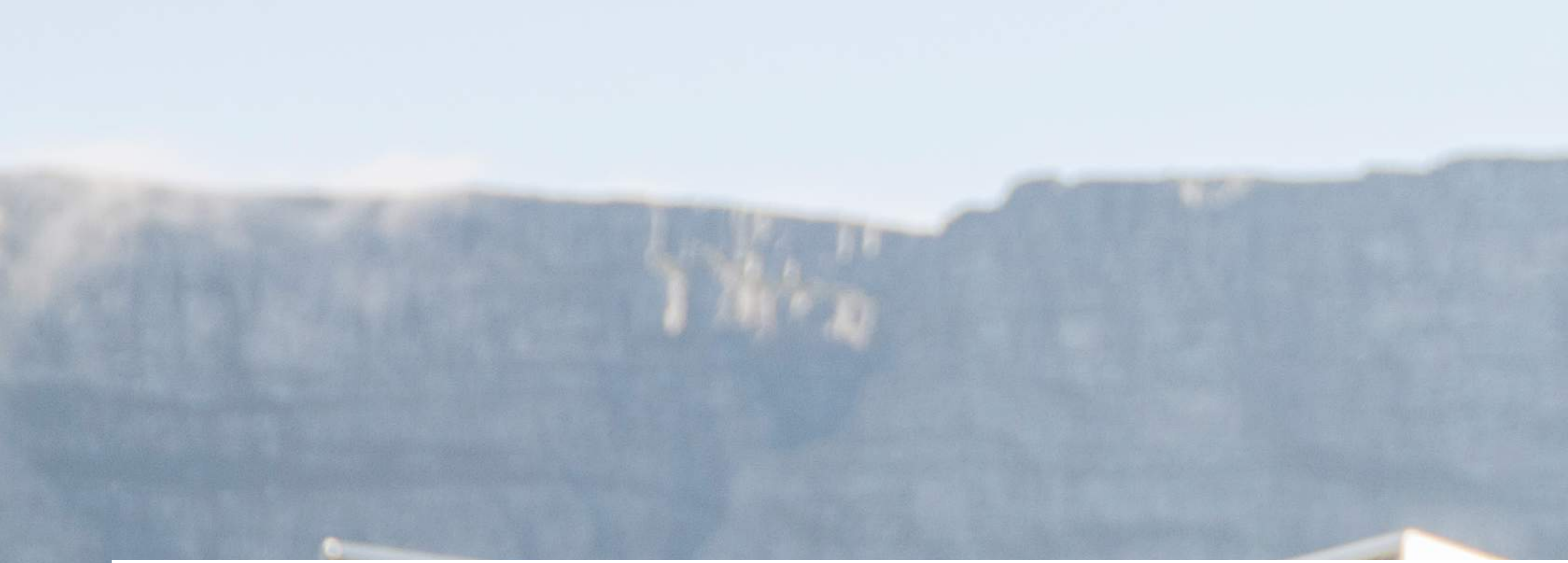
Integrated report 2014

BUILDING PPC



Overview of PPC

For well over a century, PPC has tracked the growth and development of South Africa and Zimbabwe, producing cement for many iconic landmarks, including the Union Buildings, Gariep Dam and Van Staden's River Bridge, Kariba Dam, the Gautrain, new Cape Town Stadium, Medupi power station and much of southern Africa's infrastructure.

With the acquisition of Safika Cement and Pronto Readymix (including Ulula Ash), PPC now supplies from nine cement manufacturing factories, four milling plants, five blending facilities and nine readymix batching plants. These are in South Africa, Botswana, Zimbabwe and Rwanda, producing around eight million tonnes of cement products each year and half a million tonnes of fly ash. PPC also produces aggregates, metallurgical-grade lime, burnt dolomite and limestone. Our Mooiplaas aggregates quarry in Gauteng has the largest aggregate production capacity in South Africa.

Our focus extends beyond our group to the broader industry. As a leader in this industry, PPC has actively invested in technology to reduce air emissions, minimise waste production, recycle and recover raw materials, enhance energy efficiency and conserve natural resources, while producing a reliable and affordable supply of building materials to support the economies of 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 Africa, we will deploy our sustainable business model – one built to last for all stakeholders.

The following frameworks have been applied in preparing this report:

Framework	
South African Code of Corporate Practice and Conduct as set out in the King III report	Framework issued by the International Integrated Reporting Council (IIRC)
Companies Act 71 of 2008	Global Reporting Initiative (GRI)
JSE Limited (JSE) listings requirements	International Financial Reporting Standards (IFRS)

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

Glossary on page 132

For details of our AGM please refer to our notice of AGM 2014.

www.ppc.co.za

CONTENTS

1 2014 at a glance

Performance highlights 2
Key milestones 3

2 Overview of PPC

Expansion timeline 6
Awards in 2014 7
Approach to sustainable business 8
Strategy 9
Stakeholder engagement 10
Material issues 12
Business model 14
A profile of our business 16
Leadership 18

3 Business performance review

Executive chairman's report 24
Operations review 28
Chief financial officer's report 38
Value-added statement 41
Seven-year financial review 42

4 Governance

Corporate governance review 46
Committee reports 58

5 Sustainability

People review 80
Social review 89
Environmental review 98
Mining charter scorecard 2014 103

6 Appendices

Limited assurance report on non-financial performance indicators 108
Independent auditors' report to the shareholders of PPC Ltd on the summarised consolidated financial statements 109
Summarised annual financial statements 110
Summarised consolidated statement of comprehensive income 111
Summarised consolidated statement of financial position 112
Summarised consolidated statement of cash flows 113
Summarised consolidated statement of changes in equity 114
Segmental information 116
Notes to the summarised consolidated financial statements 118
PPC shareholder analysis 131
Financial calendar 131
Glossary 132
Index to Global Reporting Initiative Indicators 133
Corporate information IBC

ABOUT THIS REPORT

Basis of preparation and presentation

This integrated report covers PPC's financial and non-financial performance between 1 October 2013 and 30 September 2014. It follows a similar report produced for the financial year to 30 September 2013 and has been primarily compiled for providers of capital, but will be of interest to all stakeholders.

This report should be read in conjunction 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 investor relations, tel +27 (11) 386 9339, fax +27 (11) 386 9058, email azola.lowan@ppc.co.za.

For further details on sustainability matters, please contact: Ms 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 appear on page 134.

Reporting approach

PPC produces an integrated report that clarifies the fundamental link between our financial and non-financial performance (environmental, social and governance), and contextualises our risks and opportunities and how these influence our business strategy.

We report on our performance against strategic objectives for a better understanding of year-on-year progress.

In preparing this report, we were guided by the framework of the International Integrated Reporting Committee on accepted best practice in annual reporting. In determining the content that would present a complete view, we followed the committee's guiding principles: strategic focus and future orientation; connectivity of information; stakeholder relationships; materiality, conciseness, reliability and completeness; and consistency and comparability.

This report was also compiled using the guidelines of the Global Reporting Initiative on sustainability disclosure (GRI G3.1). The self-declared GRI classification for our report is C+, which requires PPC to report on at least ten GRI indicators across economic, social and environmental performance.

Our annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), requirements of the South African Companies Act, regulations of the JSE Limited (JSE) and recommendations of King III.

Going beyond JSE requirements for listed companies and the recommendations of King III, we have included areas we believe will enhance understanding of our processes, achievements, challenges and progress for the year. Some of these may be material issues for PPC, as discussed below.

Scope and boundary

The scope of this report includes the most material 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 near future. For the reporting period, our key material issues (page 12) were:

- Weak demand and overcapacity in South Africa and Botswana
- Labour/social unrest in South Africa
- Imported cement into South Africa and Mozambique
- Potential failure of a major investment in the rest of Africa.

Where relevant, we detail material issues at project or business unit level.

Disclosure covers all PPC's manufacturing, milling and blending and batching facilities (cement, lime, readymix and ash), aggregate quarries and depots in South Africa, Botswana, Zimbabwe, Mozambique and Rwanda.

For a fuller understanding, we also discuss the risks, opportunities and outcomes beyond our control that affect our ability to create value.

Sustainability approach

Sustainable development is inherent to our business because it underpins the sustainability of PPC as a going concern. In determining materiality, therefore, we consider all financial and non-financial issues.

This report epitomises our approach and understanding that we are part of our communities and environments; that everything we do has an impact. Our aim is to ensure this impact is positive for all stakeholders.

PPC understands that managing a sustainable business requires the balanced integration of performance, corporate governance, and social, economic and environmental factors into the strategy and operation of the business. Equally, we understand that this is dynamic and requires ongoing review.

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, intellectual, human, natural, manufactured, social and relationship. 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 14 for details.

Assurance

As a listed company, PPC complies with all relevant procedures in preparing its financial statements. These were audited by Deloitte & Touche, whose unqualified report is on page 109. Certain sustainability indicators were assured by a separate, specialised team from Deloitte & Touche (page 108).

Board approval

The board accepts responsibility for the integrity of PPC's integrated report. 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.

Bheki Sibiya
Executive chairman

Tim Ross
Lead independent director

PERFORMANCE HIGHLIGHTS

FINANCIAL

Revenue
R9 billion
(2013: R8 billion)

4 projects under way in rest of Africa expansion strategy.
Target 40% of revenue by 2017

Headline earnings per share
179 cents
(2013: 179 cents)

Over **R4** billion
in project finance secured for expansion projects

PEOPLE

R100 million
value of shares vested in the hands of employees

Improved group safety performance
1 and 2 million lost-time injury-free hours for Bulawayo and Colleen Bawn, Zimbabwe

SOCIAL

91% of total procurement (R4,9 billion) spent with BBBEE suppliers

R10 million on corporate social investment initiatives

ENVIRONMENT

3 successful upgrades reduced dust emissions to below 2020 limits

2 amended waste licences received – Riebeeck and De Hoek – advancing our alternative energy initiatives

KEY MILESTONES

2014
PPC acquires 100% of Pronto
Begins construction of mill in Zimbabwe

2013
African expansion gathers momentum as PPC enters DRC
PPC Zimbabwe centenary
PPC acquires Safika Cement

2012
Name changes to PPC Ltd
Footprint expands into Ethiopia and Rwanda

2010
Company listed on the JSE for 100 years

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

2007
Unbundled from Barloworld

2001
PPC enters Zimbabwe by acquiring Portland Holdings
PPC enters aggregates market

1996
Botswana blending plant commissioned
Surebuild launched

1992
Company centenary – first 100 years of operating

1984
Dwaalboom completed but mothballed in economic recession until 1998

1977
PPC enters lime industry and becomes Barlow subsidiary

1960
Riebeeck factory commissioned

1937
Jupiter produces its first cement

1927
Port Elizabeth factory built

1921
De Hoek factory built

1916
Slurry produces first cement

1910
Listed on the JSE

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

1892
PPC established as De Eerste Cement Fabrieken Beperkt

BUILDING PPC IN

ZIMBABWE

New bulk and palletised cement dispatch

Key indicator table on page 32

Zimbabwe is still dealing with the impact of a decade-long recession that ended in 2008 and halved the size of its economy. This period was characterised by a substantial current account deficit, high levels of external debt and government's ability to deliver on promises ahead of the July 2013 elections.

The country has, however, made progress in the past five years which could fundamentally alter its political environment. Recent GDP growth has been supported by a sharp rise in government spending, donor support from Western countries and increased production and export of raw materials.

In terms of investment ratings, Zimbabwe now has a stable outlook and several initiatives under way could improve its sovereign rating in the medium to long term.

Harare is the capital and largest city of Zimbabwe. Administratively, Harare is an independent city equivalent to a province. The city is a trade centre for tobacco, maize, cotton and citrus fruits

Key rating features are summarised below:

Strengths

- Expanded government-sanctioned multi-currency regime
- Improved performance under International Monetary Fund programme focused on economic policy
- Continued growth in mineral and tobacco production and exports

Weaknesses

- No sovereign currency
- Volatile stock market – pending corporatisation may stabilise activity
- Foreign investment principles based on race/nationality: this policy is under review and currently being implemented only in the mining and agricultural sectors

Source: NKC Independent Economists, Monitoring African Sovereign Risk, August and September 2014.

EXPANSION TIMELINE

As the industry leader in southern Africa, with over 120 years of experience, PPC aims to become a leading emerging-market business (detailed in our strategy on page 9).

July 2012

Ethiopia

27% equity stake in Habesha Cement at a cost of US$12 million

February 2014

Algeria

PPC investigates entry into Algeria. **49% stake in Hodna Cement Company** considered

December 2012

Rwanda

51% equity stake in CIMERWA acquired. 600 000tpa plant under construction, to be commissioned in 2015

May 2014

Zimbabwe

Harare **700 000tpa** mill construction under way

July 2014

South Africa

Completing a transaction initiated in 2011, PPC acquired remaining 50% stake in Pronto Holdings, **a prominent Gauteng-based readymix and fly ash supplier with nine batching plants**

December 2013

South Africa

69% shareholding in Safika Cement business acquired. Safika is a blended cement producer of over 20 million bags per annum, with five blending facilities and one milling operation

May 2014

Democratic Republic of the Congo

Construction of **1mtpa plant** at a cost of US$280 million under way

PPC has a 69% shareholding

DRC factory to be commissioned by the end of 2016

November 2014

Ethiopia

Increased shareholding in Habesha Cement to 51% by acquiring IDC stake. Construction of 1,4mtpa plant under way

Project funding secured from the Development Bank of Ethiopia and PTA Bank

AWARDS IN 2014

EY Integrated Reporting awards

- Excellence award

Nkonki Top 100 integrated reporting awards

- In 2014, PPC led the industrials sector, received an excellence award, and was fifth overall

Gender Mainstreaming awards

Winner

- Mainstreaming gender and disability
- Economic empowerment
- Diversity and transformation

Runner up

- Equal representation and participation
- Investing in young women
- Women on boards

Standard Bank Top Women awards

- Top gender empowered company – manufacturing and engineering
- Finalist top businesswoman of the year – Busi Legodi, CEO of CIMERWA, PPC's project in Rwanda

SteinBuild Suppliers awards

- Merit award

PMR.africa Diamond Arrow

- PPC: first in category suppliers of cement and concrete/readymix suppliers in South Africa
- PPC Botswana: first in category suppliers of cement (for doing the most in its sector over the past 12 months to promote growth and economic development in Botswana)

Govan Mbeki awards (Department of Human Settlements)

- Second runner up: best sponsor of the year

National Business awards

Winner

- Diversity in the workplace category

Finalist

- National business of the year, innovation through technology and corporate citizenship

Kaap Agri awards

Winner

- Hardware and building material category

Black Business Quarterly awards

- PPC won the CSI Ubuntu award, reflecting its progress in socio-economic development initiatives, projects in education, community development, job creation and skills development

Stevie Awards for Women in Business

- PPC received a gold and two bronze awards in the categories women helping women in business, female executive of the year and maverick of the year respectively

APPROACH TO SUSTAINABLE BUSINESS

PPC understands that managing a sustainable business requires the balanced integration of performance, corporate governance, social, economic and environmental factors into the strategy and operation of our business. Equally, we understand that a range of stakeholders affect and are affected by our business – meaning that our approach must be both dynamic and regularly reviewed.

We engage regularly with all our stakeholder groups, understanding the importance of their input in developing our strategy and operating a truly sustainable business. Formal stakeholder forums at corporate and operational level are the primary vehicles for engagement, but we use other avenues as well.

To formulate our strategy and identify our material issues, PPC uses a wide range of criteria, processes and stakeholder engagements, summarised below:

Internal factors	External factors
Group's vision, mission, key values, policies, strategies, operational management systems, objectives and targets	Challenges and emerging issues for the cement sector, for example global industry consolidation
Expectations and concerns of stakeholders, including employees, customers, shareholders, governments, suppliers and communities	Relevant laws, regulations and changes to legislation that affect PPC and its stakeholders – Companies Act, skills development, employment equity, waste management, air quality and local by-laws
Underlying risks to PPC as defined by internal integrated risk methodologies	Changes involving sustainability issues, impacts, risks or opportunities (eg climate change, energy efficiency) identified through published global research and development
Product development and the manner in which PPC could potentially influence suppliers and customers in terms of sustainable development	Advice received through external experts in the business strategy, risk and sustainability fields

Guided by international best practices, these issues are distilled into an approach that considers how to maximise the benefits for all concerned, and in every region where we operate. We elaborate on this approach through:

- Our strategy – page 9
- Stakeholder engagement – page 10
- Material issues – page 12
- People – page 80
- Corporate social responsibility – page 94
- Environment – page 98.

STRATEGY

Our aim is to grow into a leading emerging-market business. While expanding into the rest of Africa, we must maintain the focus on our performance in our historical markets. Two key strategies therefore support our vision:

- Enhance our industry leadership in southern Africa
- Expand our operational footprint into other parts of Africa.

Enhance our industry leadership in southern Africa

Internally we refer to this as "keep the home fires burning". The key drivers of this strategy and our progress are shown below:

Key driver	Progress
Improve our sales, marketing, customer focus and overall value proposition	■ Value offering increased by introducing Safika's blended 32.5N cement – IDM BestBuild, Castle and the Spar Build-It house brands
Achieve global competitiveness by retaining our focus on operational and logistical efficiencies and good corporate governance	■ 2014 South African cement production cost per tonne up 8% ■ Governance structures further enhanced
Renew or upgrade equipment, especially relating to environment or efficiency	■ De Hoek kiln 5 upgrade of bag house filter has reduced dust emissions to below 10mg/Nm^3 ■ Slurry air-quality upgrades to finishing mill 1 and 2 completed to comply with environmental legislation to be introduced in 2020 ■ Successfully converted electrostatic precipitator to bag house filter for Lime kiln 6
Acquire businesses with a good strategic fit	■ Concluded acquisitions of Pronto Readymix and Safika Cement as part of our channel management strategy
Ensure cash flow returns that support sustainable investment in current and new markets	■ Cash conversion of 108% achieved

Expand our operational footprint into other parts of Africa

With our "rest of Africa" strategy, we are on track to achieve our initial target to grow revenue earned outside South Africa from 20% to over 40% by 2017. Stringent criteria govern our expansion strategy and these are regularly reviewed:

- Identify suitable markets
- Locate limestone (quality and quantity)
- Identify and secure local partner/government support
- Identify equipment supplier (EPC or engineer, procure and construct)
- Select project managers
- Secure appropriate funding
- Ensure skilled staffing is in place.

Key drivers and progress are shown below:

Key driver	Progress
Target countries with high potential for infrastructure development, low per capita cement consumption and current cement shortages	■ Increased our stake in Habesha Cement in Ethiopia to 51% and construction of a 1,4mtpa plant is under way ■ Construction of 600 000tpa plant in Rwanda is well advanced – hot commissioning expected by the first half of 2015 ■ Construction of 1mtpa plant in the Democratic Republic of the Congo under way ■ Construction of 700 000tpa mill in Harare under way

STAKEHOLDER ENGAGEMENT

Key drivers	Customers	Employees	Suppliers
Type of engagement	■ Customer satisfaction survey ■ Social media ■ Marketing and advertising activities ■ Interactions in stores and online ■ Roadshows ■ Site visits	■ Factory Invocoms and key leader meetings ■ Key leader summits ■ Intranet, newsletters, presentations and briefings ■ Employment equity committees ■ Annual function (year-end Diamond awards) ■ Management roadshows/ live internet broadcast ■ Internal staff surveys ■ Factory safety and environmental meetings	■ Vendor assessments ■ Performance reviews of service level agreements ■ Interviews ■ Tender process
Why do we engage?	■ Determine customer satisfaction ■ Obtain insight into new requirements/trends ■ Customer retention ■ Attract new customers	■ Employees are the foundation of our business and provide the performance and productivity required to sustain the business	■ Build relationships to ensure alignment with PPC business ■ Actively promoting partnerships with strategic suppliers ■ Innovation and continuous improvement
Issues raised	■ Reliable and value-for-money customer service ■ Safeguarding customer privacy ■ Internal focus on effective and cost-efficient structures and customer solutions delivery ■ Availability of products ■ Impact of products on employee and consumer health ■ Pricing issues ■ Easily accessible channels to market ■ Logistical issues	■ Quality of life for employees ■ Job security ■ Corporate social transformation ■ Behaviour and conduct of employees ■ Working environment ■ Housing ■ Career path and development	■ Growth in supply might be constrained over medium term ■ Cost pressures
Actions taken	■ Internal focus on effective and cost-efficient structures and developing customer solutions ■ Close relationships and delivering unique integrated customer solutions ■ Listening to customers' concerns ■ Transparent and fair pricing policy	■ Improve value of study assistance and bursaries ■ Implement more internships as a way to give back to the community ■ Leaders to demonstrate more compassion and care ■ Adherence to safety standards and rules must improve ■ Offer bursaries for children of employees ■ Team-building workshops ■ 22 houses facilitated for employees ■ Wage gap further reduced	■ Maintain regular engagements with strategic suppliers ■ Innovation ■ Knowledge sharing ■ PPC procurement portal

	Shareholders/investors	Government and regulators	Industry associations and academic institutions	Associated stakeholders
	■ Integrated report ■ Annual general meeting ■ Securities Exchange News Service (SENS) ■ Corporate website ■ Investor presentations ■ Investor roadshows ■ Annual and interim results	■ Environmental stakeholder forums ■ Annual environmental survey ■ Regular liaison with various government departments, at company level and through industry bodies	■ Participation in industry forums ■ Meetings ■ Working groups ■ Information-sharing and collaboration platform	*Communities and NGOs* ■ Stakeholder and community outreach forum *Unions* ■ Regular meetings as per respective recognition agreements ■ Key leader meetings with representatives at each operation *Media* ■ Social media ■ Website ■ Press releases ■ Media events ■ Branding campaigns
	■ Shareholders own the company and need regular information about its performance and business strategy	■ Ensure we stay abreast of changing legislation ■ Ensure compliance with regulatory requirements and licence-to-operate conditions	■ Identify relevant issues in the industry and present them to government ■ Align our strategy with future developments	*Communities and NGOs* ■ Understand their needs, identify pressing issues and how we can partner and support them *Unions* ■ Mostly on employment issues *Media* ■ Provide context to our business in a transparent and credible way that interests media and their audiences
	■ Company performance ■ Dividend policy ■ Share price performance ■ Business strategy (expansion) ■ Reputation and ethics ■ Competitor activity ■ Carbon footprint ■ Succession management ■ Corporate governance ■ Operational efficiency	■ Water, air, land, waste performance of PPC operations ■ Licence to operate ■ Mining rights ■ Water use licence amendment and applications ■ Carbon tax ■ Desired emission reduction outcomes	■ Skills shortage in the industry and academia ■ Funding issues ■ Lack of relevant research ■ Proposed carbon tax ■ Stack emissions and dust fallout ■ Lack of innovation and information sharing	*Communities and NGOs* ■ Sustainable funding for NGOs ■ Environmental concerns *Unions* ■ Water security, housing and availability of jobs ■ Salaries and conditions of employment ■ Cost-of-living salary adjustments *Media* ■ Job opportunities ■ Community development opportunities ■ Understand our business strategy and how it is being implemented ■ Information about our product portfolio and benefits
	■ Reallocation of resources to higher-returning businesses ■ Delivering return on investment and creating a long-term sustainable business ■ Rest of African opportunity expansion strategy ■ PPC's latest bond issue was almost twice oversubscribed, underscoring the market's confidence in our balance sheet management capabilities ■ Investor roadshows in SA, US and UK	■ Further engagement in amending our licences ■ Implement various requirements as per environmental authorisation and licence requirements ■ Implement our licence conditions and continually improve our operations ■ Paid taxes of R467 million	■ Training skills academy ■ Sponsorships to universities (Cape Town, Johannesburg, Stellenbosch) ■ Cement & Concrete Cube (C3), dynamic platform will facilitate interaction between cement and concrete users, designers, academics, industry experts and enthusiasts ■ Environmental inputs on projects and legislation in industry associations and other forums ■ Emission levels recorded in the integrated report	*Communities and NGOs* ■ Investing in NGOs for economic, social and environmental benefits ■ CSI initiatives ■ Community development opportunities ■ Upgrading borehole and water reticulation storage *Unions* ■ Job opportunities in areas where we operate ■ Align salaries with market *Media* ■ We act timeously and keep all relevant partners informed

MATERIAL ISSUES

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

	Material issues	Response strategy	Status
Markets	**Weak demand and overcapacity in South Africa and Botswana** New cement producer has entered the South African market despite existing overcapacity. Poor economic growth due to significant strike activity.	■ Increase revenue generated in other countries by expanding PPC's footprint into developing/emerging market economies ■ Rationalise SA production capacity to improve utilisation and efficiency across all PPC sites ■ Contain manufacturing costs ■ Increased focus on customer needs, marketing and product enhancement	■ Acquisition of 51% stake in Habesha Cement, Ethiopia ■ CIMERWA project in Rwanda to begin producing cement in 2015 ■ Construction of 700 000tpa mill in Zimbabwe under way ■ 1mtpa plant in the Democratic Republic of the Congo under construction ■ Older, less efficient equipment remains on care and maintenance, pending changes in market demand ■ Continued investment in infrastructure with upgrades successfully completed in a number of plants ■ Acquired Safika Cement and Pronto Holdings ■ Refer pages 9, 24, 28 and 33
	Imported cement into South Africa and Mozambique Cement imports have risen to around 12% of South African demand, despite fluctuations in the exchange rate. Imports into southern Mozambique have affected prices.	■ Ensure PPC is competitive on cost, quality and customer service ■ Lobbying industry bodies, government departments and customers to understand the threat of unstable supply, quality breaches and local manufacturing job losses	■ Continuous focus on efficiency, quality and customer service ■ Anti-dumping investigation under way in South Africa ■ We have relocated the Maputo office in favour of a depot in the Tete region in the north of Mozambique ■ Refer page 29
Strategic	**Potential failure of a major investment in the rest of Africa** Investments into the rest of Africa carry sovereign, operational and financial risks.	■ Thoroughly assess each investment opportunity by ensuring the appropriate resources are in place, including industry and country experts, to ensure compliance with PPC's risk appetite ■ Consult with relevant government authorities and ensure support from SA embassies ■ Promote equity participation by local partners ■ Use opportunities from development funding institutions as these projects have broad development implications and therefore fall within their mandates ■ Limit financial risk through most optimal equity:debt financing strategy with particular emphasis on ringfencing project-financed debt ■ Apply lessons learnt from deals concluded ■ Rigorous financial due-diligence process to limit forecast risk, impairment of assets and challenges in repatriating funds	■ Dedicated business development team in place ■ Continued good relationships with government authorities and SA embassies ■ Appropriate risk assessments per opportunity ■ Deal committee stress tests proposed acquisitions and gives feedback to the board to monitor against plan and guide against PPC's risk appetite ■ All current projects have equity participation by local partners ■ Funding secured from a number of prestigious development funding institutions ■ Deepened capacity in finance and business development teams with an emphasis on deal making and modelling abilities ■ Refer page 60

Where a material issue is addressed in this report or on our website, it is cross-referenced.

	Material issues	Response strategy	Status
Human capital	**Labour/social unrest in South Africa** Violent strike action and labour unrest, particularly in the platinum, construction and transportation industries.	■ Respond to the dynamic economic environment in an agile and efficient manner ■ Current business interruption plans in place ■ Increased emphasis on the PPC Kambuku people philosophy ■ Maintain PPC employees' freedom of association with labour unions and ensure relevant agreements are in place between the company and recognised unions	■ Senior managers have again elected to invest in employees in the lower bands by waiving or reducing salary increases. This has moved PPC's minimum wage from R6 500 to R7 800 per month; employees in the lowest bands receive R880 more per month in addition to their annual increase on 1 October 2014 ■ 22 employees have been supported with suitable housing ■ Refer page 26
	Lack of critical skills In all countries where PPC operates, there is competition for skills to operate a sustainable manufacturing business. This can affect business performance, and cause costs to spiral to keep remuneration and retention schemes market-related, especially with new entrants to the industry.	■ PPC continues to empower, motivate and develop employees ■ Fixed and performance-based remuneration and retention schemes are market-related ■ Develop existing employees at accredited PPC academies ■ Renewed emphasis on succession planning initiatives to minimise the impact of losing key management	■ 2014 employee turnover has increased in South Africa and Zimbabwe but declined in Botswana ■ PPC academies continue to develop team members in leadership, sales and marketing, vocational training and bridging programmes ■ Operational staff readiness in place for commissioning of 600 000tpa factory in Rwanda ■ Key staff members recruited for the project in the Democratic Republic of the Congo ■ Refer page 85
	Safety The number of lost-time injuries remains unacceptable	■ Safety remains our top priority. We strive to continually improve standards, develop a healthy work environment and safety-aware workforce	■ Group LTIFR decreased from 0,28 to 0,25 in 2014. Zero fatalities ■ PPC Alive rollout continues ■ Refer page 80
Political and regulatory	**Increasingly onerous policy and regulatory environment in South Africa** The complexity of legislation, and pace of change, is making manufacturing in SA uncompetitive.	■ Ensure an effective compliance function is in place ■ Improve relationships with government to better understand policy direction ■ Lobby industry and state bodies to ensure regulatory environment congruent with a competitive manufacturing industry ■ Continue to strengthen the company's corporate profile and reputation	■ PPC has a compliance function in place and group-wide compliance to legislation is monitored ■ Engaging with relevant industry and state bodies on developing an appropriate carbon tax strategy, waste-handling and air emission legislation ■ Carbon tax introduction now anticipated in 2016 ■ Significant progress in identifying alternative raw materials to coal, including waste tyres and carbonaceous spent pot liner ■ Innowind wind energy project at Grassridge quarry to be commissioned by March 2015 ■ Waste heat recovery project in feasibility stage ■ Refer pages 25 and 100
	State of infrastructure in countries that we operate in Rail, road, ports, water and electricity, telecoms, border post-capacity limitations and performance.	■ Service level agreements to ensure continuous engagement at all levels with service providers ■ Supply chain interventions where alternative solutions are considered ■ Identified country-specific alternative power supply solutions	■ Use of government-supplied diesel-fired generators in Rwanda until government electricity supply can be ensured ■ Continue to investigate alternative power solutions ■ Refer page 35

BUSINESS MODEL

Inputs

Financial capital
- Reinvested capital from existing operations
- Providers of capital
  - Equity funding: listed
  - Debt funding: bond market and project financing

Intellectual capital
- Group services
- Mineral rights
- Institutional memory
- Innovation hub

Human capital
- Employee competencies
- Kambuku revitalisation
- Health and safety

Natural capital
- Minerals (limestone, gypsum, iron and silica)
- Energy (oil and coal)
- Land
- Water
- Air

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

Social capital
- Communities
- Government institutions
- Trade unions
- NGOs

Business activities

Core activities

- **Exploration:** source and secure limestone deposits
- **Procurement:** other input materials, consumables and equipment
- **Mining:** extract limestone and deliver to factory
- **Manufacturing:** convert limestone into cement/lime through nine cement factories, a lime factory, four milling plants, five blending facilities, five aggregate quarries and nine readymix batching plants in four countries
- **Distribution:** facilitate transport of cement to customers in bulk and bag format
- **Sales:** execute customer orders
- **Marketing:** build brand value

EXPLORATION

PROCUREMENT

MINING

MANUFACTURING

DISTRIBUTION

Support activities

Group human resources → Stakeholder relations → Business development → Group finance and tax

SALES

MARKETING

Outputs

- **Cement** (R7,7 billion)
- **Aggregates** (R395 million)
- **Lime** (R817 million)
- Cash generated from operations (R2,6 billion)
- Emission of CO_2 (4 940 129 tonnes)

Outcomes

Financial capital

- Payments to suppliers (R5,5 billion)
- Tax to national, local and provincial governments (R391 million)
- Employee salaries and benefits (R1,2 billion)
- Providers of capital (R1,3 billion)
- Reinvested (R584 million)

Intellectual capital

- Technical customer support/C3 Cube Innovation
- Builders' app
- Media (television shows – Building Better Homes reality television)

Human capital

- Over 3 000 people employed
- Housing initiatives
- Wage gap closure
- Health and safety targets
- Skills development and empowerment

Natural capital

- Mining and overburden rehabilitation (95% complete)
- Consuming non-renewable fossil fuels for energy (20 584GJ)

Manufactured capital

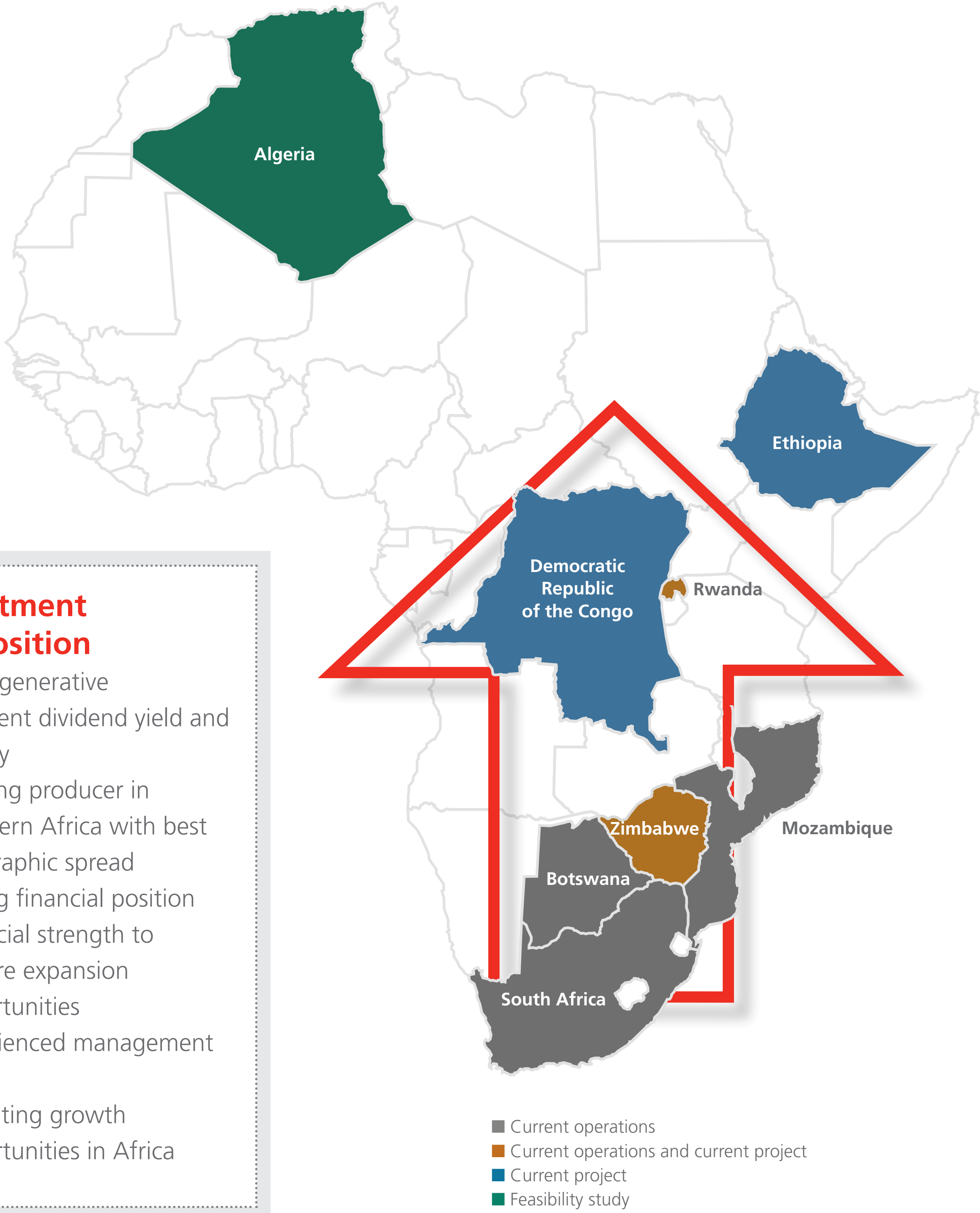
- Projects/plants (Rwanda, DRC, Ethiopia and Harare mill)
- Acquisition of Safika and Pronto Readymix

Social capital

- CSI projects
- BBBEE
- Enterprise development
- Most economical and practical building material for shelter, infrastructure, etc

Group governance → **Project management** → **Technical services**

A PROFILE OF OUR BUSINESS



Investment proposition

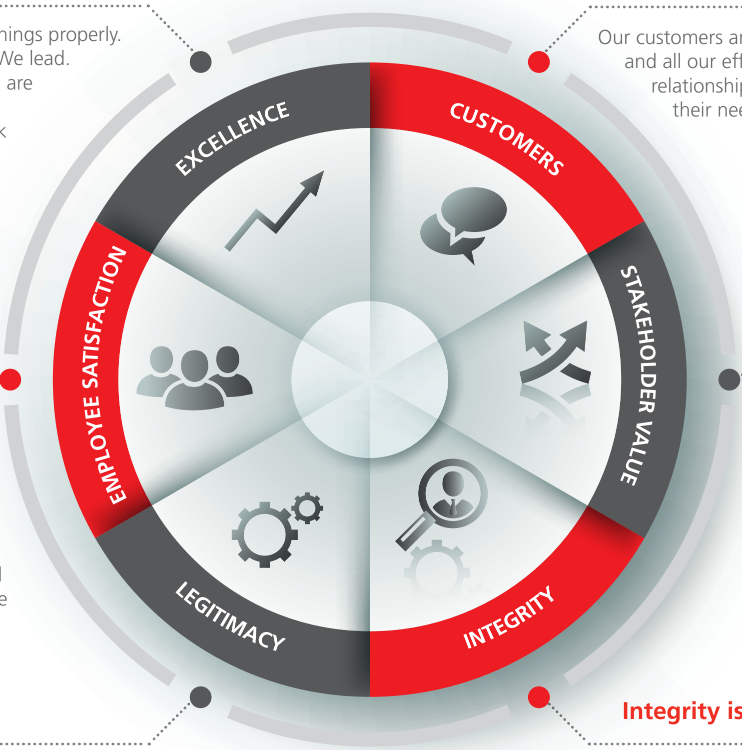
- Cash generative
- Excellent dividend yield and history
- Leading producer in southern Africa with best geographic spread
- Strong financial position
- Financial strength to explore expansion opportunities
- Experienced management team
- Exploiting growth opportunities in Africa

Vision

To grow PPC into a leading emerging-market business.

PPC operates in emerging markets, where 70% of the world's cement is produced and consumed. These markets are largely characterised by higher growth in populations, GDP and cement demand. Collectively, they offer new opportunities and deliver higher returns for producers of cement and related products.

PPC values



Excellence in all we do

We are professional and do things properly. We at PPC set the standard. 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.

Customer-focused

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

Great place to work

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.

Creating a better life for all stakeholders

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

Legitimacy

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.

Integrity is non-negotiable

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

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	Risk compliance	Governance	Remuneration
Founded in our corporate value that states integrity is non-negotiable, and supported by a code of conduct enforced across our operating territories.	Risk and compliance is monitored by a board committee.	Robust governance standards are monitored by a strong and experienced board of directors.	To ensure we create value for shareholders, including our own people, greater emphasis is now placed on reward for performance at senior levels, and the overall reward for semi-skilled employees is being increased.
Key developments	**Key developments**	**Key developments**	**Key developments**
Code of conduct reviewed in 2014, ethics training conducted in four countries.	Two special risk workshops were scheduled and concluded, leading to the review of PPC's high level risk registers culminating in an enhanced risk appetite and tolerance framework.	Governance, risk and compliance standards further enhanced.	Excellent progress in closing the gap between highest and lowest earners in PPC. Following voluntary pay and incentive freezes in 2013, this dropped from 1:48 to 1:40.

LEADERSHIP

Our board

1 Bheki Lindinkosi Sibiya (57)

Executive chairman

Board committees: deal

Appointed November 2008

MBA (University of Western Michigan, USA)

Bheki is chief executive of the Chamber of Mines. He has worked in a number of South African blue-chip companies including Ford Motor Company (human resources), SA Breweries (procurement, logistics and human resources), Tongaat Hulett Sugar (director: human resources) and Transnet (director: human resources). Bheki was a founding chief executive of Business Unity South Africa, the most authoritative voice of business in the country, and has served on a number of significant national policy-formulating structures, such as the anti-corruption forum, president's working group with business and Africa peer review mechanism council.

2 Mmakeaya Magoro Tryphosa Ramano (43)

Chief financial officer

Board committees: deal

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.

External appointments: Airports Company of South Africa, Land Bank of SA, Association of Black Securities and Investment Professionals (chair).

3 Darryll John Castle (46)

Independent non-executive director

Board committees: audit, deal

Appointed October 2014

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 chief executive officer 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. His first-hand knowledge of various countries in Africa and emerging markets as well as deep relationships built over the years are expected to add value to PPC.

4 Nomalizo Beryl Langa-Royds (52)

Independent non-executive director

Board committees: remuneration (chair), social and ethics (chair), nomination

Appointed October 2007

BA (Law), LLB (National University of Lesotho)

Ntombi has over 27 years' experience in the human resources environment, gained as director of human resources at Independent Newspapers Holdings Limited, SABC and the Bevcan division of Nampak Limited.

External appointments: African Bank Limited (ABIL), Mpact Limited, Murray & Roberts Holdings Limited.

5 Zibusiso Janice Kganyago (48)

Independent non-executive director

Board committees: audit, deal

Appointed October 2007

BCom (University of Natal), postgraduate diploma in property planning, development and management, management development programmes (Wharton School of Business and University of Nevada, Reno)

Zibusiso is executive director of development for Tsogo Sun Gaming. With 20 years' property experience, she has served as non-executive director of the Johannesburg Property Company and member of the Land Affairs Board.

External appointments: Tsogo Sun.

6 Timothy Dacre Aird Ross (70)

Lead independent director

Board committees: audit (chair), nominations (chair), risk and compliance, deal

Appointed July 2008

CA(SA)

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.

External appointments: Liberty Holdings, Eqstra Holdings, Adcorp Holdings, Mpact Limited.

7 Sydney Knox Mhlarhi (41)

Non-executive director

Board committees: remuneration, deal

Appointed March 2012

CA(SA)

Sydney is the board representative of the PPC consortium of strategic black partners. He is a founder and director of Tamela Holdings (Pty) Limited and has over 15 years' experience in investment banking. Sydney 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 was a member of the Securities Regulation Panel from 2004 to 2006.

External appointments: Assore Limited, FL Smith Roymec (Pty) Limited.

8 Mangalani Peter Malungani (56)

Non-executive director

Board committees: deal (chair), social and ethics

Appointed February 2009

BCom (Unisa), management programmes (Wits Business School, Wharton University, USA)

Peter is executive chairman and founder of the Peu Group. After an early accounting career with Philips (SA), he started his own business management consultancy in 1984 and investment group Peu in 1996. Peter has also held advisory positions in government and directorships in state-owned enterprises.

External appointments: Phumelela Gaming and Leisure (chairman), Investec Limited, Investec plc and director of certain Peu subsidiaries.

9 Bridgette Modise (47)

Independent non-executive director

Board committees: audit, risk and compliance (chair)

Appointed December 2010

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

Bridgette is the founder and CEO of Kutira Capital, an investment holding company. She was director at KPMG for 10 years until 2008, where she provided internal audit, risk management and corporate governance services for local and multinational clients in the public and private sectors.

External appointments: Sun International, Nestlife Assurance Limited (chair), Tellabs South Africa (Pty) Limited, Kanhym Estates (Pty) Limited, Sugarberry Trading (chair) and Finesse Global Ventures.

10 Joe Shibambo (66)

Independent non-executive director

Board committees: remuneration, nominations, social and ethics, risk and compliance

Appointed May 2005

Diplomas in business economics, business administration and engineering

Joe is managing director of Hlamalane Projects (Pty) Limited and has been in the construction industry for over 30 years. He has extensive knowledge and experience of construction management, project management, property development, rail construction and maintenance. Through his organisation, he also assists the youth to acquire basic skills and management principles for the construction industry. He was one of the first property developers and the first contractor to develop and build a shopping centre in Soweto.

External appointments: Construction Industry Development Board, South African Institute of Black Property Professionals.

11 Todd Moyo (57)

Independent non-executive director

Board committees: nomination

Appointed November 2013

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

Todd is chairman of PPC Zimbabwe Limited. He is a member of the Institute of Chartered Accountants in Zimbabwe and the South African Institute of Chartered Accountants. His experience in other disciplines includes sales, marketing and information technology, and he has attended a number of executive development programmes. In his personal capacity, he is a board member and trustee of institutions in the education and health sectors and has supported several universities' fund-raising activities. He also served on the local authority of Bulawayo's valuation board and development committees.

External appointments: Datlabs (Pvt) Limited (chairman and CEO), National Foods Holdings Limited (chairman), both based in Zimbabwe. He is also a director of other listed and unlisted companies.

LEADERSHIP

continued

Group executive committee

1 Bheki Sibiya (57)

See page 18.

2 Tryphosa Ramano (43)

See page 18.

3 Pieter Lasenius Booysen (52)

Executive: technical

BEng (mining) (University of Pretoria), MDP (GIBS)

Piet has served as group mining manager, general manager and mining manager since joining PPC in 1996. He started his career as a mining engineer with Anglo Coal, progressing to underground manager.

4 Jacobus Johannes Taljaard (56)

Executive head: business development (international) (joint)

BEng (mech) (University of Stellenbosch), GDE (minerals economy) (University of the Witwatersrand), MDP (Unisa School of Business Leadership), project management (Oxford University)

Koos is a professional engineer who worked in the mining industry for 23 years, holding operational and senior project positions in Anglo American. He moved to PPC in 2005 as executive: projects and is currently responsible for PPC's expansion programmes.

5 Azola Cubekile Lowan (34)

Executive: strategy and investor relations

MBusSci (UCT), CFA

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. Before joining PPC in 2012, she was a member of the financial analytics team at Absa.

6 Klaas Paulus Pieter Meijer (54)

Managing director, international operations

BEng (mech), BB&A (hons), MBA (University of Stellenbosch)

Pepe previously served as executive: group services, executive: cement operations and other senior and general management roles across the cement and lime divisions since joining PPC in 1988. Prior to that, he worked in the gold mining industry, with the last appointment being as section engineer, and in the fishing/processing/frozen-food industry as group projects manager.

Ketso Gordhan and Richard Tomes resigned from their executive positions on 22 September and 23 October 2014, respectively.

7 Happy-Girl Nonhlanhla Buthelezi (41)

Executive head: business development (international) (joint)

BCom (University of Natal), MBA (UCT Graduate School of Business), diploma in tax (ICIE), postgraduate in management accounting (University of Natal)

Happy-Girl was appointed to her current role at PPC in October 2013. Prior to that she was country manager of MTN Ethiopia, where she led the operational set-up and secured the operating licences. Before joining MTN, she ran her own engineering services business in Nigeria, with MTN as the key customer. She has 14 years' experience in conducting business in other African countries with Vodacom, Telkom SA, MTN and PwC, spanning mergers and acquisitions, licences/greenfield operations, privatisations, public-private partnerships, and project finance in ICT and other infrastructure industries.

8 Johannes Theodorus Claassen (55)

Managing director, PPC Cement RSA

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.

9 Jacobus Hendrik De La Rey Snyman (47)

Executive: governance and risk, PPC company secretary

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 an attorney but, after a short stint as lecturer at a university, was appointed group legal adviser by Absa. He was responsible for corporate governance in the Absa group prior to joining PPC.

10 Kgomotso Molefe (42)

Chief information officer

BSc Computer Science (hons)

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 deployments. At one of the major managed services companies in South Africa, he focused on service design and service delivery management before joining PPC. He is currently studying towards a master's degree in information technology.

11 Tirelo Sibisi (46)

Group human resources executive

BSocSci (hons) (North-West University), MBA (Henley Business School), advanced HR executive development programme (Michigan University)

Tirelo joined PPC in January 2014 after serving as managing executive: human resources operations for Telkom. She has extensive executive leadership experience in the broad field of human resource management and development and has built up knowledge and expertise in the ICT industry working for IBM (both the South Africa and Europe/Middle East/Africa operations) and Telkom SA.

12 Phuti Semenya (38)

Chief audit executive*

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

Phuti started as a trainee with a major audit firm, and 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*

BUILDING PPC IN
BOTSWANA

PPC's Gaborone sales depot

Key indicator table on page 33

Botswana's economic diversification drive aims to promote production and consumption of local goods and services to develop capacity for expansion into key export markets.

To address the Botswana economy's primary concerns – electricity and water – the 2015 fiscal budget has allocated funds to maintain existing energy infrastructure and erect new power lines. The government expects the rural electrification programme to almost double access to electricity to 80% of households by 2016. Medium to long-term goals include developing additional units for the Morupule B power station, which will provide an estimated 600MW. Local authorities are focused on developing water infrastructure (dams, water pipelines, etc).

In terms of investment ratings, Botswana is the best-rated country in Africa, reflecting strong economic fundamentals and good management of abundant natural resources.

The De Beers diamond sorting house in Gaborone, Botswana

Its key rating strengths and weaknesses include:

Strengths

- Well-developed mining sector and sound regulatory environment, complemented by a track record of political and macro-economic stability
- Very low levels of external debt, supported by a strong public-sector balance sheet
- High import cover levels
- At government level, Botswana is considered one of the least corrupt countries in Africa

Weaknesses

- Shortage of skilled labour and relatively high labour costs, complicating its diversification drive
- Significant development needs, placing pressure on budgetary expenditure.
  The HIV/AIDS pandemic also poses policy and financial challenges
- Electricity constraints are likely to affect economic growth

Source: NKC Independent Economists, Monitoring African Sovereign Risk, August and September 2014.

EXECUTIVE CHAIRMAN'S REPORT

Performance

The group delivered satisfactory results despite a challenging year. Revenue growth of 9% to R9 billion (2013: R8,3 billion) was offset by cost of sales rising at 13% and a 21% increase in administrative and other operating expenses. Revenue from countries outside South Africa has now reached 27% (2013: 24%) of total group revenues.

Cement volumes were under pressure in South Africa and Botswana, while sales volumes in Zimbabwe continued to improve. Sales volumes in South Africa were affected by poor economic growth, increased strike activity and above-average rainfall. In Botswana, the extremely competitive landscape resulted in single-digit declines in sales volumes. Zimbabwe enjoyed a fifth consecutive year of rising cement demand, albeit on a slower growth trajectory than prior years.

Lime revenue ended 2% higher than last year at R817 million after limestone sales increased by over 20%, while burnt product sales were 6% lower than the prior year. Aggregates revenue grew by 18% to R395 million (2013: R335 million).

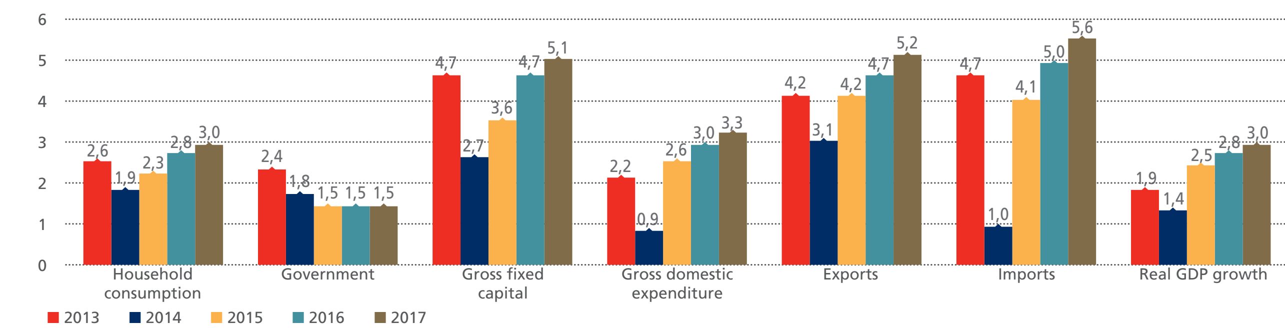
Pronto Readymix contributed R136 million to group revenue for the period 1 July to 30 September 2014. Safika contributed R353 million from December 2013 to 30 September 2014.

The board revised its dividend policy cover range of 1,2 to 1,5 times to 1,8 to 2,5 times to better support our ambitious expansion programme. A total dividend of 114 cents per share (2013: 156 cents), translating to dividend cover of 1,5 times, was declared.

Economic environment

In 2013, South African economic growth fell to 1,9% from an already low 2,5% in 2012. Economic growth in 2014 is proving even weaker, with recent forecasts from National Treasury pegging this at a low of 1,4%. This is well below what is typically considered as South Africa's sustainable growth rate of 3,6%. The graph below reflects that household consumption expenditure is expected to fall to 1,9% in 2014 while gross fixed capital formation is expected to grow at a paltry 2,7%. Household expenditure is a key driver for retail cement demand while investment in infrastructure drives sales in bulk cement. With both indicators under significant pressure, it is not surprising that cement sales volumes in South Africa have disappointed.

Macro-economic performance and objectives (2013 to 2017)



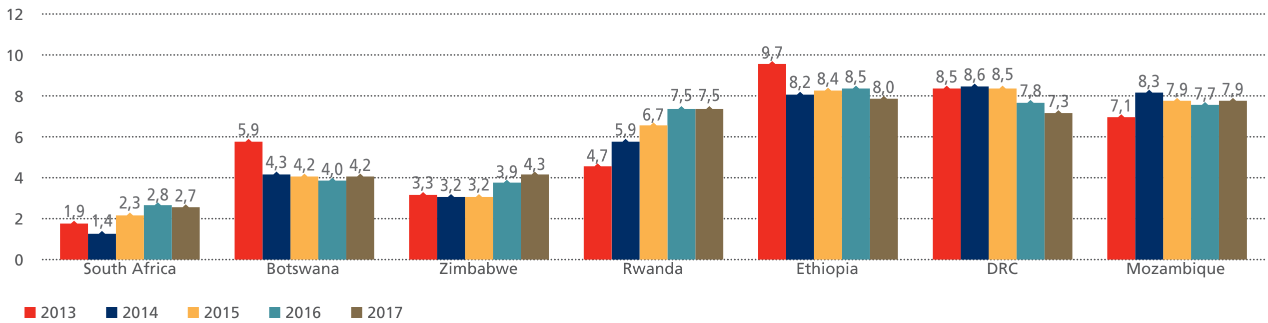
Source: South African Reserve Bank and National Treasury

The recent medium-term budget policy statement notes that faster economic growth is both a key objective of the national development plan and a necessary condition to raise the resources needed to fund South Africa's social and economic transformation. Specifically, the national development plan targets 5% annual gross domestic product growth as the minimum requirement to create employment, overcome poverty and reduce inequality. The plan seeks to achieve this through significant investment in South Africa's people and infrastructure over an extended period, notably:

- Sustaining high levels of public investment and increasing private investment
- Reducing consumption so that a greater share of investment can be financed from domestic savings
- Supporting rapid growth in exports, and maintaining a competitive real exchange rate to boost economic output and job creation[1].

In 2011, the board approved the strategy of expanding into the rest of Africa to diversify our footprint and capitalise on nations on a high economic growth trajectory. We are currently represented in seven African countries, all with appealing economic growth projections as shown below:

Economic growth projections
%



Source: International Monetary Fund

[1] Medium-term budget policy statement, October 2014, National Treasury

Strategic pillar: keep the home fires burning

In the review period, we concluded two major transactions in South Africa: acquired a majority stake in Safika Cement Holdings for R377 million and purchased the final 50% stake in Pronto Holdings (readymix) for R280 million. Both businesses have contributed to our results and various teams are working hard to extract the available synergies. We continue to explore opportunities for acquiring businesses with a good strategic fit to PPC.

The South African operations teams successfully concluded a number of upgrade projects during the year. We upgraded the bag house filter at De Hoek on kiln 5, leading to dust emissions falling to below 10mg/Nm^3. This upgrade will also deliver significant savings in water consumption. Similarly, at our lime operations, we replaced the electrostatic precipitator with a bag house filter on kiln 6, ensuring we meet the 2020 dust emission standards limits. At our Slurry operations, we also completed air-quality upgrades on finishing mill 1 and 2 to comply with the 2020 legislation. We are currently investigating decommissioning slurry kilns 5 and 6 by building a new kiln line (kiln 9); this would ensure a net increase in clinker production capacity, as well as compliance with the most stringent atmospheric emission limits.

Despite the National Treasury delaying the introduction of carbon taxes to 2016, we are actively seeking alternative raw materials to coal. As part of this process, we concluded an agreement with the Recycling and Development Initiative of South Africa (REDISA) to source waste tyres for use at our De Hoek operation in the Western Cape. Two other exciting projects are under way at our Dwaalboom factory: using carbonaceous spent pot liner, a waste stream from the aluminium smelting industry, to replace coal; and a feasibility study on installing a waste heat recovery system. The former could reduce our use of non-renewable fuel sources by a net 8 000tpa and lower PPC's net-specific carbon footprint, while the latter could generate 19,9MW of electricity – this project is carbon neutral as energy is recovered from waste heat that would otherwise be released into the atmosphere.

The 60MW Innowind wind energy project under way at our Grassridge quarry in the Eastern Cape is progressing well and will be commissioned by March 2015.

Safety is a core value in PPC and we continuously strive for excellent safety performance across our operations. Our abiding aim is to have everyone leave work at the end of the day in the same state as they arrived in the morning. The PPC group lost-time injury frequency rate (LTIFR) decreased from 0,28 in 2013 to 0,25 at 30 September 2014. PPC reported 19 lost-time injuries in 2014, compared to 18 in 2013. Our operations in the CIMERWA factory, CIMERWA project (Rwanda) and DRC project are now included in our safety reporting statistics.

Our Kambuku philosophy continues to underpin progress with our workforce initiatives. Continuing the drive initiated in the prior year, senior managers again elected to invest in our employees in the

EXECUTIVE CHAIRMAN'S REPORT

continued

lower bands by either foregoing or receiving reduced salary increases. This has moved PPC's minimum wage from R6 500 to R7 800 per month; with employees in the lowest bands receiving R880 per month in addition to their annual increase.

In addition, R100 million in shares from the BBBEE1 transaction in 2008 have now vested in the hands of employees.

I am also very pleased with the progress made in ensuring employees have suitable houses. To date, 22 employees have moved into a new home, upgraded an existing home or are awaiting title deeds before moving into a home. Over the next three to four years, some 300 employees will receive financial and technical assistance to exercise the option of owning their own home.

The PPC Women's Forum, established in 2011, focuses on attracting, nurturing and advancing female talent to lead PPC. Against the forum's 2016 objective of 30% female representation across all levels at PPC, female representation has increased to 22,3% in 2014. The forum's excellent work is reflected in PPC receiving a number of awards in 2014 (page 7).

Strategic pillar: rest of Africa

Our expansion strategy gained solid momentum in the review period, and we now have signed engineering, procurement and construction (EPC) contracts in place in four different countries. Under an EPC contract, risk is transferred to the contractor, who is obliged to deliver a complete facility at a guaranteed price by a stipulated date. In addition, the plant must perform to the specified level. Failure to comply with any of these requirements will usually involve monetary liabilities for the contractor. We retain ownership of the risk through our project office.

All four projects are fully funded, after we secured over R4 billion in project finance.

PPC, in partnership with the Barnet Group and IFC, is building a 1mtpa integrated cement plant for some US$280 million in the western DRC (page 36). We have started selling PPC-branded cement in the Kinshasa region and will follow up with sales in the Bas Congo region. Cement is currently imported from our Riebeeck operations in the Western Cape to the Matadi river port and transported by road to our warehouse in Kinshasa. This is enabling us to establish the PPC brand, and better understand country and market dynamics prior to launching full production and operations in 2016. Project finance of US$168 million has been secured.

Significant progress has been made with the 600 000tpa plant in Rwanda (page 35). Operational readiness for production is progressing well and the necessary supply contracts concluded. The workforce has largely been recruited and plans to establish a distribution centre in Kigali are advanced. Project finance of US$94 million was secured.

In Zimbabwe, construction is under way on a 700 000tpa cement mill in Harare for some US$85 million (page 32). Having a modern and efficient mill in the heart of the country will give PPC an added competitive advantage. Project finance of US$75 million was secured.

Construction of the 1,4mtpa facility in Ethiopia has just started at a project cost of about US$140 million (page 37). We are increasing our stake to 51%. The factory site is well located 35km north-west of the bustling Addis Ababa where significant construction activity is under way. This will benefit our project once commissioned in 2016. Project finance of US$85 million was secured.

Earlier in the year, we announced that we were investigating an opportunity to acquire a 49% shareholding in an Algerian company that will construct a plant of up to 2mtpa. Cement demand in Algeria is growing fast, outstripping supply by some four million tonnes per annum. Affordable gas prices and the ability to raise up to 80% project finance debt make this an attractive opportunity. The feasibility study is at an advanced stage and the board will make the final decision on this project in 2015.

Board

Several changes were made to the board and its committees during the year.

Mr Todd Moyo was appointed in November 2013 and is currently chairman of PPC Zimbabwe.

Mr Ketso Gordhan, chief executive officer and executive director of the PPC board, resigned in September 2014, and we thank him for his valuable contribution while in office. To ensure we continue to advance our strategy, I assumed the role of executive chairman until we appoint a new chief executive officer. During this period, Mr Tim Ross assumed the role of lead independent director.

Mr Darryll Castle was appointed to the board as an independent non-executive director in October 2014. He brings to the board a broad range of experience and skills spanning corporate management, fund management, financial analysis, mining and engineering.

Following a request from shareholders with 10% equity in PPC, a general meeting was scheduled for 8 December to consider the removal of the entire board of directors. However, the requisitioning shareholders withdrew their requisition and any board changes have been postponed to the annual general meeting on 25 January 2015.

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.

Governance

The board's five standing committees continue to play an important role in enhancing good corporate governance practices. Notable contributions by these committees are summarised below.

The risk committee has made great strides in ensuring we have a deeper understanding of various risks as we pursue our expansion strategy. A comprehensive risk report is now tabled and discussed regularly at committee meetings.

The remuneration committee has further enhanced our remuneration framework. In engaging with our shareholders, they highlighted a preference for an executive remuneration mix that gives greater weight to long-dated shares, as well as a measure based on return on capital. Both elements have now been included in our remuneration policy.

The ad hoc deal committee continues to play a pivotal role in assisting PPC to execute its strategy. Specifically, this committee considers strategic options and recommendations presented by management, providing guidance and support to ensure we deliver on our African expansion strategy.

Approach to sustainable development

We understand that a sustainable business requires the balanced integration of performance, corporate governance, social, economic and environmental factors into our strategy and the way we operate our business. We also understand that PPC never operates in isolation – everything we do affects someone or something around us. Accordingly, this report examines these impacts as part of a dynamic process, and how we are building relationships with our stakeholders to ensure our contribution is a positive, lasting one.

Prospects

Our African expansion strategy is progressing well with the board, management and staff fully committed and motivated about the prospects this strategy brings to our group. There is a new vibrancy in our organisation as PPC, a company that has existed for well over a century, enters new and dynamic territories.

Growth in the South African economy remains an important foundation for our expansion strategy. The poor economic growth trajectory is a challenge, especially when cement capacity is increasing markedly.

We remain confident about prospects for strong growth in the rest of Africa. We believe we are on track to meet our strategic objective of generating 40% of our revenues from the rest of the continent by 2017.

I thank my fellow board members, the executive committee members, as well as team PPC for their continued focus and energy during the year. Our customers, shareholders and other stakeholders remain critical pillars for the success of our business and we are most grateful for their invaluable support.

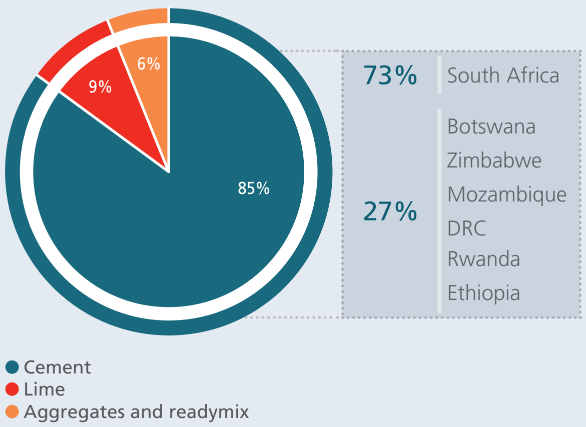
Bheki Sibiya
Executive chairman
17 November 2014

OPERATIONS REVIEW

PPC group

PPC's revenue from South Africa has risen by 4% to R7 billion while revenue from operations outside South Africa has risen by 24% to R2,4 billion. Our cement operations, particularly those in Zimbabwe, have made a significant contribution to this growth.

Revenue split 2014



	2014		2013	
	SA	Rest of Africa	SA	Rest of Africa
Revenue (Rm)	**6 607**	**2 432**	6 356	1 960
Employees	**2 202**	**815**	2 299	886

Cement

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

Group cement

	2014	%	2013
Revenue (Rm)	**7 710**	7	7 219
Normalised EBITDA* (Rm)	**2 137**	(8)	2 312
EBITDA margin* (%)	**27,7**		32,0
Operating profit* (Rm)	**1 595**	(14)	1 846
Operating margin* (%)	**20,7**		25,6
Assets (Rm)	**10 182**	26	8 101

** Excluding BBBEE IFRS 2 charges, Zimbabwe indigenisation costs and restructuring costs*

When looking at the cement divisions as a whole, revenues rose 7% to R7,7 billion. However, given rising costs, normalised operating profits have decreased by 14% to R1,6 billion and normalised EBITDA margin has contracted by 4,3% to end the financial year at 27,7%.

About South Africa	
Population (m)	**51**
Urbanisation (%)	**62**
GDP per capita (US$)	**6 621**
Cement consumption/capita (kg)	**230**
Real GDP growth (13 – 17E) (%)	**2,2**
Cement price per tonne (US$)	**110 – 150**
Current national cement production capacity (mtpa)	**17**

Source: International Monetary Fund

Review of 2014

Safety

Safety performance improved in our South African operations, with several recording no lost-time injuries for the year. The lost-time injury frequency rate (LTIFR) was 0,25 compared to 0,28 in 2013.

Demand

Cement industry sales volumes fell by 5,1% for the first six months of calendar 2014[1]. In line with industry performance, PPC's South African cement sales volumes for the financial year fell by 2%.

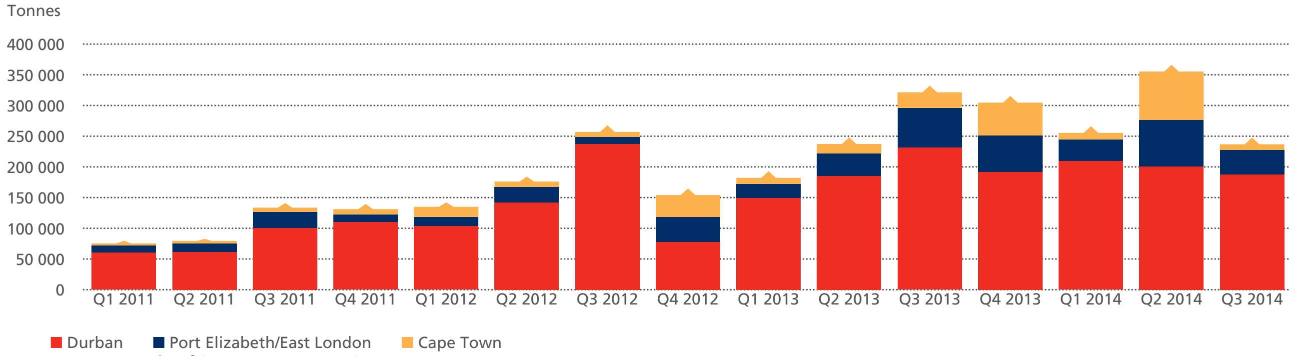
Large volume declines were recorded in the North West region, largely on the back of a strike on the platinum belt that lasted five months. This had a particularly detrimental effect on the Rustenburg region, with many local businesses closing and cement supply to mines in that region virtually drying up. Strike activity also affected sales in the Eastern Cape, Limpopo and Mpumalanga regions as remittances from the platinum belt ceased. The construction sector was also affected by strike activity in the steel sector in a number of provinces, including Gauteng. Another key issue weighing on cement demand was unusually high rainfall in March 2014 that led to flooding in many areas and halted work on construction sites.

Despite these challenges, cement sales volumes did increase in some areas, including the Limpopo and Eastern Cape provinces. In Limpopo, higher volumes were due to cement being supplied to private-sector infrastructure projects while, in the Eastern Cape, we supplied cement to high-profile projects like the Bay West Mall and Coega industrial development zone. We also benefited from supplying cement to all the wind-farm projects in the Eastern and Western Cape provinces.

Imported cement, which is not subject to import duties and is excluded from national statistics, accounted for an estimated 12% of national demand to June 2014. Most imports continue to originate from Pakistan and enter mainly through the port of Durban as shown below. Inland markets are protected by virtue of transport distances and associated logistics costs.

[1] Due to competition commission requirements issued in March 2012, all South African cement sales volumes statistics can only be disseminated as a national, quarterly figure delayed by three months.

Imported cement volumes by port of entry



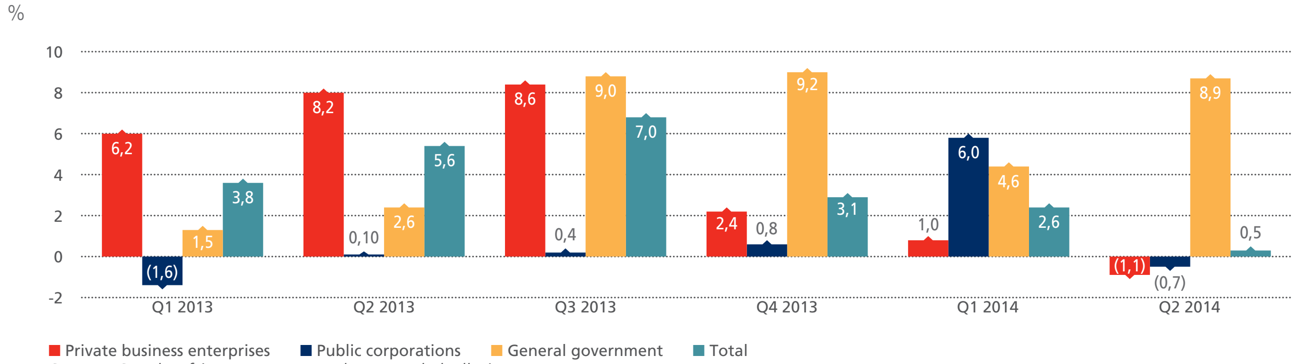
Source: South African Revenue Service

In August 2014, the International Trade Administration Commission issued a notice that it would investigate alleged dumping of portland cement imported from Pakistan to the Southern African Customs Union (SACU). The application was lodged by Afrisam, Lafarge Industries, NPC Cimpor and PPC Ltd after an independent report calculated a dumping margin of 48% for cement from Pakistan. On this basis, the commission found prima facie proof of dumping.

The finance minister's recent medium-term budget policy statement paints a bleak picture of economic growth in South Africa. The ministry downgraded its 2014 growth forecast to 1,4%, rising to 2,5% in 2015. In the context of a constrained economy, cement industry sales volumes are likely to remain subdued in 2014 and 2015.

It is disappointing that growth in real gross fixed capital formation continues to lose momentum, as shown below. The South African Reserve Bank's September 2014 quarterly bulletin notes that the decline of 1,1% by private business enterprises in the second quarter of the year can be ascribed to lower capital outlays in the mining, trade, construction, transport and personal services sectors. The bulletin also notes that substantially lower capital spending in the platinum group metals industry weighed on aggregate investment in the mining sector. In addition, outlays by public corporations have been unsatisfactory, with both Eskom and Transnet reducing their spending.

Real gross fixed capital formation



Source: South African Reserve Bank quarterly bulletin

OPERATIONS REVIEW

continued

Selling prices

Low economic growth, rising imports and unsatisfactory capacity utilisation levels in the local cement industry have constrained growth in selling prices. We have retained our strategy of producing higher-quality, premium products and our sales efforts are focused on educating customers on potential savings from using higher-quality cement. We achieved a 3% increase in selling prices for the year.

Customers

Retailers (including cement blenders) are the country's largest customer segment, drawing over 60% of all cement sold. Other customer segments include concrete product manufacturers, readymix concrete suppliers and construction companies. By introducing key account managers for our major retail clients, we have improved responsiveness to customer needs and our ability to ensure customised solutions.

Operations

For the review period, the cost of production rose by 8% on a rand per tonne basis. Savings in coal costs reflect improved procurement, falling prices and the benefits of our three mega plant strategy that focuses on using our most efficient kilns. Savings in coal and factory overheads were affected by stock movements, maintenance and refractories, as well as a marked increase in outbound logistics. In addition, the decline in sales volumes affected fixed-cost absorption.

We continue to invest in upgrading our operations to ensure we comply with environmental legislation and benefit from improved efficiencies. This year we continued to invest in upgrades at De Hoek and Slurry, with further work planned for the new financial year at our factory in Dwaalboom.

Outlook

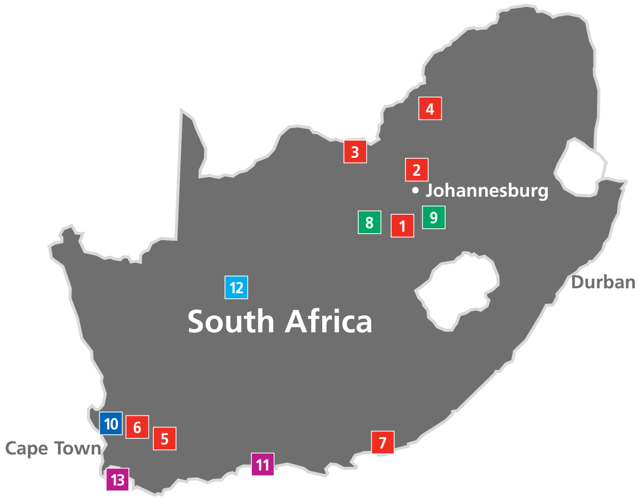
Economic growth is set to remain subdued in 2015 which will again constrain growth in the South Africa cement industry. We are encouraged by the promulgation of the Infrastructure Development Act 23 of 2014 which is intended to facilitate and coordinate public infrastructure development. The aim of this act is to ensure that infrastructure development is prioritised, promotes the development goals of the state through infrastructure development and improves the management of infrastructure during life-cycle phases. The Act establishes the structures of the Presidential Infrastructure Coordinating Commission (PICC) which is responsible for developing and maintaining the national infrastructure plan that sets priorities and secures alignment across state agencies on infrastructure. The successful execution of this act should provide a much-needed boost to cement demand in South Africa.

Cement product range

South Africa

PPC's product range includes the premier specialist brand OPC in the 52.5N strength category, the market-leading 42.5N Surebuild general-purpose cement, and the SureRoad brand for exclusive use in road construction.

With the recent acquisition of Safika Cement Holdings, blended 32.5N cement under three brands – IDM Best Build, Castle and the Spar Build-It house brand – has extended our product offering.



- Cement plant
- Milling depot
- Aggregate quarry
- Lime plant
- Sales depots

1 Jupiter
2 Hercules
3 Slurry
4 Dwaalboom
5 Riebeeck
6 De Hoek
7 Port Elizabeth
8 Laezonia quarry
9 Mooiplaas quarry
10 Saldanha
11 George
12 Lime Acres
13 Montague Gardens

Lime
Overview

PPC Lime has grown from small operations in 1907 producing lime for the burgeoning gold mining industry into one of the largest lime producers in the southern hemisphere. It is the leading supplier of metallurgical-grade lime, burnt dolomite and related products in southern Africa.

PPC Lime's products are used in key local industries such as steel and alloys, food manufacturing, gold, uranium and copper mining, as well as water purification. The greatest use of lime is in steel manufacturing as a flux to remove impurities. Lime used in the steel industry must meet exacting physical and chemical properties, which PPC Lime is able to manufacture.

Lime is also essential in producing non-ferrous metals. For example, lime is used to beneficiate copper ore, make alumina and magnesia for use in aluminium and magnesium manufacture, extract uranium, and recover gold and silver.

	2014	%	2013
Revenue (Rm)	**817**	2	798
EBITDA* (Rm)	**147**	(9)	162
EBITDA margin* (%)	**18,0**		20,4
Operating profit* (Rm)	**107**	(15)	126
Operating margin* (%)	**13,1**		15,8
Assets (Rm)	**502**	3	487

** Excluding BBBEE IFRS 2 charges and restructuring costs*

Review of 2014

Lime revenue ended 2% higher than last year after limestone sales volumes increased over 20%, while burnt product sales were 6% lower than the prior year. Full-year burnt product sales volumes were impacted by reduced export sales and major customers being affected by operational shutdowns and production interruptions as a result of industrial action.

Cost of sales rose by 11% from last year on a rand per tonne basis, affected by fuel, stock revaluations and movements and workforce costs. A once-off cost of R11 million reflects voluntary severance packages offered to 31 employees, while savings were realised on maintenance and coal expenditure.

The successful conversion of an electrostatic precipitator to a bag house filter for lime kiln 6 at a capital cost of R29 million means that all main production units at Lime Acres are now equipped with advanced off-gas cleaning equipment.

Outlook

The South African iron and steel market is expected to remain under pressure in 2015. Burnt product sales are forecast to increase slightly with a major customer returning to production in the final quarter of calendar 2014, and new supply agreements in the environmental applications sector concluded at the end of the review period. We will continue to focus on capitalising on growth opportunities, reducing fixed cost and optimising production operations in 2015.

Aggregates
Overview

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). Our Botswana quarries are covered on page 33.

	2014	%	2013
Revenue (Rm)	**395**	11	355
EBITDA (Rm)	**61**	33	46
EBITDA margin (%)	**15,4**		13,7
Operating profit (Rm)	**39**	63	24
Operating margin (%)	**9,9**		7,2
Assets (Rm)	**276**	(3)	283

Review of 2014

Sales volumes were 9% up on last year for both operations. This was mainly due to improved metallurgical dolomite sales to steel manufacturers, as well as concrete stone to the readymix concrete segment, driven by the Mall of Africa and Steyn City developments. Commercial and road construction projects also had a positive effect on sales volumes compared to last year. Pronto contributed R136 million for the last quarter of the period.

Above-inflation increases on diesel, power, explosives, labour and certain maintenance spares were partially offset by cost-saving initiatives and efficiency improvements. This resulted in cost of sales rising 7% compared to last year. Transport costs rose 6%, reflecting inflationary increases, as well as greater delivery volumes and distances travelled. Working capital was managed well by keeping stock levels of maintenance spares and process stock relatively flat.

Outlook

The outlook for 2015 is comparable with 2014 as major projects currently supplied will continue well into the new financial year. Replacement projects have been identified and are being pursued. Increased competition in the base coarse (road construction) market may affect both volume and pricing.

Lime product range

Unslaked lime, hydrated lime and limestone and burnt dolomite.

Aggregate product range

Concrete stone, road stone, crusher sand, river sand, building sand, plaster sand, Magalies silica, natural base, sub-base, fill material, dolomite and agricultural lime.

OPERATIONS REVIEW

continued

Zimbabwe

About Zimbabwe	
Population (m)	13,7
Urbanisation (%)	29
GDP per capita (US$)	1 006
Cement consumption/capita (kg)	76
Real GDP growth (13 – 17E) (%)	3,6
Cement price per tonne (US$)	150-180
Current national cement production capacity (mtpa)	1,5

Source: International Monetary Fund

Company and project overview

Portland Holdings Limited is a 70%-owned subsidiary of PPC. It has a clinker manufacturing operation at Colleen Bawn and a grinding and packaging plant in Bulawayo. The company is the leading cement manufacturer in Zimbabwe and celebrated its centenary in 2013.

PPC Zimbabwe plans to expand capacity through a clinker manufacturing facility in eastern Zimbabwe and grinding plants at Harare and Tete (Mozambique). Stage one involves constructing a 700 000tpa grinding and dispatch plant in Harare at an investment of US$85 million.

Review of 2014

Zimbabwe enjoyed a fifth consecutive year of rising cement demand, albeit on a slower growth trajectory than prior years. PPC Zimbabwe continued to realise sales volume increases ahead of local industry growth and good progress was made in growing exports to neighbouring countries.

We have completed extensive upgrades at our Bulawayo plant, which included installing and commissioning the country's first cement-bag palletiser and a new bulk-loading facility. The Colleen Bawn plant improved both reliability and rated output during the year, in part due to successful crusher and kiln upgrades.

We are proud of our Bulawayo and Colleen Bawn plants which achieved one and two million lost-time injury-free hours, respectively, in the past year.

Our expansion project began during the year after signing an engineer, procure and construct (EPC) contract with Sinoma in September 2014 and finalising funding with PTA Bank. Earthworks and construction of the railway line started in November 2014. Sinoma will begin site establishment at the start of 2015.

We expect to commission the expansion project towards mid-2016 and are closely managing key issues such as regulatory approvals and local skills shortages to achieve this.

During the year, the company embarked on an operational readiness initiative for the new Harare plant. This extensive staff training programme includes multiskilling a number of employees and exposing succession candidates and new recruits to the South African operations for coaching on the PPC Way.

Outlook

The slowdown in economic growth caused by ongoing liquidity problems and high external debt levels will continue into 2015 with an associated effect on cement sales. In response, PPC will continue its strategy to entrench its market-leader status in Zimbabwe while remaining focused on export markets.

We remain optimistic about strong growth in cement demand in the long term, driven by much-needed investment in infrastructure. Supporting our view, the United Nations Development Programme estimates the need for investment of some US$18 billion to rehabilitate and modernise infrastructure.

■ Cement plant	1 Colleen Bawn
■ Milling depot	2 Bulawayo
	3 Harare (under construction)

Cement product range

Zimbabwe

Surebuild, Unicem, a trusted 32.5N multipurpose cement, and PMC are distributed from the Bulawayo factory. OPC from South Africa is available on request.

Botswana

About Botswana	
Population (m)	2,1
Urbanisation (%)	62
GDP per capita (US$)	7 119
Cement consumption/capita (kg)	300
Real GDP growth (13 – 17E) (%)	4,5
Cement price per tonne (US$)	120-170
Current national cement production capacity (mtpa)	0,6

Source: International Monetary Fund

Company overview

PPC operates in Botswana through wholly owned subsidiaries PPC Botswana (Pty) Limited, Kgale Quarries (Pty) Limited and PPC Aggregate Quarries Botswana (Pty) Limited. Our cement presence in Botswana was established in 1994 in Gaborone, with a cement blending and packaging facility. Cement products can be supplied in either bulk or bags from this facility.

PPC's active aggregates operations include three quarries, two in Gaborone and one in Francistown.

Review of 2014

The Botswana economy remains dependent on revenue generated by the diamond mining industry, which has been boosted by De Beers' recent relocation of its De Beers Global Sight Holders Sales Company from London to Gaborone. Although the government revenues from diamond sales have improved, growth in the non-mining sector of the economy remains subdued. The government, through its national development plan, remains one of our key stakeholders. There has been increased tender activity on new infrastructure projects as emphasis moved from maintaining existing infrastructure to investing in new infrastructure.

Cement

The increase in cement capacity and competitiveness in South Africa has had an adverse impact on our volume supplied into Botswana, particularly in the retail segment, which has become even more price competitive.

Commendably, our Botswana operations completed a record 1 215 injury-free days worked by the end of September 2014, while the focus on operational efficiencies and cost competitiveness continues. Our strategies are well aligned with the government's initiatives and relevant ministries have endorsed PPC's contribution to developing the various sectors of industry that we are associated with.

Aggregates

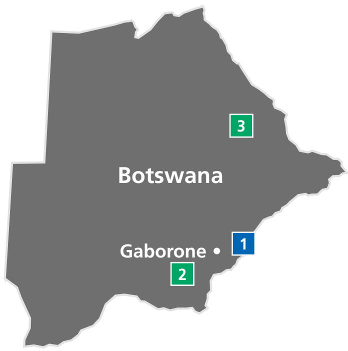
Our Botswana aggregates business continues to operate in tough trading conditions. The ongoing focus on our competitiveness is bearing fruit, with improved volume and profitability, and a 10% increase in sales. As part of our strategic realignment, all aggregates operations in Botswana will be consolidated into one legal entity. The Selebi Phikwe operation was closed and, to improve the overall performance of our Gaborone operations, the Mokolodi quarry will be placed under a temporary care and maintenance programme while optimising capacity at our Kgale quarry.

Outlook

We remain positive about the economy of Botswana, supported by increased tender activity for government infrastructure development which should improve construction activity nationally. The continuous supply of electricity and water, however, is an imperative in fully realising these objectives.

Our cement business is well placed to participate in this increased construction activity, although we anticipate continued strong price competition from South Africa.

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



- Milling depot
- Aggregate quarry

1 Gaborone
2 Kgale quarry
3 Francistown quarry

Cement product range

Botswana

The popular 32.5R Botcem product, manufactured at the Gaborone milling depot, is complemented by the OPC and Surebuild brands which are also available in Botswana.

OPERATIONS REVIEW

continued

Mozambique

About Mozambique	
Population (m)	24,7
Urbanisation (%)	31
GDP per capita (US$)	593
Cement consumption/capita (kg)	68
Real GDP growth (13 – 17E) (%)	8,0
Cement price per tonne (US$)	130-200
Current national cement production capacity (mtpa)	2,1

Source: International Monetary Fund

Company overview

PPC Mozambique SA is a wholly owned, locally registered business established in 2011.

Review of 2014

While overall demand for cement in the country continues to grow, the cement industry has become very competitive in all main coastal centres, the combined outcome of increased local capacity and cement imports. Despite slower than expected economic activity in the Tete region we have, through the presence of our local depot, recorded pleasing year-on-year growth in this market.

In line with our focus on the construction segment, we decided during the year to refocus our presence in Mozambique by relocating the Maputo office to Tete. This is to align our central regional presence with Zimbabwe. We will continue to supply cement into the southern Mozambique market directly from South Africa.

Outlook

There is general consensus around a favourable outlook for the country's continued economic growth. This does, however, hinge primarily on the speed at which the country allows beneficiation of its abundant natural resources and an improvement in transport capacity of coal from Tete.

Cement product range

Mozambique

PPC's 42.5N Surebuild is distributed as the Força brand and the 32.5N Obras product was introduced in 2012.

Rwanda

About Rwanda	
Population (m)	12,3
Urbanisation (%)	19
GDP per capita (US$)	704
Cement consumption/capita (kg)	52
Real GDP growth (13 – 17E) (%)	6,5
Cement price per tonne (US$)	250-300
Current national cement production capacity (ktpa)	120

Source: International Monetary Fund

Company and project overview

PPC acquired a 51% equity stake in CIMERWA Limited in January 2013 for US$69,4 million. CIMERWA is the only integrated cement producer in Rwanda, with current cement capacity of 100 000tpa. A new 600 000tpa integrated plant is under construction.

The plant is located in a strategic region in East Africa which currently lacks significant cement production capacity. Demand for cement in Rwanda is estimated at around 500 000tpa. Based on the positive economic outlook for Rwanda and the surrounding region, cement demand in CIMERWA's regional target markets is projected to increase to around two million tonnes over the next decade.

The new 600 000tpa plant incorporates the latest technology and is being supplied on a turnkey basis by China National Aero-Technology International Engineering Corporation Limited with mechanical and electrical equipment supplied and erected by Jiangsu Pengfei. CIMERWA's engineering and management representatives are Holtec of India. US$93,7 million in debt financing was secured to complete the project.

Review of 2014

We are pleased to report that we have made significant progress in improving the existing plant's performance, with sales exceeding the targeted 100 000 tonnes. While most of these sales were in Rwanda, export volumes continued to increase in line with our target market focus.

The introduction of PPC's people philosophy has continued, and a wide range of empowerment-focused corporate social responsibility initiatives have been launched. Operationally, CIMERWA's new enterprise resource planning system was successfully implemented in October 2014. The LTIFR was 0,2 for the existing factory and 0,22 for the project site for 2014, the first full year of inclusion in group safety data.

Significant progress was made on constructing the new plant, and operational readiness for commissioning and production has been a key focus area. Raw material supply contracts have either been secured or are in their final stage, and recruitment of the workforce for the new plant is well advanced. Eight Rwandese engineering graduates have been appointed in central roles and are currently receiving training at our Technical Skills Academy in Slurry near Mahikeng, as well as on-the-job skills and knowledge transfer from existing PPC operations.

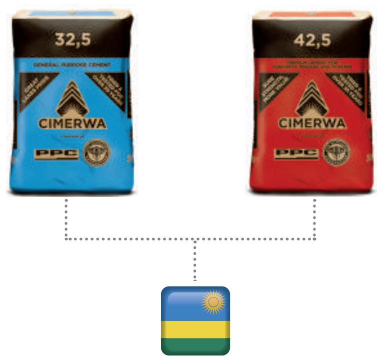
Availability and consistency of electricity supply in the area is a significant issue, but we are pleased to report that the Rwandan government has secured a solution that will be in place for the commissioning of the new plant.

Outlook

Our view of cement demand in the region remains positive. The new plant commissioning is scheduled for the first half of calendar 2015, with sales revenues to be generated from the second quarter.

■ Cement plant

1 CIMERWA Limited (existing and new plant under construction)



Cement product range

Rwanda

CIMERWA produces a 42.5N Portland Pozzolana cement and a 32.5N Portland composite cement.

OPERATIONS REVIEW

continued

Democratic Republic of the Congo (DRC)

About DRC	
Population (m)	**77,4**
Urbanisation (%)	**34**
GDP per capita (US$)	**388**
Cement consumption/capita (kg)	**26**
Real GDP growth (13 – 17E) (%)	**8,1**
Cement price per tonne (US$)	**270-400**
Current national cement production capacity (mtpa)	**1,0**

Source: International Monetary Fund

Company and project overview

PPC, in partnership with the Barnet Group and IFC, is building a 1mtpa integrated cement plant for around US$280 million. Project Barnet is near Kimpese in the Bas Congo province in western DRC, 230km south-west of the capital Kinshasa. Ercom is PPC's engineering and management representative while Sinoma is the EPC contractor.

The new plant will be 60% project debt funded with the International Finance Corporation (IFC) and PTA Bank as joint lead arrangers.

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

Review of 2014

All property and quarry exploitation rights have been transferred to the PPC Barnet DRC Company. The factory site was cleared and levelled, and construction has started. Concurrent design reviews in China are under way with the assistance of Ercom.

Key management has been appointed for country MD, plant operations, plant construction, and selling and marketing cement.

We have engaged with local stakeholders at all levels to ensure we build our brand and our relationships as a responsible corporate citizen. In particular, PPC has negotiated an agreement with local communities for ownership of the land on which the quarry concession and factory site are situated.

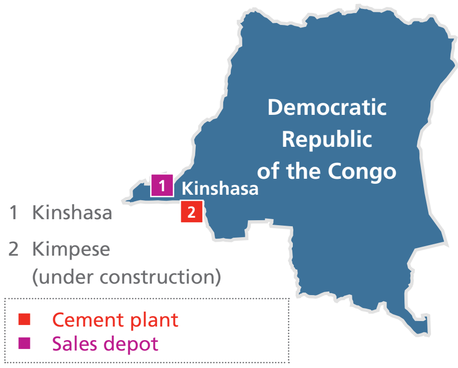
To establish the PPC brand, and better understand country and market dynamics prior to starting production and operations in the second half of 2016, we have started importing and trading own-manufactured PPC-branded cement into Kinshasa and Matadi.

Outlook

Strong GDP growth of almost 10% per annum in recent years has resulted in a significant increase in cement demand in 2014 and we expect this to continue in the medium term.

We are well placed both in plant location and planned commissioning date to capitalise on this growth in demand.

The main risks to the project revolve around local communities and the poor level of local infrastructure (roads, power and water). Local stakeholder engagement continues at all levels to manage and reduce identified risks. We also remain cognisant of the presidential election scheduled for 2016.



Ethiopia

About Ethiopia	
Population (m)	**94**
Urbanisation (%)	**17**
GDP per capita (US$)	**517**
Cement consumption/capita (kg)	**115**
Real GDP growth (13 – 17E) (%)	**8,7**
Cement price per tonne (US$)	**100-130**
Current national cement production capacity (mtpa)	**9**

Source: International Monetary Fund

Company and project overview

In 2012, PPC and South Africa's Industrial Development Corporation (IDC) jointly secured a 47% equity stake in Habesha Cement Share Company Limited (Habesha). PPC secured a 27% equity stake while the IDC secured a 20% equity stake.

Habesha had raised initial capital through the investments of over 16 000 local shareholders who held 53% of its equity. This fulfilled one of our key requirements, which is to partner with local shareholders when investing in a new country. In 2014, PPC increased its shareholding to 31% by acquiring locally owned shares and has recently increased this to 51% by acquiring the IDC's shareholding.

Habesha's initial project is to build a US$140 million cement plant with annual capacity of about 1,4 million tonnes. The project is being funded by a combination of equity and debt financing from the Development Bank of Ethiopia and PTA Bank.

The plant is 35km north-west of Addis Ababa and is being supplied and built by China's Northern Heavy Industries Group (NHI) which, apart from building over 100 cement plants in China, has supplied and erected a plant for Ethiopia's National Cement in Dire Dawa. TATA Consulting Engineers will be Habesha's engineering and management representatives for the project. Future development plans include an option to double capacity by adding an adjacent production line.

Review of 2014

After securing funding for the project, important progress was made during the year. Construction of the road to the limestone quarry is almost complete with the remainder to be completed after the rainy season. In addition, NHI started manufacturing plant equipment in China and pre-delivery equipment testing has begun.

Outlook

Construction activity in Ethiopia continues at a brisk pace and our outlook for cement demand in the country remains strong. This, combined with the competitive location of the Habesha plant, will ensure significant benefits from this project.

Commissioning of the plant is scheduled for 2016.

1 Habesha Cement (under construction)

■ Cement plant

CHIEF FINANCIAL OFFICER'S REPORT

Overview

Despite the lower level of profitability reported this financial year, we are proud of our strategic achievements in the period. Notably, we concluded two acquisitions at a combined transaction value of R657 million in South Africa and finalised funding for the DRC and Zimbabwean expansion projects. We also issued three corporate bonds totalling R1 750 million at competitive rates with all issuances oversubscribed. These achievements are expected to bode well for the long-term profitability and sustainability of the group.

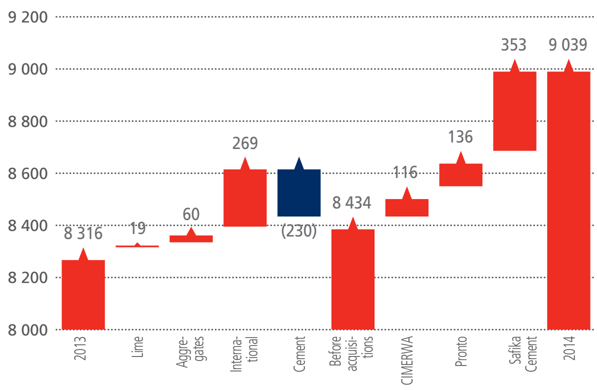
The lower level of economic growth in the regions in which we operate has curtailed cement volume growth, with declines recorded in both South Africa and Botswana, but somewhat supported by increased exports. Our lime business also recorded burnt product volume declines following a moderated offtake from the steel and alloys industries, while the aggregates division performed well with increased demand in its optimal operating environment.

Income statement

	2014	2013
Revenue (Rm)	**9 039**	8 316
Revenue earned from the rest of Africa (%)	**27**	24
EBITDA (Rm)	**2 358**	2 440
Headline earnings per share (cents)	**179**	179
Dividend cover (times)	**1,5**	1,4

Revenue was 9% higher than last year at R9 039 million (2013: R8 316 million). The favourable impact of businesses acquired during the year, of around R500 million, was unfortunately offset by lower revenue recorded by the South African cement business due to year-on-year volume declines and pricing pressures. Good revenue growth was recorded by our Zimbabwean operations, with revenue increasing as a result of improved export pricing and the benefit from a devaluing rand over the period. On a like-for-like basis, revenue would have been 3% above last year.

Revenue (Rm)



Revenue earned from the rest of Africa contributed 27% (2013: 24%) and showed growth on last year, even after taking the newly acquired South African business units into consideration. If the impact of Pronto and Safika Cement are excluded, the rest of Africa would have contributed 28% to overall revenue.

Cost of sales exceeded revenue growth to end the year 13% higher than last year at R6 266 million (2013: R5 546 million). South African cement delivered cost of sales on a rand per tonne basis, increased by 8% reflecting higher outbound logistical, electricity and timing of maintenance costs, partly offset by savings in coal and salaries. The lower volumes have limited our ability to fully absorb fixed costs, affecting gross margins. Cost of sales would have approximated R5 875 million on a like-for-like basis with 2013.

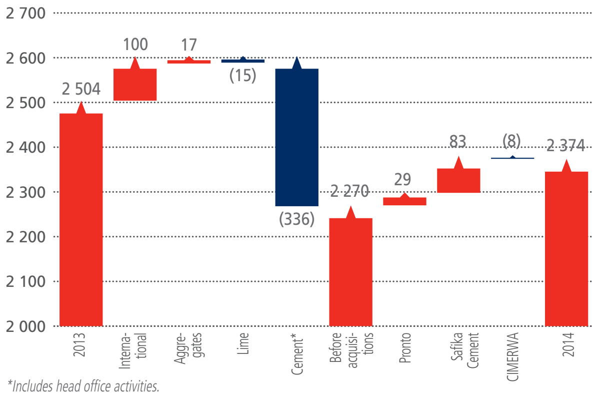
Administration and other operating expenditure increased by 21% to R1 030 million (2013: R853 million). New businesses, including amortisation charges of R30 million on fair value adjustments recognised on business combinations, accounted for most of the increase. Excluding the impact of acquired overheads, group overheads would have reflected modest growth of 6%. The unfavourable impact of currency devaluations on foreign

Tryphosa Ramano
Chief financial officer

currency denominated overheads was offset by a lower short-term incentive provision, and partial reversal of IFRS 2 charges on the performance element of the forfeitable share programme incentive awards vesting in February 2015.

The lower level of profitability in the South African cement business was not fully offset by the consolidation of Safika Cement and Pronto, albeit at lower margins, with EBITDA ending 3% below last year at R2 358 million (2013: R2 440 million). On a like-for-like basis, EBITDA would have been 8% lower than 2013. An EBITDA margin of 26,1% (2013: 29,3%) was achieved. The strategy of securing a channel to market is proving successful with R112 million added to EBITDA from the South African businesses acquired this year. EBITDA earned in foreign-denominated currencies was favourably impacted by currency movements in rand terms, calculated at 2% of last year's EBITDA.

EBITDA (Rm) (before empowerment and restructuring costs)



*Includes head office activities.

Finance costs of R505 million (2013: R404 million) were 25% above last year on increased net borrowing levels following drawdowns on facilities for plant expansions. Interest of R36 million (2013: R4 million) was capitalised to property, plant and equipment on the CIMERWA expansion, with time value of money adjustments on the environmental provisions and put option liabilities amounting to R47 million (2013: R21 million).

Impairments and other exceptional items charged to the income statement of R110 million follows an impairment of goodwill and plant and equipment of R94 million at our CIMERWA business and further impairment of R17 million relating to plant and equipment at the aggregates business in Botswana on the back of continued low-volume profitability in that country.

The total taxation charge for the year was R356 million (2013: R507 million), with an effective rate of taxation of 30,1% (2013: 35,8%), including an overprovision of current taxation of R70 million. The company has always adopted a prudent approach when providing for current taxation and provides for taxation concessions only once assessed by the respective tax authorities. The group's tax department has therefore been expanded to support the growing business and complexities in which we now operate.

Headline earnings per share of 179 cents were in line with 2013.

Statement of financial position

	2014	2013
Property, plant and equipment (Rm)	**7 223**	5 522
Goodwill and other intangible assets (Rm)	**949**	333
Total borrowings (Rm)	**6 091**	4 046
Net debt to EBITDA (%)	**2,4**	1,2

Investments of R2 182 million (2013: R970 million) in property, plant and equipment (PPE), together with acquisition-related capex of R225 million, increased PPE to R7 223 million (2013: R5 522 million). Most of the capital expenditure occurred outside South Africa, with R695 million and R445 million incurred on the Rwanda and DRC projects respectively. Zimbabwe continues to upgrade its operations, with R275 million disbursed, and the balance incurred in South Africa mainly on maintenance and environmental capex.

Capital commitments at year end were R3 896 million (2013: R1 088 million), mostly linked to the DRC and Zimbabwean expansion projects with R2 246 million and R1 572 million expected to be spent in the 2015 and 2016 financial years respectively. Project funding has been secured for new projects in the DRC and Zimbabwe of US$168 million and US$75 million respectively, with limited recourse to PPC Ltd's statement of financial position only until performance targets are achieved on the DRC project. In Zimbabwe and Rwanda, projects are fully supported by the respective business units in those countries.

For many years, the group's intangible assets were immaterial and comprised mainly computer-related software. After recent acquisitions, goodwill and other intangibles, such as brands and non-contractual customer relationships, have contributed to significant growth in this account. During the year, R227 million and R428 million was added to goodwill and other intangibles respectively following the Safika Cement and Pronto acquisitions.

Equity-accounted investments decreased by R187 million following the acquisition of the remaining shareholding in Pronto for R280 million and the business being reclassified as a wholly owned subsidiary. The group continues to increase its stake in Habesha Cement Share Company, Ethiopia to bring our shareholding to 32%. Other non-current assets increased as advance payments were made to suppliers of plant and equipment for the DRC project.

Net working capital, excluding put option liabilities and retentions, of R852 million (2013: R766 million) was impacted by payment of the derivative liability on interest rate swaps of R113 million and restructuring accruals of R64 million. Inventory has been well controlled and ended below 2013 levels, while trade receivables remain tightly managed with impairments to gross debtors at only 2%, in line with last year. We have experienced certain customers applying for business rescue and debtors' days increasing marginally, in line with tough trading conditions.

CHIEF FINANCIAL OFFICER'S REPORT

continued

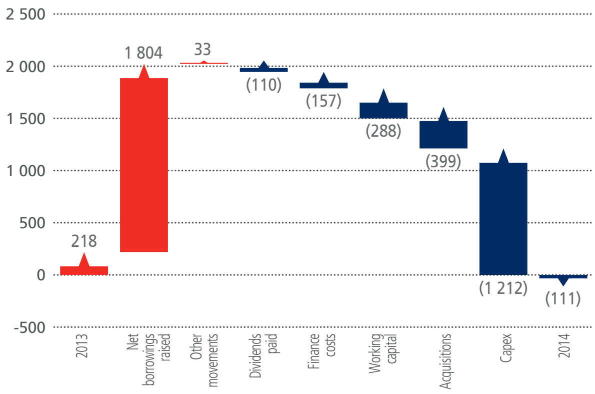
Following the significant growth in PPE, borrowings reflect a corresponding increase, ending the year at R6 091 million (2013: R4 046 million), with net debt to EBITDA of 2,4 (2013: 1,2) remaining below our internal levels of maximum 3,0 times cover. We continue to explore optimal ways of restructuring the funding on our first BBBEE transaction.

Cash flow

	2014	2013
Cash generated from operations before working capital movements (Rm)	**2 472**	2 486
Net working capital movement (Rm)	**111**	399
Cash conversion ratio	**1,1**	1,1

Cash generated from operations before working capital movements of R2 472 million (2013: R2 486 million) was marginally below last year. The group continues to focus on working capital management and again reduced net working capital year on year from a cash flow perspective, noting that 2013 had some anomalies, particularly interest rates swaps and restructuring accruals.

Net movements in cash and cash equivalents (Rm)



The group's cash conversion ratio, being cash generated from operations over EBITDA, declined marginally below 2013 levels after repaying the derivative liability on the interest rate swaps and restructuring accruals.

Dividends

A final dividend of 76 cents per share has been declared, bringing the full-year dividend to 114 cents per share (2013: 156 cents per share), with a divided cover of 1,5 times (2013: 1,4 times). This remained within our current dividend range of 1,2 to 1,5 times but, as indicated in last year's report, the company was reviewing its dividend cover. Given the company's expansion strategy, the board has resolved to increase the dividend cover range from 1,2 to 1,5 times to a new range of 1,8 to 2,5 times.

Focus areas

For the 2015 financial year, we remain cautious about the level of economic growth in South Africa, but look forward to positive contributions from CIMERWA after commissioning the new plant and the full-year financial contribution from Safika Cement and Pronto.

As previously communicated in the circular to approve our second BBBEE transaction, the group structure will be simplified to align to our expansion and "keeping the home fires burning" strategies. This restructure is expected to be finalised in the first half of 2015.

The integration of all new businesses, both greenfields and brownfields, will be a priority to maximise synergies and align governance processes to support the businesses and allow the flexibility of entrepreneurship. To support integrations and optimisations, renewed focus has been given to the use of information technologies in the group and we have a strong pipeline of projects to further enhance our business processes.

In concluding, I thank the group's finance teams for their continued support and dedication to PPC during the year.

MMT Ramano
Chief financial officer
17 November 2014

VALUE ADDED STATEMENT

for the year ended 30 September 2014

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	2014 Rm	2013 Rm
Revenue		**9 039**	8 316
Paid to suppliers for materials and services	1	**(5 463)**	(4 645)
Value added		**3 576**	3 671
BBBEE IFRS 2 charges		**(37)**	(48)
Zimbabwe indigenisation costs		**(1)**	(93)
Impairments and exceptional items		**(110)**	(1)
Income from investments^		**77**	42
Total wealth created		**3 505**	3 571
Wealth distribution:			
Salaries, wages and other benefits	2	**1 183**	1 215
Providers of capital		**1 347**	1 149
Finance costs		**467**	379
Dividends		**880**	770
Governments	3	**391**	458
Reinvested in the group to maintain and develop operations		**584**	749
Depreciation and amortisation		**615**	522
Retained profit/(loss)		**(31)**	161
Deferred taxation		**–**	66
		3 505	3 571
Value added ratios			
Number of employees (30 September)*		**3 377**	3 185
Revenue per employee (R000)		**2 677**	2 611
Wealth created per employee (R000)		**1 038**	1 121
NOTES			
1 Paid to suppliers for materials and services			
Barloworld Logistics is the only supplier of services exceeding 10% of total amount paid to suppliers			
2 Salaries, wages and other benefits			
Salaries, wages, overtime payments, commissions, bonuses and allowances@		**1 009**	1 059
Employer contributions~		**174**	156
		1 183	1 215
3 Governments			
Normal taxation		**336**	423
Securities transfer taxation		**–**	2
Capital gains taxation		**–**	1
Withholding taxation		**20**	15
Rates and taxes paid to local authorities		**10**	5
Customs duties, import surcharges and excise taxes		**18**	9
Skills development levy		**10**	9
Cash grants and subsidies received from the government		**(3)**	(6)
		391	458

^ *Includes interest received, dividend income and share of associate's retained profit.*
* *The 2014 number includes 360 employees relating to Pronto Holdings and Safika Cement.*
~ *In respect of pension funds, retirement annuities, provident funds, medical aid and insurance.*
@ *Includes restructuring costs of R16 million (2013: R64 million), and share incentive schemes charges of R5 million (2013: R26 million).*

SEVEN-YEAR FINANCIAL REVIEW

	2014	2013
Total assets (Rm)	**11 575**	8 876
Net working capital (Rm)	**454**	723
Total equity (Rm)	**2 418**	2 142
Total borrowings (Rm)	**6 091**	4 046
EBITDA interest cover (times)	**4,7**	6,2
Net debt to EBITDA (times)	**2,4**	1,2
Number of years to repay interest-bearing borrowings (years)	**3,6**	1,9
Revenue (Rm)	**9 039**	8 316
Normalised EBITDA^ (Rm)	**2 374**	2 504
Normalised EBITDA margin (%)^	**26,3**	30,1
Effective taxation rate (%)	**30,1**	35,8
Normalised EPS (cents per share)^	**175**	214
Normalised HEPS (cents per share)^	**175**	215
Dividends per share (cents per share)	**114**	156
Dividend cover (times)	**1,5**	1,4
Cash generated from operations (Rm)	**2 583**	2 885
Cash conversion ratio	**1,1**	1,1
Dividends paid (Rm)	**880**	770
Investment in property, plant and equipment and intangible assets (Rm)	**2 182**	970
Investments in subsidiaries and equity-accounted investments (Rm)	**665**	266
Weighted average number of ordinary shares in issue during the year (000)	**526 180**	522 678
Market capitalisation (Rm)	**17 895**	18 647

^ *Calculated before the impact of BBBEE IFRS 2 charges, Zimbabwe indigenisation costs and restructuring costs, impairments and taxation adjustments.*

2011	2011	2010	2009	2008
6 907	6 419	6 112	5 819	4 534
807	794	636	602	423
1 176	955	858	915	1 713
3 585	3 510	3 521	3 392	1 674
6,2	5,9	6,6	7,3	12,6
1,4	1,5	1,3	1,2	0,6
1,5	2,4	2,1	2,1	2,0
7 346	6 826	6 807	6 783	6 248
2 327	2 146	2 483	2 733	2 541
31,7	31,4	36,5	40,3	40,7
33,3	30,7	29,8	29,3	28,0
185	166	213	257	283
185	167	219	257	283
146	130	175	200	225
1,3	1,3	1,3	1,3	1,3
2 284	2 102	2 442	2 602	2 546
1,0	1,0	1,0	1,0	1,0
706	876	1 062	1 195	1 401
640	517	658	921	797
214	–	–	–	–
524 567	526 754	520 780	525 867	529 050
17 866	13 665	18 451	19 405	15 938

BUILDING PPC IN

DEMOCRATIC REPUBLIC OF THE CONGO

Kimpese construction site

Key indicator table on page 36

The DRC's very strong economic growth in 2013 reflected strong expansion in the mining industry, and is expected to continue in 2014, particularly if preliminary reports of a significant oil discovery prove accurate, which will also support the DRC's standing as an investment destination.

The agricultural sector dominates the DRC's economic landscape, contributing over 30% to GDP and employing more than 60% of the labour force. The industrial sector centres on mining and related construction. The mining sector has been the main driver of economic growth and should continue to stimulate growth over the medium to long term. Supporting infrastructure development has also promoted industry, with most foreign investment being directed at mining-related infrastructural projects.

Importantly for PPC, the DRC is still a fragile post-conflict country, with huge reconstruction needs. Infrastructure is generally severely damaged, exacerbated by lack of maintenance.

Skyline of Kinshasa, Democratic Republic of the Congo

In terms of investment ratings, the DRC has a stable outlook, with key rating indicators summarised as:

Strengths

- **Abundant natural resources**
- **Good prospects for economic growth and exports**
- **Strong foreign direct investment inflows expected over the medium term**

Weaknesses

- **Political risk (rated as upper moderate)**
- **Poor socio-economic indicators, including very low GDP/capita**
- **Challenging business environment**

Source: NKC Independent Economists, Monitoring African Sovereign Risk, August and September 2014.

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 I
Overview of governance in the PPC group

CHAIRMAN

Key objectives:

Board leadership and performance, custodian of the corporate governance processes.

More on page 47

THE PPC BOARD

Key objectives:

Strategic planning, setting objectives, appointing CEO, monitoring implementation of board plans and strategies.

More on page 48

AUDIT COMMITTEE

Key objectives:

Provide governance and compliance oversight over the financial results, performance of internal and external audit and the group's system of internal control.

More on page 53

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.

More on page 54

SOCIAL AND ETHICS COMMITTEE

Key objectives:

Monitor company activities on social and economic development, stakeholder relationships, good corporate citizenship, environment, labour and employment.

More on page 56

REMUNERATION COMMITTEE

Key objectives:

Establish a remuneration policy, monitor executive remuneration and ensure the mix of salary and incentives supports achieving PPC's targets.

More on page 55

NOMINATIONS COMMITTEE

Key objectives:

Ensure appropriate board composition, induction and training of directors and succession plans.

More on page 55

The chairman of our board is Bheki Sibiya who has been annually reappointed to that position since 2008. He was an independent non-executive director for most of the period under review. As 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, Bheki is assisted by a very capable team of directors. On 17 November 2014, 11 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 was the resignation of the former chief executive officer (CEO), Mr Ketso Gordhan, which has been widely reported in the media. Following this resignation, the board appointed Bheki Sibiya as the executive chairman of PPC until an appropriate candidate can be identified by the board. The board also appointed Mr Tim Ross as lead independent director. Mr Gordhan embarked on an extensive media campaign to be reinstated as CEO of the company as, according to him, "he is the right man for the job". He has also articulated his desire to reconstitute the board. The first request to convene a special meeting to replace the board was received on 8 October 2014, and the second on 23 October 2014. Following the second request, a shareholders meeting was scheduled for 8 December 2014. Following negotiations, the meeting was cancelled and shareholders were invited to nominate candidates for appointment to the board (refer to the notice of AGM scheduled for 26 January 2015).

The strategy of expanding into the rest of Africa, as orchestrated by the board, has been discussed with shareholders and widely publicised. The board is well aware of the operational challenges in executing this strategy, and of the demands it places on the company's governance structures.

Group guidelines have been developed by group secretariat on group governance structures, guidelines on managing legal entities, corporate lifecycle management, group corporate governance, group company secretarial standards, high-level discretions and levels of authority.

Key roles and responsibilities

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

The chairman

Bheki Sibiya

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

Vacant since the resignation of the former CEO on 22 September 2014

The role of the CEO is determined by the board and formalised in the board charter:

- 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, Jaco Snyman, 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 21.

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.

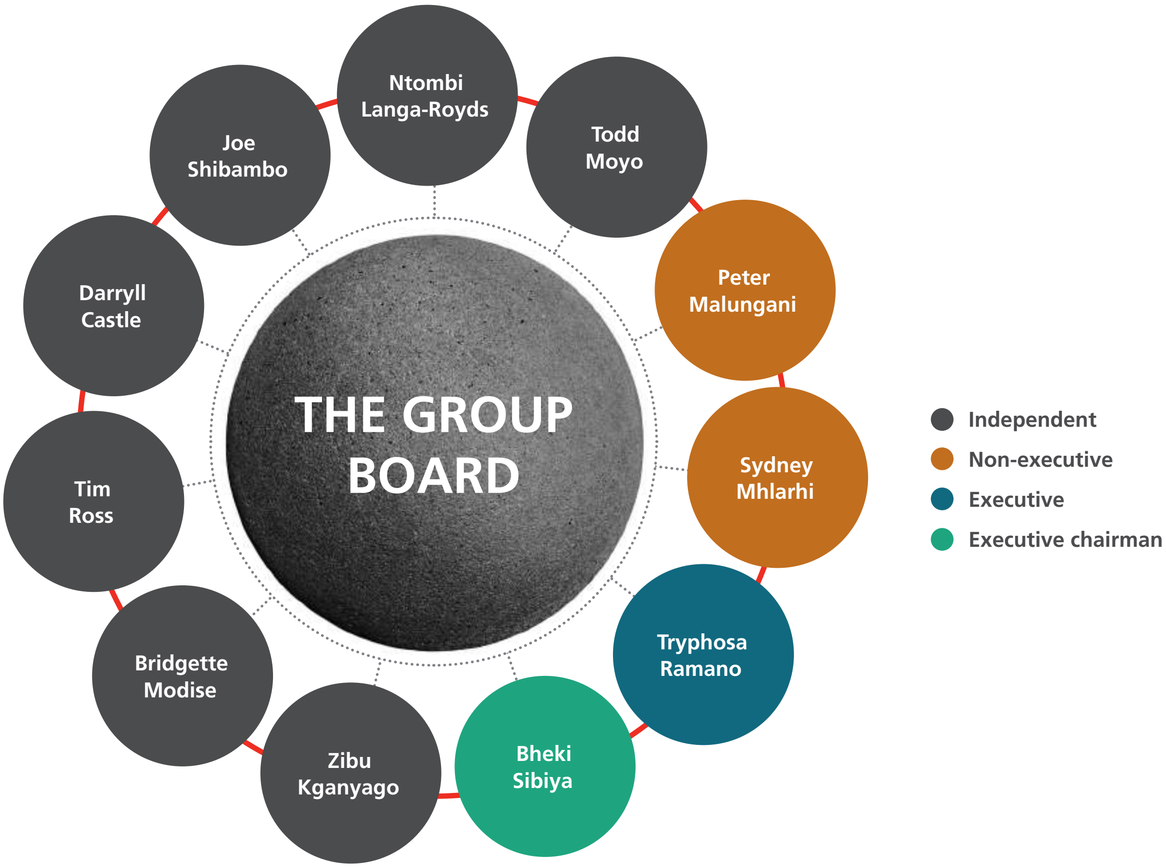
The company secretary is satisfied that he is able to effectively perform the role as gatekeeper of good governance in the company and to carry out his role and responsibilities as company secretary.

CORPORATE GOVERNANCE REVIEW

continued

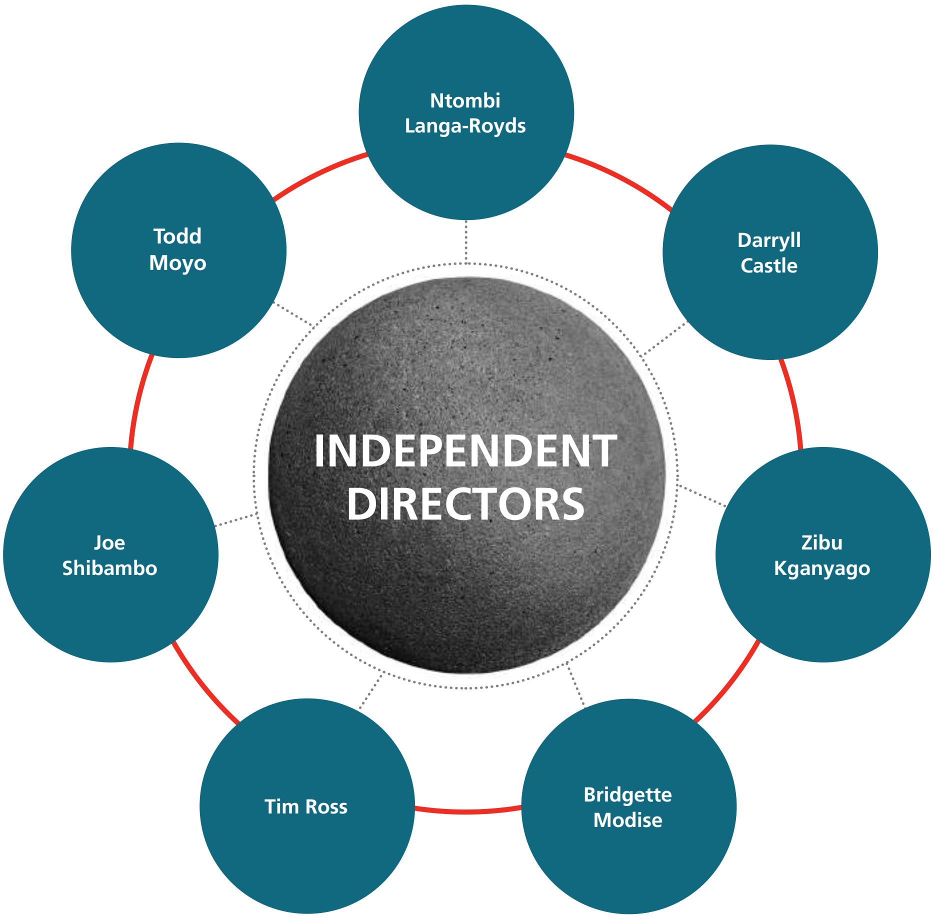
How the board operates

The members of our board are shown below:



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.

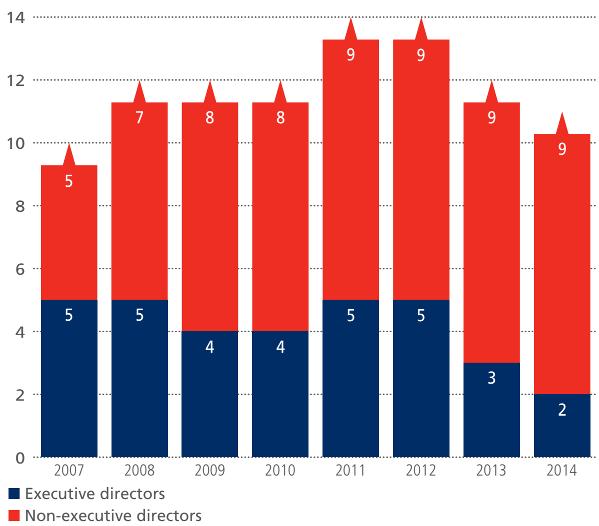
At year end, the board comprised an executive chairman, one executive and nine non-executive directors. At its meeting in October 2014, the nominations committee evaluated the independence of non-executive directors and concluded that the following directors are independent as defined in King III (the code) and the JSE listings requirements:



Mr Darryll Castle was appointed to the board on 17 October 2014 as an independent non-executive director, bringing the number of independent directors to seven.

The board has made notable progress in transformation and compliance with the 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 was changed by reducing the number of executives to two. As noted, the former CEO resigned during the year but Mr Sibiya was appointed executive chairman pending the appointment of a new CEO.

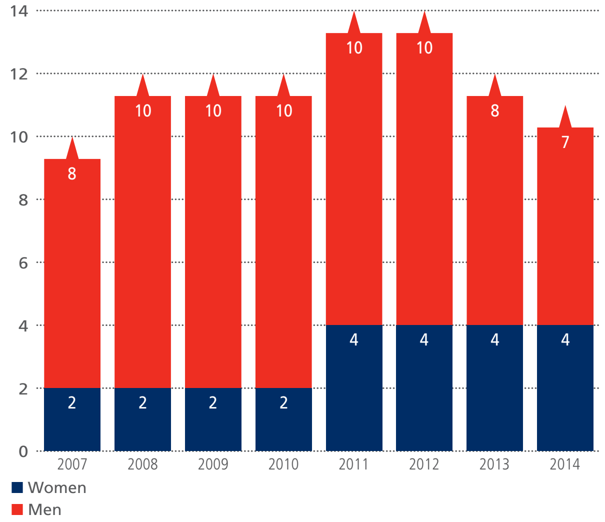


CORPORATE GOVERNANCE REVIEW

continued

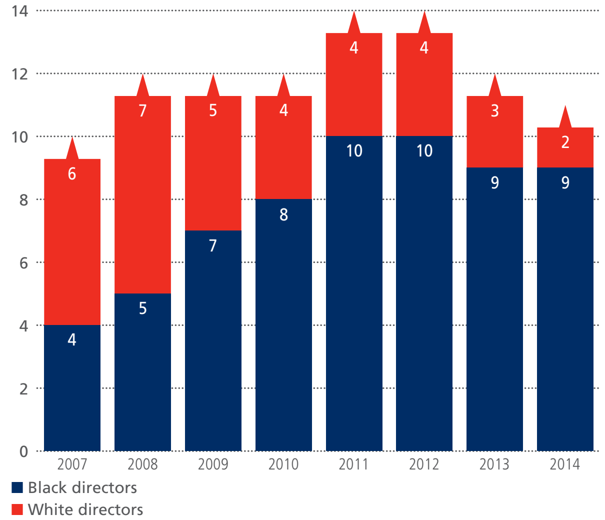
Gender balance

At PPC, 33% of board members are women, and the chairpersons of the risk, social and ethics and remuneration committees are female.



Racial balance

At 17 November 2014, 82% of directors were black as defined in BBBEE legislation. This transformation has been remarkable given that, in 2008, only 40% of members were black.



Age analysis

Age diversity is considered when the nominations committee evaluates the board composition.

	2014
Bheki Sibiya	57
Darryll Castle	46
Zibusiso Kganyago	48
Ntombi Langa-Royds	52
Peter Malungani	56
Sydney Mhlarhi	41
Bridgette Modise	47
Todd Moyo	57
Tryphosa Ramano	43
Tim Ross	70
Joe Shibambo	66
Average	53

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 4,54 years.

	2014
Bheki Sibiya	6
Darryll Castle	0
Zibusiso Kganyago	7
Ntombi Langa-Royds	7
Peter Malungani	5
Sydney Mhlarhi	2
Bridgette Modise	5
Todd Moyo	1
Tryphosa Ramano	3
Tim Ross	6
Joe Shibambo	9
Average	4,54

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 non-executive directors at scheduled meetings from 18 November 2013 to 17 November 2014:

Non-executive directors

Board members	Board strategy session	Board	AGM	Audit#	Social and ethics	Nomination	Re-muneration	Risk and compliance	Attendance
BL Sibiya	1/1	5/5	1/1			3/3			10/10
DJ Castle*		1/1		1/1					2/2
ZJ Kganyago	0/1	5/5	1/1	4/4					11/12
AJ Lamprecht†		2/2	1/1		1/1	1/1			5/5
NB Langa-Royds	1/1	4/5	1/1		3/3	3/3	4/4		16/17
MP Malungani	1/1	5/5	1/1		2/3				9/10
SK Mhlarhi	1/1	5/5	1/1				4/4		11/11
B Modise	0/1	5/5	1/1	4/4				3/3	14/15
T Moyo	1/1	5/5	1/1			1/3			8/10
TDA Ross	1/1	4/5	1/1	4/4				3/3	14/15
J Shibambo	1/1	5/5	1/1		3/3	3/3	4/4	2/3	19/20

**Darryll Castle only joined the board in October 2014.*
 # An additional meeting was scheduled in November 2014 to review the integrated report.
† Retired during the year.

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 IoDSA to conduct the annual evaluation. At the time of publication, results were not available.

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 at its meeting in July.

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.

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.

CORPORATE GOVERNANCE REVIEW

continued

How board committees operate

The board has five 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 and their chairpersons are:

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

The ad hoc deal committee, established by the board, has also been appointed to assist in executing the company's expansion strategy, with Peter Malungani as the chairperson. Although Peter is not an independent director, the board has appointed him based on his experience and skills and the fact that the committee would be convened on an ad hoc basis only.

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 is required to present an annual report on the activities of that committee at the board's meeting in November. Based on these reports and the minutes of the committees, their performance and conformance to terms of reference are annually evaluated by the board.

At its meeting in November 2014, 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
DJ Castle	BSc, BCom, MBA, CFA	Independent
ZJ Kganyago	BCom	Independent
B Modise	CA(SA)	Independent

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. Mr Castle was appointed to the committee in October 2014.

Tim Ross has chaired 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 58):
  - 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.

CORPORATE GOVERNANCE REVIEW

continued

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 November 2014. In this report he concluded that he is satisfied that the governance, risk management and internal controls are adequate to identify any breakdowns that would result in material loss to the group. He confirmed that nothing has come to his attention to cause him to believe that PPC's system of internal control is not generally effective to sufficiently mitigate key risks. He also concluded that he was not aware of anything that would cause him to believe that controls over financial processes do not provide a sound basis for preparing reliable financial statements.

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 year 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
- Appointing a chief information officer, responsible for managing IT
- Initiation of an information security management system to ensure the integrity, confidentiality and availability of information.

About the risk and compliance committee

The members of the committee are:

Name	Qualifications	Status
B Modise (chair)	CA(SA)	Independent
TDA Ross	CA(SA)	Independent
J Shibambo	Dip Bus Econ, Dip Bus Admin	Independent

Mr Gordhan, the former CEO and therefore an executive director, was appointed to the committee to align it with the best practice recommendations of the code during the year until his resignation on 22 September. 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. Ms Modise was appointed by the board as chairperson of the committee after Mr Shibambo decided to step down as chairman of the committee.

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, refer to page 60. The report on compliance appears on page 61.

The committee reported on its activities for the review period at the board meeting in November 2014. 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
TDA Ross (chair)	CA(SA)	Independent
NB Langa-Royds	BA (law), LLB	Independent
T Moyo	BAcc, CA(Z), CA(SA), RPA(Z), MCSZ	Independent
J Shibambo	Dip Bus Econ, Dip Bus Admin	Independent
BL Sibiya	MBA	Executive chairman

Mr Ross (lead independent director) was appointed chairman of the committee after Mr Sibiya was appointed executive chairman of PPC. 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 in November 2014. 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
NB Langa-Royds (chair)	BA (law), LLB	Independent
SK Mhlarhi	CA(SA)	Non-executive
J Shibambo	Dip Bus Econ, Dip Bus Admin	Independent

All members are non-executive directors. PwC, appointed by the company, acted as 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 62 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.

CORPORATE GOVERNANCE REVIEW

continued

About the social and ethics committee

The members of the social and ethics committee are:

Name	Qualifications	Status
NB Langa-Royds (chair)	BA (law), LLB	Independent
MP Malungani	BCom	Non-executive
J Shibambo	Dip Bus Econ, Dip Bus Admin	Independent

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
- 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 in November 2014. At this meeting, the board confirmed that the committee has complied with its terms of reference.

About the deal committee

Name	Qualifications	Status
MP Malungani (chair)	BCom	Non-executive
DJ Castle	BSc, BCom, MBA, CFA	Independent
ZJ Kganyago	BCom	Independent
SK Mhlarhi	CA(SA)	Non-executive
MMT Ramano	CA(SA)	Executive
TDA Ross	CA(SA)	Independent
BL Sibiya	MBA	Executive chairman

Mr Gordhan, the former CEO, was a member of the deal committee until his resignation in September 2014.

The committee is an ad hoc body and its terms of reference are to:

- Consider strategic options and recommendations presented by management on international expansion
- Provide guidance, support and explore options that will facilitate progress in periods between board meetings.

Committee meetings are scheduled when required by progress on transactions.

Part II
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.

Compliance with King III on corporate governance

In the year ended 30 September 2014 and to the date of this document, we complied with the practices and applied the principles of the King Report on Governance known as King III (the code) unless specifically indicated otherwise. The full review is available on the company's website.

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

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 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. Following the appointment of Mr Sibiya as executive chairman, Mr Ross, lead independent director, was appointed as chairman of the nominations committee in line with JSE guidelines.

Paragraph	Required practice	Compliance
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. Again we refer to the appointment of Mr Sibiya as executive chairman following the resignation of the CEO. This is a temporary role pending the appointment of a new CEO.
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 the King Code.	See above. In addition, Mr Ross was appointed lead independent director.
3.84(d)	All issuers must, in compliance with the King Code, 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, 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.	None of the current directors are standing for re-election. The CVs of nominees to the board appear 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 has been appointed as the 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 annually assesses the appropriateness of the expertise and experience of the CFO. Please refer to the report of the audit committee on page 59.
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 assess the competence qualifications and experience of the company secretary. Please refer to the corporate governance report on page 47.
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.

Compliance with non-mandatory principles

Paragraph 8.63(a) of the listings requirements deal with principles of the code that are not mandatory, and the King committee issued a practice note on reporting in terms of this paragraph in 2013.

The King committee recommends that this assessment be documented and reported in the form of a register. The register should cover all 75 King III principles and include detail on how each principle is applied. This register should be a living document and be continually updated.

The King committee, after consulting with the JSE, has recommended that JSE issuers publish their complete King III application register on their websites. The company's register is published on its website www.ppc.co.za.

COMMITTEE REPORTS

Audit committee report

Report to shareholders on the activities of the audit committee for the year ended 30 September 2014

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 updated during the year and approved by the board of directors, and has executed its duties in the past financial year in line with these terms of reference.

Composition

The committee consists of four independent non-executive directors:

Name	Qualifications	Period served
TDA Ross	CA(SA)	6 years
DJ Castle	BSc, BCom, MBA, CFA	0 years
ZJ Kganyago	BCom	6 years
B Modise	CA(SA)	3 years

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:

Director	April	May	October	November
TDA Ross	√	√	√	√
DJ Castle*				√
ZJ Kganyago	√	√	√	√
B Modise	√	√	√	√

**DJ Castle only joined the committee in October 2014.*

An additional meeting was held in November to review the integrated report.

Statutory duties

In executing its statutory duties in the 2014 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 annual financial statements, summarised annual financial statements, interim and preliminary announcements, accompanying reports to shareholders and other announcements on the company's 2014 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.

Internal audit

- Took responsibility for the performance assessment of Mr Semenya, chief audit executive
- 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 (which was updated during the year and approved by the committee) 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 it relates 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 2015, with Mr Nyembe nominated as the registered auditor
- 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 significant internal financial controls are effective.

Combined assurance

During the year, the board has approved the group combined assurance model which will be implemented in 2015.

Regulatory compliance

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

Integrated report

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

On behalf of the audit committee

Tim Ross (chairman)
17 November 2014

COMMITTEE REPORTS

continued

Risk report to shareholders

Governance of risk

In terms of its charter, the board is responsible for the governance of risk and determining levels of risk tolerance. To assist it, the board has appointed the risk and compliance committee. The role of the committee on risk is specified in its terms of reference.

The committee is assisted by the audit committee to some extent, with the audit committee being specifically responsible for:

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

For detail on the composition of the risk committee and its activities, refer to the corporate governance report on page 54.

To assist the directors in executing their duties on risk governance in the group, the company secretary scheduled special risk events in the review period:

- On 15 May 2014, the board attended a special workshop (facilitated by an external expert) to consider PPC's high-level risk register; new, unexpected and unusual risks faced by the group; and to review the risk appetite and tolerance
- On 15 May 2014, the board reviewed the risk appetite matrix
- On 21 August 2014, an expert provided directors with training on their responsibilities for the governance of risk.

The risk management policy, framework and plan were reviewed by the risk committee and the board at their respective meetings in October and November 2014.

The risk policy (detailed below) is published on the intranet to ensure it is available to every employee in the company.

The implementation of the risk management plan (detailed below) is evaluated by the risk committee, based on management reports submitted at its meetings throughout the year.

Risk management policy

The main objective of the policy is to ensure sustainable business growth and promote a proactive approach in evaluating, resolving and reporting risks associated with the business. To achieve this objective, the policy establishes a structured and disciplined approach to risk management through its 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.*

The policy was developed in the context of future growth objectives, current business profile and new business endeavours. It aims to ensure continuity of the business and protect the interests of investors. Any conflicts of interest involving these considerations will be dealt with by consensus decision. Therefore it covers all activities in the company and events outside the company which have a bearing on our business.

Risk management framework

The framework has been developed to give effect to the policy detailed above. The PPC group risk management framework is intended to:

- Define our terminology
- Define the governance structures
- Specify the procedures, processes and methodologies
- Ensure continuous monitoring
- Ensure effective communication and reporting
- Determine training needs for managing risk in the group.

The framework therefore provides guidance to the business on group risk management practices. The group risk management unit annually develops risk management plans for approval by the board. These plans formalise and ensure continuous improvement of risk management in PPC.

In developing the framework, ISO 31000 and King III standards for risk management have been taken into account.

Risk management plans

The plans were developed to align risk governance in our group with the principles of risk governance in the King Report on Governance for South Africa 2009. Documented annual risk management plans are prepared for major group companies to:

- Confirm that the business is operating within the approved risk appetite
- Ensure a risk management culture is created and maintained in the group
- Ensure a consistent risk management process is followed throughout the group
- Ensure integrated assurance is provided for key risks and critical activities.

Levels of risk tolerance

The board and management monitor risks taken and ensure these are within the tolerance and appetite levels as defined in the risk appetite matrix and approved by the board.

Effectiveness of risk management

The risk committee reported as follows to the board at the end of the financial year:

Acting in accordance with its terms of reference, the PPC risk management and compliance committee has concluded its programme and agenda relative to the affairs of the company for the financial year 2014. It was satisfied with the effectiveness of the system and process of risk management, especially the work done by management in 2014 to improve the system.

The board, after considering a detailed report on the work done by the committee in 2014 concluded that the committee has executed its responsibilities as specified in its terms of reference. The board also approved the revised risk policy, risk management framework and the risk management plan for 2015.

Compliance report to shareholders

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 (refer to the corporate governance report for more detail on the committee's mandate).

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 compliance framework has been established by management (closely related to the ethics and risk management functions) to manage compliance risk in the PPC group. In executing this responsibility, it relies on the assistance of management teams from all subsidiaries and business units and designated unit compliance officers.

The compliance function is subject to review by group internal audit.

PPC's universe of legislation

South Africa

With the assistance of the legal department, legislation applicable to PPC or a specific business unit was identified. The register also indicates:

- 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.

To review our regulatory universe for updates, amendments and repeals to South African legislation, we appointed a reputable firm of attorneys. Similarly, an external firm has been appointed to update our regulatory universe in Botswana. Our team in Zimbabwe has appointed a retired magistrate who has previously assisted with updating the regulatory universe. Any regulatory changes are communicated to business units for implementing and monitoring in these countries.

Rest of Africa

The roll-out of a centrally managed compliance framework has been initiated in the operations in Zimbabwe, Botswana, Rwanda as well as the expansion projects. This process is backed by training from the group and centred around formalising processes.

Legislation watchlist

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

- 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.
- Integrated reporting: the King committee has issued a practice note to clarify the different purposes of King III and the International Integrated Reporting Framework (issued in December 2013 by the International Integrated Reporting Council or IIRC), and to provide guidance on reconciling these documents. The IIRC is the global authority on integrated reporting and its mission is to enable integrated reporting to be embedded into mainstream business practice in the public and private sectors.
- 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.

Notable changes

The Broad-Based Black Economic Empowerment Amendment Act 46 of 2013 has been proclaimed, effective 24 October 2014. Among others, the amendment act:

- Aligns the BBBEE Act with other legislation impacting on BBBEE and the Codes of Good Practice
- Establishes the BBBEE commission to provide an institutional environment for monitoring and evaluating BBBEE
- Deals with non-compliance and circumvention by, among others, introducing offences and penalties. Fronting and misrepresentation of BEE status become criminal offences punishable by fines.

The speed of change in environmental legislation has been a challenge for the cement industry. PPC continues to engage extensively on legislation with the potential to affect our business. Current engagements have focused on the National Environmental Management Waste Act, air-quality legislation, management of waste, Atmospheric Pollution Prevention Act, National Environmental Management Waste Amendment Act 2014 and National Water Amendment Act 27 of 2014 at national and local level, climate change and waste issues including definitions of waste.

COMMITTEE REPORTS

continued

REMUNERATION REPORT

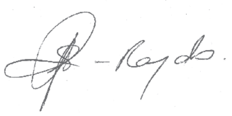
Dear shareholder

The board of PPC Ltd and the remuneration committee present the remuneration report for the financial year ended 30 September 2014. This details the company's remuneration policy and particularly executive remuneration, both fixed and variable elements, as well as fees paid to non-executive directors.

The company's variable pay structures have been reviewed and, with effect from the 2015 financial year, short-term incentives will include non-financial measures that are strongly aligned with PPC's expansion strategies. In addition, greater emphasis will be placed on long-term incentives with executives receiving share appreciation rights to ensure further alignment with shareholders. Despite solid individual performances by the executive team, against this background, the chief executive officer's discretionary bonus pool was used to compensate key individuals who have performed exceptionally well. Further details are disclosed in the emolument tables.

The report this year is again presented in two parts, with the first part setting out the company's remuneration philosophy and policy, and the second part detailing the implementation of the policy in the 2014 financial year. We have included a section on package design in part one, linked to the actual package outcomes for the year in part two. We have set out the outcomes of short and long-term incentives for the executive directors and prescribed officers, and provided detail regarding their computation.

The remuneration 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.



Ntombi Langa-Royds
Remuneration committee chairperson

17 November 2014

Part 1: remuneration philosophy and policy

Governance and the remuneration committee

Role of the remuneration committee

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

Members of the remuneration committee

The members of the committee are non-executive directors, and the majority are independent as defined by King III. The committee holds three scheduled meetings per year, with members and attendance shown in the directors' report (page 51).

Corporate governance review

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 or senior 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 advisers.

Mandate of the remuneration committee

Please refer to page 55 for the remuneration committee's full terms of reference.

Remuneration philosophy and policy

Grading system

The company currently operates the Peromnes grading system and employees are graded as follows:

Grade 1	Chief executive officer (CEO)
Grade 2	Executive directors
Grade 3	Prescribed officers and divisional executives
Grade 4	General managers
Grade 5 to 7	Heads of departments, professionals and specialists
Grade 8 to 12	Skilled technical and academically qualified workers, junior management, supervisors and foremen
Grades 13 to 16	Semi-skilled
Grade A	Learners

Key remuneration philosophies and policy

- The remuneration policy is designed to support key business strategies and create a strong performance-orientated environment aiming to attract, motivate and retain talented employees
- Remuneration levels are set considering the remuneration policies and practices of comparable companies
- Remuneration consists of fixed and variable components, comprising:
  - Grade 1 to 7 employees receive an annual total guaranteed pay (TGP) package, while grade 8 to 16 employees are remunerated on a basic salary plus benefits basis which is reviewed annually in September
  - A performance-related annual cash incentive awarded under the STIS applies to all permanent employees and gears a significant portion of remuneration towards company or business unit performance and, for specific employees, towards execution of special projects over the medium term
  - A long-term incentive awarded under the forfeitable share plan (FSP) is offered to grade 1 to 7 and grade 8 sales consultants and foremen
- Service contracts with directors and senior management are aligned to the objectives of the remuneration policy.

Elements of remuneration

The table summarises the elements of the total remuneration package paid to executive directors and prescribed officers in 2014:

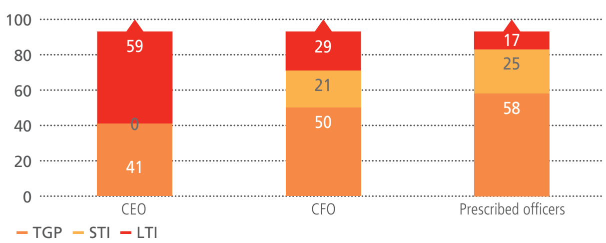
Fixed/variable	Element	Policy
Fixed	Total guaranteed pay (TGP – includes salary, car allowance, retirement, life insurance and medical aid contributions)	The company generally pays TGP within the median of the market and TGP is targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the individual.
Variable	Short-term incentive scheme (STIS)	A performance-related annual cash incentive awarded under the STIS, gearing a significant portion of senior management remuneration towards business unit performance and, for specific employees, towards execution of special projects over the medium term. A CEO discretionary bonus pool of R10 million is available to award additional incentive payments to key employees who have performed exceptionally well.
	Long-term incentive scheme: forfeitable share plan (FSP)	Forfeitable shares are awarded to drive performance by directly aligning the interests of shareholders and participants, and act as a retention tool over a three-year period.

Package design

PPC aims to reward executive directors and management with performance-based variable pay which will, depending on role, function and responsibility, constitute between 40% and 60% of their total remuneration.

The 2014 on-target and stretch pay mix for executive directors and prescribed officers is as follows:

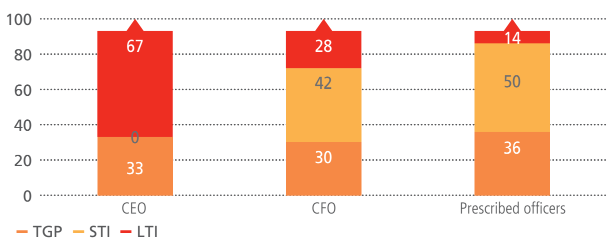
Pay mix – on target (%)



On-target refers to likely remuneration outcomes expected when targets were set.

- *In the case of the former CEO, no STI is depicted as the STI is deferred and at risk for a four-year period*
- *In the case of the CFO, the LTI percentage is low due to the exclusion of retention restricted shares awarded in September 2013 in terms of her employment contract*
- *Individual LTI awards were lowered to include more junior employees without increasing the cost of the plan*

Pay mix – stretch (%)



Stretch refers to the maximum possible achievement of performance conditions.

COMMITTEE REPORTS

continued

TGP/basic pay

Grade 1 to 7 employees are remunerated on a TGP package structure. Other employees (grade 8 to 16) are remunerated on a basic-plus-benefits structure.

The TGP package is targeted to be competitive for comparable roles in companies of similar complexity and size. TGP is subject to annual review, with company performance, affordability, individual performance, changes in responsibilities and average increases granted to general staff considered when determining the size of any increases.

With effect from 1 October 2013, a number of managers elected to participate in a pay freeze or incentive reduction so that higher increases can be given to semi-skilled employees, thereby further narrowing the wage gap. In October 2014 executive managers received below-inflation salary increases (5%) and other employees received inflation-linked increases of 6,5%.

Salary and benefit adjustments for individual directors and prescribed officers are reviewed and approved by the remuneration committee, while overall adjustments for all other employees are ratified by the remuneration committee.

Benefits

The following benefits are provided to employees, excluding non-executive directors, as part of TGP or in addition to basic pay:

- Participation in the PPC Retirement Fund is compulsory for all permanent employees. The fund is an in-house defined contribution fund and also 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 incentive scheme

Purpose	To encourage and reward delivery of the company's strategic priorities
Operation and performance measures	Different schemes are operated, depending on the role of the employee: **Standard STIS** The standard STIS operates on a multiplicative basis whereby the financial performance measure is multiplied by the individual scorecard outcome, measured over a one-year period, resulting in no bonus if the desired business performance is not achieved. The financial performance measure is based on normalised EBITDA of a specific business unit, or group performance, while group cash conversion ratio (CCR) and a minimum individual performance score act as gatekeepers. The business performance score ranges between 0% and 100%, depending on the extent to which the EBITDA targets have been achieved, while the individual performance score ranges between 50% (a score lower than 50% will disqualify an employee from participation) and 100%. The following formula is currently used to calculate the STIS: TGP x maximum bonus % x business performance score [EBITDA] x individual performance score. **Business unit heads** This STIS operates on the same basis as the standard STIS, but instead of an individual scorecard, a project scorecard is used. Performance is generally measured over a one-year period, but could be extended if the project scope extends beyond one year. **Major project leaders** Based on successful and timely completion of major projects. Typically measured over two to three years with no payment before project completion. **Internal audit** Calculated on an equitable basis to on-target standard STIS but emphasising only individual performance and having no reference to company financial performance. **Chief executive officer** Based on successful timely completion of major projects. Typically measured over four to five years with a full deferral and no payment before project completion. Stretch projects over and above normal scorecard and EBITDA targets are agreed upfront.
Maximum value of cash incentive (annual or subject to deferral)	Executive directors and prescribed officers: between 140% and 168% of TGP (depending on the specific scheme), some of which may be deferred until medium-term project completion.
Changes for 2015	The structure of the standard STIS will be retained, but to recognise the company's expansion strategy, 30% of the business performance measure will be based on non-financial measures relating to transformation, sustainability and special projects. The remaining 70% of the business performance will continue to be based on normalised EBITDA targets. CCR and a minimum individual performance score will continue to act as gatekeepers.

Long-term incentives

Legacy plans – LTIP and RSS

Previously the company operated a cash-settled share appreciation right scheme referred to as the long-term incentive plan (LTIP). No awards have been made under the LTIP since 2011 and all previous performance-linked awards (2007 to 2009) have now lapsed due to the non-fulfilment of performance conditions. In addition to the LTIP, the company also operated a cash-settled restricted share scheme (RSS). Since 2011, only MMT Ramano participated in the RSS, which has now been discontinued.

Current plan – forfeitable share plan

Purpose	To align employees with shareholders over the long term by making performance awards while acting as a retention tool.
Operation	Participants receive forfeitable shares that vest after three years. Performance awards (75% of the overall award for executive directors and 50% for prescribed officers) are subject to satisfying company performance conditions over a three-year period. The balance of the award is a retention award that vests after a three-year period subject to continued employment.
Maximum value of award	The maximum value of the award is informed by market benchmarks and affordability.
Performance measures	Performance awards are subject to growth in headline earnings per share (HEPS) measured over a three-year performance period.
Dilution	The FSP can only be settled by a market purchase of shares and is therefore not dilutive to shareholders. PPC has, however, adopted quasi dilution limits to ensure overall affordability to the company on the one hand and reasonable, but attractive, benefits to executives on the other. The aggregate maximum number of awards that may be made under the FSP and legacy cash-settled plans is restricted to 5% of issued shares as at 1 September 2011, totalling 29 million shares (or quasi shares for the legacy cash-settled plans).
Individual limit	The maximum number of long-term incentive awards that may be held by an individual may not exceed 0,5% of the issued share capital.
Changes for 2015	For the 2015 award, the FSP performance portion for grade 1 to 6 employees will be replaced by share appreciation rights, thereby giving management exposure to a more leveraged instrument and further exposure to share price growth to ensure close alignment with shareholders. The company will use the previous LTIP for this purpose, but instead of cash settlement, the company will settle the awards in shares purchased in the market. A mix of performance measures relating to HEPS, ROCI and strategic measures will be used. Grade 7 and 8 employees will continue to only participate in the FSP.

BEE schemes

South African employees participated in a BBBEE scheme in 2008 and a second BBBEE scheme in 2012. Certain directors and prescribed officers also participated in these schemes as detailed on page 77.

A special general meeting was held in March 2014 to approve the restructure of a portion of PPC's 2008 BEE1 transaction. Shareholders approved the restructure and funding arrangements are being finalised.

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 with a term of not less than 12 months
- 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 notice period
- Contracts should not compensate directors for severance because of change of control.

Appointment of non-executive directors

Non-executive directors 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.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or if employment is otherwise terminated in accordance with the company's memorandum of incorporation.

Non-executive directors' fees

The chief executive officer recommends the non-executive directors' fee structures to the remuneration committee for onward approval by the board, after obtaining input from its independent advisers regarding 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 an attendance fee which, in the committee's view, are sufficient to attract board members 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-executive directors do not receive remuneration or incentive awards related to share price or corporate performance (except for an award of shares in 2008 to the Black Independent Non-Executive Directors Trust beneficiaries detailed on page 77), and non-executive directors' fees are approved by shareholders each year in advance.

Non-binding advisory vote by shareholders

At the annual general meeting, shareholders will be requested to express their level of support for part 1: remuneration philosophy and policy.

COMMITTEE REPORTS

continued

Part 2: implementation of policies for the review period

Summary of remuneration activities/decisions during the year

The main issues considered and approved by the remuneration committee for 2014 were:

- Approval of the committee work plan for 2014
- Review of best practice relating to executive remuneration
- Review PPC's internal wage gap and ongoing discussions on this topic
- Approval of the remuneration report
- Review of shareholder feedback following the annual general meeting
- Annual salary review for executive directors and prescribed officers (grade 1 to 3) and ratification of the overall salary increase percentage for other staff
- Approval of the short-term incentive targets for executive directors and prescribed officers
- Approval of the short-term incentive outcomes for 2014 which resulted in no standard STIS payments to grade 1 to 3 employees, although the CEO's discretionary bonus pool was used to compensate key individuals who performed exceptionally well.
- Approval of the 2014 share incentive plan awards for all participants
- Review of benefits offered to all employees
- Review of executive employment agreements
- Review of fees payable to non-executive directors
- Review of the payment to the outgoing chief executive officer.

2014/2015 TGP adjustments

The average increase in TGP in October 2014 was 5% for executive directors and prescribed officers. This compares to an increase of between 6,5% and 26,5% for all employees, with the highest increases awarded to semi-skilled employees.

Executive chairman

The executive chairman, Bheki Sibiya, was seconded by the Chamber of Mines to PPC in an executive capacity on 22 September 2014 after the resignation of the CEO. His contract with PPC will last until 31 December 2014. Over this period, the Chamber will continue to pay Mr Sibiya's salary with PPC reimbursing the chamber for the duration of the limited contract.

2014 STIS outcome

2014 financial performance measures

Financial performance for the review period depended on achieving business unit or group EBITDA and CCR targets, as approved by the remuneration committee. The personal performance component is measured on a balanced scorecard. Personal performance below 50% results in no bonus at all.

The company's balanced scorecard contains the following elements:

Performance pillar	Detail	Weighting %
People	■ Effective motivation of staff, appropriate action taken for issues, evidence of CEO approval from top 100 staff, zero fatalities and lost-time injury rate below 0,18	25
Customers	■ Increase sales by 6% and defend and extend presence in SA, Zimbabwe and Botswana	30
Shareholders	■ Exceed budgeted EBITDA target and cash conversion ratio of 95% ■ Complete one African expansion deal and commit to one further African deal ■ Design and implement a plan to retain and recruit skills needed for African expansion	30
Internal processes	■ Complete legal and blueprint process for group restructure ■ Implement innovation award system and two emerging ideas ■ No significant breach of corporate governance ■ No major non-compliance related to environmental legislation	15

2014 STIS bonuses for executive directors and prescribed officers

A new STIS structure was implemented with effect from the 2014 financial year and despite the fact that employees achieved their personal performance measures, the group did not achieve the threshold EBITDA target set for the STIS resulting in no short-term incentives being earned by executive directors, prescribed officers and other senior managers (grade 1 to 3) to whom group profit was applied as a financial performance measure. The chief executive officer's discretionary bonus pool was however used to compensate key employees who have performed exceptionally well as measured by the company performance management system. Further details of these payments are disclosed in the emolument on page 74.

2014 FSPs awarded

The table below summarises the performance condition and vesting schedule applicable to the performance share awards granted under the FSP in 2014. Both performance and retention awards are subject to a three-year service requirement.

Performance measure	Vesting schedule	Performance period
Normalised HEPS	Vesting is on a sliding scale and commences at 33,3% when the group's HEPS is at CPI growth + 3%; 67% vesting is reached when the group achieves CPI growth + 6%. Maximum vesting (100%) is reached when HEPS is at CPI growth + 9%. Linear vesting occurs between these points.	30 September 2013 to 30 September 2016

The following awards were granted under the FSP in 2014:

	Employee name	Basis of award (expected value as a % of TGP)	Performance awards	Retention awards	Number of FSP awards	Economic cost
Executive director	MMT Ramano	57%	100%	–	128 700	3 754 522
Prescribed officers	PL Booysen	29%	50%	50%	26 500	773 076
	HN Buthelezi	29%	50%	50%	33 100	965 615
	JT Claassen	52%	28%	72%	54 853*	1 600 208
	AC Lowan	29%	50%	50%	17 300	504 687
	KPP Meijer	29%	50%	50%	35 500	1 035 630
	FK Molefe	29%	50%	50%	26 500	773 076
	T Sibisi	29%	50%	50%	29 100	848 925
	JHDLR Snyman	29%	50%	50%	24 100	703 061
	JJ Taljaard	29%	50%	50%	35 000	1 021 043
	RS Tomes	29%	50%	50%	33 300	971 450
Past director	KM Gordhan	78%	75%	25%	240 600	7 018 943

**Includes an additional award of 20 453 Retention FSPs to compensate for relocation*

COMMITTEE REPORTS

continued

Value of long-term incentives

The tables below deal with the company's prior and current long-term incentives as at 30 September 2014.

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
EXECUTIVE DIRECTORS										
MMT Ramano										
Share appreciation rights (RSS)										
01/08/2011	150 000	–	150 000	–	–	–	32,69	4 904		
28/09/2012	170 000	–	–	–	170 000	–			28,09	4 775
30/09/2013	170 000	–	–	–	170 000	–			26,68	4 536
	490 000	–	150 000	–	340 000					9 311
FSP – with performance conditions										
28/09/2012	96 800	–	–	–	96 800	–	–		–	–
15/03/2013	78 700	–	–	–	78 700	–	–		32,58	2 564
18/02/2014	–	128 700	–	–	128 700	–	–		29,17	3 754
	175 500	128 700	–	–	304 200	–				6 318
Total								4 904		15 629
PRESCRIBED OFFICERS										
PL Booysen										
Share appreciation rights (LTIP)										
08/08/2007	30 000	–	–	–	30 000	43,00			1,38	41
17/09/2008	24 000	–	–	–	24 000	31,80			4,44	107
25/09/2009	22 000	–	–	–	22 000	35,35			3,96	87
	76 000	–	–	–	76 000					235
FSP – no performance conditions										
30/09/2011	8 900	–	8 900	–	–	–	29,81	265		
16/02/2012	6 500	–	–	–	6 500	–			31,19	203
15/03/2013	6 800	–	–	–	6 800	–			32,58	222
18/02/2014	–	9 900	–	–	9 900	–			29,17	289
	22 200	9 900	8 900	–	23 200					713
FSP – with performance conditions										
16/02/2012	5 400	–	–	–	5 400	–			–	–
15/03/2013	7 600	–	–	–	7 600	–			32,58	248
18/02/2014	–	16 600	–	–	16 600	–			29,17	484
	13 000	16 600	–	–	29 600					732
Total								265		1 680
HN Buthelezi										
FSP – no performance conditions										
18/02/2014	–	12 400	–	–	12 400	–			29,17	362
FSP – with performance conditions										
18/02/2014	–	20 700	–	–	20 700	–			29,17	604
Total										966

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
PRESCRIBED OFFICERS continued										
JT Claassen										
Share appreciation rights (LTIP)										
08/08/2007	40 000	–	–	–	40 000	43,00			1,38	55
17/09/2008	24 000	–	–	–	24 000	31,80			4,44	107
25/09/2009	26 000	–	–	–	26 000	35,35			3,96	103
	90 000	–	–	–	90 000					265
FSP – no performance conditions										
30/09/2011	12 400	–	12 400	–	–	–	29,81	370		
16/02/2012	10 200	–	–	–	10 200	–			31,19	318
15/03/2013	10 400	–	–	–	10 400	–			32,58	339
18/02/2014	–	33 353	–	–	33 353	–			29,17	973
	33 000	33 353	12 400	–	53 953					1 630
FSP – with performance conditions										
16/02/2012	12 700	–	–	–	12 700	–			–	–
15/03/2013	17 300	–	–	–	17 300	–			32,58	564
18/02/2014	–	21 500	–	–	21 500	–			29,17	627
	30 000	21 500	–	–	51 500					1 191
Total								370		3 085
AC Lowan										
FSP – no performance conditions										
15/03/2013	4 800	–	–	–	4 800	–			32,58	156
18/02/2014	–	6 500	–	–	6 500	–			29,17	190
	4 800	6 500	–	–	11 300					346
FSP – with performance conditions										
15/03/2013	5 400	–	–	–	5 400	–			32,58	176
18/02/2014	–	10 800	–	–	10 800	–			29,17	315
	5 400	10 800	–	–	16 200					491
Total										837
KPP Meijer										
Share appreciation rights (LTIP)										
08/08/2007	85 000	–	–	85 000	–	43,00				
17/09/2008	60 000	–	–	60 000	–	31,80				
25/09/2009	59 000	–	–	59 000	–	35,35				
	204 000	–	–	204 000	–					
FSP – no performance conditions										
30/09/2011	14 200	–	14 200	–	–	–	29,81	423		
16/02/2012	11 200	–	–	–	11 200	–			31,19	349
15/03/2013	12 300	–	–	–	12 300	–			32,58	401
18/02/2014	–	13 300	–	–	13 300	–			29,17	388
	37 700	13 300	14 200	–	36 800					1 138
FSP – with performance conditions										
16/02/2012	14 000	–	–	–	14 000	–			–	–
15/03/2013	20 500	–	–	–	20 500	–			32,58	668
18/02/2014	–	22 200	–	–	22 200	–			29,17	648
	34 500	22 200	–	–	56 700					1 315
Total								423		2 453

COMMITTEE REPORTS

continued

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
FK Molefe										
FSP – no performance conditions										
18/02/2014	–	9 900	–	–	9 900	–			29,17	289
FSP – with performance conditions										
18/02/2014	–	16 600	–	–	16 600	–			29,17	484
Total										773
TR Sibisi										
FSP – no performance conditions										
18/02/2014	–	10 900	–	–	10 900	–			29,17	318
FSP – with performance conditions										
18/02/2014	–	18 200	–	–	18 200	–			29,17	531
Total										849
JHDLR Snyman										
Share appreciation rights (LTIP)										
08/08/2007	25 000	–	–	–	25 000	47,36			1,38	35
17/09/2008	27 000	–	–	–	27 000	31,80			4,44	120
25/09/2009	23 000	–	–	–	23 000	35,35			3,96	91
	75 000	–	–	–	75 000					245
FSP – no performance conditions										
16/02/2012	15 500	–	–	–	15 500	–			31,19	483
15/03/2013	8 400	–	–	–	8 400	–			32,58	274
18/02/2014	–	9 000	–	–	9 000	–			29,17	263
	23 900	9 000	–	–	32 900					1 020
FSP – with performance conditions										
16/02/2012	19 500	–	–	–	19 500	–			–	–
15/03/2013	13 900	–	–	–	13 900	–			32,58	453
18/02/2014	–	15 100	–	–	15 100	–			29,17	440
	33 400	15 100	–	–	48 500					893
Total										2 158

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
JJ Taljaard										
Share appreciation rights (LTIP)										
08/08/2007	100 000	–	–	100 000	–	43,00				
17/09/2008	63 000	–	–	63 000	–	31,80				
25/09/2009	62 000	–	–	62 000	–	35,35				
	225 000	–	–	225 000	–					
FSP – no performance conditions										
30/09/2011	14 500	–	14 500	–	–	–	29,81	432		
16/02/2012	11 500	–	–	–	11 500	–			31,19	359
15/03/2013	11 800	–	–	–	11 800	–			32,58	384
18/02/2014	–	13 100	–	–	13 100	–			29,17	382
	37 800	13 100	14 500	–	36 400					1 125
FSP – with performance conditions										
16/02/2012	14 300	–	–	–	14 300	–			–	–
15/03/2013	19 700	–	–	–	19 700	–			32,58	642
18/02/2014	–	21 900	–	–	21 900	–			29,17	639
	34 000	21 900	–	–	55 900					1 281
Total								432		2 406
RS Tomes (resigned 23 October 2014) (Note 1)										
Share appreciation rights (LTIP)										
08/08/2007	33 000	–	–	–	33 000	43,00			1,38	46
17/09/2008	35 000	–	–	35 000	–	31,80				
25/09/2009	38 000	–	–	38 000	–	35,35				
	106 000	–	–	73 000	33 000					46
FSP – no performance conditions										
30/09/2011	10 800	–	10 800	–	–	–	29,81	322		
16/02/2012	9 100	–	–	–	9 100	–			31,19	284
15/03/2013	9 200	–	–	–	9 200	–			32,58	300
18/02/2014	–	12 500	–	–	12 500	–			29,17	365
	29 100	12 500	10 800	–	30 800					948
FSP – with performance conditions										
16/02/2012	11 300	–	–	–	11 300	–			–	–
15/03/2013	15 400	–	–	–	15 400	–			32,58	502
18/02/2014	–	20 800	–	–	20 800	–			29,17	607
	26 700	20 800	–	–	47 500					1 108
Total								322		2 102

COMMITTEE REPORTS

continued

Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
PAST DIRECTORS										
RH Dent										
(retired 31 December 2010)										
Share appreciation rights (LTIP)										
25/09/2009	120 000	–	–	120 000	–	35,35				
P Esterhuysen										
(resigned 15 October 2013)										
Share appreciation rights (LTIP)										
25/09/2009	120 000	–	–	120 000	–	35,35				
Share appreciation rights (RSS)										
25/09/2009	24 300	–	16 875	7 425	–	–	30,84	520		
FSP – with performance conditions										
28/09/2012	88 000	–	71 500	16 500	–	–	30,84	2 205		
15/03/2013	61 300	–	13 622	47 678	–	–	30,84	420		
	149 300	–	85 122	64 178	–					
Total								3 146		
KM Gordhan										
(resigned 22 September 2014)										
FSP – no performance conditions										
15/03/2013	25 300	–	25 300	–	–	–	30,00	759		
18/02/2014	–	40 100	40 100	–	–	–	30,00	1 203		
	25 300	40 100	65 400	–	–					
FSP – with performance conditions										
15/03/2013	126 600	–	–	126 600	–	–				
18/02/2014	–	200 500	–	200 500	–	–				
	126 600	200 500	–	327 100	–					
Total								1 962		

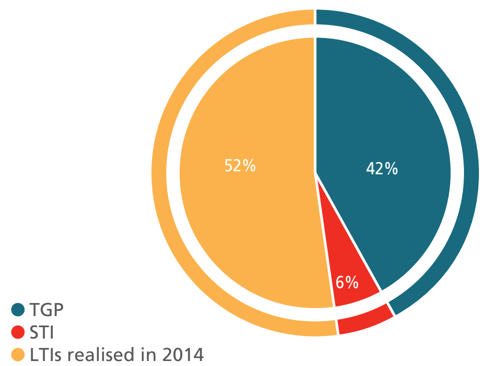
Award date	Number allocated in prior years	Number allocated in current year	Number exercised/ vested in current year	Number forfeited in current year	Closing number	Grant price	Price on exercise date/ vesting price	Exercise/ vesting gain R000	Current unit value R*	Value at year end R000
PAST DIRECTORS continued										
SG Helepi										
(resigned 14 February 2013)										
Share appreciation rights (LTIP)										
08/08/2007	18 000	–	–	–	18 000	43,00			1,38	25
25/09/2009	36 000	–	–	36 000	–	35,35				
	54 000	–	–	36 000	18 000					
Total										25

* *Instruments subject to a future performance condition have been reflected as if the performance condition will be fully satisfied, although circumstances may result in a different outcome.*

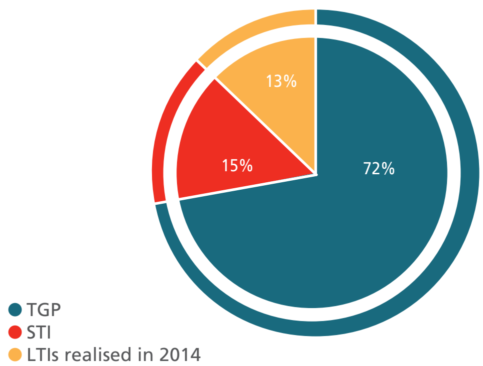
Total remuneration outcomes

The composition of remuneration outcomes in 2014 for the chief financial officer and the prescribed officers is represented graphically below.

CFO – Actual remuneration outcomes



Prescribed officers – Actual remuneration outcomes



Payments to outgoing executive directors

In terms of his contract, the outgoing chief executive officer, Mr K Gordhan, received a payment of R16 730 047 which was computed as follows:

- Annual leave pay: R221 119
- Accumulated leave pay: R378 026
- 12 months' notice pay (including a restraint of trade): R5 000 000.
- In addition to terms agreed in his employment contract, a further 12-month restraint of trade was imposed (R5 000 000). He also received R6 130 902 from share awards granted under the FSP and Masakhane Employee Share Trust.

Mr P Esterhuysen was employed for one month of the 2014 year. Please see note 7 on page 74 for details.

COMMITTEE REPORTS

continued

Remuneration paid to executive directors and prescribed officers in 2014

The executive directors' and prescribed officers' remuneration for the year ended 30 September 2014 was as follows:

	TGP			Variable pay				
	Salary R000	Retirement and medical contributions R000	Car allowance R000	Incentive bonus R000	LTI realised value R000[1]	Other R000	Discretionary bonus R000	Total R000
Executive directors								
MMT Ramano	2 899	813	240	–	4 904	2	605	9 463
BL Sibiya[2]	–	–	–	–	–	–	–	–
Prescribed officers								
PL Booysen	1 390	348	323	–	265	3	318	2 647
HN Buthelezi	2 117	259	120	–	–	8	483	2 987
JT Claassen[3]	1 836	354	410	–	370	1 152	548	4 670
AC Lowan	1 249	118	–	–	–	–	329	1 696
KPP Meijer	1 928	592	232	–	423	6	606	3 787
FK Molefe[4]	1 309	191	–	–	–	–	381	1 881
T Sibisi[5]	1 433	142	–	–	–	–	412	1 987
JHDLR Snyman	1 489	195	118	–	–	3	478	2 283
JJ Taljaard	1 965	354	320	–	432	5	479	3 555
RS Tomes	1 930	316	260	–	322	7		2 835
A Wadee[6]	771	147	115	–	292	1 973		3 298
Past directors								
P Esterhuysen[7]	227	36	27	–	3 020	3 787		7 097
KM Gordhan[8]	4 439	563	–	–	1 962	14 768		21 732

[1] *Arising from the 2011 RSS award, the 2011 FSP with no performance conditions, the final third of the 2009 RSS award and FSP awards that vested early for participants who terminated their services.*

[2] *Following the resignation of Mr K Gordhan on 22 September 2014, Mr B Sibiya assumed an executive role in the company. No salary has been reflected as remuneration for services as an executive director as the contract starts from 1 October.*

[3] *Other payments included a relocation allowance (R152 000) and a payment (R1 000 000) in lieu of transfer cost, duties and fees.*

[4] *Employed for nine months of the financial year.*

[5] *Employed for nine months of the financial year.*

[6] *Employed for seven months of the financial year. Other payments included annual leave (R117 000), severance pay (R1 322 000), 13th cheque (R28 000) and Masakhane shares (R506 000).*

[7] *Employed for one month of the financial year. Other payments include severance pay (R3 472 164), annual leave (R100 739) and Masakhane shares (R214 159).*

[8] *Employed for 12 months of the financial year, but resigned in the last week of September 2014. Refer to page 73 immediately preceding this table for payments to the outgoing CEO.*

Remuneration paid to executive directors and prescribed officers in 2013

	TGP			Variable pay			
	Salary R000	Retirement and medical contributions R000	Car allowance R000	Incentive bonus R000	LTI realised value* R000	Other R000	Total R000
Executive directors							
P Esterhuysen[5]	2 721	427	324	–	749	3 233[5]	7 454
KM Gordhan[3]	4 916	584	–	2 871	–	2	8 373
MMT Ramano	2 681	894	240	1 589	–	4	5 408
Prescribed officers							
PL Booysen	1 086	282	318	531	–	5	2 222
JT Claassen	1 480	343	480	641	–	5	2 949
AC Lowan	1 086	103	–	524	–	4	1 717
KPP Meijer	1 874	569	239	710	–	15	3 407
KP Odendaal	1 967	285	71	641	–	4	2 968
JHDLR Snyman	1 464	211	142	763	–	7	2 587
JJ Taljaard	1 903	339	320	934	–	3	3 499
RS Tomes	1 430	315	260	527	–	4	2 536
A Wadee	1 400	253	60	509	–	7	2 229
Past directors							
S Abdul Kader[1]	2 383	340	–	–	–	989	3 712
SG Helepi[2]	1 034	169	121	–	1 042	3 153	5 519
P Stuiver[4]	911	141	75	–	–	3 200	4 327

The following directors were not eligible for a short-term incentive bonus in 2013 as they were not in employment at the date of payment in November 2013: S Abdul Kader, P Esterhuysen, SG Helepi and P Stuiver.

* *Arising from the last tranche of the 2008 LTIP award, the second third of the 2009 LTIP award, the 2009 RSS award and the 2012 FSP award that vested early for participants who terminated their services.*

[1] *Employed for 10 months of the financial year.*

[2] *Employed for 6 months of the financial year.*

[3] *Employed for 11 months of the financial year.*

[4] *Employed for 3 months of the financial year.*

[5] *Refer page 73 – Payments to outgoing directors.*

COMMITTEE REPORTS

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 year ended 30 September 2014 were:

	Board fees R000	Chairman fees R000	Committee							Other[4] R000	Total R000
			Nominations R000	Audit R000	Risk and compliance R000	Remuneration R000	Social and ethics R000	Special meetings R000	Deal R000		
ZJ Kganyago	226	–	–	105	18	–	–	123		30	502
NB Langa-Royds	226	–	51	–	–	171	204	268	–	30	950
AJ Lamprecht[1]	56	–	21	–	–	–	30	–	17	–	124
MP Malungani	246	–	–	–	–	–	62	86	180	–	574
SK Mhlarhi	246	–	–	–	–	94	–	89	53	–	482
B Modise	226	–	–	118	140	–	–	90	–	30	604
T Moyo[2]	189	–	15	–	18	–	–	72	–	–	294
TDA Ross	244	–	–	254	89	–	–	107	35	–	729
J Shibambo	246	–	59	–	107	115	100	107	–	–	734
BL Sibiya[3]	–	1 120	–	–	18	–	–	251	35	–	1 424
	1 905	1 120	146	477	390	380	396	1 193	320	90	6 417

[1] *Retired January 2014.*
[2] *Appointed November 2013.*
[3] *Subsequently appointed as executive chairperson on 22 September 2014.*
[4] *Three meetings of the PPC Bafati Investment Trust.*

Total emoluments to non-executive directors for the year ended 30 September 2013 were:

	Board fees R000	Chairman fees R000	Committee							Total R000
			Nominations R000	Audit R000	Risk and compliance R000	Remuneration R000	Social and ethics R000	Special meetings R000	Deal R000	
ZJ Kganyago	242	–	–	99	–	–	–	33	33	407
NB Langa-Royds	242	–	55	–	–	149	179	81	–	706
AJ Lamprecht	214	–	55	–	–	–	88	191	32	580
MP Malungani	196	–	–	–	–	–	78	97	64	435
SK Mhlarhi	242	–	–	–	–	73	–	81	16	412
B Modise	224	–	–	99	83	–	–	48	–	454
TDA Ross	224	–	–	198	104	–	–	95	–	621
J Shibambo	196	–	55	–	211	73	88	81	–	704
BL Sibiya	–	877	110	–	–	–	–	113	32	1 132
	1 780	877	275	396	398	295	433	820	177	5 451

Interests of executive directors and prescribed officers in share capital

The aggregate direct beneficial holdings of directors and their immediate families (none of whom has a holding of 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 no material changes in these shareholdings since that date.

Name	2014	2013
Current directors		
MMT Ramano	134 143	–
SK Mhlarhi	5 000	5 000
Prescribed officers		
JHDLR Snyman	24 100	–
Past directors		
KM Gordhan	1 518 371	977 944
P Stuiver	58 800	34 930

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, during the 2012 financial year, they each received rights to 2 541 shares in a trust owning donated shares which are subject to a lock-in which expired on 15 December 2013. Certain non-executive directors received vested rights in 2008 in a trust owning donated shares which are subject to vesting conditions and a lock-in expiring annually in thirds from 15 December 2012 and expiring on 15 December 2014.

During the 2013 financial year, following the implementation of the company's second BBBEE transaction, executive directors and prescribed officers were included among the 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.

Participation rights	BEE1	BEE2
Executive directors		
MMT Ramano	335 249	372 737
Non-executive directors		
ZJ Kganyago	95 787	–
NB Langa-Royds	95 787	–
J Shibambo	95 787	–
Prescribed officers		
PL Booysen	–	16 322
HN Buthelezi	–	218 676
JT Claassen	–	22 501
AC Lowan	–	118 850
KPP Meijer	–	28 488
FK Molefe	–	171 490
T Sibisi	–	188 639
JHDLR Snyman	–	18 167
JJ Taljaard	–	25 384
RS Tomes	87 586	200 567
Past directors		
P Esterhuysen	–	34 720
KM Gordhan	–	–
SG Helepi	86 524	–

BUILDING PPC IN

RWANDA

New CIMERWA plant's preheater tower

Key indicator table on page 35

Recent economic advances in Rwanda are expected to reduce political pressures. In particular, implementation of a new three-year development plan to end-2017 should support the country's economic success story.

Economic policy is currently guided by the second phase of the economic development and poverty reduction strategy. This follows the highly successful first phase (2008 to 2012) which lifted one million Rwandans out of poverty by supporting strong GDP growth (averaging almost 8% over 2006 to 2012) and ensuring equitable access to basic services including health, education and basic infrastructure.

The government's commitment to creating a vibrant private sector to drive economic growth underpins significant scope for greenfield foreign investment. This is supported by improving the ease of doing business and attracting foreign investor interest.

Local women carrying cocoa plants in the Kigali District, Rwanda

Rwanda has recorded impressive development progress since 1994, with numerous reforms to improve the business environment. The World Bank's 2014 Doing Business report named Rwanda as among the 10 most improved economies in 2013. Remaining challenges include poor infrastructure, with the lack of access to electricity and limited generation capacity being a major constraint to private investment.

In terms of investment ratings, Rwanda's economically inclusive and politically accountable institutional environment has translated into the country becoming a model for its continental peers to emulate.

Key ratings indicators are summarised as:

Strengths	Weaknesses
Ongoing progress on economic reform	Sizeable twin deficits (fiscal and current accounts)
Attractive business environment	Lack of fiscal self-sufficiency
Solid GDP growth outlook	Significant infrastructure deficit
Relatively low external debt	Relatively narrow export base, albeit improving

Source: NKC Independent Economists, Monitoring African Sovereign Risk, August and September 2014.

PEOPLE REVIEW

Health and safety

Highlights

The approach to safety is evolving into becoming a learning organisation – at the heart of this, PPC is developing a zero-harm culture as opposed to focusing only on safety statistics

PPC Alive! has been rolled out at five sites, with ongoing site-specific initiatives

Training interventions, including accident investigation, mindfulness and lessons learned are underway at all PPC sites

13 PPC operations have not had a lost-time injury this year

Lowlights

19 lost-time injuries in 2014

Occupational health

All factories continue to run their HIV/AIDS and tuberculosis (TB) programmes, and noise-alleviation programmes. Reporting on these items forms part of the mining charter scorecard.

TB is not common at PPC sites but treated as required.

PPC runs HIV/AIDS management programmes aligned to the national guideline at each site. HIV/AIDS awareness and treatment programmes are well established and prevalence levels are low at our operations in South Africa but high in Botswana (where government provides treatment) and Zimbabwe (PPC provides counselling and antiretroviral drugs).

Noise-induced hearing loss (NIHL) is an issue in the mining and manufacturing industries, but not a significant risk in PPC. We have programmes in place to reduce noise levels with engineering controls where possible, and ensure all team members have quality hearing protection. Hearing tests are part of the annual medical examinations at all sites.

PPC did not have any new occupational diseases during the 2014 year, therefore no compensation cases were reported.

Occupational safety

The PPC group lost-time injury frequency rate (LTIFR) decreased from 0,28 in 2013 to 0,25 at 30 September 2014: 5% of the decrease is attributable to CIMERWA factory and project. PPC reported 19 lost-time injuries (LTIs) in 2014, compared to 18 in 2013. Our operations in the CIMERWA factory, CIMERWA project (Rwanda) and DRC project are now included in our safety reporting statistics.

PPC remains active within the structures of the Chamber of Mines to obtain information and add value towards compliance with various elements of the mining charter and the DMR 2014 milestones. The key objective is that every mine worker returns home unharmed every day.

All sites completed their mining charter scorecards and these were submitted to the regional DMR offices before the required date at the end of March 2014.

Over 8%, or 220 team members, were trained as safety representatives, as planned, by the end of December 2014.

Creating a sustainable culture of safety and health in PPC

Safety and healthcare are core values in PPC and we continuously strive for excellent performance in all areas of our operations. Our abiding aim is to have everyone leave work at the end of the day in the same state as they arrived in the morning.

Three years ago, after reviewing our safety performance and researching extensively, we rolled out an initiative to focus on a zero-harm culture in the group, known as PPC Alive! The name embodies growth, empowerment, vitality, sustainability, wellness and many other concepts that support our vision.

This beyond-zero culture means safety is always foremost in the minds of our team members. Safety is not a number we count to reach a target, it is a way of life. At PPC we use the term "Nomakanjani" – which literally translates to "come what may" and used in context "being safe is the way we do things around here" or Nomakanjani! Safety is about the tasks we do every day, in an ever-changing work environment. Our process focuses on our people becoming collectively mindful, and our mindset is that the workplace and equipment are unsafe – only the actions of people can make them safe.

Our PPC Alive! journey is about entrenching a safety culture, and is based on our safety values: care, respect, positive intent, reliability and empathy. PPC Alive! focuses mainly on the people aspects of safety, which for many years have been largely misunderstood or ignored.

We will maintain our safety systems and processes but we recognise that achieving excellence in safety and health performance means doing things a little differently. PPC Alive! now focuses on integrating the concept of engagement, empowerment and enactment into our safety strategy as a major focus to improve our safety culture and, therefore, performance.

We will also focus on new projects in areas where PPC has not traditionally operated. Issues such as availability of competent health and safety resources, language, lack of infrastructure, cultural differences, in-country legislation and fit-for-purpose health and safety standards will need to be carefully evaluated, and project-specific health and safety plans developed to accommodate these aspects.

PPC group key safety indicators

	Target 2015	Target 2014	Actual 2014	Actual 2013	Target 2013
Number of fatalities	**0**	**0**	**0**	1	0
Fatality frequency rate per 200 000 hours worked	**0**	**0**	**0**	0,02	0
Number of LTIs	**<9**	**<10**	**19**	18	<11
LTIFR per 200 000 hours worked (12-month window)	**<0,12[1]**	**<0,15**	**0,25**	0,28	<0,18
Days lost to LTIs	**N/A**	**N/A**	**956[3]**	1 060[2]	N/A

[1] *Target derived from individual site targets based on hours worked and specific performance targets.*
[2] *High number of days lost due to severity of accidents.*
[3] *CIMERWA factory and project contribute 5% and 7% to group LTIFR and lost days respectively.*

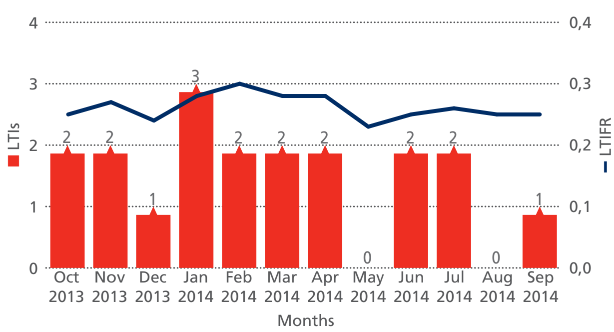
Several sites had no LTIs in the review period: Saldanha, George, DRC project, Botswana depot, Mozambique, quarries of Botswana, Bulawayo, Kgale and Colleen Bawn (Zimbabwe), group laboratory services, SA projects, Riebeeck, sales and marketing.

Notices from authorities

	2014	2013	2012
Number of visits by authorities	**47**	42	31
Mine Health and Safety Act – section 54 (notice to stop operation)	**2**	3	4
Mine Health and Safety Act – section 55 (notice to take action)	**3**	5	5
Occupational Health and Safety Act – section 30	**0**	1	0
Other (Zimbabwe, Botswana)	**0**	*	*

* *Data not available.*

PPC group LTIFR



Workforce

Highlights

Extensive Kambuku revitalisation initiative

To further close the wage gap, senior managers took a reduced wage increase in 2014. Together with sacrificing the prior year's increase, this has made a significant impact on the wage gap and minimum wage – reducing the gap from 1:48 in 2013 to 1:40 to CEO

22 employees have participated in the housing initiative to own a decent home. Over the medium term, some 300 employees will receive financial and technical assistance towards improving living conditions

Further employee share allocations under BBBEE Masakhane

Leadership development programme launched for succession candidates

Development of human resources (HR) strategy aligned to business strategy

Representation of women up from 21,7% in 2013 to 22,3% in 2014

R100 million in shares from the BBBEE1 transaction in 2008 now vested in the hands of employees

Lowlights

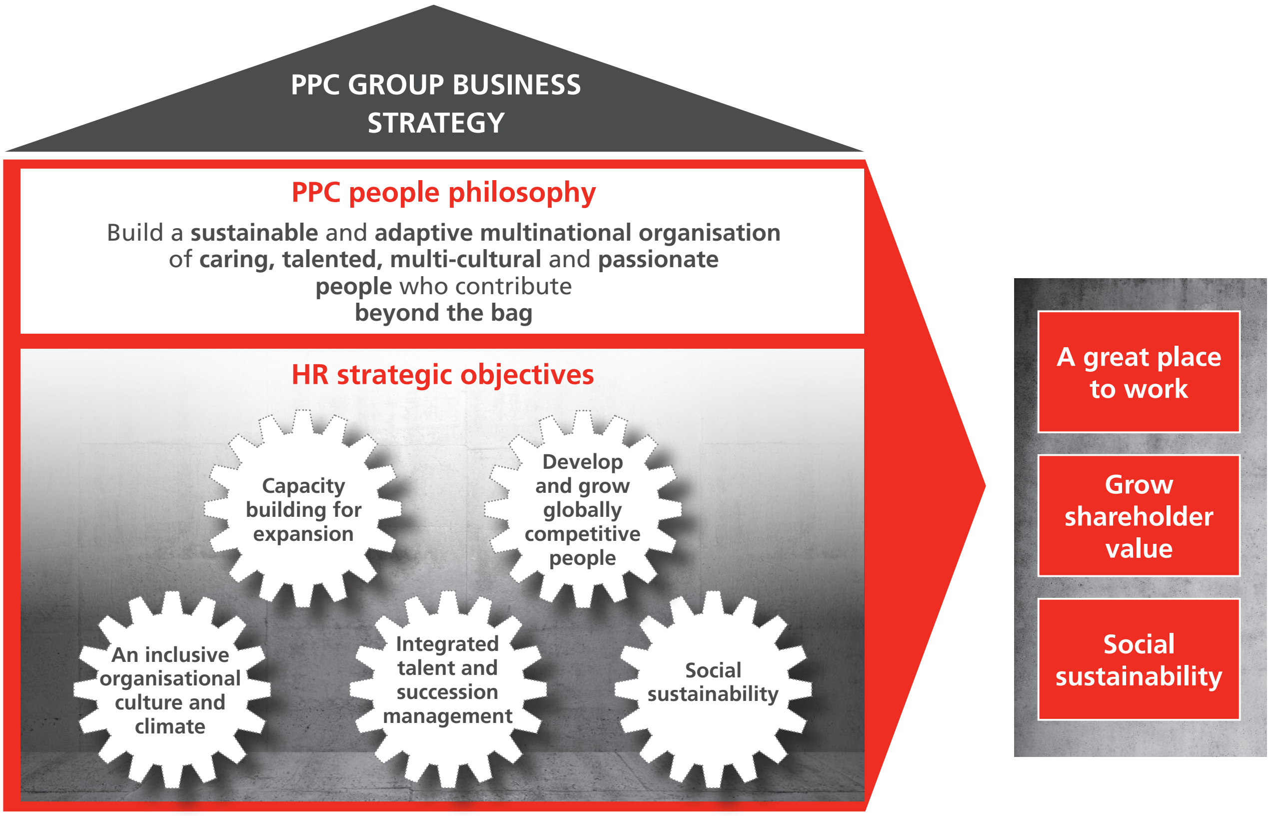
Resignation of senior executives

36 employees retrenched at our Riebeeck operation and 30 employees at our Lime operation

Underpinning PPC's long history of success is a hard-working, diligent and dedicated team of employees across our operations. Their determination continues to drive our progress towards executing our business strategy.

PEOPLE REVIEW
continued

HR strategic focus areas
Aligned to our "expanding in Africa" and "keep the home fires burning" vision, the HR strategy was reviewed to enable strategy execution.



Kambuku revitalisation
In 2013, we assessed the effectiveness of our Kambuku employee value creation process. Specific initiatives (see highlights) were introduced to address identified climate challenges over the next few years.

One of the outcomes was that most senior managers elected to waive their 2013 salary increases in favour of redistribution among employees earning less than R14 000 per month. This initiative continued in 2014, with senior managers taking a reduced salary increase. As a result, we were able to increase the minimum wage from R6 500 per month in 2013 to R7 800 in 2014. The net effect for employees earning the minimum wage was a salary increase of over 20%.

The PPC employee housing support scheme was also introduced as a result of the Kambuku revitalisation initiative. The objective over the next three to four years is to assist over 300 employees to improve their living conditions. Most eligible candidates do not qualify for either a state-funded RDP house or a mortgage, and fall in the so-called "gap market", making it virtually impossible for them to become home owners without support.

To date, 219 employees have enrolled in the housing programme and are being assisted to become home owners. So far, 22 employees have either moved into their new home, upgraded an existing home or are awaiting title deeds before moving into their homes. We view this as one of the key Kambuku revitalisation projects and will continue to partner with employees to support this beneficial initiative.

In 2014, we conducted an interactive climate survey across PPC to assess the organisational climate and identify improvement areas. Initiatives from this climate survey will be executed in the new fiscal year (page 93).

New home of Edward and Maria Ringani

Edward and Maria Ringani, proud homeowners (facing page)

Empowering people

Our Kambuku philosophy concentrates on maintaining a strong foundation to continuously grow and empower employees in support of PPC's REAL (relevant, empowered, actualised and lasting) transformation philosophy.

As part of this approach, PPC announced the second phase of its BBBEE transaction in 2012, which 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 company's ownership in the hands of South African employees.

In 2014, R100 million in shares from the 2008 BBBEE1 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. Annual roadshows are held to communicate the performance of the various trusts to employees.

Employee participation and engagement

A fundamental principle of PPC's culture is that 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, including:

Key leader summits: Regular team meetings at plant or site level and across the company involve all appointed, elected and informal leaders. The aim is to inform employees about plant, site or corporate office 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-based discussions at shop-floor level, weekly at sectional supervisory level, and monthly at departmental level. There are 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.

Plant and site-level Invocoms are designed to spread communication both upwards and downwards through the company to:

- Facilitate transparent problem resolution and employee participation
- Regularly encourage teams to stretch outputs and targets by reviewing and assessing their performance
- Capture innovations and suggestions to enhance cost savings, process improvement, efficiency and safety
- Communicate positive recognition
- Capture best practices on a centralised database
- Manage the PPC climate through the adherence of team members to the company Code of Conduct.

Climate engagement sessions: We conduct regular climate surveys to measure the levels of employee commitment and impact of various initiatives on the quality of their lives. With the introduction of the Kambuku revitalisation process in January 2013, we adopted an interactive survey style as opposed to the traditional electronic perception monitors. This year, we conducted climate engagement surveys at all our South African and international operations, spanning 95 sessions across 26 sites and regions.

The results of these sessions are captured and analysed. Site and group-level initiatives are developed to continuously improve the quality of our employees' lives.

The following group-wide trends have been identified:

- The need for further training and development in certain categories and improving practices such as succession management, development plans and bursaries
- Improving certain HR practices on remuneration, benefits and performance management
- Expanding social and community support
- Further improvement of health and safety, specifically our PPC Alive safety initiative
- Improving leadership behaviour and style in certain areas and levels
- Accelerating certain Kambuku revitalisation initiatives and establishing an inclusive culture.

Succession management

The objective of our succession management process is 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 aim is to identify, develop and retain highly talented and diverse individuals to ensure a continuous supply of incumbents and potential successors for key leadership and critical positions.

PEOPLE REVIEW

continued

Recognition

The Diamond Awards is a prestigious function that recognises individuals and teams whose performance has been extraordinary throughout the year, as nominated by their colleagues. These awards are intended to inspire and encourage employees to achieve excellence and go the extra mile, entrenching PPC as a first-class performer.

There are five finalists in each category, with an overall winner taking the Diamond Award. The winners of the 2014 Diamond Awards are:

Customer service excellence	Innovation	Business support	Rising star	Production excellence	Sales person of the year	Safety
George Evans	Dirk Odendaal	Maggi Loubser	Elaste Nshimyumuremyi	Pieter Swart	Vincent Erasmus	Trevor Masuku
Technical specialist cement and concrete technology: Sandton	Boilermaker: Jupiter	Group chief chemist: Sandton	Finance manager: CIMERWA, Rwanda	Process specialist: Sandton	Key accounts manager: Sandton	Risk control officer: Colleen Bawn, Zimbabwe
						

Balanced workforce

PPC's total workforce for 2014 is 3 017 compared to 3 185 in 2013. The workforce for South Africa decreased by 97, mainly due to restructuring our Riebeeck and Lime operations. We now include 815 employees at our international operations.

Workforce analysis: South Africa*

Employment equity levels	African			Coloured			Indian			White			SA national			Foreign		Total 2014	Total 2013
	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M		
Top management (CEO)	–	–	–	–	–	–	–	1	1	–	–	–	–	1	1	–	–	**1**	1
Senior management	5	2	7	1	1	2	–	2	2	–	16	16	6	21	27	–	–	**27**	23
Professional	31	23	54	5	22	27	4	17	21	21	87	108	61	149	210	1	3	**214**	214
Skilled workers	120	315	435	71	172	243	18	6	24	85	230	315	294	723	1 017	2	9	**1 028**	1 047
Semi-skilled	72	563	625	24	152	176	2	1	3	5	9	14	103	715	818	–	–	**818**	913
Learners	1	6	7	–	2	2	–	–	–	–	–	–	1	8	9	–	–	**9**	7
Total permanent	229	899	1 128	101	349	450	24	27	51	111	342	453	465	1 617	2 082	3	12	**2 097**	2 205
Learners	14	17	31	2	14	16	–	–	–	–	1	1	16	32	48	–	–	**48**	41
Fixed-term contracts	16	23	39	2	7	9	2	1	3	4	2	6	24	33	57	–	–	**57**	53
Total fixed-term contracts	30	40	70	4	21	26	2	1	3	4	3	7	40	65	105	–	–	**105**	94
Grand total	**259**	**939**	**1 198**	**105**	**370**	**475**	**26**	**28**	**54**	**115**	**345**	**460**	**505**	**1 682**	**2 187**	**3**	**12**	**2 202**	2 299

* *September 2014. Levels as defined by the Employment Equity Act.*

Workforce analysis: International*

	Botswana				Zimbabwe			Rwanda			Mozambique			DRC			
	BW Nationals		SA National														
Levels	F	M	M	**Total**	F	M	**Total**	F	M	**Total**	F	M	**Total**	F	M	**Total**	**Grand Total**
Senior management	–	–	–	–	–	7	7	1	–	1	–	–	–	–	–	–	**1**
Professional and mid management	1	8	1	10	5	16	21	1	5	6	–	–	–	–	3	3	**40**
Junior management and skilled workers	21	61	–	82	33	139	172	21	72	93	4	2	6	4	1	5	**358**
Semi-skilled and unskilled	3	48	–	51	15	223	238	2	62	64	–	–	–	1	4	5	**358**
Learners	–	–	–	–	4	24	28	–	–	–	–	–	–	–	–	–	**28**
Total permanent	25	117	1	143	57	409	466	25	139	164	4	2	3	5	8	13	**792**
Fixed-term contracts	–	1	1	2	2	12	14	–	–	–	–	7	7	–	–	–	**23**
Total fixed-term contracts	–	1	1	2	2	12	14	–	–	–	–	7	7	–	–	–	**23**
Grand total	**25**	**118**	**2**	**145**	**59**	**421**	**480**	**25**	**139**	**164**	**4**	**9**	**13**	**5**	**8**	**13**	**815**

** September 2014*

Expatriate management per country

Country	**Position**	**Years in position**
Zimbabwe	MD PPC Zimbabwe	2
Zimbabwe	Operations coach	1
Botswana Cement	GM Botswana Cement	6
Rwanda	CEO – CIMERWA	10 months

Workforce demographics

PPC's workforce is well balanced by age. Young and upcoming talent (under 30) represents 17,8% of the workforce while the age group normally associated with greater career stability represents 60,4%. The risk of losing intellectual capital and institutional experience is well managed, with only 21,7% of our employees aged 50 and above.

Employees for South Africa and Botswana per gender, age group and race

	Female					Male					**Grand total**
Age group	**African %**	**Coloured %**	**Indian %**	**White %**	**Total %**	**African %**	**Coloured %**	**Indian %**	**White %**	**Total %**	**%**
30 to 50	59,9	62,9	65,4	60,0	**60,8**	58,3	71,3	85,7	52,9	**60,3**	**60,4**
Over 50	3,8	9,5	7,7	31,3	**11,1**	25,2	10,0	10,7	40,6	**24,8**	**21,7**
Under 30	36,2	27,6	26,9	8,7	**28,1**	16,5	18,6	3,6	6,6	**14,8**	**17,8**

PPC continues to increase the range of data being externally assured in terms of GRI. We have not yet included Zimbabwe or Mozambique, or countries with projects under way, in the scope of externally assured data.

Workforce turnover

The annual turnover rate (calculated as per GRI methods) for 2014 is 12,3% in South Africa, and 14,5% in Botswana. We recorded an increased turnover rate in South Africa and Zimbabwe from 2013, reflecting a number of factors such as voluntary retrenchments at our Riebeeck and lime operations.

Total turnover (Botswana and South Africa)

	Region						**Grand total**	
	Botswana			**South Africa**				
Age group	Female %	Male %	**Total %**	Female %	Male %	**Total %**	**2014 %**	**2013 %**
30 to 50	18,8	11,5	**12,8**	10,4	8,6	**9,0**	**9,2**	8,2
Over 50	50,0	13,3	**17,6**	14,5	19,9	**19,3**	**19,2**	12,7
Under 30	20,0	16,7	**17,6**	13,8	15,9	**15,2**	**15,3**	14,5
Grand total	24,0	12,50	**14,5**	11,8	12,5	**12,3**	**12,5**	10,4

^ New employee turnover.

The nature and purpose of fixed-term contracts for employees are limited duration 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.

PEOPLE REVIEW

continued

Absenteeism rate per region

Region	Female 2014	Female 2013	Male 2014	Male 2013	Total 2014	Total 2013
Botswana	**1,1%**	1,8%	**0,5%**	1,2%	**0,6%**	1,3%
South Africa	**1,9%**	2,0%	**1,9%**	1,9%	**1,9%**	1,9%
Grand total (including sick leave)	**1,9%**	2,0%	**1,8%**	1,9%	**1,9%**	1,9%

Labour relations

In South Africa, 33% of employees are recognised as members of a trade union, 50% in Botswana and 65% in Zimbabwe. PPC acknowledges 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, knowledge and competencies to reach their potential. Training programmes are designed to produce substantial benefits for both PPC and its employees.

Training hours per employment category for 2014**

Employment category	2014 Training hours	2013 Training hours	2014 Total employees*	2013 Total employees*	2014 Average hours per employee	2013 Average hours per employee
Top management	0	9	1	1	0	9,0
Senior management	163	894	27	23	6,0	38,9
Professional	4 925	9 914	220	216	22,4	45,9
Skilled workers	78 668	105 491	1 056	1 069	74,5	98,7
Semi-skilled	44 895	54 773	841	942	53,4	58,1
Learners	106 177	66 113	57	48	1 862,8	1 377,3
Total	234 827	237 193	2 202	2 299	106,6	103,2

**Including 57 fixed-term employees in their respective employment categories.*
***Data excludes training hours for International, Safrika and Pronto.*

Training spend by race and gender for 2014* (R000)

	African		Coloured		Indian		White		Total training spend
	Male	Female	Male	Female	Male	Female	Male	Female	
2014	**14 714**	**15 628**	**10 238**	**999**	**462**	**312**	**4 452**	**759**	**38 100**
2013	6 115	4 697	10 796	2 301	648	419	8 224	1 584	44 300

Investment in training (RSA only) (R000).
** Data excludes training cost for International, Safrika and Pronto.*

In 2014, PPC spent R38,1 million or 4,2% of payroll (ie leviable amount) on skills development for employees. The average training spend per employee was R17 300 compared to R19 300 in 2013. Of these direct and indirect costs, over 80% was spent on previously disadvantaged employees.

PPC operations academy

To date, 75 learners have successfully completed the PPC operations academy's programmes since its inception in 2007. We currently have 15 learners due to complete their studies in the next two months.

This academy offers the further education and training certificate in carbonate materials manufacturing process on NQF level 4. PPC is the only cement manufacturing company offering this programme, which is accredited by the Mining Qualifications Authority (MQA) and registered with the South African Qualifications Authority (SAQA).

No additional learners were enrolled during the year due to a fully trained target population.

PPC mining academy

To date, 43 learners have successfully completed the PPC mining academy's NQF level 3 rock-breaking: opencast quarrying qualification. There are currently nine learners due to complete the programme in the next two months.

No additional learners were enrolled during the financial year due to a fully trained target population.

PPC leadership talent development programme

With the successful third and final intake of the PPC leadership academy in the previous financial year, we started a new leadership development initiative in partnership with the Gordon Institute of Business (GIBS). *Leading Beyond the Bag* seeks to develop globally competitive leaders in support of our HR and business strategy by focusing on carefully selected desired outcomes, including:

- A **style of leadership** that will underpin a **multinational, multicultural and high-performance** company
- Providing a forum for strategic decision making so that **socially grounded leadership** is a default approach rather than a legislatively driven strategy
- A leadership approach that acknowledges and incorporates the **tenets of African leadership** to reorientate a South Africa-dominated PPC to a pan-African PPC
- Provide a **self-governing framework** that transcends individuals and is driven by the collective leadership of PPC.

To date, 24 young leaders have been identified through our talent management process and enrolled on the programme. Six of these candidates are from our international businesses.

Executive development programme for manufacturing business

The PPC Women's Forum was launched in 2011 to attract, nurture and advance female talent to lead PPC. As part of its objective in developing female leadership, the forum is supporting a joint development initiative between the Manufacturing Circle and GIBS.

This executive development programme focuses specifically on manufacturing and the role of women and is facilitated over ten months in three phases: business and manufacturing in SA 2013 to 2020; strategy and innovation in manufacturing business; and shaping the future.

The forum supported six female candidates in the 2013 intake who completed the programme in December 2013. A further five female candidates were enrolled in March 2014.

PPC technical skills academy (TSA)

The PPC technical skills academy 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 MQA accreditation and ISO 9001:2008 certification during the review period. Since 2002, TSA has successfully trained 208 engineering learners.

Learnership programme	African		Indian		Coloured		White		Total	Total graduated (since inception of academies – 2002)
	M	F	M	F	M	F	M	F		
Electrical	5	7	0	0	2	0	1	–	15	**80**
Fitter and turner	10	2	–	–	7	2	0	–	21	**87**
Plater-welder	3	1	–	–	2	–	–	–	6	**32**
Diesel mechanic	4	1	–	–	2	0	1	–	8	**22**
Total	22	11	–	–	13	2	2	–	50	**221**

Graduate development programme

As this programme enters its sixth year, it has integrated 19 graduates into the business, with 11 currently on the programme and one graduate completing the course during the year. In 2014, six new graduates entered the programme.

Programme	African		Coloured		Indian		White		Total	Total graduated
	M	F	M	F	M	F	M	F		
Graduate development programme	4	6	2	0	0	0	0	0	12	**19**

PEOPLE REVIEW

continued

Iziko Talent

Iziko is part of an integrated talent management process, aimed at attracting, developing, empowering and retaining talent in PPC. Selected candidates are given the opportunity to expand and develop in the company. Each candidate had to achieve the following outcomes and objectives:

- Develop managerial and PPC-relevant technical and specialist competencies
- Facilitate the transition to a senior management or specialist role
- Develop a unique and structured career pathway for each individual, culminating in a specific outcome that will realise their potential
- Provide tailored learning intervention that supports their growth
- Expose them to the implementation of strategic projects throughout PPC
- Assign a variety of coaches to guide them through this integrated developmental phase on the path to their future.

All 17 candidates enrolled in the previous year successfully completed their training in the review period.

SOCIAL REVIEW

Empowered ownership

Highlights

Employee team trusts vest – an effective 26% black ownership of South African operations is in line with mining charter requirements

Over 26 million shares issued to employees under the PPC Masakhane Employee Share Trust

Over R36 million in dividends paid to employee share owners to date

Some P184 000 paid to Botswana share scheme members to date

PPC's level 2 BBBEE rating maintained

Challenges

Maintain level 2 BBBEE rating against the new targets of the gazetted Revised Codes of Good Practice in 2014/2015

PPC continues on its journey to advance broad-based black economic empowerment (BBBEE) in South Africa, understanding the importance of meaningful mainstream economic participation by black people in meeting the country's socio-economic objectives.

After our initial R2,7 billion BBBEE transaction six 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 ahead of the 2014 target.

During the period, we continued to engage with national and provincial government departments to align our broad-based socio-economic transformation objectives with theirs. Progress is guided by our REAL (relevant, empowering, actualised and lasting) transformation philosophy, the heart of all our social performance initiatives.

PPC external broad-based trusts

In the past, the PPC Education Trust completed its 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, while others were employed in other sectors.

Ongoing training projects for beneficiaries linked to the PPC Construction Industry Associations Trust have seen around 3 000 beneficiaries participating in accredited training initiatives since inception.

This year the PPC Community Trust funded the upgrade of Esterhof Crèche in the Western Cape and renovations to Klipplaat Stadium in the Eastern Cape.

PPC internal staff trusts

The PPC Team Benefit Trust (Registration number IT 1036/08)

Launched in June 2009, the initial focus of this trust was on the identified need for financial literacy among shop-floor employees. In the review period, the trust focused on estate planning and the importance of having a will, with group workshops across the business being well received by employees. Ongoing financial literacy programmes for senior employees are being rolled out across the group.

Since launching our internal BBBEE1 staff trusts, some 2 900 existing staff beneficiaries have received over R36 million in dividends. The Current and Future PPC Team Trust and the PPC Mkhulu Trust have conducted roadshows for all beneficiaries as the shares vest in the beneficiaries' names. In total, beneficiaries sold around 1,5 million shares and retained some 1,4 million shares across the three team trusts that vested.

The Black Managers Trust is currently 61% allocated, with 6,3 million shares passed on to beneficiaries. Dividends of R103 million were paid to the trust's loan funders on behalf of the remaining 145 beneficiaries.

After launching the PPC Masakhane Employee Share Trust, our second employee scheme, 2 149 existing staff beneficiaries received R10,2 million in dividends in year one. For the reporting period, 97% of the 26,7 million shares allotted to the trust have been allocated to beneficiaries.

The PPC Bafati Investment Trust, launched as part of our BBBEE2 structure, is being operationalised. The mandate of this trust is to contribute in meaningful and sustainable ways to enhancing the standard of living and improving the well-being of previously disadvantaged people, especially black women, in the areas in which PPC operates. It also aims to assist in their development and empowerment and to advance broad-based black economic empowerment in line with the spirit and purpose of the BEE Act, the mining charter and the codes. The trustees have almost completed appointing beneficiaries across communities in which we operate.

PPC Botswana share scheme

The staff scheme (Sesigo) for permanent team members of PPC Botswana and Kgale quarries was introduced three 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 P184 000 in cash payments.

SOCIAL REVIEW
continued

Socio-economic development

Going beyond compliance and the business of cement, PPC continues to address the social challenges facing South Africa and the communities in which we operate. In line with our social and labour plans for 2014 to 2018, we implemented SLP projects for five out of 10 mines. Of the implemented projects, two of the five were completed in 2014. PPC will engage communities and municipalities in various regions to identify development priorities and contribute towards the funding and implementation of socio-economic initiatives.

Social and labour plan highlights for 2014

- R9,9 million spent on projects in 2014
- Drinking water provided at two Limpopo villages
- Community hall built for the Vaalboschsloot village
- Contributed to upgrade of the Riebeeck Valley waste water treatment works.

Drinking water at Dwaalboom and Skierlik villages in Limpopo

Investment: R2,2 million

The Dwaalboom informal settlement is near the small mining town that is home to PPC's Dwaalboom mine in the far-eastern portion of Limpopo. In addition to various social and business amenities, key specialised services are provided by Thabazimbi Municipality. However, the 112 households in the informal settlement had water delivered by tanker.

Skierlik is in Sentrum, also in Limpopo, next to a school property owned by the Department of Public Works. Despite the lack of services – informal gravel roads, no electricity, no water or sanitation infrastructure – the settlement continues to grow, reflecting the high rate of unemployment in the area. Of the two boreholes on the property, one had dried up, while the other had only enough capacity to provide water for the school, and not the entire village of 311 households.

PPC supported the Thabazimbi Municipality's integrated development plan by installing additional boreholes at Dwaalboom and Skierlik. While the Dwaalboom borehole is electrified by Eskom, solar panels were installed to power the Skierlik boreholes. Storage tanks were erected closer to the boreholes and communal taps provide convenient access for the communities. Jobs were created for 12 unemployed youth in this project. Following the hand-over in May 2014, the municipality will assume responsibility for maintaining the boreholes to ensure the sustainability of this solution.

Community hall for the Vaalboschsloot village in North West

Investment: R4,9 million

The 2 000-strong community of Vaalboschsloot lives 50km north of Brits and 30km from the PPC Beestekraal quarry.

With a high rate of unemployment and a correspondingly large number of unemployed youth, this village had no basic amenities for youth development and recreation. In addition, there was no community hall, so residents had no venue for meetings or to receive government services such as grants or mobile clinics. This meant the elderly had to travel long distances to pension payout points.

In line with the Madibeng local municipality's integrated development plan, PPC funded construction of a community hall, creating temporary construction jobs for 22 young people from the local community as well as opportunities for local SMMEs. The 500-seater hall will provide a dignified space for community meetings and events as well as grant payments and mobile clinic days. The hall was completed in October 2014 and handed over to Madibeng Municipality.

Other projects under way

- Potterville youth centre – Western Cape: R1 million spent in 2014
- Danielskuil electrical network refurbishment – Northern Cape: R300 000 spent in 2014

Challenges

The skills of local contractors and SMMEs in rural areas remain a major challenge as the lack of appropriate experience undermines delivery on time, cost and quality requirements. In addition, the amount invested in these projects does not always cater for intensive labour absorption. The strike in the metal and transport sectors also affected our projects, with costs escalating because of delayed project schedules.

Upgrading Riebeeck Valley waste water treatment works in the Western Cape

Investment: R1,5 million (part of a three-year commitment to 2015)

The PPC cement works is close to Riebeeck-Wes and Riebeeck-Kasteel in the Western Cape. The rural village character and beautiful environment surrounding these towns contributes to their popularity as retirement and tourist destinations (especially as weekend and holiday homes).

After assessing the existing water treatment plants at PPC, Ongegund and Riebeeck Valley, the Swartland Municipality determined that upgrading and maintaining these aged plants would not be feasible as they were already used to their capacity. Accordingly, a R73 million modern waste water treatment plant was designed to serve the entire Riebeeck Valley, with the municipality receiving a contribution of R5 million from PPC over three years from 2013.

The contractor responsible for this project is employing over 100 people, with about 70% from the local community. When the plant is fully operational in March 2015, up to ten permanent workers will be needed to operate and maintain it.

Benefiting a population of over 1 100 in Riebeeck-Kasteel, this project epitomises our approach to socio-economic development in communities where we operate.

SOCIAL REVIEW

continued

Enterprise development

The PPC Ntsika Fund (Pty) Limited (Ntsika) was established in 2008 as our enterprise development fund and formal vehicle for financial support and active mentorship to black-owned enterprises. To date, the Ntsika board has invested R64 million in six black-owned businesses. Given the entrepreneurial nature of these initiatives, some are more successful than others. Through financial support and mentorship, PPC is focused on ensuring long-term success where possible.

The investment portfolio comprises:

Afripack (Pty) Limited	■ Afripack manufactures and supplies flexible packaging solutions to the industrial and fast-moving consumer goods (FMCG) markets ■ Ntsika has invested R43,4 million to expand the business base. The funding was used to acquire assets and business in pursuit of the group's vision of being Africa's preferred flexible packaging partner by 2020 ■ The global economic environment remains tough for most industries. In addition, macro conditions have not been favourable for the manufacturing industry ■ Afripack continues to work on increasing efficiencies in the business and factories locally and is looking for expansion growth in the rest of Africa **Outlook** Afripack will continue to pursue its African expansion strategy and work with suitable partners to ensure successful implementation.
Metlakgola Construction & Development (Pty) Limited	■ Metlakgola develops plots into residential housing units in Soweto. Ntsika invested R2,1 million to purchase and develop the initial 23 plots ■ Due to a number of legal and operational difficulties, only six stands were developed and four were sold. Consequently, the Ntsika loan has been impaired by R1,3 million **Outlook** The business model has proved unsustainable and PPC Ntsika is currently deliberating on an exit strategy/the company is being liquidated.
Rhulanani Concrete Mixers (Pty) Limited	■ Rhulanani is a readymix concrete business operating in Lephalale, Limpopo ■ Due to a number of operational challenges, the company is no longer operating. The loan of R3 million was impaired in prior years **Outlook** The current business has proved unsustainable, and the project is under review.

Olegra Oil (Pty) Limited	■ Olegra collects used oil from surrounding mining operations and operates a filling station, fitment centre and guest house in Lime Acres village. Used oil is sold to PPC Lime as environmentally friendly fuel for its kilns. Ntsika invested R5,75 million into this business ■ The company declared its first dividend of R2,2 million during the year and a R1,1 million dividend was paid to black employees **Outlook** Ntsika has decided to keep its 29% equity stake in the company which is a strategic partner to PPC Lime.
First Gas LPG and Fossil Fuel Distribution (Pty) Limited	■ First Gas distributes liquid petroleum (LP) gas, diesel and paraffin from a site in Germiston, Gauteng. Ntsika has invested R2,9 million in this business to buy plant, equipment and stock ■ Sales are low and the market is competitive, with illegal operators in the market undercutting prices. As a result, the company is no longer operating and the total loan has been impaired **Outlook** Ntsika sold its 40% equity stake to the current shareholders for a nominal sum.
Modise Woodworks and Projects cc	■ Modise supplies cut-to-size laminated chipboard and accessories to the residential housing market in Soshanguve. Ntsika has invested R1,4 million ■ The company is currently trading close to break-even despite adverse trading conditions. As it was unable to repay the loan due on 31 March 2014, the repayment was extended to 31 March 2015 **Outlook** This loan repayment is currently under review as there is little prospect of the project being able to repay the loan in March 2015.

SOCIAL REVIEW

continued

Preferential procurement

PPC aims to maximise purchases from black-empowered companies to promote entrepreneurship and enterprise development in local communities at regional, provincial and national level. To create an enabling environment for sustainable black businesses, PPC provides access to mainstream procurement opportunities.

For the review period, total measured spend was R4,9 billion (2013: R4,6 billion), of which 91% (R4,48 billion) was BEE-recognised spend in terms of the dti codes of good practice. PPC has consistently met the compliance target of 70%.

In terms of preferential spend against the mining charter, we met or exceeded all targets, except for multinational contributions. We are awaiting the DMR's revised mining charter for 2015 – 2020.

Spend category	**Target 2014 %**	**Actual 2014 %**	Actual 2013 %	Actual 2012 %
Capital goods	**40**	**43**	30	23
Consumable goods	**50**	**61**	47	43
Services	**70**	**70**	60	61

Preferential procurement in 2014

PPC has met the requirements of the dti for 2014 and is at an advanced stage of readiness to implement revised codes of good practice that will come into effect on 1 May 2015.

Supplier engagement

To ensure continuity in delivery, pricing and quality throughout the value chain, PPC will periodically evaluate the performance and progress of its supply base in implementing transformation programmes. Aspirant suppliers will have the opportunity to engage PPC through our innovative web-based procurement portal to assist with:

- Easy access to information for supplier selection and rotation
- Early identification of enterprise and supplier development opportunities
- Improving data integrity and security.

Enterprise and supplier development

We view enterprise and supplier development as an integral part of developing and fostering SMME (small, medium and micro-enterprise) development in South Africa. We are an integral part of the national agenda to promote SMME sustainability, poverty reduction, employment creation and shared economic growth.

To date, the PPC Ntsika Fund has invested R64 million in six black-owned enterprises. Although most of these businesses are struggling in the current economy, we have learned important lessons about ensuring the sustainability of future investments through financial support and mentoring.

We seek to migrate procurement from non-transformed companies and bring new participants into mainstream procurement opportunities without relinquishing our established value-for-money principles. As such, we have several initiatives under way:

- Key supplier roadshows
- Engaging our strategic suppliers to ensure full understanding of the revised codes of good practice, which were gazetted in October 2013, and their impact on the respective organisations as well as PPC. We have also established the suppliers' empowering status, a fundamental requirement of the revised codes
- Supplier assessments/accreditation processes
- PPC has assessed key suppliers to ensure sustainability of our value chain, mitigated supply-related risks and promoted collaborative partnerships.

Corporate social investment

Highlights

Time for Change will join the supplier development programme for protective clothing

Introduction and implementation of socio-economic projects at CIMERWA cement factory in Rwanda

The Love of Christ Ministries now a supplier of chickens to a restaurant

Challenges

Lack of resources to manage social responsibility initiatives throughout Africa

Managing expectations from various stakeholders in the different countries

PPC believes that being a responsible and caring corporate citizen in all our operating areas is a key component of true business leadership. Accordingly, the group's social policy was revised in August 2014 to include operations in the rest of Africa. The new policy highlights our strategic commitment to sustainable development, shapes our relations with other organisations and specifies how PPC functions in the wider social, economic and political environment. The intention is to be a socially grounded business.

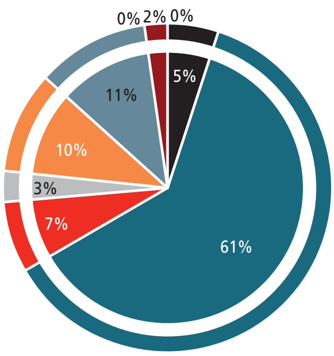
Central to some broader societal key issues, PPC aims to:

- Create employment and income-generating initiatives using an inclusive business approach where people at the base of the pyramid provide goods, services and livelihoods on a commercially viable basis, and integrate them into the value chain of PPC's core business as suppliers, distributors, retailers or customers
- Establish stakeholder forums and build strong constructive relationships that will deal with grievances from affected communities
- Evaluate risks and impacts to the health and safety of communities and establish preventative and control measures
- Lawfully acquire land, where necessary
- Minimise displacement, compensate for loss of assets, improve the livelihoods of displaced people
- Improve living conditions
- Respect the human rights, dignity, aspirations, culture of indigenous peoples
- Protect cultural heritage from the adverse impacts of project activities.

We continue to identify opportunities to invest to empower in communities where we operate. Integrating this approach into our business strategy is underpinned by our REAL (relevant, empower, actualise and lasting) transformation philosophy.

In 2014, PPC spent R7,04 million on CSI initiatives, broken down into specific focus areas as shown below.

2013 to 2014 group CSI expenditure



- Socio-economic job creation and poverty alleviation
- Education
- Socio-economic community training
- Socio-economic infrastructure development
- Community development – welfare
- Community development – arts and culture
- Community development – HIV/AIDS
- Community development – sport
- Botswana

Projects by focus area

Community and socio-economic development

Welfare and charity support

PPC continues to support numerous initiatives including welfare organisations like CHOC Childhood Cancer, Hospice, day-care centres, soup kitchens, old-age homes, homes for people with disabilities and orphanages.

Income generation and poverty alleviation

In this focus area, PPC partners with established organisations to ensure we reach as many beneficiaries as possible through sustainable initiatives.

Time for Change

Time for Change (TFC) is a non-government organisation that has grown from grass roots to supplying PPC Cement shopping bags and work wear. Funds raised support the education and welfare of orphaned and vulnerable children, and provide tertiary education for youth who have lived on the streets of Johannesburg. At present, 12 women and one man are employed in the sewing room, and another four women and four men work in the bakery.

TFC will soon be training the women of Mugaza Sector around the CIMERWA cement factory in manufacturing workwear and school uniforms.

The Love of Christ Ministries

The Love of Christ (TLC) Ministries produces around 1 400 chickens per month and supplies a local restaurant in Johannesburg and over 20 local entrepreneurs with live produce.

This poultry project has created employment for one part-time worker and three full-time workers who split their time between maintaining the chickens and providing general farm labour to TLC. One of these workers also supplies live produce to the local informal settlement.

Humana People to People in Soweto

PPC partnered with Humana in Soweto on a greenhouse for vegetable production, with produce sold to the local community and an early child development centre. Members of the local community have developed skills in growing various vegetables and are able to feed their families.

Learn to Earn

Our sales and marketing office in Cape Town partnered with Learn to Earn to train women in sewing and baking skills. A number of these women are now self-employed and supporting their families.

Infrastructure development

PPC partnered with the Department of Human Settlements (DHS) to build three houses (two in KwaZulu-Natal and one in Cape Town) for the poorest of the poor. In addition, PPC built a house for an old man living in a shack in Ivory Park in Johannesburg. DHS assists PPC in identifying needy beneficiaries from its database.

This initiative mirrors the PPC employee housing initiative which is inward-looking, while the community housing initiative looks outside the business.

PPC also contributed cement towards:

- Renovations for six schools through Adopt-a-School Foundation
- Brick-making project for the Gombani women-run project in Limpopo
- Constructing a ferro-cement water storage tank at Humana Child Aid in Soweto
- Building three classrooms at Ramabu High School in Limpopo
- Building houses for destitute and abandoned children in Hammerskraal
- Refurbishment at Buhrmannsdrif School in the North West
- Building a community centre at Ulundi in KwaZulu-Natal.

Environmental

Endangered Wildlife Trust

In partnership with Endangered Wildlife Trust, PPC has implemented eco-schools projects that provide environmental education and management to five rural schools. The focus is on healthy living by developing and improving vegetable gardens. The produce is used to feed learners at these schools and to generate funds to improve school facilities.

Trees for Covenant Gardens Estate

PPC invested in 100 two-metre trees at this estate – a new centre with an integrated hub for spiritual, academic and social development, working with the local Hammerskraal community to care for the needs of children affected by HIV/AIDS.

Arts and culture

PPC has continued to support the Field Band Foundation, with these bands performing at a number of PPC group events.

SOCIAL REVIEW
continued

Education

Afrika Tikkun

There is growing evidence that providing quality early childhood development (ECD) programmes not only reverses the effects of early deprivation on individual children but also offers one of the most promising approaches to alleviating poverty and achieving social and economic equity.

PPC partnered with Afrika Tikkun and adopted two classrooms in the Alexandra ECD Centre. Over the last six months, this programme has recorded great success through its various services and activities. The high quality of education provided to the children has made a significant impact in developing their full cognitive, emotional, social and physical potential.

In 2014, 61 grade R children graduated and were prepared to be school-ready by the end of November. School-readiness assessments were conducted in early November 2014.

All 80 children in the two classes received the appropriate educational, nutritional and health intervention necessary for sound development. With PPC's financial support, four teachers retained their jobs at the ECD centre and benefited from appropriate skills development for the work they do with the children.

Forest Town iPad project

Children and youth with complex disabilities have very few avenues to adaptations that facilitate their access to learning materials. This has been addressed through specialised applications (apps) for Apple iPads developed specifically for children with disabilities. Interactive iPads enable children who cannot write to easily retrieve educational material, while children who cannot speak can 'verbalise' what they are learning through special "speaking" apps.

PPC funded the pilot project of 20 iPads for the school at a cost of R297 000, including training and equipment.

The iPad has revolutionised education at Forest Town. Learners' levels of concentration have increased dramatically and being able to master previously impossible tasks has already raised levels of self-esteem.

Christel House South Africa

Christel House projects address four primary risk factors affecting families living in poverty – emotional and social challenges, acute and chronic stress factors, cognitive lags, and health and safety issues.

PPC is currently investing R280 000 per year to support eight girls. Our strategy is to use this special school as a source of future bursary students.

In 2014, 60 learners from Christel House received a Deskbuddy – a lightweight, portable desk which comes in a carry bag with basic stationery and solar lighting. After the CEO challenged all PPC sites to invest in these desks for struggling students in their communities, a total of 360 desks were distributed.

PPC continues to support African Leadership Academy, Thandulwazi Maths and Science Academy, QuadPara Association of South Africa and other organisations. Our factories, especially Dwaalboom and Lime Acres, invested in subsiding teachers' salaries and educational support for children.

Employee volunteerism

There has been a noticeable increase in employee volunteerism. All PPC sites, including head office and Zimbabwe, participated in Mandela Day in July. Employees also took part in marathons, walks, cycling and the Movember initiative to raise funds for various charities.

CSI beyond South African borders

Botswana

Botswana is currently focusing on educational initiatives as well as women and youth empowerment on income-generating projects in partnerships with government, and early childhood development.

Molepole project

PPC invested in building materials to construct a knitting workshop as the government would like this initiative to supply large tenders.

Old Naledi Crèche

The crèche is in a disadvantaged community very close to our factory. In the previous year, PPC constructed an administration block, dining place for children and a kitchen. Plans are underway to invest in study materials for the children.

Lady Khama Charity Trust

PPC continues to support the trust and invested P350 000 towards sustainable gardens. This charity is a mother body and distributes funds to deserving small charities.

Zimbabwe

United Bulawayo Hospital and Mater Dei

PPC Zimbabwe invested in refurbishing the hospital's maternity wing and assisted Mater Dei, a private Catholic hospital, to repair the roof that had been gutted by fire.

PPC Zimbabwe Women's Forum provided memorable festive cheer for a group of handicapped children at Francis Home, which also received 12 wheelchairs.

Education

PPC Zimbabwe is supporting holiday schools where O-level students are mentored in maths and science in preparation for final exams.

Rwanda

A number of stakeholder and community engagements were conducted during the year to identify short-term and medium to long-term projects. Projects under way include:

- Upgrading the road
- Carpentry – making beds
- Knitting project with 7 to 12-year-old learners
- Traditional dancing club
- CIMERWA-branded shopping bags.

A sewing project will be implemented with lessons learnt from TFC. An exchange programme is being put in place where experienced tailors from TFC will travel to CIMERWA to share their skills.

ENVIRONMENTAL REVIEW

Highlights

Successful upgrades at De Hoek kiln 5 and Lime Acres kiln 6, replacing electrostatic precipitators with bag house filters which improved particulate matter emissions to below the 2020 minimum emission standards

PPC provided industry-focused air-quality training to the Limpopo Department of Economic Development, Environment and Tourism to enhance officials' understanding of kiln emissions

All PPC operations with listed activities were issued with atmospheric emission licences

After focused engagements with waste authorities in the Department of Environmental Affairs (DEA), we received amended waste licences for our Riebeeck and De Hoek operations that now reflect the nature and scale of waste activities on site

Agreement finalised to source waste tyres as alternative fuel

PPC De Hoek was granted authorisation for the Vondeling quarry expansion, unlocking an additional 15 years of limestone reserves

PPC Zimbabwe was granted positive authorisation to construct a milling facility outside Harare. This facility will comply with international emission standards

A comprehensive environmental and social impact assessment process has been initiated in Democratic Republic of the Congo to construct a 1mtpa cement plant

Lowlights

Given concerns on the performance of four emission points, we applied to postpone compliance timeframes for Dwaalboom kiln 1, PE kiln 4, De Hoek finishing mill 6 and Slurry kiln 7

Delays in issuing water-use licences and various regulatory amendments remain a challenge. PPC continues to engage with government officials to ensure successful outcomes

Carbon tax has been delayed to the 2016 financial year. It is still uncertain whether the carbon budget approach being implemented by the Department of Environmental Affairs will align with the carbon tax being developed by National Treasury

We have been unable to achieve our goals in implementing energy management systems aligned to ISO 50001, due to resource constraints

PPC environmental vision and policy

PPC is committed to integrating environmental and sustainability issues into the overall business strategy. To reflect this commitment, top management and the board review the group environmental policy annually.

The policy commitments include:

- Establishing clear accountability for environmental performance
- Continual environmental improvement
- Complying with environmental legislation and other requirements
- Pollution prevention
- Managing natural resources
- Effective and transparent communication for our stakeholders
- Building capacity among our stakeholders to identify, report and act on opportunities to minimise environmental impacts
- Managing our land through concurrent rehabilitation and maintaining biodiversity.

Long-term focus on environmental issues

We aim to minimise the impact of PPC's environmental footprint and create more positive outcomes in the long term. We recognise that the impacts of climate change, managing water resources and energy security are among the greatest challenges facing society and sustainable development. The strategic steps we have taken in reducing our environmental footprint will allow us, as a company, to create more positive outcomes in the long term.

Energy policy

Our group-wide energy policy acknowledges that ours is an energy-intensive business. The policy commits PPC to developing energy and carbon management programmes throughout the organisation, considering lifecycle costs in procurement and design, and sets specific energy-efficiency targets. PPC aims to source 10% of its energy requirements from renewable or alternative sources by 2017.

Interactions with communities

PPC is committed to empowering communities where we operate through transparent dialogue and building capacity on key environmental aspects of our activities. Biannual environmental stakeholder meetings continue at all our sites. PPC's model of communicating and educating stakeholders has been implemented in both Rwanda and Democratic Republic of the Congo (DRC).

PPC continues to engage authorities through various forums including the Association of Cementitious Material Producers (ACMP), focused at national level, and provincial authorities through site-specific interaction. The focus of ACMP is mainstreaming issues that are critical to the cement industry, including:

- Air quality management and minimum emission standards
- Waste management and facilitating co-processing programmes
- Carbon tax and desired emission reduction outcomes
- Ensuring regulatory certainty for the cement industry by participating in legislative reform processes.

PPC continues to build capacity with authorities. For example, the air-quality licensing unit of the Limpopo Department of Economic Development, Environment and Tourism attended a two-day training session, delivered by independent technical experts, on cement production and kiln emissions to provide industry-specific knowledge during licensing processes. In addition, the Department of Mineral Resources (DMR) was engaged extensively in support of the "one environmental system". PPC demonstrated its commitment by offering on-the-ground training to DMR officials who will be taking over the environmental responsibility as per the National Environmental Management Laws Amendment Act 2014.

Material environmental issues

Based on stakeholder engagement, internal and external factors that affect the company as well as legal obligations, PPC identified its material environmental issues for 2014. The material issues identified in the prior financial year are effectively unchanged, but a number of new challenges have been identified that require management attention, as follows:

Material issue		Status	Response
Compliance	Challenging and changing environmental framework.	The 'one environmental system' offers new challenges in maintaining regulatory compliance and obtaining authorisation for new activities. The current interpretation separates mining and manufacturing, which implies PPC still has two separate competent authorities in terms of authorisation. Additionally, relationships developed with existing competent authorities will need to be rebuilt.	In addition to PPC's existing programmes, we are engaging with the DMR to demonstrate our commitment to sound environmental management and building capacity. In addition, we are actively participating in law reform processes to ensure sound legal frameworks are developed. Given ongoing regulatory uncertainty on the Waste Act, waste classification and implementation challenges remain.
Operational energy consumption and carbon emissions	Energy consumption (electricity, coal, diesel). The cement industry requires significant thermal and electrical energy. The price, quality, sustainable supply and usage optimisation of both energy types are key to successful operation.	PPC is an energy- and carbon-intensive business. As such, significant effort has been devoted to engaging with regulatory authorities (DEA and National Treasury). There is still uncertainty on the alignment between carbon tax and desired emission-reduction outcomes or DERO processes and the consideration of inherent cement emission (some 50%) in these processes. We continue to work on PPC's energy-efficiency programme with a number of trials on advanced energy monitoring and management systems.	PPC continues to source alternative raw materials that will replace coal. We are conducting a detailed study into carbon-emission reduction opportunities. This will inform our response to the DEA's carbon budgeting process. We have concluded an agreement with REDISA (Recycling and Development Initiative of South Africa) to source waste tyres in the Western Cape. Our alternative fuels programme will be rolled out at De Hoek, initially focused on introducing waste tyres. Advanced monitoring and reporting systems have been completed at most Cement South Africa sites, as well as Zimbabwe's Colleen Bawn operation.
Water scarcity	Water management.	The national Department of Water and Sanitation has launched a water conservation and demand management programme, aimed at evaluating and encouraging sectoral water benchmarking and water-use efficiency.	We continue to focus on ensuring that licences are obtained in good time for all operations and that these are appropriate, based on the scale and nature of operations to ensure compliance.

Legal compliance management

In line with our environmental policy, PPC is committed to environmental compliance across the group, using a combination of targeted internal audits, legal registers, external legal auditing and external permit compliance audits.

The foundation of legal compliance management at PPC's large South African operations is still certified ISO 14001 management systems.

The speed of change of environmental legislation remains a challenge and is included as one of our material issues. The 'one environmental system' presents new challenges in maintaining regulatory compliance and authorisation of new activities. Extensive engagement with the newly mandated competent authority will be required to ensure a sound understanding of PPC's activities and challenges.

The ACMP still plays a pivotal role in the engagement process and ensures that cement industry issues are addressed through law-reform processes.

Environmental compliance directives

We are proud to report that there were no environmental compliance directives in South Africa in the past year, however, in Zimbabwe we had fines: one received in Colleen Bawn and two in Bulawayo.

ENVIRONMENTAL REVIEW

continued

Carbon tax and desired emission-reduction outcomes

The regulatory environment on mitigating climate change is evolving in South Africa. Government is developing a carbon tax, allocating carbon budgets and implementing other measures in an attempt to transition to a low-carbon economy. A process is under way to allocate appropriate carbon budgets for companies above an emissions threshold, and these companies will be expected to develop a mitigation plan to meet that budget. The carbon budget approach being implemented by the Department of Environmental Affairs is expected to align with the carbon tax being developed by National Treasury.

The implications are potentially significant to PPC and the economy. We have therefore initiated a process to prepare for these requirements and engage proactively to ensure the most appropriate outcome. A study is under way to assess short-, medium- and long-term greenhouse gas mitigation potential options and their associated costs across our South African operations. The information generated will be used to engage proactively with government and then to inform the company's mitigation plan.

Carbon footprint and Global Reporting Initiative

PPC continues to monitor and manage its carbon footprint through a comprehensive data-collection and assessment process, including external assurance of absolute carbon emissions and energy consumption.

The gross energy consumption for PPC's South African operations for the last three financial years is presented below:

Energy consumption (South Africa operations)

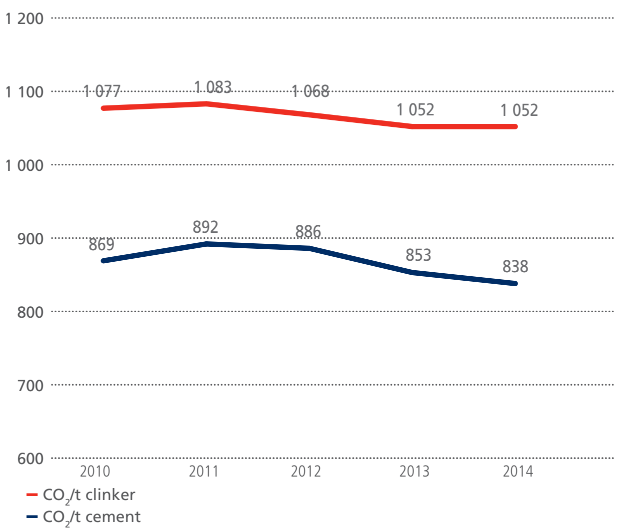
GJ	2014	2013	2012
Direct	**18 506**	20 599	20 572
Indirect	**2 078**	2 202	2 216

CO_2 emissions

	Total	Direct	Indirect
Cement, lime and dolomite SA	**4 481 066**	3 920 621	560 446
Cement SA (only)	**3 464 967**	2 975 875	489 092
Cement Zimbabwe	**459 163**	409 141	50 023

The performance of PPC's SA cement operations showed a further 1,7% improvement in specific carbon intensity and 3,6% improvement from our 2010 baseline. This reflects the prioritisation of our most efficient plants in our three mega plant strategy.

CO_2 emissions



Water resource management

The water-use licensing process is complex, onerous and slow and, to date, PPC has not received all integrated water-use licences. While we continue to engage with the Department of Water and Sanitation on various integrated water-use licences and amendments, we remain committed to managing water efficiently. We also continue to identify opportunities to improve water use in all our operations, as reflected in the current upgrades which generated further process water savings.

Municipal water consumption

2014	2013	2012
718 028m³	693 231m³	737 533m³

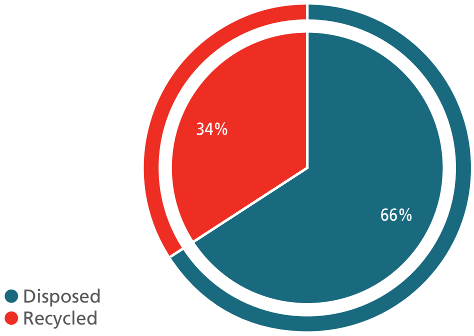
PPC municipal water consumption is effectively flat year on year. Most of our facilities rely on natural water resources for operational needs.

Waste management

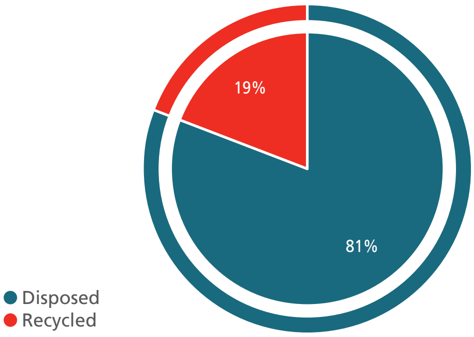
During the year, we received amended waste licences for PPC De Hoek and Riebeeck. PPC De Hoek's amended licence will allow for co-processing alternative material such as tyres and biomass.

PPC continues to implement recycling programmes across our South African operations. The effectiveness of these programmes is shown below.

General waste



Hazardous waste



Upgrade projects

The Western Cape modernisation project is almost complete, pending the planned upgrade of finishing mill 6 at PPC De Hoek. In addition, PPC De Hoek's kiln 5 bag house filter upgrade was recently completed with dust emissions reduced to below 10mg/Nm^3. The upgrade is also expected to deliver significant savings in water consumption, similar to those achieved by the kiln 6 upgrade.

PPC Slurry initiated a process for authorisation of its new kiln line. The delivery of kiln 9 will enable us to decommission the ageing kilns 5 and 6. The result will be a net increase in clinker production capacity that fully complies with the most stringent atmospheric emission limits, well before the 2020 timeframe. Once kiln 9 is operational, and as necessary, PPC will be able to address the emissions of kiln 7 (currently subject to the postponement application).

PPC Slurry also completed its air-quality upgrade of finishing mills 1 and 2, reducing dust emissions significantly to below 2020 limits.

PPC Lime has successfully upgraded kiln 6 to comply with 2020 emission limits. The kiln was restarted in July 2014 and is currently operating below 10mg/Nm^3.

The total cost of these upgrades was R91 million.

De Hoek kiln 5

Rest of Africa

As part of its rest of Africa strategy, PPC is currently implementing measures to address environmental and sustainability issues. Having acquired in-country authorisation for our new projects, we are developing environmental and social impact assessments (ESIA) to align to the funding requirements for each project. We continue to strive to implement best practice in managing associated environmental impacts. In our Rwanda operations, implementation of the ESIA is well under way.

Systems approach: commitment to certified environmental management systems

PPC's commitment to continually improving our compliance is demonstrated by the fact that all South African cement and lime production facilities are ISO 14001 certified. Our mature environmental management systems are audited by independent certification body SABS and DEKRA annually to verify conformance against the standard and we have retained our certifications since 2001.

PPC identifies its impacts and aspects and sets objectives and targets at different operational levels. These are managed through environmental management systems.

Air (point source) emissions

Emission licences have now been issued for all PPC's listed activities. Given the age of some of our plants, not all point sources will meet minimum emission standards by the regulated deadline of 1 April 2015. We have therefore applied to the national air quality officer to postpone our compliance timeframes for point sources at the following operations: PPC Slurry kiln 7, PPC Dwaalboom kiln 1, PPC De Hoek finishing mill 6 and PE kiln 4. Once postponement is granted, we will finalise and implement major plans for the Slurry kiln 9 and PE kiln 4 upgrade projects. Dwaalboom kiln 1 and De Hoek finishing mill 6 are scheduled for upgrade during 2017 and 2015, respectively.

ENVIRONMENTAL REVIEW

continued

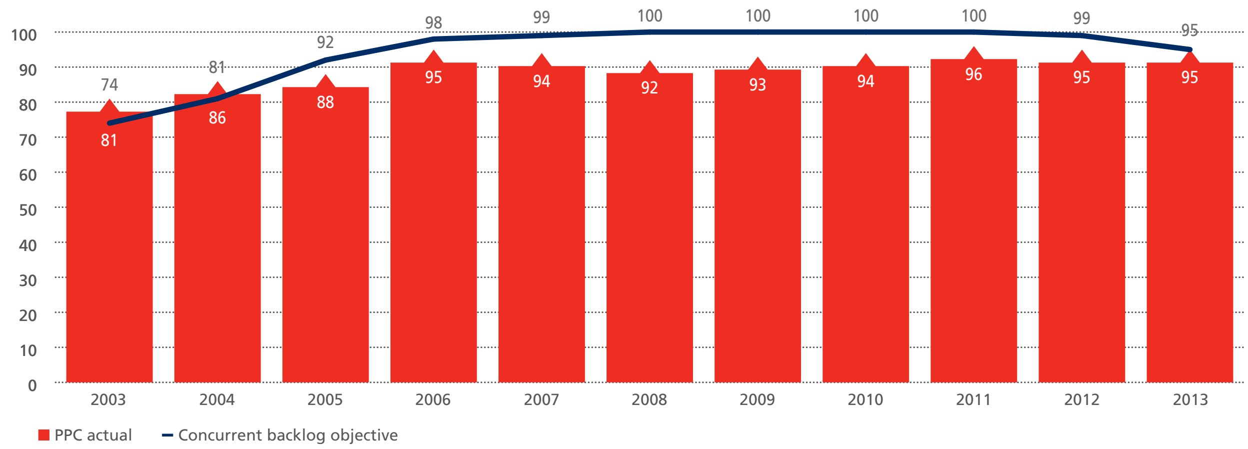
The performance of the South African cement kilns was again monitored in line with our programme to comply with minimum emission standards. The kiln performance is as follows:

Financial year	Dust 2014	2013	2012	Oxides of nitrogen 2014	2013	2012	Sulphur dioxide 2014	2013	2012
Tonnes	**978**	734	992	**8 912**	8 395	9 589	**367**	569	891

Mine rehabilitation/biodiversity

We recognise our responsibility for proactive land and resource stewardship. Most of our mines are in non-sensitive environments, ranging from wheat farming to peri-urban areas. Rehabilitation is concurrent with mining operations and rehabilitated land is leased in exchange for farming land required for ongoing mining. PPC leased portions of its Grassridge quarry to Innowind to develop renewable energy from wind. The wind farm is well on the way to being completed and will be commissioned by March 2015.

PPC concurrent rehabilitation performance (%)



As the annual mining survey is conducted at year end, rehabilitation data always lags one year.

Energy

Carbon SPL use at Dwaalboom

Carbonaceous spent pot liner (cSPL), a waste stream from the aluminium smelting industry, was identified as a potential coal replacement in Dwaalboom kiln 2. A feed system was designed and commissioned to introduce cSPL into the kiln system. This will result in combined consumption between the existing system on kiln 1 and new feed system on kiln 2 of some 17 000 tonnes per annum and a net reduction in the use of non-renewable fuel sources of 8 000 tonnes per annum.

In addition, replacing coal with cSPL will reduce PPC's net specific carbon footprint.

Dwaalboom waste heat recovery project

The feasibility study on a waste heat recovery system at our Dwaalboom factory is under way. We are also obtaining environmental authorisation for this project and intend to present it in the co-generation round of the renewable energy procurement programme facilitated by the Department of Energy.

The project has the ability to generate 19,9MW of electricity, which could supply a significant portion of the energy requirement of the cement plant. The energy is recovered from waste heat that would otherwise be released into the atmosphere and is therefore considered a carbon-neutral source. This will effectively offset PPC's scope 2 emissions, ie the emissions associated with electricity generated by Eskom.

Aligned to the PPC group energy policy, we will continue to investigate opportunities in renewable energy sources, including wind and solar.

Integrated demand management projects at Slurry and Dwaalboom

PPC has developed and implemented further load-shifting programmes using available Eskom funding. Covering five of our largest sites, these projects are aimed at shifting peak loads to contribute to national energy security and avoid periods when peak rates apply. This was achieved by optimising production and stock, and may generate savings of 9% of the total electricity cost.

MINING CHARTER SCORECARD 2014*

Element	Description	Measure	Compliance target 2014	Progress	
Reporting	Reporting level of compliance with charter for calendar year	Documentary proof of receipt from DMR	**Annual**	Employment equity and social and labour plans submitted	
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	**26%**	Second phase of PPC's BBBEE transaction increased black ownership of South African operations to effective 26%, in line with mining charter requirements	
		Full shareholder rights	**26%**	R30 million in dividends paid to employee shareholders in 2014 (2013: R33 million)	
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 home ownership by facilitating opportunities for employees to secure housing loans. After an extensive survey in the prior year to address housing requirements for staff, to date, 22 employees have moved into a new home, upgraded an existing home or are awaiting title deeds before moving into a home. Over the next few years, some 300 employees will be supported with financial and technical assistance in exercising the option to own their own home. We view this as a key project and will continue to partner with employees to ensure they benefit.	
	Converting and upgrading hostels into family units	Percentage conversion of hostels into family accommodation	**100%**	Only Lime Acres has a hostel, and upgrading is under way.	
Procurement and enterprise development	Procurement spend from BEE entity		**70%**	PPC has consistently met the dti's compliance target of 70%. In 2014, 91% (R4,9 billion) of discretionary spending was with BEE companies	
				Target 2014	**Actual 2014**
		Capital goods	**40%**	40%	43%
		Services	**70%**	70%	70%
		Consumable goods	**50%**	50%	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%**	100%	
		Senior management (exco)	**40%**	55%	
		Middle management	**40%**	44%	
		Junior management	**40%**	65%	
		Core skills	**40%**	87%	

MINING CHARTER SCORECARD 2014*

continued

Element	Description	Measure	Compliance target 2014	Progress
Human resources development (detailed table on page 105)	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%**	4,2% spent on skills development (R38,1 million)
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	**Up-to-date project implement-ation**	In line with our social and labour plans for 2014 to 2018, R9,9 million was spent on projects in 2014 financial year on the relevant communities
Sustainable development and growth	Improvement of industry's environmental management	Implementation of approved 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 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%**	90% (ahead of target)
	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 – 2014

Description	Measures	Category	A M	A F	C M	C F	I M	I F	W M	W 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)	Learnerships and bursaries (of core and critical skills)	9	2	14	1	0	0	3	0	29
			3	4	0	0	0	0	0	0	7
		Artisans	22	11	13	2	0	0	2	0	50
		ABET training (level I, II, III, IV and NQF 1)	93	10	7	5	0	1	0	0	137
		Other training (school support and post-matric programmes)	67 employees are being assisted with post-matric qualifications 12 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 broad-based black economic empowerment status as at September 2014 was audited and verified by rating agency EmpowerLogic. In terms of the dti codes of good practice, PPC is classified as a level 2 BBBEE contributor with a procurement recognition of 125%. This enables our customers to claim back 125% of their spending with our group for their own preferential procurement points.

BBBEE status – verified level 2 2014

		Points
Elements obtained	Equity ownership	22
	Management composition	11
	Employment equity	5,05
	Skills development	8,34
	Preferential procurement	19,54
	Enterprise development	15
	Socio-economic development	5
Black ownership	32,68% black ownership 10,72% black women ownership	
Value-adding vendor	Yes	
BEE procurement recognition	125%	

**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.*

BUILDING PPC IN ETHIOPIA

Construction of access road to limestone quarry

Key indicator table on page 37

The government's hands-on economic growth model is reflected in strong GDP growth of 8% in 2014, after reaching nearly 10% in 2013. The extent to which the government can use Ethiopia's comparative advantages in demographics and natural resources will have a salient impact on its economic outlook, with real GDP growth expected to remain above 7% for the near future.

The 2015 budget is focused on infrastructure investment, with over 64% of the total directed at development spending. Substantial government investment is providing much-needed infrastructure, with notable success in certain strategic sectors, particularly hydropower projects for electricity generation and manufacturing in support of its aim to become a regional electricity exporter.

Women sort coffee beans at Bagersh dry mill and warehouse Addis Ababa, Ethiopia

Ethiopia has been one of the world's fastest-growing economies for several years, driven by public-sector investments and government-supported growth initiatives. This has significantly raised the living standards of many Ethiopians, and improved infrastructure and domestic production. However, government's growth strategy has been criticised for crowding out private investment, thus hampering development of the private sector.

Key ratings indicators are summarised as:

Strengths	Weaknesses
Track record of strong economic growth over the past decade	**Relatively unsophisticated economy and low per-capita income**
Adequately capitalised banking sector	**Relatively vulnerable to shocks compared to peers**
Low government liquidity risk	**Large public-sector contingent liabilities**

Source: NKC Independent Economists, monitoring African sovereign risk, August and September 2014.

Limited assurance report on non-financial performance indicators

Limited assurance report of the independent auditor, Deloitte & Touche to the directors of PPC Ltd on their non-financial performance indicator and self-declared Global Reporting Initiative G3.1 application level disclosures as contained in the integrated report for the year ended 30 September 2014.

Scope of our work

We have undertaken a limited assurance engagement on the PPC Ltd (PPC) self-declared Global Reporting Initiative G3.1 guideline application level and selected non-financial key performance indicator (KPI) disclosures to be published in the PPC integrated report for the year ended 30 September 2014.

The selected indictors are as follows (for South Africa only, unless otherwise stated):

- Direct energy consumption by primary energy source (GJ)
- Indirect energy consumptions by primary source (GJ)
- Total direct and indirect greenhouse gas emissions by weight (tCO_2e)
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (including Botswana and Zimbabwe) (Rm)
- Total workforce by employee type, employment contract, and region, broken down by gender (including Botswana)
- Total number and rate of new employee hires and employee turnover by age group, gender, and region (including Botswana);
- Percentage of employees covered by collective bargaining agreements (including Botswana)
- Rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and gender (including Botswana and Zimbabwe)
- Average hours of training per employee by gender and employee category
- Composition of governance bodies and breakdown of employees per employee category according to gender, age group and minority group membership
- Percentage of operations with implemented local community engagement, impact assessments and development programmes
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (including Botswana and Zimbabwe) (Rm)
- Direct economic value generated and distributed (group) (Rm).

Directors' responsibility

The directors are responsible for the preparation of the integrated report for the year ended 30 September 2014, including the implementation and execution of systems to collect required sustainability data and maintenance of internal control relevant to the preparation of the reports that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express our limited assurance conclusion on the above KPIs and self-declared application level for the year ended 30 September 2014 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000).

This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

The evaluation criteria used for our assurance are the PPC definitions and basis of reporting. GRI 3.1 served as the criteria used for the application level assurance.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. In accordance with International Standard on Quality Control 1, Deloitte maintains a comprehensive system of quality control.

Summary of work performed

Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and performed its work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence. Our work was planned to mirror PPC's own group level compilation processes.

Key procedures we conducted included:

- Gaining an understanding of PPC's systems through interview with management responsible for reporting systems at corporate head office and site level
- Reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the report.

In a limited assurance engagement, evidence gathering procedures are more limited than a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected non-financial key performance indicators are not fairly presented.

Based on the work performed on the report, nothing has come to our attention that causes us to believe that management's declaration of an application level in terms of the GRI 3.1 Guidelines is not fairly stated.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of PPC Ltd in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than PPC, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per – AN le Riche
Partner

27 November 2014

National Executive: LL Bam chief executive, AE Swiegers chief operating officer, GM Pinnock audit, DL Kennedy risk advisory, NB Kader tax, TP Pillay consulting, K Black clients and industries , JK Mazzocco talent and transformation, MJ Jarvis finance, M Jordan strategy, S Gwala managed services, TJ Brown chairman of the board, MJ Comber deputy chairman of the board

A full list of partners is available on request.

Independent auditors' report to the shareholders of PPC Ltd on the summarised consolidated financial statements

The summarised consolidated financial statements of PPC Ltd, contained in the accompanying consolidated report, which comprise the summarised consolidated statement of comprehensive income for the year ended 30 September 2014, the summarised consolidated statement of financial position as at 30 September 2014, the summarised consolidated statements of cash flows and changes in equity for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of PPC Ltd for the year ended 30 September 2014. We expressed an unmodified audit opinion on those consolidated annual financial statements in our report dated 17 November 2014. Our auditors' report on the audited consolidated annual financial statements contained an other matter paragraph "Other reports required by the Companies Act" (refer below).

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 annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated annual 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 the JSE Limited listings requirements for summarised consolidated reports, 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.

The listings requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

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 (ISA) 810 *Engagements to Report on Summarised Financial Statements*.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated annual financial statements of PPC Ltd for the year ended 30 September 2014 are consistent, in all material respects, with those consolidated annual financial statements, in accordance with the requirements of the JSE Limited listings requirements for summarised reports, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 17 November 2014 states that as part of our audit of the consolidated annual financial statements for the year ended 30 September 2014, we have read the directors' report, the audit committee's report, the remuneration report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated annual 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 annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on them. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Deloitte & Touche
Registered auditor

Per: B Nyembe
Partner
17 November 2014

Summarised annual financial statements

for the year ended 30 September 2014

The directors of the company are responsible for the integrity and objectivity of the summarised annual financial statements, which have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, South Africa while following the requirements of IAS 34 *Interim Financial Reporting*.

In discharging this responsibility, the group maintains suitable internal control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with group policies.

The directors, supported by the audit committee, are satisfied that such controls, systems and procedures are in place to minimise the possibility of material loss or misstatement.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and these summarised annual financial statements have, therefore, been prepared on a going-concern basis.

The summarised annual financial statements have been extracted from the audited annual financial statement, which are available at www.ppc.co.za or from the group company secretary.

The group's independent auditors, Deloitte & Touche, have confirmed that the summarised annual financial statements are derived from the group annual financial statements and their unmodified report appears on page 109 of this report.

The summarised annual financial statements were approved by the board of directors on 17 November 2014 and are signed on its behalf by:

BL Sibiya
Executive chairman

TDA Ross
Lead independent director

MMT Ramano
Chief financial officer

17 November 2014
Sandton

Summarised consolidated statement of comprehensive income

	Notes	Year ended 30 Sept 2014 Audited Rm	Year ended 30 Sept 2013 Audited Rm
Revenue		**9 039**	8 316
Cost of sales		**6 266**	5 546
Gross profit		**2 773**	2 770
Administration and other operating expenditure		**1 030**	853
Operating profit before items listed below:		**1 743**	1 917
BBBEE IFRS 2 charges		**37**	48
Zimbabwe indigenisation costs		**1**	93
Operating profit	2	**1 705**	1 776
Finance costs (including fair value adjustments on financial instruments)	3	**467**	379
Investment income		**53**	22
Profit before equity-accounted earnings and exceptional items		**1 291**	1 419
Earnings from equity-accounted investments		**24**	20
Impairments	4	**(111)**	(13)
Other exceptional adjustments	4	**1**	12
Profit before taxation		**1 205**	1 438
Taxation	5	**356**	507
Profit for the year		**849**	931
Attributable to:			
Shareholders of PPC Ltd		**840**	931
Non-controlling interests		**9**	–
Other comprehensive income, net of taxation		**268**	202
Items that will be reclassified to profit or loss upon derecognition		**221**	193
Effect of cash flow hedges		**7**	36
Effect of translation of foreign operations		**214**	157
Items that will not be reclassified to profit or loss upon derecognition		**47**	9
Revaluation of available-for-sale financial investments		**58**	11
Taxation on revaluation of available-for-sale financial investments		**(11)**	(2)
Total comprehensive income		**1 117**	1 133
EARNINGS PER SHARE (CENTS)	6		
Basic		**160**	178
Diluted		**158**	175

Summarised consolidated statement of financial position

	Notes	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
ASSETS			
Non-current assets		**8 938**	6 411
Property, plant and equipment		**7 223**	5 522
Goodwill	7	**268**	101
Other intangible assets	8	**681**	232
Equity-accounted investments	9	**223**	410
Other non-current assets	10	**534**	146
Deferred taxation assets		**9**	–
Current assets		**2 637**	2 465
Inventories		**894**	923
Trade and other receivables	11	**1 180**	1 050
Cash and cash equivalents		**563**	492
Total assets		**11 575**	8 876
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	**(1 173)**	(1 236)
Other reserves		**733**	539
Retained profit		**2 255**	2 257
Equity attributable to ordinary shareholders of PPC Ltd		**1 815**	1 560
Non-controlling interests		**603**	582
Total equity		**2 418**	2 142
Non-current liabilities		**7 186**	4 900
Deferred taxation liabilities		**1 030**	1 063
Long-term borrowings	13	**5 740**	3 462
Provisions		**374**	348
Other non-current liabilities	14	**42**	27
Current liabilities		**1 971**	1 834
Short-term borrowings	13	**351**	584
Trade and other payables and short-term provisions	15	**1 620**	1 250
Total equity and liabilities		**11 575**	8 876
Net asset book value per share (cents)		**345**	293

Summarised consolidated statement of cash flows

	Notes	Year ended 30 Sept 2014 Audited Rm	Year ended 30 Sept 2013 Audited Rm
Cash flow from operating activities			
Operating cash flows		**2 472**	2 486
Working capital movements		**111**	399
Cash generated from operations		**2 583**	2 885
Finance costs paid		**(426)**	(269)
Investment income received		**53**	22
Taxation paid		**(499)**	(525)
Cash available from operations		**1 711**	2 113
Dividends paid		**(880)**	(770)
Net cash inflow from operating activities		**831**	1 343
Acquisitions of equity-accounted investments	9	**(3)**	(126)
Acquisitions of subsidiary companies	17	**(662)**	(140)
Investments in property, plant and equipment and intangible assets	16	**(2 182)**	(970)
Other investing movements		**7**	17
Net cash outflow from investing activities		**(2 840)**	(1 219)
Net borrowings raised/(repaid) before bond issuances		**201**	(500)
Proceeds raised from bond issuance	13	**1 750**	650
Purchase of shares in terms of the FSP incentive scheme	12	**(53)**	(56)
Net cash inflow from financing activities		**1 898**	94
Net (decrease)/increase in cash and cash equivalents		**(111)**	218
Cash and cash equivalents at the beginning of the year		**492**	248
Cash and cash equivalents acquired on acquisitions of subsidiary companies	17	**149**	6
Impact of foreign exchange rate movements on opening cash and cash equivalents		**33**	20
Cash and cash equivalents at the end of the year		**563**	492
Cash earnings per share (cents)*		**325**	404

**Cash earnings per share is calculated using cash available from operations divided by the total weighted average number of shares in issue for the year.*

Summarised consolidated statement of changes in equity

	Stated capital Rm	Other	
		Unrealised surplus on reclassification of plant Rm	Foreign currency translation reserves Rm
Balance at September 2012	(1 181)	5	45
Acquisition of subsidiary companies	–	–	–
Dividends declared	–	–	–
IFRS 2 charges	–	–	–
Zimbabwe IFRS 2 charges transferred to non-controlling interests	–	–	–
Non-controlling interest share of foreign currency translation reserve	–	–	–
Sale of shares by consolidated BBBEE entity	1	–	–
Total comprehensive income	–	(4)	157
Transfers and other movements	–	–	–
Treasury shares held in terms of the FSP incentive scheme	(56)	–	–
Balance at September 2013	**(1 236)**	**1**	**202**
Acquisition of subsidiary companies	**–**	**–**	**–**
Dividends declared	**–**	**–**	**–**
IFRS 2 charges	**–**	**–**	**–**
Non-controlling interests' share of foreign translation reserve	**–**	**–**	**–**
Put options recognised with acquisition of subsidiary company^	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**214**
Vesting of certain BBBEE1 entities and FSP incentive scheme	**116**	**–**	**–**
Transfer to retained profit	**–**	**(1)**	**–**
Treasury shares held in terms of the FSP incentive scheme	**(53)**	**–**	**–**
Balance at September 2014	**(1 173)**	**–**	**416**

**For details on the sale of shares refer to note 12.*
^For details on the put options refer to note 14.

reserves						
Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compensation reserves Rm	Retained profit Rm	Equity attributable to ordinary shareholders of PPC Ltd Rm	Non-controlling interest Rm	Total equity Rm
25	(43)	250	2 075	1 176	–	1 176
–	–	–	–	–	512	512
–	–	–	(770)	(770)	–	(770)
–	–	139	–	139	–	139
–	–	(62)	–	(62)	62	–
–	–	–	–	–	5	5
–	–	(1)	–	–	–	–
9	36	–	935	1 133	–	1 133
3	–	(20)	17	–	3	3
–	–	–	–	(56)	–	(56)
37	**(7)**	**306**	**2 257**	**1 560**	**582**	**2 142**
–	**–**	**–**	**–**	**–**	**140**	**140**
–	**–**	**–**	**(848)**	**(848)**	**(32)**	**(880)**
–	**–**	**48**	**–**	**48**	**–**	**48**
–	**–**	**–**	**–**	**–**	**41**	**41**
–	**–**	**–**	**–**	**–**	**(137)**	**(137)**
47	**7**	**–**	**840**	**1 108**	**9**	**1 117**
–	**–**	**(116)**	**–**	**–**	**–**	**–**
–	**–**	**(5)**	**6**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(53)**	**–**	**(53)**
84	**–**	**233**	**2 255**	**1 815**	**603**	**2 418**

Segmental information

The group discloses its operating segments according to the business units which are regularly reviewed by the group executive committee which comprise cement, lime, aggregates and readymix and other.

	Group		Cement*	
	2014 Rm	2013 Rm	**2014 Rm**	2013 Rm
Revenue				
South Africa	**6 671**	6 392	**5 395**	5 413
Rest of Africa	**2 432**	1 960	**2 315**	1 806
	9 103	8 352	**7 710**	7 219
Inter-segment revenue	**(64)**	(36)		
Total revenue	**9 039**	8 316		
Operating profit before items listed below	**1 759**	1 981	**1 595**	1 846
BBBEE IFRS 2 charges	**37**	48	**37**	44
Restructuring costs	**16**	64	**5**	64
Zimbabwe indigenisation costs	**1**	93	**1**	93
Operating profit	**1 705**	1 776	**1 552**	1 645
South Africa	**1 230**	1 465	**1 072**	1 326
Rest of Africa	**475**	311	**480**	319
Fair value adjustments on financial instruments	**38**	25	**40**	29
Finance costs	**505**	404	**384**	264
Investment income	**53**	22	**48**	17
Profit before earnings from equity-accounted investments and exceptional items	**1 291**	1 419	**1 256**	1 427
Earnings from equity-accounted investments	**24**	20	**24**	20
Exceptional items	**(110)**	(1)	**(81)**	10
Profit before taxation	**1 205**	1 438	**1 199**	1 457
Taxation	**356**	507	**314**	464
Net profit	**849**	931	**885**	993
Depreciation and amortisation	**615**	522	**542**	465
EBITDA~	**2 374**	2 504	**2 137**	2 312
South Africa	**1 801**	1 970	**1 569**	1 778
Rest of Africa	**573**	534	**568**	534
EBITDA margin (%)	**26,3**	30,1	**27,7**	32,0
Assets				
Non-current assets	**8 938**	6 411	**7 991**	5 968
Current assets	**2 637**	2 465	**2 191**	2 133
Total assets	**11 575**	8 876	**10 182**	8 101
South Africa	**6 541**	6 202	**5 225**	5 527
Rest of Africa	**5 034**	2 674	**4 957**	2 574
Investments in property, plant and equipment	**2 119**	964	**2 025**	917
Capital commitments (refer to note 18)	**3 896**	1 088	**3 860**	1 078
Liabilities				
Non-current liabilities	**7 186**	4 900	**5 768**	3 575
Current liabilities	**1 971**	1 834	**1 707**	1 529
Total liabilities	**9 157**	6 734	**7 475**	5 104
South Africa	**7 446**	5 702	**5 789**	4 104
Rest of Africa	**1 711**	1 032	**1 686**	1 000

* *Includes head office activities.*
\# *Includes readymix in 2014 from the effective date of consolidation of Pronto.*
^ *Other comprises BBBEE trusts and trust funding SPVs.*
~ *Excluding BBBEE IFRS 2 charges, Zimbabwe indigenisation costs and restructuring costs.*

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 the group revenue.

Lime		Aggregates and readymix[#]		Other^	
2014 Rm	2013 Rm	**2014 Rm**	2013 Rm	**2014 Rm**	2013 Rm
792	724	**484**	255	**–**	–
25	74	**92**	80	**–**	–
817	798	**576**	335	**–**	–
107	126	**57**	25	**–**	(16)
–	3	**–**	1	**–**	–
11	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–
96	123	**57**	24	**–**	(16)
96	123	**62**	32	**–**	(16)
–	–	**(5)**	(8)	**–**	–
1	1	**(5)**	(6)	**2**	1
3	2	**8**	5	**110**	133
2	3	**3**	2	**–**	–
96	125	**47**	15	**(108)**	(148)
–	–	**–**	–	**–**	–
–	–	**(29)**	(11)	**–**	–
96	125	**18**	4	**(108)**	(148)
25	34	**17**	9	**–**	–
71	91	**1**	(5)	**(108)**	(148)
40	36	**33**	21	**–**	–
147	162	**90**	46	**–**	(16)
147	162	**85**	46	**–**	(16)
–	–	**5**	–	**–**	–
18,0	20,4	**15,6**	13,7	**–**	–
310	286	**637**	157	**–**	–
192	201	**253**	126	**1**	5
502	487	**890**	283	**1**	5
502	487	**813**	183	**1**	5
–	–	**77**	100	**–**	–
62	37	**32**	10	**–**	–
7	9	**29**	1	**–**	–
101	91	**96**	21	**1 221**	1 213
48	73	**143**	58	**73**	174
149	164	**239**	79	**1 294**	1 387
149	164	**214**	47	**1 294**	1 387
–	–	**25**	32	**–**	–

Notes to the summarised consolidated financial statements

1. BASIS OF PREPARATION

The summarised annual financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 September 2014 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 IAS 34 *Interim Financial Reporting* and comply with the listings requirements of the JSE Limited and the Companies Act of South Africa. These summarised annual financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements.

These summarised annual financial statements have been prepared under the supervision of MMT Ramano CA(SA), chief financial officer.

The accounting policies and methods of computation used are consistent with those used in the preparation of the annual financial statements for the year ended 30 September 2013, except for the following revised accounting standards and interpretations that were adopted during the year, and which did not have a material impact on the reported results:

- IFRS 1 (amendment) *Government Loans*
- IFRS 7 (amendment) *Offsetting Financial Assets and Financial Liabilities*
- IFRS 11 *Joint Arrangements*
- IFRS 10 *Consolidated Financial Statements*
- IAS 19 (amendment) *Employees Benefits*
- IAS 27 *Separate Financial Statements*
- IAS 28 *Investments in Associates and Joint Ventures*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

Standards that had an impact on disclosure of the reported results:

- IFRS 12 *Disclosures of Interests in Other Entities*
- IFRS 13 *Fair Value Measurements*

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
2. OPERATING PROFIT		
Included in operating profit:		
Amortisation of intangible assets	**72**	34
Consultation fees incurred on empowerment transactions	**–**	4
Depreciation	**543**	488
Donation made in terms of Zimbabwe indigenisation transaction	**–**	27
IFRS 2 charges:		
BBBEE IFRS 2 charges	**37**	48
Cash-settled share incentive scheme charge	**(5)**	(3)
Equity-settled share incentive scheme charge	**10**	29
Zimbabwe indigenisation IFRS 2 charges	**1**	62
Restructuring costs	**16**	64

		30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
3.	**FINANCE COSTS (INCLUDING FAIR VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS)**		
	Bank and other borrowings	**73**	70
	Bonds	**108**	11
	BBBEE funding transaction	**110**	133
	Dividends on redeemable preference shares	**48**	57
	Long-term borrowings	**62**	76
	Finance lease interest	**–**	1
	Long-term loans	**203**	172
	Time value of money adjustments on rehabilitation and decommissioning provisions and put option liabilities	**47**	21
		541	408
	Capitalised to plant and equipment and intangibles	**(36)**	(4)
		505	404
	Fair value gains on financial instruments	**(38)**	(25)
		467	379
	South Africa	**465**	371
	Rest of Africa	**2**	8
4.	**IMPAIRMENTS AND OTHER EXCEPTIONAL ADJUSTMENTS**		
	Gain on remeasurement of equity stake in Pronto (refer to note 17)	**1**	–
	Impairment of goodwill (refer to note 7)	**(65)**	(6)
	Impairment of property, plant and equipment	**(46)**	(6)
	Profit on disposal of equity-accounted investment	**–**	1
	Profit on disposal of properties	**–**	11
	Impairment of loans advanced to equity-accounted investees	**–**	(1)
		(110)	(1)

During the year, the carrying value of the assets at PPC Aggregate Quarries Botswana (Pty) Limited and CIMERWA Limited were assessed for potential impairment. Following these reviews, R17 million and R29 million was recorded against property, plant and equipment at PPC Aggregate Quarries Botswana and CIMERWA respectively.

Notes to the summarised consolidated financial statements

continued

5. TAXATION

Taxation rate reconciliation

A reconciliation of the standard South African normal taxation rate is shown below:

	30 Sept 2014 Audited %	30 Sept 2013 Audited %
Total taxation as a percentage of profit before taxation (excluding earnings from equity-accounted investments)	**30,1**	35,8
Prior year taxation impact^	**5,9**	(0,5)
Taxation as a percentage of profit before taxation, excluding prior year taxation adjustments	**36,0**	35,3
Empowerment transactions and IFRS 2 charges not tax deductible	**(0,8)**	(2,8)
Foreign taxation rate differential	**0,9**	1,1
Finance costs on BBBEE funding transaction not tax deductible	**(2,4)**	(2,6)
Other non-deductible costs and impairments	**(4,0)**	(2,0)
Withholding taxation	**(1,7)**	(1,0)
South African normal taxation rate	**28,0**	28,0

^Represents a taxation refund relating to prior years of R70 million.

	Cents	Cents
6. EARNINGS AND HEADLINE EARNINGS		
Earnings per share		
Basic	**160**	178
Diluted	**158**	175
Basic (normalised)^	**175**	214
Diluted (normalised)^	**173**	212
Headline earnings per share (cents)		
Basic	**179**	179
Diluted	**176**	176
Determination of headline earnings per share		
Earnings per share	**160**	178
Adjusted for:		
Profit on disposal of property, plant and equipment and intangible assets	**–**	(2)
Taxation on profit on disposal of property, plant and equipment and intangible assets	**–**	1
Impairment of goodwill	**12**	–
Impairments of property, plant and equipment	**9**	2
Taxation on impairments of property, plant and equipment	**(2)**	–
Headline earnings per share	**179**	179

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
6. EARNINGS AND HEADLINE EARNINGS continued		
Normalised earnings		
Net profit	**849**	931
Normalisation adjustments^	**79**	188
	928	1 119
Attributable to:		
Shareholders of PPC Ltd	**909**	1 119
Non-controlling interests	**19**	–
Headline earnings		
Net profit	**849**	931
Gain on remeasurement of equity-accounted stake in Pronto	**(1)**	–
Impairment losses on financial assets	**–**	1
Impairment of property, plant and equipment	**46**	6
Taxation on impairment of property, plant and equipment	**(12)**	–
Impairment of goodwill	**65**	6
Profit on disposal of property, plant and equipment and intangible assets	**–**	(11)
Taxation on profit on disposal of property, plant and equipment	**–**	2
Headline earnings	**947**	935
Attributable to:		
Shareholders of PPC Ltd	**927**	935
Non-controlling interests	**20**	–

^*Normalised earnings adjusts the reported earnings for the effects of BBBEE IFRS 2 and Zimbabwe indigenisation charges, restructuring costs, impairments and prior year taxation adjustments. The calculation of normalised earnings has been updated since published in SENS on 18 November 2014.*

The difference between earnings and diluted earnings per share relates to shares held under the forfeitable share incentive scheme that have not vested, together with the dilution impact of the group's various empowerment transactions. For the weighted average number of shares used in the calculations, refer to note 12.

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
7. GOODWILL		
Balance at the beginning of the year	**101**	6
Acquisitions of subsidiary companies	**227**	100
Impairment losses recognised	**(65)**	(6)
Translation differences	**5**	1
Balance at the end of the year	**268**	101
Goodwill, net of impairments, is allocated to the following cash-generating units:		
CIMERWA Limited	**41**	101
Safika Cement Holdings Pty Limited	**78**	–
Pronto Holdings Pty Limited	**149**	–
	268	101

Following the goodwill impairment assessment reviews, the recoverable amount of CIMERWA to which goodwill had been allocated on acquisition, was calculated to be lower than the carrying amount, and resulted in an impairment loss of R65 million. In 2013, the goodwill recorded on the PPC Aggregates Quarries of Botswana acquisition was impaired by R6 million.

Notes to the summarised consolidated financial statements

continued

		30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
8.	**OTHER INTANGIBLE ASSETS**		
	Balance at the beginning of the year	**232**	133
	Acquisitions of subsidiary companies^	**428**	124
	Additions	**63**	6
	Amortisation	**(72)**	(34)
	Transfers and other movements	**19**	–
	Translation differences	**11**	3
	Balance at the end of the year	**681**	232
	Comprising:		
	Right of use of mineral assets	**54**	53
	ERP development and other software	**132**	83
	Brand and trademarks	**359**	96
	Contractual and non-contractual customer relationships	**132**	–
	Favourable lease agreements	**4**	–
		681	232
	^Intangible assets were recognised on the acquisitions of Pronto, Safika Cement and CIMERWA (refer to note 17) and are amortised over a maximum period not exceeding 15 years. The group does not have any indefinite life intangible assets, other than goodwill.		
9.	**EQUITY-ACCOUNTED INVESTMENTS**		
	Investments at cost at the beginning of the year	**305**	179
	Acquisitions of subsidiary companies	**1**	–
	Investments made during the year	**3**	126
	Pronto Holdings Pty Limited^	**–**	110
	Habesha Cement Share Company*	**3**	16
	Investments at cost at the end of the year	**309**	305
	Loans advanced	**46**	46
	Share of retained profit	**83**	59
	Acquisition of subsidiary company (refer to note 17)^	**(215)**	–
	Balance at the end of the year	**223**	410

^PPC obtained control over Pronto following the acquisition of the remaining 50% in the company during the year for R280 million. Refer to note 17 for further details.

**In February 2014, PPC acquired a further equity stake in Habesha Cement Share Company, for a purchase consideration of R3 million (2013: R16 million), marginally increasing PPC's shareholding in the company to 31,6% (2013: 30,7%).*

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
10. OTHER NON-CURRENT ASSETS		
Advance payments for plant and equipment^	**322**	–
Loans advanced	**3**	4
Unlisted collective investment~	**114**	105
Unlisted investment at fair value@	**95**	37
	534	146

^ In terms of the construction agreements with the suppliers of the new cement plants in Rwanda and the DRC, a portion of the full contract price is required to be paid in advance of the project commencing and is secured by advance payment bonds.

~ Comprises an investment by the PPC Environmental Trust in unit trusts. This investment is held to fund PPC's South African environmental obligations.

@ PPC Ltd holds a 6,75% (2013: 6,75%) shareholding in Ciments du Bourbon, incorporated in Reunion. The fair value of the investment has been calculated using a dividend yield valuation methodology. The movement in fair value of R58 million (2013: R9 million) has been credited against other comprehensive income.

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
11. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 064**	835
Impairment of trade receivables	**(30)**	(19)
Net trade receivables	**1 034**	816
Prepayments	**61**	133
Other financial receivables	**57**	58
Taxation prepaid	**28**	43
	1 180	1 050

Trade receivables have increased following the consolidation of Safika Cement and Pronto during the year. Details of the fair value of trade and other receivables acquired are included in note 17.

Notes to the summarised consolidated financial statements

continued

	30 Sept 2014 Audited Shares (000)	30 Sept 2013 Audited Shares (000)
12. STATED CAPITAL		
Number of shares and weighted average number of shares		
Number of shares		
Total shares in issue at the beginning of the year	**605 380**	566 030
Shares issued in terms of the second BBBEE transaction[&]	**–**	39 350
Total shares in issue at the end of the year	**605 380**	605 380
Shares held by consolidated participants of the second BBBEE transaction treated as treasury shares[&]	**(37 382)**	(39 350)
Shares held by consolidated BBBEE trusts and trust funding SPVs treated as treasury shares*	**(34 765)**	(37 967)
Shares held by consolidated Porthold Trust (Pvt) Limited treated as treasury shares[@]	**(1 285)**	(1 285)
Shares purchased in terms of the FSP incentive scheme treated as treasury shares~	**(5 866)**	(4 745)
Total shares in issue (net of treasury shares)	**526 082**	522 033
Weighted average number of shares		
Used for earnings and headline earnings per share	**526 180**	522 678
Used for dilutive earnings and headline earnings per share	**532 755**	530 869
Used for cash earnings per share	**526 180**	522 678

Shares are weighted for the period in which they are entitled to participate in the net profit of the group.

	Rm	Rm
Stated capital		
Balance at the beginning of the year	**(1 236)**	(1 181)
Sale of shares, treated as treasury shares, by consolidated BBBEE trust^	**–**	1
Shares purchased in terms of the FSP incentive scheme treated as treasury shares~	**(53)**	(56)
Vesting of shares held by certain BBBEE1 entities*	**100**	–
Vesting of shares on a portion of the shares held in terms of the FSP incentive scheme~	**16**	–
Balance at the end of the year	**(1 173)**	(1 236)

[&] *Issued in terms of the second BBBEE transaction which was facilitated by means of a notional vendor finance (NVF) mechanism resulting in these shares only participating in 20% of the dividends declared by PPC during the NVF period, ending 30 September 2019. With the exception of the Bafati Investment Trust, entities participating in this transaction are consolidated into the PPC group during the transaction term.*

* *In terms of IFRS 10 Consolidated Financial Statements, 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. In December 2013, 3 202 770 shares vested to beneficiaries and are no longer treated as treasury shares.*

[@] *Shares owned by a Zimbabwean employee trust company treated as treasury shares.*

~ *In terms of the forfeitable share incentive scheme, 5 865 851 shares (2013: 4 744 733) 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. In February 2014, 619 457 shares vested and are therefore no longer treated as treasury shares.*

^ *During 2013, the Current Team Trust, a PPC consolidated trust which was consolidated into the group in terms of the first BBBEE transaction, sold a portion of their PPC shareholding in the open market for the benefit of beneficiaries that passed away.*

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
13. BORROWINGS		
Bonds$	**2 395**	645
Long-term loan*	**1 520**	1 519
Long-term loans denominated in foreign currencies#	**605**	87
Preference shares^	**64**	88
	4 584	2 339
BBBEE funding transaction~	**1 156**	1 123
Preference shares	**465**	482
Long-term borrowings	**691**	641
Long-term borrowings	**5 740**	3 462
Short-term borrowings and short-term portion of long-term borrowings	**351**	584
Total borrowings	**6 091**	4 046
Maturity profile of borrowings:		
One year	**351**	584
Two years	**763**	74
Three years	**2 706**	756
Four years	**61**	2 591
Five years and more	**2 210**	41
	6 091	4 046

$ *Comprises four unsecured bonds, issued under the company's R6 billion domestic medium-term note programme, and recognised net of capitalised transaction costs of R5 million (2013: R5 million), with variable interest rates between 1,26% and 1,50% above three-month JIBAR and the fixed rate denominated bond, of R250 million, bears interest at 9,86% per annum. The bonds are repayable between 28 March 2016 and 30 June 2021.*

* *Comprises a bullet loan, bearing interest at a fixed rate of 10,86% per annum, and is repayable in December 2016, with interest payable semi-annually.*

The loans are denominated in US dollar and Rwandan franc, with the US dollar variable component of the loan bearing interest at 650 basis points above LIBOR and the fixed interest rate loan bearing interest rate at 16% per annum. The Rwandan franc loan bears interest at 16% per annum. The loans are repayable over a 10-year period ending 2024. The loans are secured against CIMERWA's land and buildings.

^ *Redeemable preference shares bearing semi-annual dividends, with variable interest rates averaging 85% of prime and fixed rate of 9,37% per annum. and compulsory annual redemptions ending December 2016.*

~ *Comprises redeemable A preference shares bearing semi-annual dividends, with variable interest rates averaging 85% of prime with compulsory annual redemptions until December 2016, and B preference shares bearing interest at a rate of 78% of prime and B loans bearing interest at a rate of 285 basis points above JIBAR, with interest and capital repayable in December 2016. In terms of IFRS, these long-term borrowings have been consolidated as PPC has provided guarantees for funding that had an outstanding balance of R1 291 million (2013: R1 161 million).*

The group is in compliance with its debt covenants and the company's borrowing powers are not restricted by its memorandum of incorporation.

Notes to the summarised consolidated financial statements

continued

		30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
14.	**OTHER NON-CURRENT LIABILITIES**		
	Cash-settled share-based payment liability	**18**	24
	Derivative financial instruments	**–**	2
	Put option liabilities^	**145**	–
	Loan to CIMERWA from non-controlling shareholder	**–**	23
		163	49
	Less: Short-term portion of non-current liabilities	**(121)**	(22)
		42	27

^With the acquisition of 69,3% equity stake in Safika Cement (refer to note 17), PPC granted non-controlling shareholders individual put options, with different exercise dates, for the sale of their remaining shares in the company to PPC. As these put options are contracts to purchase the group's own equity instruments, they give rise to financial liabilities for the present value of the estimated redemption amount in accordance with paragraph 23 in IAS 32. One of the put options is anticipated to be exercised next year and R105 million has therefore been classified as a current liability. The put option price is based on the company's EBITDA applying an appropriate earnings multiple. The balance of the put options are anticipated to be exercised after the fifth anniversary of the transaction. Time value of money adjustments of R16 million have been recorded since inception of the put option. Subsequent to the initial recognition of the liability of R137 million, the value of the put options have been remeasured resulting in the initial liability being reduced by R8 million, which has been recorded under fair value adjustments on financial instruments.

		30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
15.	**TRADE AND OTHER PAYABLES AND SHORT-TERM PROVISIONS**		
	Cash-settled share-based payment liability	**16**	22
	Derivative financial instruments^	**1**	112
	Equity contribution for future non-controlling interest in wholly owned subsidiary~	**115**	–
	Other financial payables	**296**	32
	Put option liability (refer to note 14)	**105**	–
	Retentions held for plant and equipment*	**81**	85
	Trade payables and accruals	**664**	535
	Trade and other financial payables	**1 278**	786
	Current taxation and VAT payable	**142**	42
	Other non-financial payables	**–**	98
	Payroll accruals	**194**	260
	Restructuring provisions	**6**	64
		1 620	1 250

^Included in derivative financial instruments is the net financial liability payable on interest rate swaps, and has been netted off in accordance with IAS 32 Financial Instruments: Presentation. The financial asset amounts to Rnil (2013: R325 million), and the financial liability amounts to R1 million (2013: R429 million). Interest rate swaps liabilities of R113 million were settled in December 2013.

~Includes the value of land and mining rights transferred by future non-controlling shareholders for equity in the DRC companies. Certain conditions still need to be met before the shares in PPC Barnet DRC Holdings, the holding company for the DRC group of companies, are issued to the non-controlling shareholders. Post the issuance of these and the IFC shares, discussed in note 21, PPC Ltd will hold 69% of the shares in PPC Barnet DRC Holdings. A corresponding amount has been recorded in property, plant and equipment (PPE). The company is currently determining the appropriate split between PPE and other intangibles, and any transfers between categories will be recorded in 2015.

**Retentions held on the construction of the cement plant in Rwanda. These retentions will be paid to the contractor once the plant achieves guaranteed performance targets.*

Trade payables have increased following the consolidation of Safika Cement and Pronto during the year. Details of the fair value of the trade and other payables acquired are included in note 17.

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
16. INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS		
Cement	**2 088**	923
Lime	**62**	37
Aggregates and readymix	**32**	10
Investments in property, plant and equipment and intangible assets	**2 182**	970
South Africa	**479**	441
Rest of Africa	**1 703**	529

	2014		2013
	Pronto Holdings	Safika Cement	CIMERWA
17. ACQUISITIONS OF SUBSIDIARY COMPANIES			
Fair value of assets and liabilities acquired at date of acquisition			
Property, plant and equipment	**162**	**63**	433
Goodwill	**149**	**78**	100
Other intangible assets	**192**	**236**	124
Financial assets	**1**	**–**	–
Cash and cash equivalents	**65**	**84**	6
Other current assets	**89**	**199**	749
Long-term borrowings	**(10)**	**–**	(108)
Long-term provisions and deferred taxation	**(78)**	**(72)**	(75)
Short-term borrowings	**–**	**–**	(35)
Current liabilities	**(75)**	**(71)**	(47)
Other	**–**	**–**	(6)
Non-controlling interests	**–**	**(140)**	(512)
Total consideration	**495**	**377**	629
Less fair value of previously held equity-accounted stake	**(215)**	**–**	–
Consideration payable for new equity	**–**	**–**	(493)
Consideration payable to external entities	**280**	**377**	136

Pronto Holdings Pty Limited (Pronto)

During July 2014, PPC acquired the remaining 50% equity stake in Pronto making it a wholly owned subsidiary. Pronto is a prominent Gauteng-based readymix and fly ash supplier, with nine readymix batching plants. This acquisition provides PPC additional ways to increase its cement distribution channel while also expanding its range of complementary products available to the building and construction industry. In accordance with the requirements of IFRS on step-acquisitions, the previously held equity-accounted investment was re-valued resulting in an adjustment gain of R1 million. The fair values presented are provisional and are subject to further review for twelve months post acquisition date. No material changes are anticipated.

Pronto was consolidated from 1 July 2014 and favourably impacted group revenue by R136 million after eliminations, and reported EBITDA of R29 million. The impact on both earnings and headline earnings per share was 3 cents per share.

Safika Cement Holdings Pty Limited (Safika Cement)

During December 2013, all conditions to the transaction were filled and PPC acquired a 69,3% equity stake in Safika Cement for R377 million. This transaction further enhances PPC´s South African footprint through Safika Cement´s five blending facilities and one milling operation that produce blended cement under three brands: IDM Best Build, Castle and the Spar Build-It house brand. The purchase price allocation has been finalised and there are no material differences from the values reported in the 2014 interim results.

Safika Cement favourably impacted group revenue by R353 million after eliminations, and recorded EBITDA of R83 million. The impact on both earnings and headline earnings per share was 7 cents per share.

Notes to the summarised consolidated financial statements

continued

17. ACQUISITIONS OF SUBSIDIARY COMPANIES continued

CIMERWA Limited (CIMERWA)

In February 2013, PPC acquired a 51% equity stake in CIMERWA, a Rwandan cement company, for a transaction value of US$69 million (R629 million) with US$15 million (R136 million) being paid to previous shareholders of the company, while a further US$54 million was used to subscribe for shares in CIMERWA of which US$31 million was paid during the 2013 financial year and the balance settled during this reporting year. As the company is consolidated, the equity subscription is payable to CIMERWA and therefore only the US$15 million payable external to the PPC group was reflected as a cash flow outside the consolidated PPC group. The fair values of assets acquired and liabilities have now been finalised, with no material changes to the amounts previously disclosed.

CIMERWA favourably impacted revenue by R234 million (2013: R118 million) and reported an EBITDA loss of R1 million (2013: profit of R7 million). The impact on earnings and headline earnings per share was a reduction of 21 cents per share (2013: nil cents per share) and 5 cents per share (2013: nil cents per share) respectively. For comparability purposes, it should be noted that CIMERWA was only consolidated for eight months in 2013.

Quarries of Botswana

In October 2011, all conditions precedent with regards to the transaction to acquire three aggregate quarries and related assets in Botswana were met. The transaction value amounted to R52 million and was funded over a two-year period. The final payment of R5 million (2013: R4 million) was paid in this reporting period.

	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
18. COMMITMENTS		
Contracted capital commitments	**2 786**	752
Approved capital commitments	**1 110**	336
Capital commitments	**3 896**	1 088
Operating lease commitments	**138**	195
	4 034	1 283
South Africa	**242**	202
Rest of Africa	**3 654**	886
Capital commitments	**3 896**	1 088
Capital commitments are anticipated to be incurred:		
Within one year	**2 246**	975
Between one and two years	**1 572**	95
Beyond three years	**78**	18
	3 896	1 088

Commitments for capital expenditure are stated in current values which, together with expected price escalations, will be financed from surplus cash generated and borrowing facilities available to the group. The increase in contracted commitments includes the construction of DRC cement plant and Zimbabwe cement mill expansion project. Project funding of US$168 million and US$75 million for the DRC and Zimbabwe projects respectively has been secured.

19. REST OF AFRICA EXPANSION

The company continues to investigate business opportunities in both South Africa and the rest of Africa in line with its expansion strategy.

Ethiopia

During November 2014, PPC advised of the conclusion of discussions to acquire the Industrial Development Corporation´s 20% stake in Ethiopian-based Habesha Cement Share Company (Habesha) for a purchase consideration of US$13 million. Financial close is expected in December 2014 once all conditions have been satisfied. PPC initially acquired 27% shareholding in Habesha in July 2012, and has subsequently increased its shareholding to 31%. This acquisition increases PPC´s stake in Habesha to 51% while the balance of the shareholding in Habesha is held by over 16 000 local shareholders.

Habesha has begun the construction of a 1,4mtpa facility 35km north-west from the bustling city of Addis Ababa. Project costs for this factory are approximately US$135 million and commissioning of the plant is anticipated in 2016.

Algeria

The company signed the memorandum of understanding, valid for 12 months, with Hodna Cement Company in June 2014, for the construction of a new cement plant in Algeria. The project is estimated to cost approximately US$350 million. It is expected that PPC will have 49% shareholding in the project. The feasibility of the project is still underway and will be presented to the board for approval once results are positive.

	Level*	**30 Sept 2014 Audited Rm**	30 Sept 2013 Audited Rm
20. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES			
The financial assets and liabilities carried at fair value are classified into three categories as reflected below:			
Financial assets			
Available for sale			
Unlisted investments at fair value	3	**95**	37
Loans and receivables			
Loans advanced	2	**3**	4
Loans to equity-accounted companies	2	**46**	46
Trade and other financial receivables	2	**1 091**	874
Cash and cash equivalents	1	**563**	492
At fair value through profit and loss			
Unlisted collective investments at fair value (held for trading)	1	**114**	105
Total financial assets		**1 912**	1 558
Level 1		**677**	597
Level 2		**1 140**	924
Level 3		**95**	37

Notes to the summarised consolidated financial statements

continued

		Level*	30 Sept 2014 Audited Rm	30 Sept 2013 Audited Rm
20.	**FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES** continued			
	Financial liabilities			
	At amortised cost			
	Long-term borrowings	2	**5 769**	3 523
	Short-term borrowings	1	**351**	584
	Trade and other financial payables	2	**1 156**	567
	At fair value through profit and loss			
	Cash-settled share-based payment liability	2	**18**	22
	Put option liabilities	3	**145**	–
	Derivatives			
	Derivative instruments – current (cash flow hedge)	2	**1**	112
	Derivative instruments – non-current (cash flow hedge)	2	**–**	2
	Total financial liabilities		**7 440**	4 810
	Level 1		**351**	584
	Level 2		**6 944**	4 226
	Level 3		**145**	–

**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.*

Methods and assumptions used by the group in determining fair values

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, dividend yield and other valuation techniques commonly used by market participants.

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.

21. EVENTS AFTER THE REPORTING DATE

In November 2014, the International Finance Corporation (IFC) signed a subscription agreement to acquire a 10% stake in PPC Barnet DRC Holdings, completing the DRC shareholders' requirements and commitment from IFC. Post the issuance of these shares, PPC will hold 69%, Barnet 21% and IFC 10% of the shares in PPC Barnet DRC Holdings.

Other than the Habesha transaction and IFC subscription into PPC Barnet DRC Holdings noted above, there are no other events that occurred after the reporting date that may have a material impact on the group's reported financial position at 30 September 2014.

PPC shareholder analysis

Register date: 26 September 2014
Issued share capital: 605 379 648

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	7 868	53,08	3 413 737	0,56
1 001 – 10 000 shares	5 754	38,82	18 681 503	3,09
10 001 – 100 000 shares	929	6,27	25 409 083	4,20
100 001 – 1 000 000 shares	203	1,37	66 730 102	11,02
1 000 001 shares and over	69	0,47	491 145 223	81,13
Total	14 823	100	605 379 648	100
DISTRIBUTION OF SHAREHOLDERS				
Banks	136	0,92	184 101 451	30,41
Broad-based black ownership	18	0,12	144 786 388	23,92
Brokers	80	0,54	10 478 405	1,73
Close corporations	142	0,96	574 464	0,09
Endowment funds	67	0,45	1 074 623	0,18
Individuals	11 690	78,86	28 616 770	4,73
Insurance companies	23	0,16	13 456 838	2,22
Investment companies	18	0,12	1 684 150	0,28
Medical aid schemes	6	0,04	174 927	0,03
Mutual funds	224	1,51	103 462 648	17,09
Nominees and trusts	1 935	13,05	12 083 961	2,00
Other corporations	77	0,52	524 318	0,09
Pension funds	127	0,86	85 025 251	14,04
Private companies	256	1,73	5 680 293	0,94
Public companies	17	0,11	191 659	0,03
Sovereign wealth fund	7	0,05	13 463 502	2,22
Total	14 823	100	605 379 648	100
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	23	0,16	217 376 562	35,91
Directors' holdings	4	0,03	222 043	0,04
Broad-based black ownership	18	0,12	144 786 388	23,92
Strategic holdings (10% or more)	1	0,01	72 368 131	11,95
Public shareholders	14 800	99,84	388 003 086	64,09
Total	14 823	100	605 379 648	100

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE	Number of shares	%
Government Employees Pension Fund	72 368 131	11,95
PPC SBP Consortium Funding SPV (Pty) Limited	39 988 926	6,61
PPC Masakhane Employee Share Trust	26 757 780	4,42
Foord Balanced Fund	21 093 194	3,48

Financial calendar

Financial year end		30 September
Annual general meeting		26 January 2015
REPORTS		
Interim results for half-year to March	Published	May
Preliminary announcement of annual results	Published	November
Annual financial statements	Published	December
DIVIDENDS		
Interim	Declared	May
	Paid	June
Final	Declared	November
	Paid	January

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	Corporate 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 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

Index to Global Reporting Initiative Indicators (G3.1)

GRI	Topic	Page/link
Strategy and analysis		
1.1	Statement from executive chairman	8, 27
1.2	Key impacts, risks and opportunities	8, 9, 12
Organisational profile		
2.1 – 2.9	General organisational details	IFC, 1
2.10	Awards	7
Report parameters		
3.1 – 3.4	Report profile	1
3.5 – 3.11	Report scope and boundary	1
3.12	GRI index	133
3.13	Assurance	1, 108
Governance, commitments and engagement		
4.1 – 4.10	Governance issues	46 – 77
4.11 – 4.13	Commitment to external initiatives	10 – 11
4.14 – 4.17	Stakeholder engagement	10 – 11
Economic performance		
EC1	Economic value generated and distributed	41
EC2 – EC4	Implications of climate change, defined benefit plan obligations, assistance from government	100
EC5 – EC7	Market presence	IFC, 28 – 37
EC8	Infrastructure investments	28 – 37, 90
EC9	Indirect economic impacts	90
Environmental performance		
EN1 – EN2	Materials used and recycling	14, 100
EN3 – EN7	Energy	100
EN8 – EN10	Water	100
EN11 – EN15	Biodiversity	102
EN16 – EN25	Emissions, effluents and waste	101, 100
EN26 – EN27	Products and services	N/R
EN28	Compliance	99
EN29 – EN30	Transport	N/R
Social performance		
HR1 – HR4	Human rights and non-discrimination	82
HR5 – HR11	Freedom of association, security practices, indigenous rights	86
LA1 – LA5, LA15	Workforce breakdown, turnover, labour relations	84 – 86
LA6 – LA9	Occupational health and safety	80 – 81
LA10 – LA12	Training and education	86 – 88
LA13 – LA14	Diversity and equal opportunity	84 – 86
Society		
SO1, SO9, SO10	Community	89 – 97
SO2 – SO4	Corruption	56
SO5 – SO8	Public policy and anti-competitive behaviour	56
PR1 – PR9	Customer health and safety	N/R

N/R – Not reported.

This index relates only to the online integrated report.

Corporate information

PPC Ltd

(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
JSE code: PPC
JSE ISIN code: ZAE000170049
ZSE code: PPC

Auditors

Deloitte & Touche
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead, Sandton
Private Bag X6
Gallo Manor, 2052, South Africa
Telephone +27 11 806 5000
Telefax +27 11 806 5111

Secretary and registered office

JHDLR Snyman
148 Katherine Street, Sandton, South Africa
PO Box 787416
Sandton, 2146, South Africa
Telephone +27 11 386 9000
Telefax +27 11 386 9001
Email jaco.snyman@ppc.co.za

Sponsor: South Africa

Merrill Lynch SA (Pty) Limited
138 West Street
Sandown, Sandton
PO Box 651987
Benmore, 2010, South Africa
Telephone +27 11 305 5555
Telefax +27 11 305 5600

Transfer secretaries: South Africa

Link Market Services (Pty) Limited
13th Floor, Rennies House, 19 Ameshoff Street,
Braamfontein, South Africa
PO Box 4844
Johannesburg, 2000, South Africa
Telephone +27 11 630 0815
Telefax +27 866 743260
Email info@linkmarketservices.co.za

Transfer secretaries: Zimbabwe

Corpserve (Pvt) Limited
4th Floor, Intermarket Centre
Corner First Street and Kwame Nkrumah Avenue
Harare, Zimbabwe
PO Box 2208
Harare, Zimbabwe
Telephone +263 4 758 193/751 559
Telefax +263 4 752 629

Sponsor: Zimbabwe

Imara Edwards Securities (Pvt) Limited
Block 2, Tendeseka Office Park
Samora Machel Avenue
Harare, Zimbabwe
PO Box 1475
Harare, Zimbabwe
Telephone +263 4 790 090
Telefax +263 4 791 345

Forward-looking statements

This report, including statements on the demand outlook, PPC's expansion projects and its capital resources and expenditure, contains certain forward-looking views. By their nature, forward-looking statements involve risk and uncertainty and although PPC believes the expectations reflected in these statements are reasonable, no assurance can be given that these expectations will prove correct. Accordingly, results 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 risk management.

While PPC takes reasonable care to ensure the accuracy of information presented, we accept no responsibility for any damages – be they consequential, indirect, special or incidental, whether foreseeable or unforeseeable – based on claims arising out of misrepresentation or negligence in connection with a forward-looking statement. This document is not intended to contain any profit forecasts or profit estimates, and some information in this document may be unaudited.

BASTION GRAPHICS

www.ppc.co.za