2022

BUILDING BLOCKS FOR GROWTH

INTEGRATED ANNUAL REPORT

SEPHAKU
HOLDINGS LTD

INDEX

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SEPHOLD AT A GLANCE

OUR INVESTMENT PROPOSITION

Sephaku Holdings Limited ("SepHold" or "the company") is a JSE-listed company that offers investors a portfolio of assets focused on building and construction materials. SepHold's investment portfolio comprises a 100% subsidiary, Métier Mixed Concrete Proprietary Limited ("Métier" or "the subsidiary"), and a 36% associate, Dangote Cement South Africa Proprietary Limited ("Sephaku Cement" or "SepCem" or "the associate"), which are collectively referred to as the group.

The South African cement and ready-mixed concrete manufacturing sectors offer growth opportunities through infrastructure development. The group invests in modern, efficient production capacity and is well positioned to create value for shareholders over the long term. The management team has deep-rooted industry skills and extensive experience to successfully execute the strategic objectives.

SNAPSHOT OF OUR PERFORMANCE

Group

Revenue	EBITDA	EBIT
R785,8 million	**R89,9 million**	**R63,2 million**
FY 2021: R634,3 million	FY 2021: R58,5 million	FY 2021: R36,4 million

Equity – accounted profit	Net profit after tax	BEPS
R28,9 million	**R44,6 million**	**17.52 cents**
FY 2021: R15,9 million	FY 2021: R19,9 million	FY 2021: 7.83 cents

HEPS	NAV per share
17.67 cents	**450.82 cents**
FY 2021 6.09 cents	FY 2021: 433.19 cents

Métier

Revenue	Δ Volume YoY	EBITDA
R785,8 million	**18%**	**R74,9 million**
FY 2021: R634,3 million	FY 2021: (15%)	FY 2021: R55,2 million

EBIT	Net profit after tax	Fatalities
R48,2 million	**R29,6 million**	**zero**
FY 2021: R33,1 million	FY 2021: R16,6 million	FY 2021: zero

Lost-time injury frequency rate
2.56
FY 2021: 0.87

SepCem

Revenue	Δ Volume YoY	EBITDA
R2,6 billion	**(1%)**	**R373,9 million**
FY 2021: R2,4 billion	FY 2021: 9%	FY 2021: R381,6 million

EBIT	Net profit after tax	Fatalities
R219,4 million	**R81,9 million**	**zero**
FY 2021: R219,4 million	FY 2021: R44,4 million	FY 2021: zero

Lost-time injury frequency rates	
Aganang	Delmas
0.57	**0.83**
FY 2021: 0.66	FY 2021: 0

ABOUT OUR REPORT

Scope and boundary

This integrated annual report is for the financial year 1 April 2021 to 31 March 2022 ("FY 2022" or "the year"), and there are no major restatements. The associate Sephaku Cement is a subsidiary of Dangote Cement PLC (DCP) with a December year-end. Therefore, the equity-accounted profit included in this report relates to Sephaku Cement's results from 1 January 2021 to 31 December 2021.

The report provides an overview of Métier and SepCem's performance in terms of financial and non-financial parameters. The report highlights how the operating context contributed to or detracted from the group's ability to achieve its targeted performance. It provides information on how the group entities responded during the year in pursuit of its strategic objectives. Furthermore, pages 3 – 13 highlight how implementation of these strategic objectives and governance practices are monitored at the board of directors' ("board") level.

Materiality determination is initially based on the feedback from operational executives and approved by SepHold executive management. The material matters based on risks, opportunities, stakeholder engagement and management analysis are presented to the audit and risk committee (ARC), which has been tasked by the board to oversee the compilation of the integrated annual report. Risks and opportunities are reported separately for SepHold, Métier and SepCem, with emphasis on the unique components that have a material impact on the group's ability to create value (pages 11 – 13). Following the ARC's approval of material matters, they are included in the report for final board review and sign-off.

The report is compiled in accordance with the Companies Act, JSE Listings Requirements, the Value Reporting Foundation's Integrated Reporting Framework, and the King Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]. The integrated annual report, annual financial statements (AFS) and supplementary information constituting the notice of annual general meeting (AGM), proxy form, AGM electronic participation form and King IV application register are available at www.sephakuholdings.com.

Assurance

Assurance over the report is obtained through management attestation, internal controls, and internal audits. South African National Accreditation System agencies and AVA Assurance Verification Agency verified SepCem's Broad-Based Black Economic Empowerment (BBBEE) performance. SepHold's AFS were independently verified by external auditor, BDO South Africa Inc (BDO), and received an unmodified audit opinion.

Forward-looking statements

Opinions in this report are, by nature, subject to known and unknown risks and uncertainties. Changing information or circumstances may cause the group's actual results, plans and objectives to differ materially from those expressed or implied in any forward-looking statements.

Undue reliance should not be placed on such opinions, forecasts, or data. No representation is made on the completeness or correctness of opinions, forecasts, or data in this report. Neither the group nor any affiliates, advisors or representatives accept any responsibility for any loss arising from the use of any opinion, forecast or data in this report. Forward-looking statements apply only at the date on which they are made.

The group does not undertake any obligation to update or revise any opinions or forward-looking statements publicly, whether to reflect new data or future events or circumstances. The financial information on which the forward-looking statements are based has not been audited or reported on by SepHold's independent external auditor.

Approval of the integrated annual report

The board applied its collective mind to the preparation and presentation of this report to ensure its integrity. The board takes full responsibility for ensuring the integrity of the disclosure in this report. The board approved the report on 22 July 2022.

Feedback

We welcome your feedback and comments. Please direct any queries or suggestions on the content and form of this integrated report to info@sephold.co.za.

On behalf of the board:

Brent Williams
Chairperson

Neil Crafford-Lazarus
Chief executive officer and financial director

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GROUP STRATEGY AND RISK MANAGEMENT

WHO WE ARE

The group's five value creation pillars are based on its founding principles and core values. The values of respect, integrity, accountability, transparency, and honesty are reflected in the codes of ethics and conduct to obligate the board, executive management, and employees to act ethically. Directors and employees are required to conduct business with stakeholders in line with these codes, available at www.sephakuholdings.com/corporate-governance/governance- documents/

OUR INVESTMENTS

Sephaku Cement

SepCem operations comprise Aganang located in the North West province and Delmas in the Mpumalanga province of South Africa. The associate manufactures and sells high-quality cement of various strengths to a broad range of users. The Aganang plant constitutes a limestone opencast quarry with a proven life of over 30 years as of December 2021, and an integrated clinker and cement manufacturing plant. Aganang integrated and Delmas grinding plants have a combined cement capacity of 2,8 million tonnes per annum (mtpa).

SepCem has limestone projects at various stages of licensing in Limpopo (Dwaalboom and Groblersdal) and Western Cape (Vanrhynsdorp) that provide a pipeline for growth. The Groblersdal and Dwaalboom mining right applications were submitted in 2018 and 2021, respectively. Vanrhynsdorp comprises two resources – a mining licence was applied for in 2020 for one of the resources and a prospecting licence for another in 2021. All licences are yet to be awarded.

Bagged cement, which constitutes approximately 80% of sales volumes, is distributed through major hardware retailers and second-tier distributors. Primary geographic markets include Gauteng, Limpopo, Mpumalanga, North West, Free State, Northern Cape, and northern KwaZulu-Natal (KZN).

DCP, a Nigerian Stock Exchange-listed company with cement operations in Nigeria and nine other African countries, owns 64% of SepCem. Refer to www.dangotecement.com for further information.

Métier

Métier manufactures ready-mixed concrete products for construction projects in industrial, commercial, and residential markets. The subsidiary aims to be the ready-mixed concrete brand of choice in South Africa. Métier has 15 plants located in the Gauteng, KZN and Western Cape provinces. The geographic spread of the plants reduces market concentration risk.

Plants in Durban and Pietermaritzburg areas of KZN:

- Phoenix
- Canelands
- Mkondeni
- Umhlali
- Cato Ridge
- Mobeni
- Midmar

Plants in Gauteng

- OR Tambo
- Sandton
- Chloorkop
- Denver
- Centurion
- Rosslyn
- Mobile plant

Plants in Western Cape

- Bellville

HOW WE CREATE VALUE

Métier and SepCem utilise the cash they generate from operations, equity from shareholders and borrowings from lenders to source inputs to manufacture building materials. As responsible corporate citizens, Métier and SepCem continually implement initiatives to mitigate any negative environmental impact from their operations. Moreover, they strive to contribute to the upliftment of communities surrounding their operations through investments in local businesses and sponsoring education programmes.

SepHold creates value by providing strategic and governance insights to operational executive management, enabling access to funding from lenders and investors. The company continually investigates and assesses value-accretive opportunities for mergers and acquisitions.

Sephaku Cement

Upstream, SepCem extracts limestone from the mine adjacent to the Aganang plant and then processes it to clinker using the latest technologies in manufacturing. The clinker is ground and blended with other inputs to produce consistently high-quality bagged and bulk cement in different strengths. Bagged cement is distributed through retail channels to cement end-users, while bulk users such as ready-mixed concrete manufacturers purchase cement directly from SepCem for various construction activities.

SepCem manages and monitors several environmental management parameters to better steward limited water resources. The stewardship, coupled with the closed-circuit water management system at the plants, minimises wasteful discharge into the environment. The enterprise and supplier development programme (ESDP) has improved the local economies of the North West and Mpumalanga through the mentorship of entrepreneurs to build sustainable local businesses. Regular engagement with different government authorities and independent experts ensures compliance with licence conditions.

Métier

Métier harnesses downstream synergies for the group by utilising the cement manufactured by , among others, SepCem to manufacture ready-mixed concrete. The subsidiary employed 241 people in FY 2022 and maintains the requisite technical skills to enhance the value creation process. Through its sales representatives, Métier sells its ready-mixed concrete to various customers, including building contractors, civil contractors, residential developers, and government organisations.

Value creation pillars

Value creation pillars on which earnings and growth are based, give the group a competitive edge.

Value creation pillar	Métier	SepCem
Technical skills and deep industry experience Technical skills are essential in the group's ability to produce consistent, high-quality building materials. Deep-rooted industry experience provides a good understanding of market dynamics and how to maximise profitability.	**Inputs:** • 241 employees. • Executive committee with over 120 years of combined management experience in ready-mixed concrete manufacturing, mining, and technology. • Expenditure of approximately R0,5 million on employee training and development. **Outcomes:** *Positive* • Enhanced skills: 115 employees trained in requisite legislation. • Enhanced performance and improvement in profitability. *Negative* • Waste concrete. **Outputs:** Technically robust and consistent, high-quality ready-mixed concrete for varied construction requirements, including: • Pre-cast moulds • Flooring	**Inputs:** • 492 employees. • Executive committee with over 260 years of combined management experience in cement manufacturing, marketing, and project management. • Expenditure of approximately R3 million on employee training and development. • Unique advantage of being part of the Dangote Cement group with a mentorship academy enabling training opportunities. **Outcomes:** *Positive* • Competitive production and sale of cement. • Enhanced skills in communities located adjacent to the operations through employment opportunities and skills training. • Positive contribution to the provincial GDP. *Negative* • Limited pool of technical skills, leading to extended working hours and potential loss of critical skills to competitors. • High remuneration is necessary to retain scarce skills that increase the associate's remuneration base. **Outputs:** Production of consistently high-quality cement in five strengths of either bagged or bulk cement as listed below: • 32R • 32N • 42N • 42R • 52N

Value creation pillar	Métier	SepCem
Leading technologies Advanced production technologies enable the efficient production of cement and ready-mix concrete.	**Inputs:** • Automated manufacturing processes anchored on modern information management systems. • Integrated digital platforms for precise quality control. **Outcomes:** *Positive* • Expedient troubleshooting and efficient manufacturing. • Implementation of an effective strategy ensuring optimal profitability and fulfilment of the exceptional service promise. *Negative* • Dust emissions from handling of raw materials and manufacturing. • Noise pollution from the manufacturing process. • Residual waste concrete from the delivery trucks.	**Inputs:** • Integrated plant with vertical mills and a five-stage pre-heater with an in-line calciner. • Automated manufacturing processes anchored on advanced information management systems. • Introduced artificial intelligence for improving plant reliability. **Outcomes:** *Positive* • Enhanced efficiency by utilising modern technology plants to enhance profitability. • Limited water consumption. *Negative* • Energy-intensive, which increases carbon footprint.
Strategic relationships and deal-making abilities Management's ability to forge mutually beneficial relationships has positioned the group as a major South African manufacturer of building materials.	**Inputs:** • Efficient delivery of concrete to customers. • Optimal loads to transporters. **Outcomes:** *Positive* • Partnerships with building contractors in large and/or long-term building projects. • Long-term mutually beneficial agreements with transporters and other suppliers enabling cost control. *Negative* • Value-destructive response by competitors as Métier secures supply contracts.	**Inputs:** • Strong relationships with the retail distribution channels through an effective sales team. • Mutually lucrative agreements with suppliers of critical inputs and transporters. **Outcomes:** *Positive* • Repeat and/or large volume orders. • Customer retention within the large merchants. • Improved cost efficiencies. *Negative* • Increasing inflation has resulted in a higher frequency of price increases from suppliers. • Higher input cost inflation.
Service excellence The group's ability to offer exceptional service to all its customers, driven by the ingrained high-performance culture, distinguishes it from competitors by enhancing the value proposition.	**Inputs:** • The Métier Way is engrained in the company culture and is evident in all facets of the business, from offering uncompromising service to all customers to ensuring employees work in a safe environment. It is how the subsidiary conducts its business underpinned by the values of *Integrity, Service Excellence, People and Accountability.* **Outcomes:** *Positive* • An increase of 24% in revenue to R786 million. • An increase of 46% in operating profit to R48 million. *Negative* • Increased cost of getting product to market in a low pricing environment impacts profitability.	**Inputs:** • Implementation of the ***Tokafatso*** organisational performance improvement programme to cultivate a culture of excellence from the production to selling of cement. • The synergistic relationship with Métier enables immediate customer feedback on the technical performance of cement produced. **Outcomes:** *Positive* • Increase of 7% in revenue to R2,6 billion. • Maintained operating profit at R219 million. *Negative* • Increased cost of getting product to market in a low pricing environment impacts profitability.

Value creation pillar	Métier	SepCem
Sustainability The group's commitment to sustainability is instilled through the adoption of practices that minimise its negative environmental and social impacts. Practices that have positive impacts are propagated where possible throughout the group.	**Inputs:** • Environmental management plan for each plant with executive management oversight. **Outcomes:** *Positive* • Emissions below the standard of 1 200 mg/m^2 per day. • Waste water is recycled at all operations *Negative* • Increased lost-time injury rate to 2.56.	**Inputs:** • Valid environmental licences for utilising alternative fuels and managing emissions, water, and waste. • Deliberate engagement with communities. **Outcomes:** *Positive* • Carbon dioxide (CO_2) emissions below industry mean at between 0.83 tonnes of CO_2 equivalent (tCO_2e) to 0.84 tCO_2e per tonne of clinker produced. • Introduced utilisation of alternative fuels. • Clinker substitution through extension. *Negative* • Sustainability practices require financial investment during initial implementation phases that negatively impact profitability.

HOW WE IMPLEMENTED OUR STRATEGY

Implementation of the group's strategic objectives enhances financial sustainability, product quality and operational efficiency. Performance against these objectives in the year is summarised in the table below.

			Métier		SepCem	
Strategic objectives	**Management initiatives**	**Measures of success**	**FY 2022**	FY 2021	**FY 2022**	FY 2021
Maintain sustainable sales volumes	Prioritised sales strategies that sustain or grow market share.	Sales volume growth: %	**18%**	(15%)	**(1%)**	9%
Maximise margins	Focused on improving cost efficiencies.	EBITDA margin: %	**9.6**	8.7	**14.6**	15.9
		EBIT margin: %	**6.2**	5.2	**8.6**	9.1
		Net profit margin: %	**2.8**	2.1	**3.2**	1.9
Increase cash flow	Focused on achieving optimal product mix.	Cash generated from operations: *ZARM*	**71**	56	**343**	329
		Cash balance at year-end: *ZARM*	**25**	26	**326**	479
		Unit average net selling price increase: %	**4% – 6%**	2% – 3%	**5% – 8%**	5% – 8%
Strengthen the balance sheet	Focused on reducing bank debt.	Total debt at year-end: *ZARM*	**48**	71	**1 302**	1 613
		Bank debt principal at year-end: *ZARM*	**48**	71	**666**	1 032
		Book value equity at year-end: *ZARM*	**186**	164	**1 816**	1 734
		Net debt / equity ratio	**0.12**	0.27	**0.54**	0.65

HOW WE ENGAGE OUR STAKEHOLDERS

Our engagement ethos

Experienced group executives effectively manage key stakeholder matters, regularly reporting on these matters to the board committees. The matters are considered in the group's determination and assessment of material matters, risks, and opportunities.

Key stakeholder engagement themes

Stakeholder	Matters of engagement	Context	Our response
Customers *Regular engagement*	***Métier and SepCem*** Customers require: • consistent product quality. • punctual delivery and accessible after-sales service. • fair pricing. • credit terms to provide stability during uncertain times. Impact of the July 2021 social protests on Métier and SepCem's ability to access customers.	***Métier*** • Ready-mixed concrete customers are technical end-users who require consistent quality concrete at competitive pricing. • Punctual deliveries eliminate costly downtime and enable customers to meet their construction budgets and timelines. • The fragmentation of the market has resulted in a higher proportion of price sensitive small to medium-sized construction contractors. ***SepCem*** • Bulk cement is still not priced at the appropriate level. Bulk users such as concrete manufacturers purchase cement directly from cement manufacturers. • Bagged cement users dominate the sales mix at between 70% and 80%. Bagged cement is predominately distributed through building materials merchants. • Industry has excess installed capacity, resulting in competitive pricing.	***Métier*** • Utilises abundant technical ability and knowledge to produce consistent and high-quality concrete. • Effective communication remains a priority in achieving the promise of superior service. • Regular engagement is essential to ensure customers make informed purchasing decisions and receive appropriate product specifications. ***SepCem*** • Implements a robust sales strategy that includes after-sales interactions with customers to better understand their evolving needs. • The sales and logistics departments work together to ensure the timely delivery of cement. • Highly skilled employees manage the product quality assurance process to ensure consistency.
Employees and trade unions *Regular engagement*	***Métier and SepCem*** ***Employees*** require: • re-assurance on employment security. • training and career development opportunities. ***Trade unions*** demand: • fair remuneration. • a safe working environment. • skills development opportunities.	***Métier*** • The lean employee structure requires strong coordination between the various functions. • Employees are cognisant of the highly competitive trading environment and are committed to ensuring Métier maintains its brand equity. • Employees are highly qualified and experienced in their various functions and believe in the Métier Way philosophy. ***SepCem*** • The technical skills are essential to effectively implement the strategy and for efficient operations. • Employees' main concern has been appropriate remuneration commensurate to the challenging and high-pressure operating environment.	***Métier*** • Facilitates regular engagement through various platforms to ensure prompt feedback. • Continues the COVID-19 awareness campaign with an emphasis on vaccination at all sites. • Provides masks and access to sanitising stations for all employees. ***SepCem*** • SepCem has a long-term retention scheme designed to retain key personnel, and the scheme is deferred over a three-year period. • Leadership development programmes were rolled out as part of building a sustainable pipeline of leaders. • Entrenchment of the performance enhancement initiative, Tokafatso, throughout the organisation.

Stakeholder	Matters of engagement	Context	Our response
Investors *Regular engagement*	***Métier and SepCem lenders evaluated:*** • sustainability of business models. • assurance over debt repayment ability. ***SepHold shareholders:*** • are the principal owners of the business who invest to receive a return and increase their wealth. • require precise, timely and complete information to accurately assess and establish the group's value.	***Métier and SepCem*** • The banks that have issued Métier and SepCem debt require regular updates on the general operating environment. • Lenders are cognisant of the diminishing demand as private and public infrastructure investment declines. • Negotiations to adapt the debt terms to consider the impact of COVID-19 were the focus of engagement during the year. • Shareholders are concerned about the group's ability to achieve and maintain targeted profitability margins.	***To the lenders*** ***Métier*** • Métier reduced the bank debt principal by 32%, from R71 million to R48 million. A final balloon instalment is due in April 2023. • Working capital is supported by a ZARM 10 revolving loan from the same bank. ***SepCem*** • The total bank debt repayment for the 12 months ended December 2021 was R427 million, resulting in a capital balance of R666 million. • The DCP shareholder loan had a balance of R627 million by 31 December 2021. • In June 2022, management concluded negotiations with the lenders to convert the project loan bullet instalment of R377 million due in November 2022 into a three-year term loan of R400 million. For more on engagement with lenders, refer to the SepHold CEO's report on pages 16 – 19. ***To the shareholders*** • Strengthened the sales teams to ensure they achieve targeted pricing levels. • Advanced initiatives to improve cost efficiencies. • Negotiated supply contracts to minimise escalating input costs.
Suppliers *Regular engagement*	***Métier and SepCem*** • Competitive raw material pricing and haulage rates. • Consistent availability and quality of raw materials from suppliers. • Transporters require commitment to lucrative base loads. • Impact of xenophobic attacks against foreign haulage drivers.	***Métier and SepCem*** • The demand spike experienced post-level 5 lockdown has dissipated, resulting in near pre-COVID-19 levels of trading. • The Ukraine war marginally affected Métier's imported raw materials, making it challenging to maintain profit margins through cost controls. ***SepCem*** • The demand spike experienced post-level 5 lockdown has dissipated, resulting in near pre-COVID-19 levels of trading. • Global supply chain crisis on imported raw materials. • Normalisation of supply of raw materials such as fly-ash.	***Métier and SepCem*** • Negotiated with all suppliers to keep increases in line with inflation. • Ongoing engagement on transport rates. ***Métier*** • Purchased additional vehicles to replace the ageing fleet.

Stakeholder	Matters of engagement	Context	Our response
Neighbouring communities *Regular engagement*	***SepCem*** • Neighbouring communities expect increased employment opportunities. • Local entrepreneurs are concerned about the lower-than-expected procurement opportunities. • Local farmers demand additional grazing land for community livestock.	***SepCem*** • The mining operations and cement manufacturing plants are governed by several laws related to managing the environmental impact and creating a safe working environment. • The social and labour plan (SLP) substantiates SepCem's social licence to operate. SepCem's SLP approval has been hindered by the lack of community leadership structures.	***SepCem*** • Engagement with communities to explain the rigour of its employment practices to alleviate any concerns of unfair practices. • Continues to support small to medium enterprises through supply contracts for services including cleaning, canteen, and gardening. • SepCem is a member of the Ditsobotla Cement Manufacturers Forum (DCMF), a collaboration created by the DMRE to develop and implement projects that will have the maximum benefit to communities in the North West province.
Government and legislative authorities *Regular engagement*	***Métier*** • BBBEE accreditation. • Compliance with requisite bylaws remains a priority. ***SepCem*** • BBBEE accreditation. • SepCem's compliance with mining and environmental legislation and licensing conditions.	***Métier*** • The subsidiary requires BBBEE accreditation to participate in government construction projects. • The environmental impact of Métier's plants is measured against the municipal bylaws applicable in the areas where they are located. ***SepCem*** • The mining operations and cement manufacturing plants are governed by several laws related to managing the environmental impact and creating a safe working environment.	***Métier*** • Métier complies with laws by implementing environmental plans for each plant. ***SepCem*** • SepCem is implementing community development projects as part of the DCMF that complies with the SLP. • SepCem's SLP was awarded in January 2022. • SepCem maintained Level 5 BBBEE accreditation.
Industry association *Ad hoc engagement*	***SepCem*** • Collaboration between manufacturers to improve negotiation power with regulators such as the International Trade Administration Commission (ITAC). • Improved monitoring of anti-competitive and value-destructive behaviour by all competitors.	***SepCem*** • SepCem is a member of Cement and Concrete SA. The association has been essential in lobbying for tariffs against imports, engaging with the standards association on intensifying inspections of the cement supplied to the market by blenders in terms of quality and weight. • The former Association of Cementitious Material Producers was intensively involved in negotiations with the government on the applicable carbon tax regime for the industry.	***SepCem*** • SepCem actively participates in all industry association structures. • SepCem also contributes to the association's success through its subscriptions and expertise as and when requested.

HOW WE MANAGE RISK

SepHold is exposed to the risks of its investments, therefore, the company actively monitors and oversees the management of risks at Sephaku Cement and Métier. Risks taken by SepCem and Métier were within SepHold's risk appetite and tolerance levels.

Métier

Approach to risk management

Métier executive management identifies, measures, mitigates and monitors all material risks to which it is exposed and regularly reports on them to the board and ARC. The committee reviews the effectiveness of the risk framework and advises executives on how to strengthen it as part of its fiduciary responsibilities. Métier's exposure to the following risks remained high during the year: industry competition, ageing fleet, and customer default.

Industry competition

The normalisation of demand after the height of the pandemic has resulted in intense competition from independent mixed concrete producers in all regions in which Métier operates. The low barriers of entry continue to enable new entrants into the sector who introduce unsustainable low prices to penetrate the market. The low rate of economic growth has been a major cause of the decline in both private and public infrastructure investment. Métier implemented stringent cost controls and effective sales strategies to support its margins.

Ageing fleet

Suspending capex from FY 2020 to FY 2021 due to the COVID-19 pandemic resulted in delays in the replacement of an ageing, inefficient fleet. The subsidiary operates a hybrid transport model that optimises the balance of owned and outsourced vehicles based on prevailing demand. The risk was reduced by year-end through the acquisition of vehicles.

Customer default

Construction companies continued to be impacted by low demand resulting in an increased incidence of late customer credit payments and increased credit applications. Métier responded by implementing strict customer credit control measures to limit the risk of debt write-offs. The proliferation of smaller construction companies has increased this risk.

Enhancement of information and technology (IT) governance

A steering committee was established to oversee the implementation and monitoring of IT infrastructure to improve security. In FY 2021, Métier contracted external experts to assess the existing IT infrastructure security. These experts recommended various improvements to be implemented during FY 2022. The subsidiary implemented approximately 80% of the recommendations that were considered critical during the year. The mitigatory actions implemented included updating the IT policy to have a designated IT security officer, extensive employee training on cybersecurity, and enhancement of backup protocols. The balance of the recommendations will be implemented in FY 2023.

Focus areas for FY 2023

- Enhance regional sales strategies to appropriately respond to the unique competitive forces, as well as the inflationary pressures brought about by the unprecedented fuel hikes
- Implement the balance of the IT governance recommendations
- Improve the average fleet age of the Métier fleet to ensure reliable supply to customers

SepCem

Approach to risk management

SepCem proactively manages risks and opportunities in line with its board-approved enterprise risk management (ERM) framework. The SepCem board has overall responsibility for risk governance and delegates the ARC to assist it with discharging its enterprise risk governance and oversight duties. The risk division enhances SepCem's second line of defence.

The risk division maintains its independence to enable it to oversee, review and challenge risk information that breaches any board-defined risk appetite level. In the first line of defence, the executive management has overall accountability for managing enterprise risks across the business. It has established sub-committees to assist in discharging its oversight responsibility on the following key risks:

- Credit management
- Scenario validation
- Economic crime
- Health, safety, social and environmental

The associate's risk universe is divided into three broad categories: strategic, financial, and operational.

Strategic risks

These threats directly affect the ability to implement expansion plans and to harness potential merger and acquisition opportunities.

The key strategic risks in FY 2022 were as follows:

- Business disruption due to COVID-19
- Increased volumes of imported cement and clinker
- Loss of key customers

Operational risks

These are risks stemming from external events and are not directly under SepCem's control. They potentially cause losses from failed or inadequate people, processes, and systems. The key risks were the following for FY 2022:

- Critical equipment failure and reliability
- Product transportation risks, including truck accidents, hijacking, and riots
- Unavailability of raw materials within the required time frame
- Occurrence of extreme weather events and natural disasters

Financial risks

The key financial risks for FY 2022 were as follows:

- Counterparty and credit risks
- Liquidity risk

GROUP MATERIAL MATTERS

Low demand

Impact year-on-year (YoY) – SepCem no change, Métier worsened

Context

Métier

Declining infrastructure investment and private investment have resulted in low ready-mixed concrete demand, leading to intense competition.

SepCem

- Market contestation between cement manufacturers, blenders, grinders and importers ensued during the year. There was a decline in the home renovations segment, as confirmed by building retailers' reported sales.
- South African cement manufacturers continued to be undermined by cheap cement and clinker imports from Vietnam, Pakistan, Saudi Arabia, and the UAE.
- The CY 2021 GDP economic growth at 4.9% compared to the 7% decline in CY 2020 lagged pre-pandemic levels.
- Building materials demand is cyclical. Therefore, during an economic down cycle, consumers have lower discretionary income, unemployment is high, and the demand for cement decreases. The unprecedented excess demand following the COVID-19 lockdown during CY 2020 had dissipated by the third quarter of CY 2021.

Response in FY 2022

Métier

- Commenced production in the Western Cape in September 2021.
- Strategic procurement of inputs to mitigate the impact of stagnant selling prices on margins.

SepCem

- Continued applying differentiated pricing to maximise margins.
- Significantly reduced the proportion of the price fighter brand, Falcon, to enhance margins.
- Cost management initiatives were implemented.

FY 2023 focus areas

Métier

- Grow sales volumes in the Western Cape.
- Continue to manage costs.
- Improve the average fleet age.

SepCem

- Continue to manage costs to support margins.
- Continue implementing the differentiated pricing model based on market segmentation and product classification.
- Continue to support the industry application to International Trade Administration Commission of South Africa (ITAC) for tariffs against imports.

Strategic objectives affected

- Maintain sustainable sales volumes.
- Maximise margins.
- Increase free cash flow.
- Strengthen balance sheets.

Shortage of technical skills and industry knowledge

Impact YoY – Worsened for both Métier and SepCem

Context

Métier

- The technical and managerial skills required to operate the plants, produce consistent quality, and effectively manage sales are limited.
- There has been a marked increase in these professionals emigrating to international destinations, resulting in an emerging deficiency in appropriate skills.

SepCem

- The technical skills required to operate the manufacturing plants, produce consistent quality, and effectively manage sales are limited.
- The cement industry is highly concentrated, with six producers competing for the best skills.

Response in FY 2022

Métier

- Headhunted unique skills and trained employees in leadership skills to grow the talent pool.

SepCem

- SepCem has a long-term retention scheme to attract and retain key employees.
- Continued to roll out compliance training and leadership development training, as well as increased competency training.
- Expanded the Tokafatso initiative to the Delmas plant and the Centurion administrative office to establish a high-performance organisation.

FY 2023 focus areas

Métier

- Continue with targeted recruitment of requisite skills.

SepCem

- Continue rolling out competency training initiatives.
- Entrench the Tokafatso initiative.

Strategic objectives affected

- Maintain sustainable sales volumes.
- Maximise margins.

MÉTIER-SPECIFIC MATERIAL MATTER

Customer credit default risk

Impact YoY – No change

Context

Prevailing low infrastructure and private investment have resulted in a challenging trading environment for large construction companies, leading to the proliferation of small-medium companies. Customers are fragmented in a challenging trading environment characterised by low margins and long cash flow cycles.

Response in FY 2022

To mitigate the risk of financial loss from defaults, the subsidiary:

- Only dealt with reputable customers with consistent payment histories.
- Suspended accounts for non-payment.

FY 2023 focus areas

Continue to strictly manage debtors.

Strategic objectives affected

- Increase free cash flow.
- Strengthen balance sheets.

SEPCEM-SPECIFIC MATERIAL MATTERS

Disruption of operations due to community protests

Impact YoY – No change

Context

North West:

The lack of formalised leadership structures has severely limited engagement on matters such as approving a new SLP for the Aganang plant. SepCem experienced several short-term disruptions to operations due to community protests.

- SepCem finally attained the SLP in January 2022 after a protracted period of engagement with communities and government departments.

Mpumalanga:

Engagement with communities located around the Delmas grinding plant continued to progress well. The engagement has enabled a cordial relationship between SepCem and the communities.

Response in FY 2022

- SepCem enhanced its community engagement processes to improve relationships and minimise disruptions.
- SepCem continued supporting small to medium enterprises through supply contracts.

FY 2023 focus areas

- Participate in engagement processes organised by the government.
- Continue to actively engage with communities.

Strategic objectives affected

- Maximise margins.

Critical equipment reliability and failures

Impact YoY – No change

Context

- SepCem has a single kiln; though more cost- and energy-efficient than multiple kilns, it presents a risk when it becomes less reliable.
- SepCem experienced two 10-day interruptions due to unplanned kiln stops in FY 2021. The cause for these unplanned outages was traced to incompatible material used introduced after the COVID-19 lockdown.

Response in FY 2022

- The defective material was replaced with an imported alternative.
- Preventative maintenance implemented.
- Critical spares are kept on site.
- Purchased assets and business interruption insurance.

FY 2023 focus areas

SepCem completed the replacement of the affected kiln section during H1 2022 to improve reliability significantly.

Strategic objectives affected

- Maintain sustainable sales volumes.
- Maximise margins.
- Increase free cash flow.
- Strengthen balance sheets.

SEPHOLD-SPECIFIC MATERIAL MATTER

Concentrated SepHold investment portfolio

Impact YoY – No change

Context

The group's investments are concentrated in South Africa's building and construction materials industry through Métier and SepCem. Therefore, the group is exposed to industry- and country-specific risks such as cyclicality and economic downturn.

Response in FY 2022

Due to the constrained industry trading environment and declining macroeconomic performance, the main group focus has been strengthening the operational balance sheets by servicing debt.

FY 2023 focus areas

- SepHold will continue to explore upstream and downstream opportunities that have the potential to enhance shareholder value.
- The company will investigate potential mergers and acquisitions in building materials that will appropriately diversify risk and enhance returns.

Strategic objectives affected

- Maximise margins.
- Strengthen balance sheets.

LEADERSHIP REVIEWS

Brent Williams
Chairperson: SepHold board

"The depth of experience and knowledge within these executive teams has been pivotal in the group's resilience."

BOARD CHAIRPERSON'S REPORT

Dear stakeholders

I would like to begin my report by congratulating our operational management on producing solid results while navigating a broad range of challenges – from the prolonged weak demand for building materials pursuant to COVID-19 and the impact of lockdown, the unrest events of July 2021, floods in KZN and sustained general economic weakness in the SA economy. The depth of experience and knowledge within these executive teams has been pivotal in the group's resilience.

Understanding the macroeconomic environment

The construction value chain continues to face severe headwinds, exacerbated by the cyclicality of the industry and weak macroeconomic performance. Based on statistical data, the economy was growing at about 1% annually between CY 2014 and 2019, while the construction GDP was decreasing by the same level. This is the period in which SepCem commenced cement production and established its product as a formidable brand, and Métier expanded its footprint into the Gauteng market. The pandemic's impact and consequential lockdowns was severe, as reflected by the year-on-year decrease in construction sector GDP growth of approximately 20% in CY 2020 and 2% in CY 2021.

The national GDP growth rate was -6.4% in CY 2020 and is estimated to have recovered by approximately 5% in CY 2021. The resultant average annual growth rates since CY 2014, including the pandemic years, are 0.5% for overall GDP and -6.5% for construction GDP. This highlights the progressive decline in construction activity over the years due to several economic factors, including the lack of capital formation and investment activity, electricity outages and a general decline in business confidence.

Despite this myriad of economic hurdles, we are still committed to producing and selling building materials and related products. The construction industry remains a salient driver of economic growth because of its positive knock-on effect in other areas, not least being employment creation. The Q1 2022 *Quarterly Labour force Survey* by Stats SA indicated that construction is one of three sectors with the highest employment share at 7.2%, relative to its contribution to GDP of 2.5%. This confirms the positive impact of the construction industry, and its potentially exponential impact were it to become a thriving construction industry once more. We believe the construction industry will provide substantial long-term growth in earnings for investors based on the ever-burgeoning requirement for social, utility (power and water) and economic infrastructure maintenance and investment in South Africa.

Our major concern with the persistently low economic activity is that there may be irreparable harm done to the construction industry, exacerbated by critical construction and engineering related skills leaving South Africa. To avoid reaching a point of no return, South Africa requires urgent action from government to implement its planned and widely announced infrastructure and power related projects.

In the short term, the imposition and enforcement of safeguard tariffs against cement importation would have an immediate positive outcome and meaningfully improve the building materials sector's performance. This will also contribute to the fiscus in direct company tax and VAT, as well as provide greater opportunity for the construction industry to provide local community employment opportunities. The cement producers continue to engage with the ITAC through the industry association on safeguard tariffs for imported cement.

Key operational performance highlights

COVID-19

As the pandemic took hold in South Africa, operations remained diligent in implementing appropriate health and safety protocols to mitigate workplace infections.

We successfully implemented vaccination campaigns, resulting in vaccination rates of 100% at SepHold, 75% at Métier and 71% at SepCem. Sadly, there were two fatalities due to the COVID-19 virus at SepCem, and we express our deepest condolences to these employees' families for their loss. We will continue to apply the government's department of health COVID-19 protocols and remain vigilant for the prospects of any variant resurgence in the foreseeable future.

Métier

Métier established a footprint in the Western Cape and achieved its targeted volumes. The strategic expansion into new markets will continue to be part of our subsidiary's broader approach to diversifying its market and enhancing performance.

The effectiveness of the Métier Way is evident in the improved financial performance, supported by management's agility in dealing with increased competition across the three markets it operates. Towards year-end, Metier's KZN market was impacted by the intermittent flooding that started in March 2022. Although none of the operations were damaged by the flooding, access roads to a few projects were destroyed, limiting access. I am proud of Metier's management for providing monetary assistance to the employees whose homes were severely affected by the floods.

SepCem

The normalisation of demand and competitor activity resulted in SepCem achieving flat sales volumes year-on-year. Our associate's main challenges were internal, namely unplanned plant outages and in-sourcing of clinker to ensure that key customers were sufficiently serviced. These operational challenges were effectively resolved and SepCem has taken steps to mitigate the risk of recurrence. Therefore, we do not anticipate similar disruption in future.

Governance oversight

The board implemented its oversight role in accordance with its charter. All board members are satisfied that we provided the appropriate guidance to the group entities and fulfilled our fiduciary responsibilities. Focus areas for the year under review included evaluating the group's information and technology management practices, application of the combined assurance policy guidelines, succession planning and assessing business continuity management.

The group continued to explore merger and acquisition opportunities along the construction industry value chain. To date, we have been unable to progress any of the identified opportunities due to the valuations and the deep discount in the group value. Ours being more easily pegged to our share price from time to time versus targets not having this 'limitation'. Below are highlights of the board's oversight in each group entity.

SepHold

In January 2022, the ARC successfully motivated for Neil Crafford-Lazarus to continue the dual CEO and FD roles until 31 December 2022. The motivation for a single executive in both roles was based on the prevailing constrained trading conditions resulting in the low level of investment opportunities. ARC's assessment revealed that the economic conditions, company status and levels of operational activity had not changed, warranting the continuation of the dual role for an additional year.

Métier

Our subsidiary focused on strengthening its IT governance by implementing most of the external expert recommendations to enhance the IT system's stability and security. Métier also renewed its employment equity (EE) plan under the guidance of the SEC, following the expiry of the prior three-year plan in August 2021.

SepCem

Since operations commenced, the leadership vacuum in local communities surrounding our production plants, especially in the Northwest province, has repeatedly hamstrung progress in securing the approval for and implementing social investments referred to in our SLP. We are pleased to report that following the direct intervention of the Minister of Minerals and Energy, Honourable Gwede Mantashe, through the establishment a task force encompassing cement manufacturers, provincial and municipal officials, there has been significant progress in our engagement with the Ditsobotla community.

We are also very pleased that SepCem's SLP was finally approved in January 2022 – this has long been a priority. Further details on how the board implemented its duties are included in the governance section (page 31) and operational details on Métier and SepCem's performances are available from pages 20 – 30.

Appreciation

On behalf of the board, I firstly would like to thank our partner in the SepCem investment, DCP. The shared vision of what our associate can potentially achieve in South Africa has been the anchor to an enduring partnership.

To the communities adjacent to our Métier and SepCem operations, we thank you for your patience despite the difficulties experienced thus far in achieving a shared consensus regarding what we can sustainably contribute to community development from a social, health, grazing land, and employment opportunity perspective. We remain committed to making a meaningful contribution to the lives and livelihoods of communities neighbouring our operations.

We thank all government departments that have worked closely with the SepCem management to progress the achievement of consensus in the various communities neighbouring our operations and continue to do so. A special mention to the DMRE for intervening in the North West province by creating an engagement platform that has begun yielding good progress. In the same vein, we thank the various municipalities that constructively monitor Métier's compliance to the requisite by-laws.

Finally, I thank my fellow board members who have applied their wealth of experience to ensure that the group survives another hard year. I look forward to our next year of problem-solving and great successes.

Brent Williams
Chairperson

Neil Crafford-Lazarus
Joint chief executive officer and financial director

"I am pleased to report on the FY 2022 group performance, during which Métier and SepCem increased their net profit by double digits."

CEO AND FD REPORT

Overview of the trading and operating context

I am pleased to report on the FY 2022 group performance, during which Métier and SepCem increased their net profit by double digits. As detailed below, the year-on-year improvement in profitability was mainly due to improved revenues and lower finance expenses.

We began CY 2021 upbeat about demand because of the unprecedented rally for building materials in second half (H2) of CY 2020 following the pandemic-related hard lockdown. Although we were cognisant that this trend would be short-lived, we anticipated that demand would normalise towards the end of CY 2021. The year-on-year growth in the real value of building plans passed at 0.1% in Q4 2020, and 2.1% in Q1 2021, driven by the residential housing sector, implied a positive demand trend for building materials into the year, thereby confirming our view. However, in July 2021, the trend indicators showed an earlier normalisation in building materials retail demand.

The building materials demand was further reduced, albeit marginally, by the July 2021 social protests characterised by mass looting and destruction of retail infrastructure in the KZN and Gauteng provinces. In particular, the violence inflicted on transporters limited access to customers whilst building materials retailers had to either temporarily or permanently close several branches due to the damage caused by the protesters. This event worsened the dissipating investor appetite for commercial infrastructure projects, as illustrated by the month-on-month decline in the value of non-residential plans passed of approximately 48% in that period.

In January 2022, a renewed optimism in construction activity was recorded based on the strong commodity cycle, which was largely expected to increase infrastructure demand. The sentiment was soon dampened by the deceleration in global growth and concerns related to the potential negative effects of the Russian – Ukrainian war.

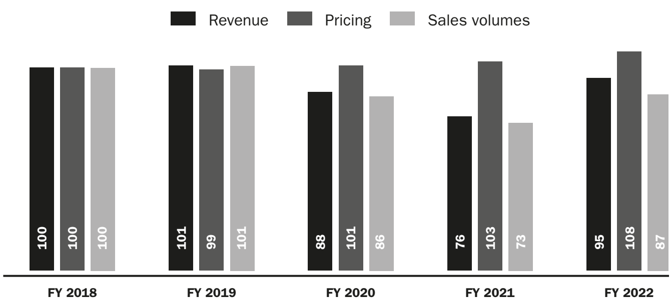
Understanding the group's earnings

MÉTIER

Sales volumes

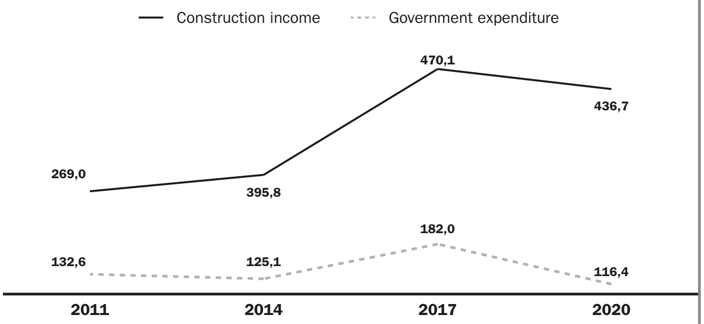
Total sales volumes increased by 18%, albeit from the anomalously low comparative base caused by the pandemic-related restrictions in FY 2021. Considering the 10 months of active trading in FY 2021, the volumes achieved by the subsidiary were essentially flat year-on-year.

5-year trend



Therefore, the 14% decrease in volumes compared to the year ended 31 March 2019 as shown in the five-year trend above, is a more accurate reflection of the continued distress in the construction industry and highlights the challenges of supplying ready-mixed concrete to a stagnant market. The *Construction Industry 2020 report*[2] revealed that the decrease in income from construction between 2017 and 2020 has mirrored government expenditure, as illustrated by the graph below. The construction sector income into the GDP decreased by 7.1% in the three years, implying an annual decline of 2.4%. Furthermore, the contribution to income from civil engineering structures has decreased from 43% to 29% over the same period.

Construction income vs government expenditure (R billion)



Revenue and profitability

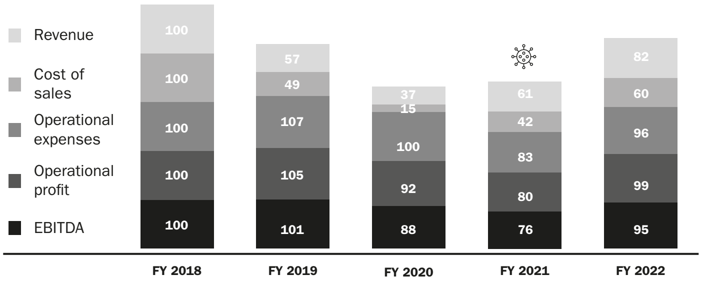
Summarised group statement of profit and loss

	YoY movement	2022 R'000	2021 R'000
Revenue	24%	785 791	634 253
Cost of sales		(484 063)	(390 567)
Gross profit		301 728	243 686
Operating expenses	16%	(271 819)	(234 169)
Other operating income		4 323	10 337
Other operating gain		0	612
Operating profit	67%	34 232	20 465
SepCem equity-accounted profit	82%	28 992	15 970
Finance costs	(7%)	(12 852)	(13 818)
Tax		(7 832)	(4 212)
Net profit	124%	44 578	19 922

The group income statement mainly reflects Métier's performance as the operational subsidiary. Métier's revenue increased by 24% year-on-year to R786 million (FY 2021: R634 million) due to the increased sales volumes and a 5% increase in average pricing.

The increases in cost of sales were collectively in line with the increase in revenue. The operating expenses increased by 16% due to the expansion into the Western Cape and the base effect of an anomalously low figure in the comparative period. Management has done a stellar job of controlling costs and expenses, supporting profit margins since FY 2020.

Indexed costs and profitability trend



Métier's hybrid logistics model and its strong relations with outsourced transporters enable the subsidiary to effectively control its logistics costs. Therefore, the operating profit increased by 45%, from R33 million to R48 million, and EBITDA increased by 36% to R75 million (FY 2021: R55 million). The EBITDA and EBIT margins increased to 9.6% (FY 2021: 8.7%) and 6.2% (FY 2021: 5.2%), respectively. The higher revenue and 7% lower finance cost due to the declining debt capital balance resulted in a 76% increase in net profit after tax from R17 million to R30 million.

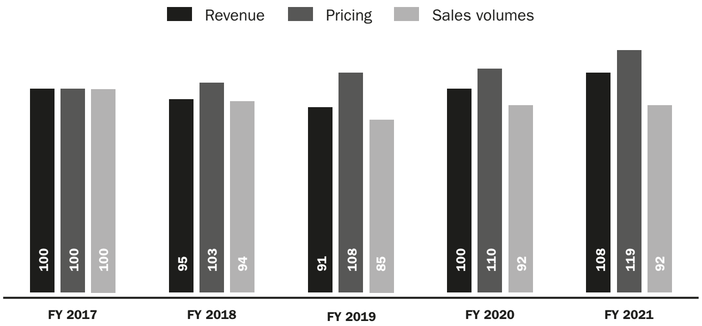
Although the price increases applied in March 2022 have been sustained, the expanding inflation, significant fuel price increases and rising interest rates are expected to cause downward pressure on profitability in FY 2023 as input costs and operating expenses increase. To further mitigate against a sharp decline in profitability, the subsidiary increased prices in June 2022.

SEPCEM

Sales volume

SepCem's sales volumes declined by 1% year-on-year for the 12 months ended 31 December 2021, mainly due to a general decline in demand during H2 2021 exacerbated by the unplanned kiln outages.

5-year trend (R billion)



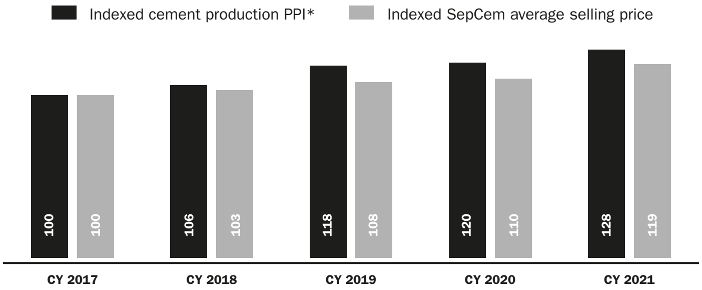
Revenue and profitability

SepCem, like all cement producers, implemented price increases in February 2021 and August 2021, resulting in an increase in the average selling price of between 5% and 8% year-on-year.

However, compared to the Econometrix estimates for the cement producer purchasing index, these prices have been too low to cover input cost inflation resulting in the negative impact on profitability margins.

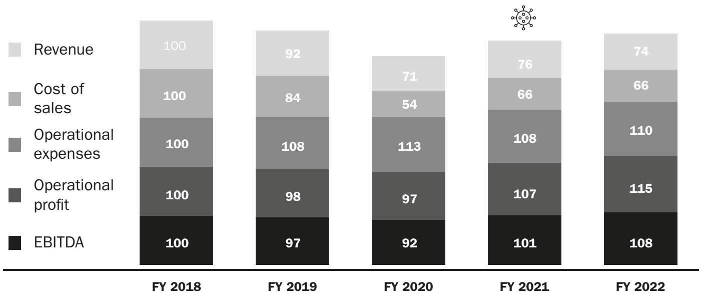
[2] *Construction Industry report 2020 released by Stats SA on 27 June 2022.*

Cement PPI vs ASP



SepCem's revenue increased to R2,6 billion (FY 2021: R2,4 billion) due to higher pricing. The resultant EBITDA was R375,4 million (FY 2021: R381,6 million) at a margin of 14.6% (FY 2021: 15.9%). The associate had to purchase clinker at pricing higher than its cost of production during scheduled maintenance of the kiln in Q1 2021, which negatively impacted the EBITDA. The shortage resulted from low stockpiles following high demand during the second half of CY 2020.

Indexed costs and profitability trend



NB: SepCem has a December year-end as a subsidiary of DCP; therefore, the results included in the group financial year are for the 12 months ended the previous December. For instance, the FY 2021 graph represents the period January to December 2020.

The cost of sales and operating expenses have increased by 15% and 10% respectively over five years against an 8% increase in revenue, resulting in a 40% decline in operating profit in the same period. Distribution is the largest component of SepCem's cost of sales and it increased by 10%. We remain vigilant in managing costs and agile in our sales approach to support profitability and maintain our market share, respectively.

The operating profit remained flat at R219,4 million resulting in a net profit after tax of R81,9 million compared to R44,4 million in FY 2021. The SepCem 36% equity-accounted profit in the group FY 2022 profit and loss statement is R28,9 million (FY 2021: R15,9 million).

How we strengthened our balance sheets

MÉTIER

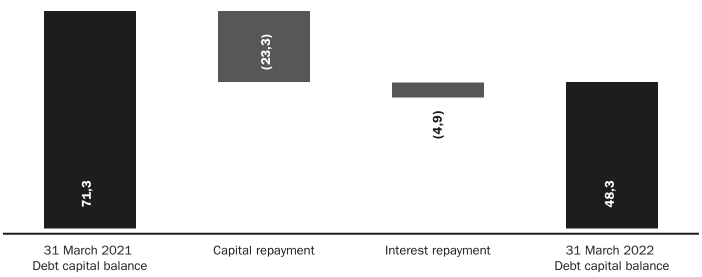
Management of customer credit risk

Métier's executive management rigorously monitors exposure to credit risk and customers' creditworthiness. The subsidiary continued to apply stringent credit approval processes to mitigate the risk of financial loss from defaults. The proliferation of medium-sized construction companies with cash flow management challenges increased the risk, necessitating a preference for customers with proven and consistent payment behaviour.

As of 31 March 2022, the loss allowance for trade and other receivables was reduced to R791 000 (FY 2021: R1,9 million) due to a R1,1 million provision reversal on settled trade receivables and an element of self-insurance. Detailed disclosure on debtor management appears on pages 38 to 40 in the AFS.

Bank debt management

Bank debt management (R million)



Métier focused on reducing the amortising loan facility, decreasing the capital balance to R48 million on 31 March 2022 (FY 2021: R71 million). The facility bears an interest rate of three-month Johannesburg Inter-bank Average Rate (JIBAR) plus 4.25%. The facility is repayable in varying instalments, with the final balloon payment scheduled for 15 April 2023. The subsidiary's management continues to comply with the debt obligations and is confident that it will repay its instalments as scheduled for FY 2023.

SEPCEM

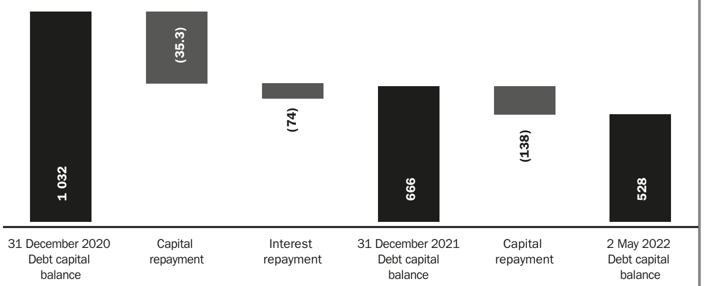
Debt management

The total bank debt repayment for CY 2021 was R427 million, comprising interest of R74 million and capital of R353 million, resulting in a capital balance of R666 million. By 2 May 2022, the outstanding capital balance was R528 million, following total capital repayment of R138 million in two instalments during the current calendar year. The DCP shareholder loan that accrues interest at JIBAR plus 4% capitalised against the loan had a balance of R627 million by 31 December 2021.

* *Econometrix quarterly cement model for Q2 2022 released May 2022.*
ASP – Average selling price

Post-period, we concluded negotiations with the lenders in June 2022 on converting the project loan bullet instalment of R377 million due in November 2022 into a three-year term loan of R400 million at a rate of JIBAR plus 3.25%. In addition, SepCem secured a R200 million working capital facility at a rate of prime minus 0.5% from one of the original major lenders.

Debt management (R million)



Post-period

Q1 2022 performance

Following the DCP first quarter results announcement released on 29 April 2022, SepCem's revenue increased by 2% to R553 million (Q1 2021: R541 million), mainly due to price increases implemented in January 2022. The quarterly sales volume decreased by 6% year-on-year due to the declining building activity exacerbated by the high levels of rainfall in February and March 2022. The bagged cement sales were further impacted by retail customers' lower discretionary incomes resulting from the higher cost of living.

How we are thinking about the future

Industry experts project that the residential buildings demand will decline as interest rates increase. The commodity boom cycle is tapering off due to the contractionary economic policies being planned or implemented globally to mitigate rising inflation. Due to the cyclicality of the construction industry, the demand for building materials will remain low or decline depending on the magnitude of economic contraction. Specifically, the trend in construction tenders awarded implies flat demand, and this is expected to continue until the end of FY 2023.

Thank you

To the management and employees who have persevered, I implore you to remain focused despite all our challenges. I encourage you to remain diligent in following COVID-19 protocols to mitigate against workplace exposure.

To our customers and suppliers who have supported the group by placing orders and providing high-quality inputs respectively, we thank you. We value our mutually beneficial relationships that will enable continued future value creation.

Finally to our shareholders and bankers, we thank you for your continued support in our efforts to achieve our strategic objectives.

Neil Crafford-Lazarus
Chief executive officer and financial director

BUSINESS REVIEW – MÉTIER MIXED CONCRETE

Kenneth Capes
CEO

"Métier's competitive edge based on its renowned service excellence, deep product knowledge and professionalism has positioned the subsidiary well to retain or grow its market in the three markets."

CHIEF EXECUTIVE OFFICER'S REPORT

The construction materials industry overview

In the first quarter of the financial year under review, the confidence levels recorded for major building contractors were extremely low because large construction projects announced by the government had not materialised. The high fiscal debt levels to GDP seemed to have limited the government's ability to implement the planned infrastructure projects. In addition, the private infrastructure investors' low confidence in South Africa's economic growth, future employment and business prospects continued to ebb.

To that effect, the mixed concrete sector performance was negatively impacted by the continued decline in demand as reflected in the non-residential plans passed. The re-introduction of electricity load shedding in November 2021 further entrenched the apathy towards non-residential construction projects. The overall annual effect of these events was a general reversion to the distressing pre-COVID-19 demand trend.

Métier's operational performance summary

Sales volumes and revenue

Métier established its first plant in Bellville in the Western Cape province, which started supplying customers in September 2021. The operation was achieving targeted volumes by December 2021 at good profit margins. Métier intends to slowly build up its reputation in the Western Cape market to ensure that its brand is well accepted.

The KZN province experienced unique challenges compared to Métier's other operations, namely, the disruption of construction projects by some business forums, and the floods in March 2022. Demand reverted to pre-COVID-19 levels, characterised by increased competition from independent ready-mix manufacturers. This resulted in flat sales volumes YoY for this market. Métier focused on achieving an optimal product mix that would result in raw material and transport cost savings.

The Gauteng province experienced aggressive pricing tactics by vertically integrated competitors as demand continued to decline. The sales were 10% below volumes achieved in FY 2020, mainly due to the continued low demand. Management focused on efficiently securing inputs, tightly managing logistics costs and strategic sales management to improve profit margins. As in the KZN market, Métier successfully implemented price increases in the fourth quarter ended March 2022.

Overall, some of the larger integrated ready-mixed producers continued to close plants in KZN and Gauteng. They were immediately replaced by highly competitive independent ready-mix producers with lower cost bases. Nonetheless, Métier's competitive edge based on its renowned service excellence, deep product knowledge and professionalism has positioned the subsidiary well to retain or grow its market in the three markets.

Health and safety

Métier maintained its zero fatalities record but recorded an increase in the lost-time injury frequency rate to 2.56 (FY 2021: 0.87). This represents a significant increase in lost-time hours from 135 hours to 545 hours, mainly due to one employee falling and being incapacitated for an extended period.

The subsidiary's key safety risks have been identified as incorrect operation of heavy machinery, absent-mindedness and falling. Depending on the incident, employees are either provided additional safety training or issued a warning in incidences of negligence. Monthly health and safety meetings were held at all operations to reinforce standard protocols. Despite the increase in the injury rate, internal safety audits confirmed broad compliance with all safety procedures, meetings, and record-keeping.

Updates on the COVID-19 pandemic were regularly discussed with an emphasis on mitigating workplace infections. Awareness campaigns were implemented at all plants to combat the spread of the virus, and air travel was limited to essential cases. Furthermore, Métier contracted an independent health and safety expert to implement COVID-19 risk assessments to ensure that all high potential infection points are eliminated. Sixteen (FY 2021: six) employees contracted the COVID-19 virus and all fully recovered.

Feedback on FY 2022 focus areas

To growth of plant footprint: ***Achieved*** by establishing a plant in the Western Cape.

To minimise capital expenditure and implement tight cost control: ***Achieved*** by utilising existing assets to establish the plant in Western Cape, replacing the ageing fleet through the purchase of vehicles for R31 million to enhance logistics efficiencies. Further details in the AFS pages 43 – 44.

To continue to reduce bank debt: ***Achieved*** by reducing the revolving bank loan by 32% to R48 million.

To tightly manage customer credit risk: ***Achieved*** by implementing a strict customer credit approval process.

The focus areas for FY 2023 will be the same as for FY 2022.

Kenneth Capes
CEO

HUMAN CAPITAL

Employee overview

Employment ethos

Ethics and integrity

Métier has codes of ethics and conduct that articulate the requisite standards to ensure employees align with a common value system. Elements of the code of good conduct are explicitly included in the employee performance management process to emphasise their importance. Métier strives to be an employer with fair and transparent practices. Employees are rewarded based on the value of their work, competence and performance, guided by the board-approved remuneration framework to ensure non-discrimination.

To promote a culture of honesty, Métier has an externally managed whistle-blowing line to report unethical and unfair practices. The service provides stakeholders with a channel to report employee and management fraud and unethical behaviour. Internally, the subsidiary has a stipulated grievance procedure that enables employees to report unethical behaviour in the workplace to either their direct line manager, the human resources department or the CEO.

Employee wellness

Employees were encouraged to utilise the externally managed wellness service to discuss any mental health challenges resulting from the pandemic. The trained counsellors assisted employees to overcome the adverse psychological impact or referred them to appropriate services for unique cases. In extreme cases of mental distress, the human resources executive is alerted to ensure that sufficient support and monitoring are provided to the employee.

Following the floods in KZN, Métier initiated a fund to assist employees that had suffered severe structural damage to their homes. Furthermore, Métier continued to offer comprehensive wellness and lifestyle advice through its Métier Cares initiative with the objective of assisting employees in optimising their health and productivity. The annual HIV and AIDS Awareness Programme, which starts in November leading up to World Aids Day on 1 December, remains a major campaign. During the year, the Métier Cares initiative broadened to include guidance on how employees could better manage their finances.

Employee profile

Métier's employee turnover rate decreased to 18.6% compared to 34.7% because of the retrenchments implemented in the prior year. The subsidiary increased its workforce by 31 employees, specifically for the new operation in Western Cape.

Employment equity (EE)

Métier is committed and fully supportive of the tenants of the Employment Equity Act. To that effect, the subsidiary reduced the gap to achieving its EE plan by targeting roles at senior, middle and junior management levels, as indicated in the employee complement table below.

Eight employees were promoted during the year, 50% of whom were African, coloured, and Indian individuals. The three-year plan ended in August 2021, and it was renewed for the period September 2021 to August 2024 by the internal EE committee. Subsequently, the Department of Employment and Labour amended the Act to simplify the sector targets commencing March 2022, and Métier has amended its plan to reflect the amendments to the Act.

31 March 2022	**Male**				**Female**				**Foreign nationals**		
Occupational level	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management				**4**				**2**			**6**
Senior management	**2**	**1**	**3**	**14**							**20**
Professionally qualified and experienced specialists and mid-management	**9**	**1**	**7**	**11**	**1**		**3**	**4**			**36**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	**24**	**2**	**4**	**4**	**8**	**1**	**2**	**6**	**1**		**46**
Semi-skilled and discretionary decision making	**50**		**1**						**4**		**55**
Unskilled and defined decision making	**64**				**2**						**66**
Total permanent	**149**	**4**	**15**	**33**	**11**	**1**	**5**	**12**	**5**		**235**
Temporary employees	**4**			**1**	**1**						**6**
Grand total	**153**	**4**	**15**	**34**	**12**	**1**	**5**	**12**	**5**		**241**

Promotions during FY 2022	Male				Female				Foreign nationals		
Occupational level	**African**	**Coloured**	**Indian**	**White**	**African**	**Coloured**	**Indian**	**White**	**Male**	**Female**	**Total**
Top management	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**	
Senior management	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**	
Professionally qualified and experienced specialists and mid-management	**2**	**0**	**0**	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**4**
Junior management	**1**	**1**		**1**				**1**	**0**	**0**	**4**
Grand total	**3**	**1**		**2**				**2**	**0**	**0**	**8**

Training and development

The subsidiary's investment in training was flat at R0,5 million, focused on enhancing employee knowledge of requisite legislation. 115 employees participated in the training, of which 84 (70%) were historically disadvantaged South Africans (HDSAs).

Tertiary study bursary initiative: leadership development

Métier renewed three of the four employee bursaries for tertiary studies in economics, accounting, and business administration granted in the previous year. The fourth recipient resigned and was not replaced. A major objective of the bursary programme is to retain high-performance employees or those with key technical skills who are interested in developing their careers through further study. Recipients of the bursaries become part of an employee pool for promotion when they successfully complete their studies.

Production technology learnerships: empowerment through skills development

Métier continued to support the six individuals with disabilities participating in the South African Qualifications Authority's (SAQA) National Qualifications Framework (NFQ) levels 2, 3 and 4 on production technology learnerships. The framework is a national education and training system developed to provide quality learning that is responsive to the dynamic shifts in the operating environment.

The individuals, constituting an equal number of males and females, completed level 2 during the year. The employees are expected to complete NQF level 3 in September 2022 and to proceed to level 4 in October 2022. The main objective of these learnerships is to empower them with knowledge and skills that enhance their probability of attaining permanent employment at Métier or other companies.

To this effect, the subsidiary is pleased to report that one of the learners secured permanent employment at another company and was replaced by another learner in the programme.

Building Blocks mentorship programme: performance enhancement

Métier recognises that graduates require guidance during the initial years of their career to establish a foundation of strong work ethics for enhanced performance. Furthermore, entry level employees that desire career development need assistance from colleagues to improve or develop skills that improve their performance.

The subsidiary responded to these needs by developing a mentorship programme entitled Building Blocks to offer career development skills to employees, and an opportunity to gain technical experience to graduates in the fields of construction, civil engineering and marketing. The programme runs for a minimum period of six months and a maximum of 18 months.

The objectives of this programme are:

- Develop a talent pool of potential leaders with knowledge, skills, and abilities to add value to Métier.
- Assist participants in achieving career development and personal growth goals aligned to support Métier's business objectives.
- Equip participants with the tools necessary to perform to their highest capability.
- Create opportunities for participants to engage with professionals with different functions.
- Create a culture that embraces mentorship as an effective way of developing individuals.
- Foster higher levels of engagement and career vision.

The programme currently has three graduates, two in KZN and one in Gauteng, being trained in construction, civil engineering and marketing. Upon completion, these graduates can apply for external employment if not offered a permanent position at Métier.

ENVIRONMENTAL CAPITAL

Métier conducted 52 environmental audits (FY 2020: 56) to monitor and minimise the environmental impact on the areas surrounding the operations. The lower number was due to a combination of the COVID-19 restrictions and reduced operational activity. The audits identified Métier's main environmental impacts as dust emissions from silos and aggregate stockpiles, washout concrete residue, and wash water management.

In line with Métier's commitment to zero tolerance of non-compliance with environmental and safety protocols, the subsidiary incurs ongoing costs of R1 million per year for mitigating and managing impacts. The subsidiary continues to implement the following mitigatory measures.

Dust emissions

Métier uses suppression sprinklers to ensure that stockpiles remain damp in order to minimise dust emissions. The subsidiary uses filters and screens to control dust levels from silos and the loading bay. Furthermore, Métier maintains dust emissions below the regulatory limit of 1 200 mg/m^2 per day, as stipulated by the national dust control regulations.

Water management

- Métier recycles and re-uses between 85% and 90% of all excess water generated on the premises during production. The subsidiary utilises water from the municipal supply to produce ready-mixed concrete.
- Water utilised to wash trucks and for general cleaning of the plant premises is recycled through the settlement ponds and re-used in ready-mixed concrete production. Métier ensures that any excess water not recycled is maintained at a minimum to be cleaned and released into the municipal systems.

Waste management

- Métier's focus was to ensure efficient waste management at all plants and correct disposal in line with municipal bylaws.
- Waste was categorised and allocated to separate disposal bins as stipulated by the legislative framework.
- All plants have washout facilities that include recycling units.
- Métier meticulously collects the recycled concrete residue for delivery to approved quarries, where it is recycled back into aggregates for onward uses.

BUSINESS REVIEW – SEPHAKU CEMENT

Duan Claassen
CEO

"Improvement in the construction value chain requires substantial structural changes to the economy to drive new wealth creation, improved business prospects, and subsequent infrastructure investment."

CHIEF EXECUTIVE OFFICER'S REPORT

The building materials industry overview

The beginning of CY 2021 was characterised by an increased optimism for economic recovery due to the seemingly rapid distribution of vaccinations against the COVID-19 virus in the US, China, and the UK, to mention a few. The positive trend in construction-related measures for the quarter ended 31 December 2020 provided a glimmer of hope that the sharp recovery in demand for building materials recorded in the third quarter would persist into CY 2021.

The key driver of the growth was the residential housing sector stimulated by low-interest mortgages. Additional indicators of a buoyant market in Q4 2020 and Q1 2021 included a marked increase in consumer confidence, recovery in disposable incomes and a sharp recovery in the FNB/BER building confidence index. Meanwhile, the construction GDP annual growth remained in negative territory, indicating an underlying weakness in the construction value chain in the long run. Improvement in the construction value chain requires substantial structural changes to the economy to drive new wealth creation, improved business prospects, and subsequent infrastructure investment.

The reversal of the unprecedented demand driven by home improvements, was initially reflected in the 5% decrease in the growth in retail sales in Q3 2021 as reported by Stats SA.

SepCem's operational performance summary

Sales volumes

During H2 2021, SepCem experienced two unplanned outages on the kiln, each for 10 days. The initial outage resulted from pre-heater refractory material damage caused by a corrosive element in one of the raw materials. The raw material was subsequently replaced by an alternative option that mitigated the risk of future damage.

The second plant stoppage was necessitated by the necessary repair of the kiln internals to prevent damage to its major components. SepCem's management identified and implemented a long-term solution to this issue.

Compared to the 12 months ended 31 December 2019, largely considered a normal comparative period, the volumes in the period under review were approximately 8% higher. The sales mix was skewed towards bagged cement, as has been the trend for the past five years, at approximately 80%. SepCem refined its sales mix strategy to maximise profitability by reducing the quantity of the low margin product.

The competition increased compared to the previous year due to the recovery of the cement producers who had experienced major technical plant challenges in CY 2020, which limited their ability to supply the market. Furthermore, blender activity normalised in CY 2021 as the supply of extenders increased following the shortages in May and June 2020 that had severely hampered their production. The combination of these competitive forces and the SepCem kiln outages resulted in the associate's relatively flat sales volumes.

In addition, cement imports increased to approximately 1,1 million tonnes (FY 2021: 990Kt) with 63% imported from Vietnam and 83% entering the country via the Durban port. The cement industry's application for a safeguard tariff from the ITAC has continued to stall. A positive outcome would significantly improve the performance of the building materials sector.

Health and safety

There were no fatalities at any of our operations, as in the previous years. The lost-time injury frequency rates were 0.57 at Aganang (FY 2021: 0.66) and 0.83 at Delmas (FY 2021: 0). The Delmas plant recorded a single lost-time injury, and Aganang recorded three lost-time injuries. Investigations conducted on the four lost-time injuries concluded that all the incidents were due to behavioural errors.

SepCem intensified training and other interventions to curb incidents of this nature reoccurring. Furthermore, SepCem plans to implement specific awareness campaigns to reinforce safety protocols that mitigate incidences that have occurred in the past several years.

COVID–19

The COVID-19 campaigns and awareness sessions during the year resulted in a 71% vaccination rate for employees and contractors. Unfortunately, we lost two employees due to COVID-19 related complications. Our deepest sympathy go out to their families.

SepCem remained vigilant in instilling a culture of sanitising and the use of masks in circumstances that did not enable social distancing. The associate aims to improve the vaccine rate further by persuading the hesitant employees and contractors through education.

Feedback on FY 2022 focus areas

To further reduce bank debt: ***Achieved*** by reducing the bank loan by 35% to R666 million by 31 December 2021.

To improve plant reliability through project Tokafatso roll-out at Delmas: ***Achieved*** by launching Tokafatso at the Delmas plant and Centurion administrative office. To improve plant reliability, artificial intelligence was introduced to predict possible failures.

To attain the SLP: ***Achieved*** in January 2022 following government intervention. Further details in the social capital section discussion on page 29 – 30.

To achieve targeted use of alternative fuel: ***Partially achieved*** through the substitution rate of 27.9% compared to targeted 30.3%. The lower achieved rate was due to a delay in the delivery of equipment required for the tyre feeding project at the Aganang plant.

The focus areas for FY 2023

1. To convert residual project bank debt to a revolving facility with improved terms
2. To maintain sales volumes
3. To improve cost efficiencies
4. To implement initiatives to improve risk management including enhancing information security.

Duan Claassen
CEO

HUMAN CAPITAL

Employee overview

The total employee complement as of 31 December 2021 was 492 (FY 2020: 470). Included in this total are nine fixed-term employees. The turnover rate was 10% of which 8% was voluntary.

	Male				Female				Foreign nationals		Total
Occupational level	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	3	0	0	2	1	0	0	2	1	0	9
Senior management	2	1	0	10	2	0	0	5	1	0	21
Professionally qualified	10	2	2	13	4	1	3	5	1	0	41
Skilled technical	65	3	3	21	27	2	5	8	1	0	135
Semi-skilled	110	1	1	0	27	0	0	1	0	0	140
Unskilled	113	2	1	0	29	1	0	0	0	0	146
TOTAL	303	9	7	46	90	4	8	21	4	0	492

Employment equity

Occupational level	Target HDSA (%)	Actual HDSA (%)	Actual black (%)
Top management	**42%**	**67%**	**44%**
Senior management	**45%**	**48%**	**24%**
Professionally qualified	**75%**	**66%**	**54%**
Skilled technical	**85%**	**84%**	**78%**
Semi-skilled	**100%**	**100%**	**99%**
Unskilled	**100%**	**100%**	**100%**

The EE committee met three times during the year to measure progress against the annual targets, and to discuss the identified barriers to EE as well as the affirmative action measures aimed at addressing those barriers. SepCem made significant progress at top management level by promoting male employees. Two females were appointed at middle management level, increasing representation at that level. The focus for FY 2023 will be to improve the representation of women across all management levels and to continue to strive toward a workforce that is more representative of the economically active population.

Gender representation

The Women in Mining initiative supports SepCem's transformation agenda by raising gender-sensitive issues affecting women in the workplace. Maintaining the work-life balance as a female employee was a key theme during the period.

Employees with disabilities

In line with non-discriminatory practices, SepCem promotes the employment of people with disabilities. In FY 2022, 0.6% (FY 2021: 0.9%) of the associate's workforce comprised employees with disabilities. Although this is a decline, SepCem remains committed to recruitment efforts aimed at attracting people with disabilities. The EE committee has identified work environment and facilities as one of the barriers, and the committee continues to monitor the possible barriers to the reasonable accommodation of people with disabilities in the workplace.

A diverse and inclusive workplace results in high levels of engagement and performance. Opportunities for employees to provide innovative solutions increase in such an environment, and their contribution grows as employees feel valued.

Learning and development

The training expenditure increased significantly to R2,8 million (FY 2021: R0,65 million). The main objectives of the training were to achieve legal compliance and to upskill line managers with leadership and management competencies. The compliance training interventions rolled out included environmental awareness, fatigue management, dust and fumes risk assessment, fitness to work, confined space, and emergency preparedness. In addition, SepCem implemented POPIA, leadership development, SepComs facilitator and coaches training. The associate adhered to social distancing protocols by providing training initiatives either live on virtual platforms or in a pre-recorded format.

Project Tokafatso

Project Tokafatso was successfully launched at the Delmas milling plant and Centurion administration offices, culminating in the training of SepComs facilitators and coaches. The Aganang management, who pioneered this organisational performance enhancement initiative, focused on maintaining the momentum by implementing the leadership development training as planned. Aganang achieved a high rating for establishing effective SepComs, which remain important employee engagement platforms.

Labour relations

There was no recognised union for collective bargaining purposes in SepCem from January 2021, with the largest union by membership (AMCU) representing approximately 38% of the bargaining unit. An organisational rights agreement was entered into with NUM at the Aganang plant, and AMCU retained its standing as the majority union from an organisational rights perspective at Delmas. SepCem implemented the final phase of the three-year wage agreement in July 2021. The relationships with the unions were harmonious and overall, the employee relations climate was stable.

ENVIRONMENTAL CAPITAL

The plan for the year was to maintain compliance with all applicable permits and licences by expediently rectifying any non-compliances identified by authorities during audits and site inspections. The focus areas were air quality management, encompassing carbon emissions tax reconciliation and greenhouse gas emissions reporting, waste management, and alternative fuels utilisation.

Atmospheric emissions

Continuous emission monitors are installed at the stacks in both operations, enabling the plants to monitor daily all pollutants and assess results against the atmospheric emission licence. Emissions data is reported internally, discussed at the quarterly operational meetings, and assessed regarding its risk to the business. Although emissions were generally below permitted limits for all regulated pollutants, dust emissions were higher than previously recorded for a minimal period due to reduced baghouse efficiency, which was rectified resulting in reversion to normal emissions levels.

Carbon emissions

SepCem proactively measures its carbon footprint in terms of carbon dioxide (CO_2) emissions and for the 12 months ended 31 December 2021, emissions remained flat at between 0.83 tCO_2e and 0.84 tCO_2e per tonne of clinker produced.

Carbon tax

The carbon tax first and second phases that primarily apply to Scope-one emitters such as SepCem were amended by the National Treasury department ("treasury") in the 2021 budget review. The first phase, which was initially planned for 1 June 2019 to 31 December 2022, was extended to terminate on 31 December 2025. In the original bill, the tax rate commenced at R120/tCO_2e to increase at a rate of consumer price index plus 2% each year until the end of the first phase. The applicable rate for the year ended December 2021 was R134/tCO_2e. Treasury amended the rates such that from 1 January 2022, the applicable rate would increase from R134/tCO_2e to R144/tCO_2e.

The provision for taxpayers conducting electricity generation activities to offset the costs of purchasing additional renewable electricity against their carbon tax liability was also extended to 31 December 2025. The offsets are limited to the carbon tax liability associated with the combustion of fossil fuels in electricity generators and not to offset the total carbon tax liability of these generators. It must also be noted that treasury aims to introduce a limitation on what can be claimed as sequestration under the carbon tax. It proposes allowing sequestration only for those activities within the operational control of a taxpayer.

The associate's experts continue to monitor the amendments to the bill to ensure complete compliance and to advise on how SepCem can adapt processes where possible to reduce the tax liability through offsets.

Water management

Water conservation consists of comprehensive water quality monitoring programmes, minimising pollution by separating clean and impacted water streams, recycling impacted streams and treatment where required. Water quality compliance was measured against the applicable water use licence limits assigned for each discharge to the receiving environment.

The Aganang and Delmas plants re-use the water from return water dams and silt traps as process water and offset the use of boreholes or fresh water from the municipality. The annual volume of water abstracted from five boreholes was 130 591 m^3, which is 4.92% lower than the 137 352m^3 abstracted in 2020. Aganang recycled 108 703 m^3 (FY 2021: 101 678 m^3) from the return water dam for process use. SepCem commenced measuring the recycling at Delmas from January 2022.

Waste management

The approach to waste management aims to improve operational efficiencies by reducing the waste produced from the process, effectively sorting waste, and promoting recycling wherever possible. Waste that cannot be recycled is safely disposed of at appropriate waste facilities, and safe disposal certificates are obtained. Each plant maintains waste inventories that detail the source, volume and type of waste generated by each process, as well as the disposal method. The plants are registered on the South African Waste Information System, and the volume and type of waste generated and disposed of are reported monthly.

General waste is separated at the plant into its component waste streams, including domestic waste, ready-mixed recyclables, wood, steel, and rubber. Waste for recycling and re-use is collected from internal transfer areas, such as the salvage yard, by an independent contractor for re-use, recycling, and disposal of the residual domestic waste stream.

Hazardous waste, such as used oil, is recycled through specialist service providers, and oil-contaminated material, including used filters, is delivered to registered waste disposal facilities. SepCem's disposal of waste and recyclables fully complied with the conditions of its waste management licence.

SOCIAL CAPITAL

Aganang

The issues related to community engagement in the North West province remain complex, mainly due to a leadership vacuum. Providence of employment and supply opportunities exclusively for local communities has been the pervasive issue since the commencement of operations at Aganang. The lack of universally recognised community leadership has limited the associate's ability to conclude numerous empowerment initiatives, and protracted the approval of the amended SLP and the finalisation of the surface lease agreement and long-term grazing land plan.

DMRE intervention

Fortunately, the intervention from the minister of DMRE in May 2021 through a task team has yielded positive outcomes for SepCem and the other cement producers in the province. The team consisting of senior national and provincial government representatives and cement manufacturing representatives was established to improve the effectiveness of engagement with the Ditsobotla community in concluding the planned SLP economic development projects. Participation in the task team also resulted in the long awaited SLP being awarded in January 2022. The scheduling of the SLP projects was finalised, and implementation commenced end May 2022, following DMRE sign-off.

Ditsobotla Cement Manufacturers Forum (DCMF)

A key milestone for the task team has been the DCMF collaboration platform consisting of SepCem and two other manufacturers. The DCMF operates under the auspices of senior government officials, led by the regional manager. DCMF has developed the terms of reference that provide a framework for collaboration in relation to the development of projects for the benefit of local communities in furtherance of their SLP commitments.

Torosesha

Torosesha is the empowerment entity for the benefit of the Verdwaal and Springbokpan communities in fulfilment of SepCem's mining licence conditions. Torosesha has a 15% shareholding in Sephaku Development Proprietary Limited (SepDev), a SepCem subsidiary that manages mining activities, so the Verdwaal and Springbokpan communities benefit from its earnings. Torosesha has received R8 million in dividends from SepDev since the commencement of mining operations in 2014. Following extensive consultation, the project selected by the communities was the construction of community centres in Verdwaal 1 and 2 for various uses, including study facilities for local students and as a general community information centre. The second project was a clinic in Springbokpan that would be managed by the health department to provide the needed professionals.

Verdwaal Community Centres

The Torosesha board appointed two local contractors to construct the community centres with a total value of R3,8 million. Unfortunately, the construction has stalled due to ongoing protests by community members who claim that they were not engaged in the award of the contract. SepCem has engaged with the concerned members to resolve the issues to enable construction to proceed.

Springbokpan Clinic

The Department of Health signed the Memorandum of Understanding (MoU) for the construction of the Springbokpan clinic in partnership with SepCem and Torosesha. The MoU was successfully ratified at the general community meeting on 5 December 2021. Like the Verdwaal community centres, construction of the clinic has been suspended pending an urgent request by community representatives to enable a resolution on the revised site for the clinic.

Further delays in the project are expected due to an emerging conflict between the Springbokpan community representatives and a recently established NGO, Mining Affected Communities United in Action (MACUA). In March 2022, MACUA submitted a memorandum to SepCem demanding to be involved in the review of the Torosesha MoU and the approved SLP. SepCem has referred the matter to Kopano district officials and the Department of Traditional Affairs for intervention.

Alternative grazing land

SepCem has been unsuccessful in securing long-term alternative grazing land with equivalent or improved grazing capacity, as provided at inception as an interim option. To date, the associate has provided the livestock farmers that were impacted by the mining area with temporary access to specific portions of the farm Bethlehem 75 IO and the remaining extent of Klein Westerford 78 IO for grazing purposes. The grazing land is approximately 750 hectares, which is equivalent to the area impacted by the mining operations. The farmers have raised concern that the interim arrangement is insufficient because the area is overstocked, resulting in overgrazing.

The permanent solution is SepCem providing grazing land with at least equivalent characteristics within proximity to the local livestock farmers, which has been extremely challenging. Suitable private and public land is unavailable for either sale or rental (private or communal) within a 20km radius of the affected communities. Therefore, SepCem appointed NWK to prepare detailed costing of identified alternative measures to be implemented in collaboration with the Department of Agriculture to ensure long-term sustainability of grazing for consideration. The report will be finalised at the end of September 2022, as several options acceptable to livestock farmers need to be considered.

Aganang and Delmas

Employment opportunities

Communities are concerned that employment opportunities are not being exclusively given to local people. They allege that some SepCem employees who are not from local communities illegitimately used local addresses to secure employment. These accusations are against the plant operators and truck drivers. SepCem engaged the community through their designated representatives to clarify that the company applies a stringent recruitment process that requires proof of residence issued by local authorities. Furthermore, the allegations have been made for several years with no tangible evidence to confirm their accuracy. At Delmas, SepCem organised a workshop facilitated by the senior officials of the Victor Khanye Municipality in Mpumalanga, to further clarify the recruitment and procurement procedures to all concerned community members. 40 locally based truck drivers and 60 locally based entrepreneurs attended.

Supply opportunities

Local entrepreneurs have perpetually raised concerns that they are not recipients of most of SepCem's procurement requirements. Similar to concerns on recruitment, the local enterprises demand that they be the major or only suppliers to the operations. In response and as part of their commitment to supporting local economic development, SepCem provides meaningful opportunities to small and medium-sized enterprises (SMMEs) by procuring goods and services from them. The local preferential procurement and supplier development procedures were finalised in CY 2021. SepCem's enterprise development programmes aim to develop entrepreneurs by providing small businesses with training, mentorship, and coaching on business administration. The procurement expenditure towards SMMEs was flat year-on-year at approximately R75 million.

Nine targeted supplier development projects were implemented for local SMMEs to supply the following services:

- plant cleaning and cement recoveries (Aganang and Delmas)
- office cleaning (Aganang and Delmas)
- canteen (Aganang and Delmas)
- portion of raw material transport
- gardening (Aganang)

The SMME development programmes remain relevant because most local suppliers lack sufficient experience to appropriately perform the services. The programmes entail training in compliance and good business management practices. Specifically, the *New Venture Creation* learnership programme phase two business management training commenced in November 2021 for 20 participants for a 12 month period.

An internal compliance audit for the participants in the SepCem development programmes confirmed that by year-end, 87% of the SMMEs complied with all statutory requirements, which was above the targeted 75%.

BBBEE

SepCem retained the Level 5 status by scoring exceptionally on empowerment initiatives such as preferential procurement, supplier development and socio-economic development. The associate's score was negatively impacted by ownership, management control and skills development. SepCem will continue to strive to achieve a higher score by identifying areas of improvement.

CORPORATE GOVERNANCE OVERVIEW

GOVERNANCE FRAMEWORK

SepHold recognises that good corporate governance and transparent business practices are essential for sustainable performance and preserving shareholder value. A robust governance framework is characterised by effective, accountable, fair, transparent, and responsible leadership. The board is the vanguard of the group's corporate governance practices and delegates the responsibility of inculturation of ethical practices and integrity to executive management.

Board committees enhance governance by discharging their statutory responsibilities according to clear terms of reference and a charter. The charter regulates members' conduct in line with King IV principles and recommended practices. The charter defines the board's authority parameters and stipulates its role as the governance structure with ultimate accountability and responsibility for the group's performance and affairs.

The board approves the group strategy and governance policies and provides oversight on their implementation. The board delegates authority to the executive directors to manage the group's operations according to the approved strategy and policies. The board is satisfied that it has fulfilled its responsibilities per the charter in FY 2022.

SEPHOLD BOARD

The SepHold board utilises three committees to lead ethically and by good governance practices. The governance structure includes the Métier and SepCem unique operational governance matters to enable the SepHold board to focus on overarching group-related practices.

Audit and Risk Committee (ARC)

The ARC is an independent statutory committee appointed by the shareholders. ARC's primary function is to oversee the group's risk management and internal financial controls. The committee advises the group on:

- the external audit function and statutory and regulatory compliance;
- financial reporting;
- internal audit functions; and
- risk management and combined assurance.

Social and Ethics Committee (SEC)

The SEC focuses on group compliance-related matters regarding:

- environmental management;
- health and safety management at all operations;
- stakeholder management in line with good corporate citizenry;
- labour unions and employee relations;
- black economic transformation; and
- ethical conduct.

The SEC oversees and evaluates management's performance against the board goals on each of these matters.

Remuneration and Nomination Committee (REMCO)

The REMCO deals with the nomination and appointment of new directors, the appropriateness of the board's composition and succession planning. Furthermore, the REMCO decides on remuneration and incentives, and recommends long-term incentives for the executive directors.

The REMCO submits all policy amendments to the board for approval.

Métier Board	Métier board membership is constituted of the Métier CEO, SepHold CEO and a non-executive director.
SepCem Board	The board comprises nine main members and two alternates, including the SepHold CEO, SepHold non-executive director, SepCem CEO and chaired by DCP's CEO.

BOARD COMPOSITION

Director profiles

Brent Williams (58)

Chairperson and independent non-executive director

BA (University of Cape Town), BProc (University of Western Cape), LLM (Harvard University Law School)

Brent was appointed as director and chairperson of SepHold on 3 March 2012. He was admitted as an attorney in 1992 and has held several key positions. He is currently the CEO of Cliffe Dekker Hofmeyr.

Martie Jacoba Janse van Rensburg (65)

Independent non-executive director

BCom (University of the Free State), BCompt (Hons) (University of South Africa), CA(SA), Executive Programme in Strategy and Organisation (Stanford University Business School), TCTA Leadership Development Programme (Gordon Institute of Business Science), AltX Director Programme (JSE and Wits Business School)

Martie was appointed as a director of SepHold on 22 September 2016. Between 1994 and 2008, she was the chief financial officer (five years) and then CEO (10 years) of the Trans-Caledon Tunnel Authority. Martie has served as a non-executive director and member or chairperson of audit committees for Bond Exchange of South Africa, Airports Company South Africa, Johannesburg Water SOC, Denel SOC, and the Independent Regulatory Board of Auditors. She is a non-executive director of the Development Bank of Southern Africa, Etion Limited, Ivanhoe Mines Limited and a non-executive member of the FirstRand Wholesale credit committee (international and specialised finance) and Ashburton credit committee.

Moses Modidima Ngoasheng (65)

Independent non-executive director

BA (Economics and International Politics) (University of South Africa), BSocSci (Hons) (University of KZN), MPhil (University of Sussex)

Moss was appointed a director of SepHold on 1 February 2008. He was instrumental in the industrial policy of the African National Congress and an economic advisor to President Thabo Mbeki from 1995 to 2000. He consulted for the World Bank and National Housing Forum (South Africa) on aspects of economic policy in South Africa. Moss is a CEO, deputy chairman, and cofounder of Safika Holdings, an investment holding company with a broad range of interests in the mining, industrial, gaming, financial services, telecommunication, and technology sectors. He is a board member, and chairman of South African Breweries Foundation as well as a Trustee of the Nelson Mandela Children's Hospital, just to mention a few.

Bukelwa Bulo (44)

Independent non-executive director

BBusSc (Finance) and PGDip in Accounting (University of Cape Town), CFA, Leadership Development Program (Harvard Business School)

Bukelwa was appointed a director of SepHold on 26 October 2018. She has over 16 years' experience in private equity with exposure to a wide spectrum of sectors, including industrial services and retail. Bukelwa has expertise in investment and divestment evaluation, deal structuring, and strategic and stakeholder management. She is a cofounder of Jade Capital Partners, an investment holding company focused primarily on the property, industrial, construction and building materials sectors. Her current directorships include non-executive directorships on the boards of Capital Appreciation and Netcare.

Dr. Lelau Mohuba (66)

Non-executive director

MBChB (Nelson Mandela School of Medicine, former University of Natal)

Lelau is a founding director of SepHold. He became the original chairperson on 3 February 2005 and CEO on 28 March 2012. He retired as a medical practitioner in 2001 after a 22-year career. His commercial career began in 2002, and since then, he has served in various capacities in several entrepreneurial endeavours.

Neil Robus Crafford-Lazarus (63)

Executive director, SepHold CEO and FD

BCompt (University of the Free State), BCompt (Hons) (University of South Africa), CA(SA)

Neil was appointed a director and CEO of SepHold on 1 June 2007 and became FD on 28 March 2012. He started his career in mining finance in 1988. Since then, Neil has held various senior positions in taxation, business development and corporate finance with Anglo American plc, Gencor Industries Inc. and BHP Billiton. He also served as FD of Xstrata South Africa between 1998 and 2005.

Kenneth Capes (54)

Executive director and Métier CEO

Kenneth has over 35 years of experience in the mining and construction materials industries. He has extensive knowledge of ready-mixed concrete, mining aggregates and calcium carbonate for the construction and allied industries. He held various senior management positions within these industries and was the founder of Métier in 2007. Since the purchase of Métier by SepHold, Kenneth has been a Métier and SepHold director.

Board diversity policy

The board is constituted of two executives, one non-executive and four independent non-executive directors. The diversity policy focuses on gender and race while promoting attributes such as culture, age, field of knowledge, skills, and experience. The board is committed to increasing female members and ensuring female applicants are considered for all vacant board positions. On 31 March 2022, female representation was 28%, and African, coloured, and Indian representation was 57%, in line with the SepHold diversity policy, which was revised during the year. The policy can be accessed on our website at www.sephakuholdings.com/corporate-governance/governance-documents/

Board changes

Pieter Fourie, the SepCem CEO and non-executive director, sadly passed away in May 2021, resulting in the reduction in board membership to seven members.

Induction and training

All new directors are inducted by the company secretary and SepHold executives through a structured induction process to enhance their understanding of the group operations, the prevailing business environment, building materials markets and sustainability matters. The induction includes a briefing on their fiduciary and statutory responsibilities, including the JSE Listings Requirements.

Training includes ongoing support and information included in board and committee meeting documentation. Furthermore, directors are provided regular updates on amendments to applicable laws and legislation. The board engages the services of external facilitators for requisite training in specialised governance practices such as cybersecurity and IT governance.

Board meeting attendance

Director	Board	ARC	REMCO	SEC	Director up for rotation
B Williams	4/4*	4/4	4/4	2/2	#
MJ Janse van Rensburg	4/4	4/4*	4/4	–	#
MM Ngoasheng	3/4	–	4/4*	–	#
B Bulo	4/4	4/4	–	–	
Dr. L Mohuba	4/4	–	4/4	2/2*	
NR Crafford-Lazarus	4/4	4/4	4/4	2/2	
K Capes	4/4	4/4	–	2/2	

* *Denotes the position of Chairperson*

BOARD EVALUATION AND INDEPENDENCE

SepHold evaluates the effectiveness and performance of the board, its committees, and individual directors annually. A formal comprehensive board evaluation was conducted by Acorim last year. The outcome identified the need for a focus on the transformation strategy and the BBBEE scorecard for both SepCem and Métier, which has been considered by the SEC as detailed on page 36. The board will conduct a further evaluation in FY 2023.

Specific independence consideration

In evaluating the directors' independence, the assessment considered the provisions in the Companies Act, King IV, and the JSE Listings Requirements. From the assessment, the board was satisfied that directors serving more than nine years on the board remain fully independent and maintain a relationship with management that does not exceed accepted comfort limits.

The board recognises that Mr. Moss Ngoasheng has been a member of the board for 13 years and Mr. Brent Williams has been a member of the Board for 10 years. Mr. Ngoasheng's and Mr. William's independence has been scrutinised by the board with the assistance of the remuneration and nomination committee. Although Mr. Ngoasheng is a shareholder of SepHold through Safika Resources Proprietary Limited, the board is satisfied that his ownership constitutes a small portion of his overall wealth and is unlikely to influence his independence. The assessment highlighted that Mr. Ngoasheng's extensive knowledge in deal structuring and the building materials sector is valuable to SepHold's strategic intent. The board values the depth of his experience and concluded that his independence of character and judgement is not in any way affected or impaired by his years of service to SepHold.

The Board believes that Mr. William's wealth of knowledge and experience adds value to the Board because he is skilled in the context of the Company's long-term strategy and the evolving market environment. Furthermore, he has a relationship with management that has not exceeded acceptable limits of comfort such that it would impact his ability to maintain an independent mind.

Company secretary

SepHold's company secretary, Acorim, represented by Nikita Hunter, advises the directors on regulatory requirements, governance procedures and on how to discharge their duties and responsibilities. The board's arrangements regarding accessing Acorim's services and enabling Ms. Hunter's unfettered access have been effective. Acorim maintains an arm's length relationship with the group and its boards. In its assessment, the board considered the independence of Acorim and its collective qualifications and track record. The company secretarial services were assessed, and the board is satisfied that Ms. Hunter has the requisite knowledge, skill, and discipline to perform the functions and duties of the group company secretary.

Insider trading and conflict of interest

In addition to the regulatory requirements, the board charter:

1. sets out the approval process relating to dealing in SepHold securities;
2. sets out the required notification process of share transactions in terms of the Listings Requirements; and
3. prohibits directors dealing in SepHold shares when in possession of non-public, price-sensitive information.

Board members are required to confirm their trading in SepHold shares and compliance with the regulatory requirements with the board chairperson or CEO. Directors are required to formally update their directorships and other relevant interests at least annually. Directors are immediately notified when the company enters a closed financial period, and they are reminded thereof on a per meeting basis. Executive managers are reminded, at least biannually and during financial results closed periods, that trading in company shares is prohibited when in possession of price-sensitive information.

COMPLIANCE

Statement of compliance

SepHold complies with several codes and regulations, including the Companies Act, the JSE Listings Requirements and King IV.

Compliance arrangements

Board committees are tasked with monitoring compliance with requisite regulations within their area of focus and expertise. In particular, the REMCO and SEC monitor matters related to labour regulations, while the ARC monitors compliance with financial regulations. Group companies report on compliance with applicable laws at all board meetings. Non-compliance with any group policies, standards or procedures by employees and executives is subject to disciplinary action or dismissal. SepCem's compliance is monitored through the SepHold CEO and Dr. L Mohuba participating in the DCP board. Furthermore, the associate reports directly to all SepHold committees, which enables the monitoring of compliance management.

The JSE Sponsor provides a critical oversight service to ensure that SepHold complies with the JSE Listings Requirements. The company secretary has a fundamental role in ensuring that the board broadly prioritises compliance.

Combined assurance

SepHold applies a model that incorporates components of combined assurance as recommended by King IV. The model integrates the coordination and alignment of risk management to assurance processes. The group corporate governance framework provides four lines of defence:

- Functions that own and manage risks as part of their day-to-day activities are the first line of defence
- Functions related to monitoring risk management practices constitute the second line of defence
- Functions providing independent assurance, such as internal audit, provide the third line of defence
- The board and its committees fulfil a broad oversight function as the fourth and final line of defence

BOARD COMMITTEE REVIEWS

AUDIT AND RISK COMMITTEE REVIEW

The ARC has specific statutory duties to shareholders, and the chairperson's tenure should not be longer than five consecutive years unless the REMCO determines otherwise. The ARC is constituted as a statutory audit and board committee in respect of its duties. According to its terms of reference, statutory provisions and King IV, the ARC must be constituted of three independent non-executive directors. The SepHold CEO, FD and Métier CEO are standing invitees at all ARC meetings to execute the ARC's mandate. The three members are appointed by shareholders annually at the SepHold AGM.

Although King IV does not recommend the appointment of the board chairperson to the ARC, the decision to recommend to the shareholders the re-appointment of Brent Williams at the AGM to be held on 21 September 2022 is due to the limited number and availability of independent non-executive directors on the board. Despite being a board member for 10 years, the board believes that Mr William's wealth of knowledge and experience adds immense value to the group's long-term strategy and the evolving market environment. His relationship with management has not exceeded acceptable limits of comfort to the extent that it would impact his ability to maintain independent views.

Having reviewed the qualifications, experience, and independence of each of the ARC members, the REMCO satisfied itself that the members continue to meet the requirements of the Companies Act. Accordingly, the REMCO unanimously recommends and supports the re-election of MJ Janse van Rensburg, B Williams and B Bulo to the ARC for the 12 months ending 31 March 2023.

Implementation of statutory duties in FY 2022

The ARC fulfilled its obligations as contained in the Companies Act, board charter, terms of reference and company memorandum of incorporation. The ARC members elected the chairperson and reviewed their performance in terms of the committee mandate, confirming that they performed their obligations effectively.

The ARC nominated a registered independent external auditor, BDO, for appointment by shareholders at the AGM. The committee determined the appropriate fees and terms of engagement with BDO. Furthermore, the ARC successfully motivated for Neil Crafford-Lazarus to continue the dual CEO and FD roles until 31 December 2022. The motivation was the fulfillment of a requisite assessment report to the JSE on the prevailing economic conditions to warrant the continuation of the dual role for a further year. The detailed ARC report on how it executed its oversight role in terms of internal controls, internal audit, statutory duties, and appointment of the external auditor. The ARC and external auditor's reports can be read on pages 2 to 7 of the AFS. The preparation of the AFS remains the responsibility of the board and can be downloaded from the company website: www.sephakuholdings.com.

External reporting

The committee ensured the integrity of all external reports, including the integrated annual report, and approved management's determination of the reporting frameworks, including the reporting standards to be used, considering legal requirements, the intended audience, and the purpose of each report. The ARC reviewed and approved SepHold's basis for determining materiality for disclosure for this report.

The ARC is responsible for biannually monitoring and reviewing the delegated authorities against the recommendations of King IV.

Feedback on FY 2022 focus areas

1. **Review the Métier technology and information management strategic framework** to determine appropriate risk tolerance levels.
   Update: The review was completed by year-end, and the risk tolerance levels were considered appropriate.
2. **Approve and continue to monitor the effective application of the group governance framework** as per the Institute of Directors in South Africa's Group Governance Practice Notes.
   Update: The framework was approved, and monitoring will be ongoing.

FY 2023 focus areas

1. Due to the mandatory rotation of the audit firm, the committee will consider and appoint new auditors for ratification at the FY 2023 AGM.
2. Determine the appropriate training on carbon emission and attaining a net-zero environment.
3. Monitor the group IT controls in respect of cyber-attacks.
4. Monitor the implementation of the balance of Métier's IT governance enhancement recommendations.

Dr. Lelau Mohuba
Chairperson: Social and ethics committee

"As a committee we considered the relevant laws and regulations applicable to the group's operations and its compliance with these during the reporting period."

SOCIAL AND ETHICS COMMITTEE REPORT

Introduction

The SEC is constituted as a formal committee in terms of the Companies Act. The committee operates according to a formal charter which contains the terms of reference, composition, role, responsibilities, and duties of the committee. As a committee, we considered the relevant laws and regulations applicable to the group's operations and its compliance with these during the reporting period. There were no material areas of non-compliance reported that require disclosure. The committee is further satisfied that it has fulfilled its mandate as set out in the Companies Act, read with Regulation 43 of the Companies Regulations and in its terms of reference.

Attendance and composition

The committee met twice during the year under review and is comprised of two non-executive directors, the SepHold and Métier CEOs. The committee is chaired by a non-executive director, and at the time of issuing this report, the committee is comprised of Dr. Lelau Mohuba (chairperson), Brent Williams, Neil Crafford-Lazarus and Kenneth Capes. SepHold and DCP hold combined meetings that are all chaired by Dr. Mohuba. Other participants who attend by invitation include the following executives:

- DCP CEO & SepCem FD
- SepCem CEO
- SepCem Social performance
- SepCem Organisational performance
- SepCem Head of risk

The company secretary serves as secretary for the committee.

Reporting framework

The SEC has adopted best practice by operating in a manner consistent with the Companies Act, the Labour Relations Act, the Employment Equity Act and the BBBEE Act, which form the fundamental framework around which the committee operates. At an environmental level, compliance with requisite legislative laws is the company's focus.

Roles and duties

The duties of the committee are the following:

Social and ethics responsibilities

- Oversee the monitoring, assessment and measurement of the group's activities relating to good corporate citizenship. This includes promoting equality, preventing unfair discrimination, and contributing to the development of the communities in which its activities are predominantly conducted.
- Determine clearly articulated ethical standards (Code of ethics, anti-corruption) to be adopted by the group, thereby achieving a sustainable ethical corporate culture. This includes managing potential and actual conflicts of interest, fraud, and corruption.

- Monitor and oversee reporting and reduction of fraud and corruption.
- Review the adequacy and effectiveness of the group's engagement and interaction with its stakeholders.
- Oversee the monitoring, assessment and measurement of the group's customer relationships, including its public relations and compliance with consumer protection laws.
- Oversee the monitoring of the group's labour and employment practices and its contribution to the educational development of its employees.
- Monitor and oversee sustainability matters, including ESG matters.
- Oversee the implementation of King IV as it pertains to social and ethics issues.

Transformation responsibilities

- Research, evaluate and make recommendations to the board regarding the appropriate nature, extent, and methods of implementation of transformation at all levels within the group.
- Create an enabling environment within the group which encourages and develops a new way of doing business, embracing and celebrating diversity.
- Develop a skilled and motivated workforce whose profile is representative of the demographics of this country.
- Report to the board on the transformation work undertaken, and the extent of any action taken by management to address areas identified for improvement.
- Periodically receive reports from Métier, SepCem and associated companies on the BBBEE scorecard. To review and monitor progress towards achieving the group BBBEE scorecard objective.

Ethical culture responsibilities

- Ensure that, where business decisions may impact the group's values and ethics from a reputational perspective, the potential impact has been considered fully.
- Ensure an annual review of the group's ethical policy.
- Review regular reports from management that provide assurance on the effectiveness of the group's ethics processes.

Environmental, health and safety management responsibilities

- Review, monitor and recommend group environmental, health and safety policies and activities to the board that align with (i) the Environmental Charter and (ii) the Health and Safety Charter.
- Review, formulate and revise the group's policies and programmes in relation to environmental, health and safety issues with management.
- Make enquiries and recommendations to the board on the group's compliance with applicable environmental and occupational health and safety laws, regulations, and internal operating procedures and standards.
- Review the group's risk assessment, risk exposure and risk management in respect of environmental, health and safety matters with management.
- Review with management the group's performance on environmental, health and safety matters, along with any proposed actions based on such record.
- Inform the audit committee of the board in respect of significant changes in financial risk or potential disclosure issues related to environmental, health and safety matters.
- Perform such other duties and responsibilities as are consistent with the purpose of the committee and as the board or the committee shall deem appropriate.
- Review and re-assess the adequacy of these terms of reference on a regular basis prior to meetings and submit any proposed revisions to the board for consideration and approval.

Implementation of statutory duties in FY 2022

Stakeholder engagement

Communities

The committee reviewed ongoing community engagement challenges at SepCem operations that are detailed on pages 29 and 30 of the integrated report. Although good progress has been made with regard to the Ditsobotla community in Aganang, the community leadership vacuum continues to present hurdles in the group's efforts to implement planned development projects such as the construction of the Springbokpan clinic.

Employees

The committee engaged management on employee relations concerning the COVID-19 impact on the health and general morale of the workforce at both Métier and SepCem. We are pleased that the vaccination campaigns were successful, as reflected by the high inoculation rates. General health and safety protocols were reviewed. Importantly, matters of EE at both Métier and SepCem were assessed or reviewed as detailed in the respective operational reviews in the integrated report.

Customers

Customer relations focus was on the application of the Protection of Personal Information Act (POPIA) in relation to trading terms and conditions on sales agreements.

Environmental management

The committee assessed progress on the utilisation of alternative fuels at SepCem, especially as it relates to mitigating the costs of complying with the amended Air Quality Act 39 of 2004. This Act requires phased compliance with highly restrictive emissions limits for plants that commenced operations in 2014. The Act places SepCem and any newer plants at a competitive disadvantage; therefore, the committee has approved the associate exploring legal options on highlighting this issue to the legislative authority.

Feedback on FY 2022 key focus areas

1. **To ensure the approval of the SepCem SLP**
   Update: The continued challenges in attaining the SepCem SLP were assessed to determine further options for engaging the DMRE and communities. A strategic engagement plan was approved that included enhancing the role of Torosesha in engaging the DMRE and communities. The plan was eventually approved in January 2022. Further details can be read in the SepCem review section of this report on page 29.

2. **To finalise the Métier EE plan**
   Update: The new three-year plan was completed in August 2021 and will be updated when sector-specific guidelines are released by the Department of Labour. Further details can be read in the Métier review section of this report on page 22.

3. **To conclude the separation of SepDev and SepCem**
   Update: SepDev is 85% owned by SepCem and the 15% is owned by Torosesha. SepDev holds the mining right in respect of Portion 2 of the farm Verdwaal 57 IO, RE of the farm Klein Westerford 78 IO and the farm Stiglingspan 73 IO. Therefore, SepDev supplies SepCem limestone based on a commercial off-take agreement.

   The separation of SepDev from SepCem was necessary to ensure full compliance with B-BBEE requirements. SepCem's B-BBEE is measured under the amended B-BBEE construction sector code which came into effect on 1 December 2017. SepDev is measured under the generic BBBEE scorecard and mining charter requirements.

   The separation process was concluded in 2022 when the Section 197 transfer process of employees from SepCem to SepDev was completed.

4. **To complete the SepCem IT security plan**
   Update: By year-end, SepCem had updated the security and data classification policies. The baseline risk assessment relating to information and cybersecurity was completed. Further details can be read in the risk management review section of this report on page 10.

Focus areas in FY 2023

The broad spectrum of matters to be considered by the Committee require us to identify key focus areas that are pertinent to assist in the group achieving its performance goals for each financial year. To that effect the following are the focus areas for FY 2023:

1. We will review stakeholder engagement processes to enhance group relations with key stakeholders such as communities and employees.
2. We will focus on strengthening the stakeholder engagement teams.
3. We will monitor and advise SepCem management on concluding the matter of providing alternative grazing land to the farmers located adjacent to the Aganang plant.
4. We will monitor progress on the implementation of SepCem community programmes through the Ditsobotla forum
5. We will monitor and advise on ways to improve B-BBEE scoring at both Métier and SepCem.
6. We will review the group sustainability plans to inform the development of long-term ESG goals.

Finally, I would like to thank my colleagues in the committee and the operational executives who tirelessly contribute to the successful resolution of the various challenges the group often encounters. To our shareholders, I am pleased to confirm that I will be available at the group's virtual AGM on 21 September 2022 to respond to any enquiries regarding this report and statutory obligations of the committee.

Dr. Lelau Mohuba

Chairperson: Social and ethics committee

Moses Modidima Ngoasheng
*Chairperson: remuneration committee**

"A key objective for the committee is to achieve appropriate levels of gender and racial diversity across the group in the long term."

REMUNERATION AND NOMINATION COMMITTEE REPORT

Feedback on statutory duties

The REMCO consists of myself as chairperson of remuneration, B Williams as chairperson of nominations, and MJ Janse van Rensburg. As a committee, we are satisfied that we have fulfilled all our responsibilities under the terms of reference. In summary, we reviewed the committee charter, the board diversity, and nominations policies to identify how to enhance their effectiveness.

Furthermore, as detailed below, we extensively reviewed the succession plans as well as management appointments, resignations, and retirements for the group entities. A key objective for the committee is to achieve appropriate levels of gender and racial diversity across the group in the long term. We are cognisant that the lack of skills in the targeted population groups is a limiting factor. However, we are committed to achieving this goal one step at a time.

Succession planning

SepCem

In FY 2022 we prioritised succession planning for all key management positions in the group entities. Even before Pieter Fourie's untimely death in May 2021, we had begun assessing the possibility of an internal successor at his retirement in the following year. Therefore, the appointment of Duan Claassen as the SepCem acting CEO was a relatively quick and confident decision. Duan brings a depth of technical skills and industry knowledge built over a 25-year career in cement manufacturing.

To date as the SepCem CEO, Duan has improved the sales strategy and introduced better controls on expenses, resulting in higher profitability. We believe that with his institutional memory, he is best placed to implement the appropriate strategies to improve SepCem's overall performance in the shortest possible time. The succession plan for SepCem's management, which is mainly based on internal promotion, was reviewed and approved by the committee. Several SepCem employees have been identified for training to ensure they are equipped to perform optimally in the event of being promoted.

Métier

We recognised that due to the technical nature of the skills required for key managerial positions in Métier, external appointments would be the main method of 'succession'. We encouraged management to develop a pool of external experts for the critical positions. The subsidiary has also established an in-house graduate learnership programme to develop scarce skills, with the goal of enhancing the talent pool with an emphasis on transformation.

SepHold

At SepHold, we have maintained the dual CEO and FD role because of the prevailing trading conditions that have limited investment opportunities. This current dispensation of a dual executive role was granted by the JSE to expire in December 2022. Therefore, we are exploring several management configurations that would be appropriate for potential economic situations beyond December 2022.

* *Brent Williams is the chairperson of the nominations committee*

Remuneration reviews

We reviewed and approved proposals for salary increases and incentives following the improvement of the group's performance. To determine the optimal magnitude of remuneration, we considered prevailing trading conditions and the forecasted group performance in the medium term. At the SepHold executive level, we reviewed the key performance indicators and considered them to still be relevant for the current level of business activity. Details on the executive remuneration are in the implementation report on pages 43 – 45.

In the same vein, I am pleased to report that at the AGM held on 15 September 2021, shareholders approved the non-binding advisory resolutions on the SepHold remuneration policy and implementation report by 93%. We have not amended the policy, because we believe that the policy stated below is appropriate for the current level of trading. Therefore, although we remain committed to continuous improvement in the remuneration framework, the policy will be maintained until a material change in business activities warrants a review of the scorecard.

In conclusion, besides implementing our statutory duties in FY 2023, we will focus on:

1. Finalising the appropriate executive management structure for SepHold beyond the dual CEO and FD role dispensation.
2. Benchmarking the non-executive director fees.
3. Evaluating the board tenure and independence reviews for directors that have served for more than nine years.

Moses Modidima Ngoasheng

*Chairperson: remuneration committee**

REMUNERATION POLICY

The group applies a total cost to company approach in remunerating its employees. The main objectives of the remuneration framework are to:

1. appropriately reward employees for services provided
2. ensure equitable and fair remuneration
3. ensure that variable remuneration is aligned to performance
4. implement a competitive remuneration structure that:
   - is tailored to the specific circumstances of the group
   - is referenced to appropriate benchmarks
   - reflects the market and industry practices
5. comply with all relevant legal requirements

The TGP is based on an employee's level of demonstrated competency, qualifications, experience, and performance. The TGP of new employees is normally at the low end of the salary range. As the employee demonstrates increased experience, learning and performance, the package is adjusted based on the objective outcome of performance reviews.

The following performance measurement criteria are used:

Entry point: *New to the job or building the skill.*

Needs improvement: *The skill needs enhancing to improve performance.*

Effective: *Meets expectations.*

Excellent: *Exceeds expectations.*

World-class: *Expert and fully competent.*

* *Brent Williams is the chairperson of the nominations committee*

The table below summarises the main components of the reward package for group employees. SepCem applies a different framework as a subsidiary of DCP.

Component	Objective	Practice
Total guaranteed package	• Remunerate above the market and industry average for key positions. • Remunerate market-related salaries for all other positions. • Review total guaranteed pay annually in November.	• The level of skill and experience, the scope of responsibility and the total remuneration package are considered when rewarding employees. • Appropriate market percentiles based on skills, experience and competitiveness are applied.
Short-term incentive (STI)	• To motivate employees and incentivise the delivery of performance over the financial year. • The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy.	• Performance over the financial year is measured against targets set in the balanced scorecards. • Target bonus (30%, 50% and 70%) of the total guaranteed pay aligned with the level achieved as defined in the performance management policy. • The executive committee annual bonus is paid in cash in July each year for performance over the previous financial year.
Long-term incentive (LTI)	• To motivate and incentivise delivery over the long term. • Continued support of the company strategy through awards relating to total shareholder return. These awards are vested against a pre-determined framework.	• Performance over three financial years is measured against targets for the performance period, with vesting ranging between 0%, 50%, 100% and 200% of the total guaranteed pay. The award will consist of a share award bought in the open market.
Termination benefits	• To retain executive management.	• The CEO role is on a permanent contract, and there will be no unusual obligation for the group at retirement, which is set at 65 years. • The SepHold CEO's and FD's employment contracts have a provision for a minimum payment equivalent to annual remuneration on termination of employment due to a change of control. • The long-term incentive scheme also provides for early vesting in case of a change of control.

SepHold executive management performance criteria

Illustration of single total remuneration figure for minimum, target and stretch performance

The executive remuneration is constituted of the TGP and the variable short and long-term incentives that are based on performance against key performance indicators (KPIs). The determination of the appropriate TGP is based on the executive's level of experience, responsibilities, prevailing trading conditions and comparative level for JSE listed companies in the same sector. The table below summarises the assumption of the delivery of the minimum, target and stretch performance achievement on total remuneration of the SepHold and Métier CEOs in a single total figure.

	SepHold CEO/FD			
2023	**TGP ZAR**	**STI**	**LTI**	**Total**
Base	**4 550 000**	**–**	**–**	**4 550 000**
Min	**4 550 000**	**1 365 000**	**2 275 000**	**8 190 000**
Target	**4 550 000**	**2 275 000**	**4 550 000**	**11 375 000**
Stretch	**4 550 000**	**3 185 000**	**9 100 000**	**16 835 000**

	Métier CEO			
2023	**TGP ZAR**	**STI**	**LTI**	**Total**
Base	**2 925 000**	**–**	The LTIs will only be measurable from FY 2023	**2 925 000**
Min	**2 925 000**	**877 500**		**3 802 500**
Target	**2 925 000**	**1 462 500**		**4 387 500**
Stretch	**2 925 000**	**2 047 500**		**4 972 500**

Determination of the SepHold executive management fixed TGP

As in previous review periods, the REMCO utilised the PwC executive directors' remuneration and, practices report* for 1 March 2020 to 28 February 2021 to review SepHold's executive management TGP. The report focuses on JSE listed entities and includes analyses of the seven sub-Saharan African stock exchanges. The data used in the report was obtained from publicly available information on 28 February 2021. There were no remuneration consultants engaged during the period.

The appropriate industry sector benchmark for SepHold's executive remuneration is the small-cap industrial with the remuneration profile for the CEO, CFO and ED indicated in the table below. Therefore, based on the TGP ranges for the sector, REMCO was satisfied that the current executive remuneration is appropriately within the median to upper quartile bands.

* *The report can be accessed online using the link: https://www.pwc.co.za/en/assets/pdf/executive-directors-report-2021.pdf*

JSE industrial industry small-cap TGP ranges for the period 1 March 2020 to 28 February 2021: R'million

	Chief executive officer	**Chief financial officer**	**Executive director**
Upper quartile	**5,62**	**3,73**	**4,12**
	SepHold CEO & FD R4,5 million		
Median	**4,20**	**3,06**	**3,64**
			Métier CEO R2,95 million
Lower quartile	**3,64**	**2,44**	**2,77**

Determination of the SepHold executive management variable remuneration

The board-approved performance indicators to measure executive management's performance are reviewed annually. The indicators are broadly categorised into financial (75%) and non-financial measures (25%).

SHORT-TERM INCENTIVES SCORECARD

Financial measures (75%)

Performance indicator	Weighting %	Performance condition detail	Minimum (30%)	Target (50%)	Stretch (70%)
Real* growth in headline earnings per share (HEPS)	**37.5**	HEPS growth over the previous year above inflation	Real* growth in HEPS	Real HEPS growth greater than 4% per annum	Real HEPS growth greater than 8% per annum
Gearing, debt covenants and free cash flow	**37.5**	Measuring 1. Debt to EBITDA 2. Debt service coverage ratio 3. Free cash flow	Company-specific	Company-specific	Company-specific

* *Real relative to CPI.*

LONG-TERM INCENTIVES SCORECARD

Performance indicator	Weighting %	Performance criteria	Executive(s) responsible
Implementation of corporate governance best practices.	**15**	Level of group compliance and standards achieved • JSE Listing requirements compliance • Application of King IV principles • Attainment of BBBEE rating • Achievement of safety and environment targets as determined by the company will be measured against a portfolio of evidence	**SepHold CEO & FD and Métier CEO**
Achievement of job-specific personal goals. The achievement of job-specific personal goals as determined by the company will be measured against a portfolio of evidence.	**10**	Stakeholder engagement and relationship management • Satisfactory resolution of main stakeholder issues	**CEO**
		Optimisation of group funding structures to enable sustainability during a negative cycle and value-accretive expansion during a positive cycle Investigating and mitigating risk on alternative funding sources for deals 1. Achieve targeted debt:equity ratio 2. Compliance with all debt loan covenants 3. Increase free cash flow	**FD**
		Operational executives to demonstrate the ability to: 1. Utilise and maintain core competencies 2. Develop human capital and sustain an effective high-performance organisational culture 3. Promote ethical practices 4. Establish robust organisational controls	**Métier CEO**

Non-executive directors’ remuneration

Elements and purpose

The group aims to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is necessary to reward them for their time and commitment. The non-executive directors are remunerated by an annual fee paid in recognition of board and committee membership. The non-executive directors, including the group’s chairperson, do not receive any other employment benefits, performance-related remuneration, or any form of compensation for loss of office. The fee structure is reviewed and benchmarked annually to ensure that the proposed fees are aligned to market levels to attract and retain high-quality individuals. However, the non-executive directors’ fees have not been increased for three years since FY 2019 due to the weak building materials demand and the impact of COVID-19 restrictions. Due to the improvement in the group performance, SepHold has recommended an increase of approximately 8% for FY 2023 to the shareholders to be decided at the September 2022 AGM.

Service contracts

None of the non-executive directors has a written service contract with the group, and all the directors rotate in terms of the memorandum of incorporation.

IMPLEMENTATION REPORT

Short-term incentives

The recovery of the group’s performance during FY 2021 for the 12 months ended 31 March 2021 warranted the awarding of bonuses to the SepHold CEO and Métier CEO to be paid in FY 2022 in line with the remuneration policy. The following FY 2021 performance parameters were considered in the decision to award the short-term incentives:

FY 2021 SHORT-TERM INCENTIVES SCORECARD
Financial measures (75%)

Performance indicator	Weighting %	Performance condition detail	Achieved growth	Achieved score on stretch (70%)	Bonus allocation as % of TGF
Real* growth in headline earnings per share (HEPS)	**37.5**	HEPS growth over the previous year above inflation	176% increase in HEPS from a loss of 7.97 cents to a profit of R6.09 cents CY 2020 average CPI = 3.3% Therefore, real growth of 173%	Real HEPS growth greater than 8% per annum	37.5%* 0,7 = 26.25%

* *Real relative to CPI.*

Performance indicator	Weighting %	Performance condition detail	Achieved growth	Achieved score on target (50%)	Bonus allocation as % of TGF
Gearing	**37.5**	Debt to EBITDA	Métier ratio improved from 2.7 to 1.3. SepCem ratio improved from 3.8 to 2.7	Target at 3.0	37.5%* 0,5 = 18.75%
Free cash flow		Free cash flow	Métier improved significantly SepCem stabilised	Improve or stabilise free cashflow	
Debt ratios		Debt service coverage ratio	Improve ratio against bank debt covenants	DCSR at requisite level for both Métier and SepCem	

Non-financial measures (25%)				
Performance indicator	**Weighting %**	**Performance achieved**	**Achieved score**	**Bonus allocation as % of TGF**
Implementation of corporate governance best practices.	**15**	**SepHold & Métier CEOs** ensured the group compliance to • JSE Listing requirements compliance. • Application of King IV principles • Attainment of Level 4 BBBEE score • HSSE targets	Management achieved the minimum score of 30%. The score was agreed as fair between REMCO and executive management due to the challenges of accurately measuring performance within COVID-19 restrictions.	25.0 %* 0,3 = 7.5%
Achievement of job-specific personal goals. The achievement of job-specific personal goals as determined by the company will be measured against a portfolio of evidence	**10**	**SepHold CEO & FD** • Satisfactory resolution of main stakeholder issues. • Optimising structures to enable sustainability and achievement of financial measures. **Métier CEO** • Maintained core competences • Developed appropriate human capital • Promoted ethical practices • Established robust controls		

The total bonus against the TGP based on 52.5%

- SepHold CEO at 52.5% against R4,5 million = R2,36 million.
- Métier CEO at 52.5% against R2,9 million = R1,52 million.
  - Métier CEO reduced his salary by 25% in FY 2021 in response to COVID-19, therefore the bonus based on the normalised salary of R3,65 million is R1,92 million.

Therefore, the resultant total bonus awards were R2 million for the SepHold CEO & FD and R1,7 million for the Métier CEO as indicated in the emoluments table below. The payments were not implemented by year-end in response to cashflow constraints.

Directors' emoluments

Executive

	TGP R	Performance bonuses* R	Travel allowances R	Pension fund R	IFRS 2 share-based payments expense R	Total R
2022						
NR Crafford-Lazarus	**4 312 334**	**2 000 000**	**142 500**	**158 166**	**83 042**	**6 696 042**
KJ Capes	**2 740 500**	**1 700 000**	**–**	**–**	**–**	**4 440 500**
	7 052 834	**3 700 000**	**142 500**	**158 166**	**83 042**	**11 136 542**
2021						
NR Crafford-Lazarus	4 094 812	–	150 000	150 188	220 110	4 615 110
KJ Capes	2 520 000	–	–	–	–	2 520 000
	6 614 812	–	150 000	150 188	220 110	7 135 110

* *The bonus paid in FY 2022 relates to the FY 2021 performance. No bonuses were awarded for FY 2020 performance for the 12 months ended 31 March 2020.*

Non-executive directors

The directors unanimously agreed not to increase their fees for the fourth consecutive year, due to the continuing challenging trading environment for the operational entities.

	Fees for services as director R	Bonuses and performance-related payments R	Expense allowances R	IFRS 2 share-based payments expense R	Total R
2022					
B Williams	**440 000**	**–**	**–**	**–**	**440 000**
MM Ngoasheng	**335 000**	**–**	**–**	**–**	**335 000**
MJ Janse van Rensburg	**335 000**	**–**	**–**	**–**	**335 000**
B Bulo	**335 000**	**–**	**–**	**–**	**335 000**
Dr. L Mohuba	**335 000**	**–**	**–**	**83 042**	**418 042**
PF Fourie**	**–**	**3 373 781**	**738 204**	**–**	**4 111 985**
	1 780 000	**3 373 781**	**738 204**	**83 042**	**5 975 027**
2021					
B Williams	440 000	–	–	–	440 000
MM Ngoasheng	335 000	–	–	–	335 000
MJ Janse van Rensburg	335 000	–	–	–	335 000
B Bulo	335 000	–	–	–	335 000
Dr. L Mohuba	335 000	–	–	220 110	555 110
PF Fourie**	–	5 742 921	1 810 120	–	7 553 041
	1 780 000	5 742 921	1 810 120	220 110	9 553 151

** *PF Fourie (deceased 19 May 2021) was a non-executive director of SepHold and an executive director of SepCem. All remuneration paid to him by the associate company, SepCem, has therefore also been disclosed above.*

Non-binding remuneration resolutions shareholder advisory vote

In terms of the Listings Requirement 3.84(J), the remuneration policy must record the measures that the board commits to take if the non-binding resolutions of shareholder approval of the remuneration policy and the implementation report are voted against by 25% or more of the voting rights exercised.

The company will:

1. invite dissenting shareholders (those who voted against the policy and/or the implementation report) to engage with the group; and
2. provide details on the manner and timing of such engagement.

Subsequently, the REMCO and executive management will engage with the shareholders to address matters of concern.

CORPORATE INFORMATION

Directors	B Williams* (Chairperson) MJ Janse van Rensburg* B Bulo* MM Ngoasheng* NR Crafford-Lazarus° (CEO) Dr L Mohuba+ KJ Capes° (Métier CEO) ° *Executive* + *Non-executive* * *Independent non-executive*
Company secretary	Acorim Proprietary Limited Email: sephaku@acorim.co.za Telephone: +27 11 325 6363
Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets Irene, X54 0062 PO Box 7651 Centurion 0046 Website: www.sephakuholdings.com
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 Private Bag X9000, Saxonwold, 2131 Telephone: +27 11 370 5000
JSE sponsor	QuestCo Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200
Auditors	BDO South Africa Inc Chartered Accountants (SA) Registered Auditors
Bankers	Nedbank
Métier Mixed Concrete (wholly owned subsidiary)	Physical address: Romead Business Park, 23 Malone Road, Maxmead, 3610 Postal address: Postnet Suite #546, Private Bag X4, Kloof, 3640 Telephone: +27 31 716 3600 / 0861 638437 Website: www.metiersa.co.za
Dangote Cement South Africa Proprietary Limited (Associate)	Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene, X54, 0062 Postal address: PO Box 68149, Highveld, 0169 Telephone: +27 12 684 6300 Website: www.sephakucement.co.za
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