



# 2022 Annual Report

“Accelerating Sustainable Alternatives”



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**“In 2022, we achieved our best performance yet and took significant strides towards sustainability”**

## The Shareholders

Tanzania Portland Cement Public Limited Company

### Letter of Transmittal

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31 December 2022 in accordance with section 166 of the Companies Act, 2002.

The report contains the Chairman’s Statement, Managing Director’s Statement, Sustainability Report, The Report of Those Charged with Governance, Independent Auditors’ Report on the Accounts and the Annual Accounts.

The Directors recommend a final dividend of TZS 390 per share (2021: TZS 390). There was no interim dividend paid for the year ended 31 December 2022.



**Mr. Hakan Gurdal**

Chairman

Tanzania Portland Cement Public Limited Company

## Kwa Wanahisa

Tanzania Portland Cement Public Limited Company

### Barua ya Kuwasilisha

Wakurugenzi wa Kampuni wanayo furaha kuwasilisha kwenu Taarifa ya Mwaka ya Kampuni kwa kipindi cha mwaka ulioishia Decemba 31, 2022, kwa mujibu wa ibara ya 166 ya Sheria ya Kampuni ya mwaka, 2002.

Taarifa hii inajumuisha, Taarifa ya Mwenyekiti, Taarifa ya Mkurugenzi Mtendaji, Ripoti ya Uendelevu, Ripoti ya Wale Wanaohusika na Uongozi, Ripoti ya Wakaguzi kuhusu hesabu na Hesabu za mwaka.

Bodi ya Wakurugenzi inapendekeza gawio la TZS 390 kwa kila hisa kwa mwaka 2022 (2021: TZS 390). Hakukuwepo na gawio la awali lililolipwa kwa mwaka 2022.



**Mr. Hakan Gurdal**

Mwenyekiti

Tanzania Portland Cement Public Limited Company



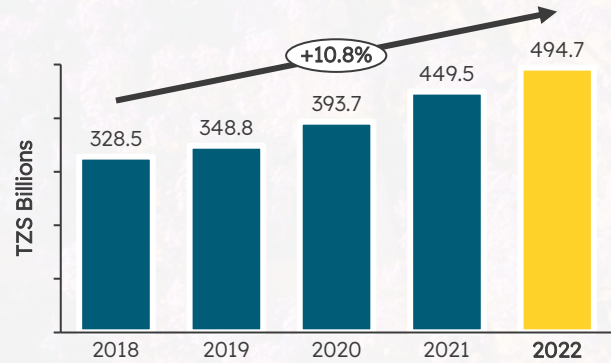
## TPCPLC, 5 years outlook

“Since 2018, TPCPLC has continued to make a record each year in production, sales and profit, creating more value for stakeholders”

### Revenue Development

**+10.8%** CAGR

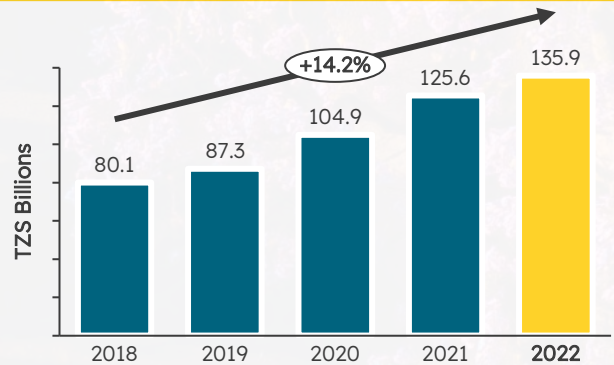
*CAGR\* Revenue growth of 10.8% since 2018*



### Operating Profit

**+14.2%** CAGR

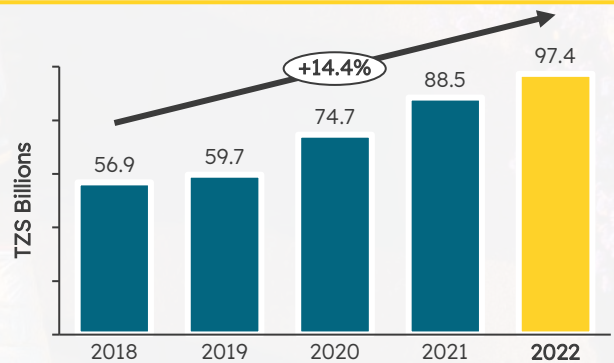
*CAGR\* Operating Profit growth of 14.2% since 2018*



### Profit for the Year

**+14.4%** CAGR

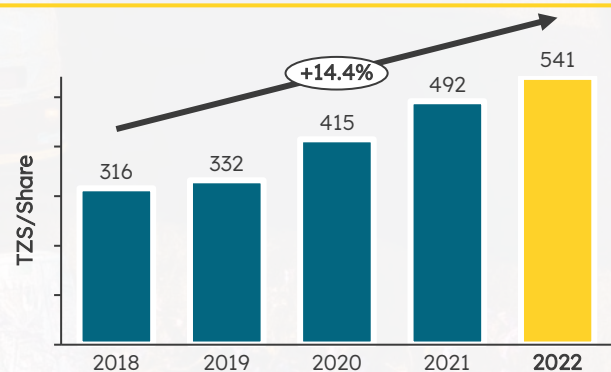
*CAGR\* Profit for the year growth of 14.4% since 2018*



### Earning per share

TZS **541** per share in 2022

*CAGR\* Profit for the year growth of 14.4% since 2018*



\*CAGR - Compound Annual Growth Rate



# TPCPLC, 2022 Business Performance

“2022, was another record breaking year, in production, sales, profitability, and sustainability”

## Revenue +10.1%

TZS **494.7** billion

## Operating Profit

+8.2%

TZS **135.9** billion

## Profit for the year

+10.0

TZS **97.4** billion

## Return on equity

+0.5 percentage points

**32.1%**

## Return on revenue

+0.3 percentage points

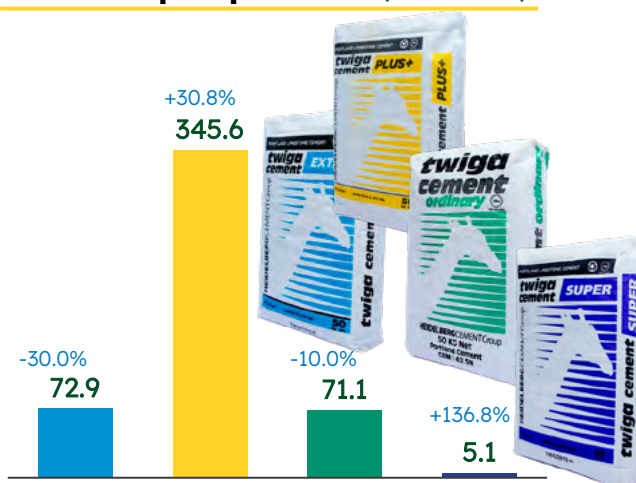
**19.4%**

## Dividend per Share

+0.3 percentage points

TZS **390** per share

## Revenue per product (TZS billion)



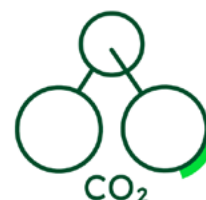
## CO<sub>2</sub> emissions

**539** kg

## Sustainable revenues

+3.4%

**85.7%**



## Health and Safety



**0** Fatalities



**0** Lost Time Injury (LTI)

## Employees -3 FTE

**257** FTE

\*All comparisons are compared to the previous year.





**Next Section:**

# **Chairman and Managing Director Statements**





## In the Section

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## Chairman’s Statement

# “A New Record Set, Once Again”



**Dear Shareholders,  
Dear Employees, Dear Friends of the  
Twiga Cement family,**

In numerous aspects, the year 2022 was an exceptional year for each one of us. As the Chairman of the Board, I feel privileged and honoured to present this statement on behalf of the Twiga Cement family and the Board of Directors.

I convey my sincere gratitude to all our employees and partners, especially our frontline workers who consistently demonstrate exceptional commitment to ensuring the safety of our people and maintaining the strong performance of our business operations. It is noteworthy that our teams have remained steadfast in tackling the challenge of climate transformation by implementing sustainable measures such as the introduction of alternative fuel feeding systems and utilizing alternative raw materials to reduce clinker incorporation thus reducing our carbon footprint on the environment.

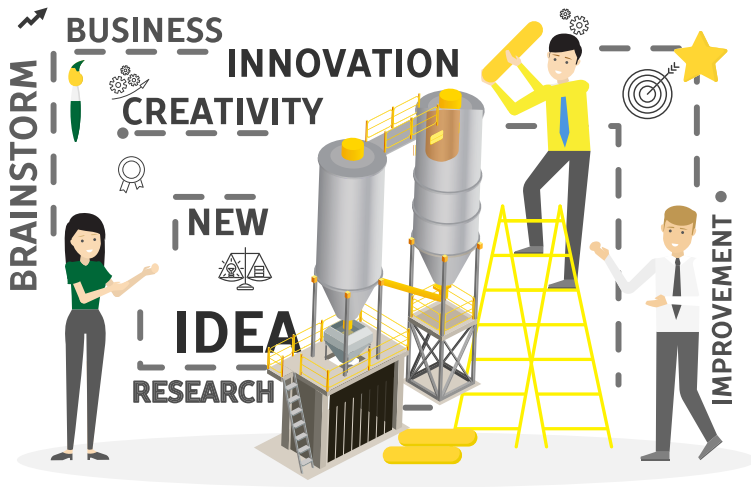
Through our high-performance culture, we have delivered strong operating results compared to the year 2021, despite strong competition in the cement manufacturing industry. The strong market position TPCPLC has today is the achievement of the entire TPCPLC team, of which I am very proud. My thanks, therefore, go to all employees for their extraordinary commitment.

As in previous years, TPCPLC has continued to leverage the best practice experience from the HM Group, through its global improvement programs, called CIP and AEM Brainstorming. The implementation of CIP resulted in specific actions which further optimized costs and processes. Our commitment to learning from the best practice exchange sets us apart, and it also supports the education and development of our employees. Our participation in the AEM Brainstorming initiative provided a platform for our employees to share their innovative ideas, and this led to TPCPLC being awarded the AEM Brainstorming Award for Innovation in 2022. This recognition is a testament to the creativity and dedication of our team. Congratulations.

“Our teams have remained steadfast in tackling the challenge of climate transformation by implementing sustainable measures including alternative fuels and improving raw materials mix processes”



“TPCPLC awarded the AEM Brainstorming Award for Innovation in 2022.”



### Economic and Business Environment

The Tanzanian economy has continued to grow at about 5.2% in 2022 compared to 4.5% in 2021 (Source: TNBS). Fuel prices in the country remain at a surge due to the Russia-Ukraine war. The Tanzanian Shillings exchange rate has shown a slight decline in value versus main foreign currencies in 2022, which has caused inflationary impacts on energy and fuel costs.

The existing over-capacities, new entrants and the consequent pressure on pricing have changed the market landscape and have tested the adaptability of TPCPLC management structures, underscoring the efficiency of the cost fitness plans developed in the previous years.

### Financial Performance

Despite the competitive environment, TPCPLC again achieved a record in sales volumes in 2022. This was a result of high production efficiency, the commitment of our employees, the implementation of efficient sales strategies and the enhancement of the product portfolio.

Turnover and sales volume increased by 10% and 5% respectively, and this increased revenue, combined with disciplined cost management led to an unprecedented operating profit increase of 8% when compared to the previous year. TPCPLC recorded an Operating Profit of TZS 135.9 billion mainly due to higher volumes, stable pricing and efficient production processes leading to strong cost control.

### Prospects

It is a very competitive market, but with the anticipated catchup of growth in cement demand, we believe that TPCPLC can continue to benefit from the company’s strategic investments, the continued focus on customer service and the relentless pursuit of optimising production efficiency within a safe

operating environment for its employees. We believe these factors continue to allow TPCPLC to meet the objective of maintaining and extending its leadership position in the market, leaving TPCPLC well-positioned for sustainable and profitable growth in the future.

### Dividend

The Board remains focused on building shareholders value and we are confident that by following our strategies, we will achieve this. The Board, therefore, proposed a dividend for 2022 of TZS 390 per share. This is planned to be paid in June 2023.

### Corporate Citizenship

TPCPLC is fully committed to environmental sustainability as well as Corporate Social Responsibility and continues to take all necessary measures to improve its performance with regard to the health and safety and human rights of its employees, good governance and the protection of the environment.

TPCPLC remains a major contributor to the Tanzanian economy and society through government taxes, technology improvements, new investments, compliance with international business standards, community development programs, fair employment and by leading the industry not only in performance but also and most importantly, in building the Nation.

### Appreciation

On behalf of the Board, I would like to thank all TPCPLC’s stakeholders, partners, customers and employees who have placed great trust in our company and our products during the past difficult year. Above all, I would like to express my gratitude to all the Shareholders for their cooperation and continued faith in the Company. We have every confidence that TPCPLC will continue its strong performance and deliver value to the shareholders in the future.

**Mr. Hakan Gurdal**  
Chairman



## Taarifa ya Mwenyekiti

# “Rekodi Mpya Imewekwa, Kwa Mara Nyingine”



### **Nduku Wanahisa, Nduku Wafanyakazi, Marafiki wa familia ya Twiga,**

Kwa nyanja nyingi, mwaka wa 2022 ulikuwa mwaka wa kipekee kwa kila mmoja wetu. Kama Mwenyekiti wa Bodi, ninajisikia heshima kuwasilisha taarifa hii kwa niaba ya familia ya Twiga Cement na Bodi ya Wakurugenzi.

Natoa shukrani zangu za dhati kwa wafanyakazi na washirika wetu wote, hasa wafanyakazi wetu wa mstari wa mbele ambao mara kwa mara wanaonyesha kujitolea kwa kipekee katika kuhakikisha usalama wa watu wetu na kudumisha utendaji thabiti wa shughuli zetu za biashara. Ni vyema kutambua kwamba timu zetu zimeendelea kuwa imara katika kukabiliana na changamoto ya mabadiliko ya tabianchi (hali ya hewa) kwa kuanzisha mifuma endelevu kama vile mfumo wa nishati mbadala na kutumia malighafi mbadala ili kupunguza ujumuishaji wa klinka katika saruji hivyo basi kupunguza kiwango cha kaboni kwenye mazingira.

Kupitia utamaduni wetu wa utendakazi wa hali ya juu, tumetoa matokeo thabiti ya uendeshaji ikilinganishwa na mwaka wa 2021, licha ya ushindani mkubwa katika sekta ya utengenezaji wa saruji. Nafasi thabiti ya soko iliyonayo TPCPLC leo ni mafanikio ya timu nzima ya TPCPLC. Shukrani zangu, kwa hiyo, ziwaendee wafanyakazi wote kwa kujitolea kwao kwa ajabu.

Kama ilivyokuwa miaka iliyopita, TPCPLC imeendelea kutumia uzoefu bora zaidi kutoka kwa HC Group, kupitia programu zake za uboreshaji za kimataifa, zinazoitwa CIP na AEM Brainstorming.

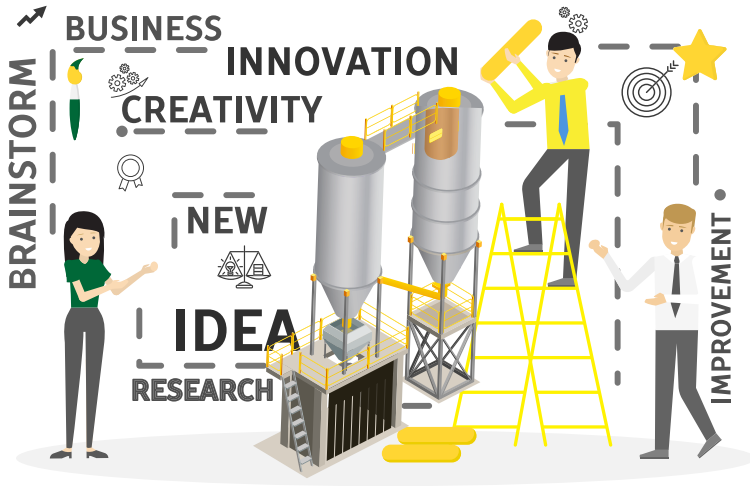
Utekelezaji wa CIP ulisababisha hatua mahususi ambazo ziliboresha zaidi gharama na michakato. Ahadi yetu ya kujifunza kutoka kwa ubadilishanaji bora wa mazoezi hutuweka tofauti, na pia inasaidia elimu na maendeleo ya wafanyakazi wetu. Ushiriki wetu katika mpango wa AEM Brainstorming ulitoa jukwaa kwa wafanyakazi wetu kushiriki mawazo yao ya kibunifu, na hii ilipelekea TPCPLC kutunukiwa Tuzo ya Ubunifu ya AEM mwaka wa 2022.

Utambuzi huu ni ushahidi wa ubunifu na uthabiti wa timu yetu. Hongereni sana.

“Timu zetu zimeendelea kuwa thabiti katika kukabiliana na changamoto ya mabadiliko ya hali ya hewa kwa kutekeleza hatua endelevu ikiwa ni pamoja na matumizi ya nishati mbadala na kuboresha mchanganyiko wa malighafi”



“TPCPLC Ilitunikiwa Tuzo ya Ubunifu ya AEM Mwaka 2022.”



### Mtazamo wa Uchumi na Biashara

Uchumi wa Tanzania umeendelea kukua kwa takriban asilimia 5.2 mwaka 2022 ikilinganishwa na asilimia 4.5 mwaka 2021 (Chanzo: TNBS). Bei ya mafuta nchini imeendelea kuongezeka kutokana na vita vya Urusi na Ukraine. Kiwango cha ubadilishaji wa Shilingi ya Tanzania kimeonyesha kupungua kidogo thamani ikilinganishwa na sarafu kuu za kigeni mwaka 2022, ambapo kumesababisha mfumuko wa bei wa gharama za nishati na mafuta.

Uwezo wa ziada uliopo sokoni, viwanda vya saruji vipya na shinikizo kubwa kwenye bei ya saruji vimebadilisha mazingira ya soko na vimeipatia uongozi wa TPCPLC mihani wa kuhakikisha ufanisi wa mipango katika gharama, kuhakikisha zinakua ndogo ikilinganishwa na miaka iliyopita.

### Utendaji wa Kifedha

Licha ya mazingira ya ushindani, TPCPLC ilipata tena rekodi katika viwango vya mauzo mwaka 2022. Hii ilitokana na ufanisi mkubwa wa uzalishaji, kujitolea kwa wafanyakazi wetu, utekelezaji wa mikakati bora ya mauzo na uboreshaji wa jalada la bidhaa.

Mauzo na usambazaji wa saruji uliongezeka asilimia 10% na 5% kwa mtiririko huo. Ongezeko la mapato Pamoja na mbinu bora za kuthibiti gharama iliwezesha faida ya uendeshaji kukua kwa 8% ikilinganishwa na mwaka uliopita. Faida ya uendeshaji ya shilingi bilioni 135.9 za Kitanzania imetokana na ongezeko la mauzo na ufanisi katika uzalishaji uliopo kuteleka uthibiti wa gharama.

### Matarajio

Soko lina ushindani mkubwa, lakini matarajio ya kuongezeka kwa mahitaji ya saruji, tunaamini kwamba TPCPLC inaweza kuendelea kunufaika kutokana na uwekezaji mkakati wa kampuni, umakini wa kuwahudumia wateja na jitihada endelevu za kuboresha

ufanisi wa uzalishaji na kuhakikisha mazingira salama kwa wafanyakazi wake. Tunaimani mambo haya yanaiwezesha TPCPLC kuendelea kudumisha na kupanua nafasi yake ya uongozi katika soko, hivyo kuiweka TPCPLC katika nafasi nzuri ya ukuaji endelevu na wenye faida siku zijazo.

### Gawio

Bodi inaendelea kuhakikisha kuwa inaongezeka thamani ya wanahisa na tunaamini kuwa kwa kufuata mikakati yetu, tutafanikisha hili. Bodi imependekeza gawio la shilingi 390 kwa hisa kwa mwaka 2022. Gawio pendekezwa litalipwa mwezi Juni 2023.

### Uraia Mwema

TPCPLC imejitatiti kikamilifu katika kudumisha uendeleu wa mazingira pamoja na Uwajibikaji kwa Jamii na inaendelea kuchukua hatua zote muhimu ili kuboresha utendaji wake kwa kuzingatia afya na usalama na haki za binadamu za wafanyakazi wake, utawala bora na ulinzi wa mazingira.

TPCPLC ni kati ya wachangiaji wakubwa katika uchimi wa Tanzania na jamii kupitia ulipaji wa kadi kwa serikali, maboresho ya teknolojia, uwekezaji, kufuata viwango vya kimataifa vya biashara, mipango ya maendeleo kwa jamii, ajira kwa kuzingatia usawa na uongozi katika sekta ya saruji, sio tu katika utendaji, bali muhimu Zaidi, kujenga Taifa letu.

### Shukrani

Kwa niaba ya Bodi, ningependa kuwashukuru wadau wote wa Kampuni, washiriki, wateja na wafanyakazi ambao wameweka Imani kubwa katika Kampuni yetu na bidhaa zetu katika kipindi kigumu cha mwaka uliopita. Zaidi ya yote, ningependa kutoa shukrani zangu za dhati kwa wanahisa wote na kwa Imani yao kwa Kampuni. Tuna Imani kwamba Kampuni itaendelea na utendaji wake imara na kuongeza thamani kwa wanahisa



**Mr. Hakan Gurdal**  
Chairman



## Managing Director Statement

# “TPCPLC sets new standards for eco-friendly cement production in Tanzania”

“Our strong customer base and our approach through customer centricity is a critical pillar of our strategy, which makes possible the achievement of our ambitious commercial targets in all Tanzanian territories and exports”



### Dear Shareholders,

Year 2022 was yet another record year for TPCPLC. Production and sales achieved new records. our sales growth is attributed by the Country’s economic growth, fuelling cement consumption and construction industry growth.

In 2022, we delivered a record for financial performance, our operating results remained strong and improved compared to previous year.

2022 was the year of successful transformational investments, we completed our alternative fuels project which will boost our energy substitution rate (SR) by more than 10%, giving us further breakthrough in our road towards sustainability. Our progress in sustainability is of equal significance to our financial performance goals.

The market shift towards higher quality cements, facilitated us

to improve our raw material mix and optimize clinker usage as we strive to produce eco-friendly cement, we remain committed to managing raw material mix related process emissions. This ongoing effort is aligned with our goal of reducing our environmental impact while meeting the needs of our customers and stakeholders.

Our strong customer base and our approach through customer centricity is a critical pillar of our strategy, which makes possible the achievement of our ambitious commercial targets in all Tanzanian territory and exports.

We are highly confident in our teams, products and services, to find together with our customers the best solutions in such a competitive environment to ensure continuous value creation for our stakeholders.



## Sales Performance

In 2022 TPCPLC reached a new sales record. TPCPLC's cement sales increased in 2022 by 4.7% compared to 2021, despite intensifying competition. Growth mainly attributed by the Government infrastructure projects, and overall growing demand. Twiga played a pivotal role in supplying cement to these projects and thus contributing to the Tanzania's economic development.

Despite the challenging market environment, we have managed to maintain our market position and improve in sales performance through efficient operations, innovation, commitment to quality, customer-centric approaches by keeping customer satisfaction in the focus of all our efforts and actions.

Tanzanian domestic market reached around 6.5 million tons, excluding exports. The cement industry in Tanzania includes six integrated plants and several grinding facilities with production capacity reaching around 11 million tons by the end of 2022, as a result the utilization capacities in general are low, but TPCPLC is at higher level of utilization, and this is the reason we decided to invest in additional cement capacity, by rehabilitating our cement mill no.2.

Twiga sales team is collaborating closely with our distributors to position our products in every market segment within Tanzania and neighbouring countries. The overcapacity in the Tanzanian cement industry represents around 4 million tons of excess supply, furthermore, the entry of new players in the market has intensified competition further.

Exporting to neighbouring countries will continue to be essential in reducing excess supply in the domestic market and promoting regional integration within the East African Community.

## Operations Performance

In 2022 TPCPLC hit again a new record for production of clinker and cement. Most of critical operational key metrics for the year show a positive trend in terms of quality and plant performance overall, confirming once more the need to focus on efficiency improvement and the reduction of production costs to remain competitive.

Kilns and mills operating coefficients have improved, also the fuel efficiency. The expert system implementation and better power monitoring are contributing to avoid idle running hours, and to improve the performance of our equipment, maximizing capacity utilization is a top priority for our technical team.

The efforts made throughout the year on the operational side to increase clinker production, combined with the focus on producing high quality cement products at the same time, maintaining strong customer relationships and service excellence, this has allowed TPCPLC to improve operating results compared to previous years.

## Financial Performance

In year 2022 TPCPLC managed to achieve an Operating Profit of TZS 135.9 billion, 8% above 2021, mainly due to increased revenue (+10%), despite overall increase in variable costs and fixed costs compared to the previous year.

In 2022, TPCPLC recorded a profit of TZS 97.4 billion after taxes, representing a 10% increase compared to the previous year. Earnings per share also increased from TZS 492 to TZS 541 in the same period.

However, TPCPLC's cash flow from operating activities decreased by 30% compared to the previous year. This reduction can be attributed, among other factors, to an increase in raw material inventories. This increase was necessary in ensuring uninterrupted production and timely delivery of cement products to our customers.

Our balance sheet remains robust and healthy mainly due to higher current assets, particularly higher cash and cash equivalents, making possible to deliver high, stable and predictable dividends to our shareholders one more year.

## Digitalization

Our focus on digitalization remains, as a means of enhancing our overall productivity and better serving our customers and stakeholders. In 2022 digitalization has helped us to optimize new technologies that would improve raw material mix, thus reducing CO2 emissions and improving energy consumption. Our CO2 emissions per type of cement have dropped considerably and are below previous year.

Digitalization continues to be one of our main pillar in creating more opportunities in our changing business environment.



## Our ESG Strategy in Action

### Environment

TPCPLC carried out various environment programs as per our environment management plan. Several environment training programs were facilitated during the year by the company, conducted within our Wazo quarry, participants were stakeholders from NGOs, municipalities, universities, government institutions & diplomatic missions, primary, secondary, and higher learning institutions, TPCPLC employees and contractors.

These trainings or workshops carried out were about quarry rehabilitation and promotion of urban forestry concept in cement factories. In 2022, 25,165 tree seedlings were donated for greening activities from our tree nursery, and above 3,300 valuable trees were planted for quarry rehabilitation within the factory. At the same time in 2022 we had surveillance audit for environment standard ISO 14001:2015 and we retained our certification. On the other hand, the key topics related with the environment are the alternative fuels, CO2 emissions reduction, and municipality waste management (RDF).

TPCPLC goes beyond environmental regulations and is fully committed to reduce the CO2 emissions. Through the use of alternative fuels (biomass) energy substitution systems, have situated us to lead Tanzanian cement industry with into a better route for sustainability.

Through these innovative systems, we are reducing our reliance on gas, we are decreasing our carbon footprint and working to preserve the environment for future generations. We believe that sustainability is not only good for the environment, but it's also a critical aspect of our business strategy. By prioritizing sustainability, we can create value for our stakeholders, enhance our brand reputation, and contribute to the long-term development of Tanzanian economy.

Overall, our commitment to sustainability and reducing CO2 emissions have positioned us as leaders in sustainable cement production in Tanzania.

### Corporate Social Responsibility (CSR)

The company continued to support non-profit organizations, schools and government institutions working to advance education, protect the environment, and strengthen communities

around the country.

Also, a large number of engineers participated in training programs at the factory, a special mention to the mining and quality control programs. Infrastructure related support in form of cement and expertise was also given to various schools and institutions within the country.

### Health and Safety

TPCPLC achieved had zero fatalities and zero lost time incidents (LTI) for employees and contractors. This great achievement reflects our unwavering commitment to maintaining a safe and health working environment for our employees and contractors. At TPCPLC health and safety of our teams is our top priority.

I would like to extend my sincere gratitude to all our employees and contractors who have demonstrated a dedicated level of vigilance and adherence to our safety policies and procedures. Your commitment and dedication to safety have made this achievement possible.

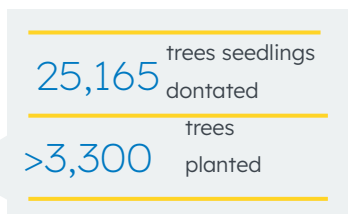
### Future Ahead

The industry will continue to face tough competition due to the new cement capacities and the challenges; some are global like Covid-19 and more recently the war in Europe. This is having a negative impact in the supply chain, and in particular the fuel prices are increasing the landed cost of all raw materials and spare parts, which is at the same time increasing the production cost. Our target to remain competitive is based on volumes and cost control.

Regarding the environmental policies, our CO2 emissions will be aligned with the CO2 roadmap of the Group. TPCPLC will remain fully committed to support the ongoing growth of the Country, by developing high quality products to be delivered in all territories at an accessible price, despite inflationary pressure.

We will keep or strong focus on production cost reduction initiatives, and process improvement programs to maximize our capacities. Our top priority remains the health and safety of our teams. TPCPLC will continue to lead the industry with the highest standards, making sure our customers and stakeholders are the beneficiaries of our different efforts and initiatives.

At TPCPLC, we are fully committed to delivering quality products and value-added services that meet the needs of our customers. We are grateful to all our stakeholders for their support throughout the year. We remain confident that TPCPLC will continue to deliver value to our shareholders in the coming year.





## Commitment to Our Shareholders

At TPCPLC, we remain committed to our strong dividend policy. As such, we're proposing to distribute a dividend of TZS 390 per share the upcoming Annual General Meeting, which is the same high level as in 2021. In 2022, we spent around TZS 77 billion on dividends, reflecting our payback policy and commitment to shareholder value.

### Dividend Proposed

TZS **390** Per Share

### Dividend Paid 2022

TZS **77** billion paid in 2022

We're pleased that our shareholders can continue to benefit from our success, and we're grateful for your ongoing support. As we move forward, we'll continue to focus on delivering strong results and creating more value for our shareholders, while also pursuing sustainable growth and improving our contributions to the wider community.



Alfonso Velez

**Managing Director**

## Taarifa ya Mkurugenzi Mtendaji

# “TPCPLC inaweka viwango vipya kwa uzalishaji wa cement unaotunza mazingira nchini Tanzania.”

“Msingi imara wa wateja wetu na mtazamo wa kuzingatia mahitaji ya wateja wetu ni nguzo muhimu ya mkakati wetu, ambayo inawezesha kufikia malengo yetu ya kibiashara yenye tija katika eneo lote la Tanzania na katika masoko ya nje”



### Ndugu wanahisa,

Mwaka 2022 ulikuwa mwaka mwingine wa kuvunja rekodi kwa TPCPLC. Uzalishaji na mauzo ulifikia rekodi mpya. Kuongezeka kwa mauzo yetu kunahusishwa na ukuaji wa uchumi wa nchi, ambao unachochea matumizi ya saruji na ukuaji wa sekta ya ujenzi.

Katika mwaka 2022, tulifikia rekodi mpya kwa utendaji wa kifedha, matokeo yetu ya uendeshaji yalikuwa imara na yameboreshwa ikilinganishwa na mwaka uliopita.

Mwaka 2022 ulikuwa mwaka wa uwekezaji mafanikio wa mageuzi, tulikamilisha mradi wetu wa nishati mbadala ambao utaongeza kiwango chetu cha kubadilisha nishati (SR) kwa zaidi ya asilimia 10%. Kutupa mapinduzi zaidi katika safari yetu kuelekea endelevu. Maendeleo yetu katika suala la endelevu ni muhimu kama malengo yetu ya utendaji wa kifedha. Kwa mabadiliko ya soko kuelekea saruji ya ubora wa juu, meweza

kuboresha mchanganyiko wetu wa malighafi na kuongeza matumizi bora ya klinka tunapojitahidi kuzalisha saruji yenye kirafiki kwa mazingira, Tunaendelea kuwa na azma ya kusimamia uzalishaji wa hewa chafu unaohusiana na mchanganyiko wa malighafi. Juhudi hizi endelevu zinaelekezwa na lengo letu la kupunguza athari yetu kwa mazingira wakati tunakidhi mahitaji ya wateja na wadau wetu.

Msingi imara wa wateja wetu na mtazamo wetu wa kuzingatia mahitaji ya wateja ni nguzo muhimu ya mkakati wetu, ambayo inawezesha kufikia malengo yetu ya kibiashara yenye tija katika eneo lote la Tanzania na katika masoko ya nje.

Tuna imani kubwa na timu zetu, bidhaa na huduma zetu, ili kupata pamoja na wateja wetu suluhisho bora katika mazingira yenye ushindani mkubwa, ili kuhakikisha kuendelea kuunda thamani kwa wadau wetu.



### Utendaji wa Mauzo

Mwaka 2022, TPCPLC ilifikia rekodi mpya ya mauzo. Mauzo ya saruji ya TPCPLC yaliongezeka kwa 4.7% mwaka 2022 ikilinganishwa na mwaka 2021, licha ya ushindani mkali. Ukuaji ulichangiwa sana na miradi ya miundombinu ya Serikali na mahitaji yanayoendelea kwa ujumla. Twiga ilicheza jukumu muhimu katika usambazaji wa saruji kwa miradi hii na hivyo kuchangia katika maendeleo ya kiuchumi ya Tanzania.

Licha ya mazingira magumu ya soko, tumeweza kudumisha nafasi yetu kwenye soko na kuboresha utendaji wetu katika mauzo kupitia uendeshaji wenye ufanisi, ubunifu, azma ya ubora, na njia zinazomlenga mteja kwa kuweka kuridhika kwa mteja kuwa lengo letu katika juhudi na hatua zetu zote.

Soko la ndani la Tanzania lilifikia takriban tani milioni 6.5, bila kujumuisha mauzo ya nje. Sekta ya saruji nchini Tanzania inajumuisha viwanda sita vya uzalishaji kamili na vituo vingi vya kusaga na uwezo wa uzalishaji ukifikia takriban tani milioni 11 ifikapo mwisho wa 2022, Kama matokeo, matumizi ya uwezo kwa ujumla ni ya chini, lakini TPCPLC inatumia uwezo wake kwa kiwango cha juu, na hii ndiyo sababu tuliamua kuwekeza katika uwezo wa ziada wa saruji kwa kurekebisha kinu chetu cha saruji namba 2.

Timu ya mauzo ya Twiga inashirikiana kwa karibu na wasambazaji wetu ili kuweka bidhaa zetu katika kila sehemu ya soko ndani ya Tanzania na nchi jirani. Uwepo wa uwezo mkubwa kupita kiasi katika sekta ya saruji nchini Tanzania unawakilisha takriban tani milioni 4 za usambazaji ziada. Aidha, kuingia kwa washiriki wapya katika soko kumechochea ushindani zaidi. Usafirishaji wa bidhaa kwenda nchi jirani utaendelea kuwa muhimu katika kupunguza usambazaji uliopita kiasi katika soko la ndani na kukuza ujumuishaji wa kikanda ndani ya Jumuiya ya Afrika Mashariki.

### Utendaji wa Uendeshaji

Mwaka 2022, TPCPLC ilifanikiwa tena kuvunja rekodi ya uzalishaji wa klinka na saruji. Idadi kubwa ya viashiria muhimu vya utendaji wa uendeshaji kwa mwaka huo inaonyesha mwenendo mzuri katika suala la ubora na utendaji wa kiwanda kwa ujumla, ikithibitisha tena umuhimu wa kuweka mkazo katika kuboresha ufanisi na kupunguza gharama za uzalishaji ili kubaki na ushindani.

Viwango na tija katika uendeshaji wa matanuru na mitambo ya kusaga saruji vimeboreshwa, sambamba na ufanisi kwenye matumizi ya nishati ya mafuta. Utekelezaji wa mfumo wa wataalamu na ufuatiliaji bora wa umeme unachangia kuepuka

masaa ya kukimbia bure na kuboresha utendaji wa vifaa vyetu, kuongeza matumizi ya uwezo ni kipaumbele cha juu kwa timu yetu ya kiufundi.

Jitihada zilizofanywa kwa muda wote wa mwaka katika upande wa uendeshaji ili kuongeza uzalishaji wa klinka, pamoja na kuzingatia uzalishaji wa bidhaa za saruji zenye ubora wa hali ya juu, kudumisha uhusiano imara na wateja na kutoa huduma bora, hii imewezesha TPCPLC kuboresha matokeo ya uendeshaji ikilinganishwa na miaka iliyopita.

### Ufanisi wa Fedha

Katika mwaka 2022, TPCPLC ilifanikiwa kupata Faida ya Uendeshaji ya TZS 135.9 bilioni, sawa na ongezeko la 8% ikilinganishwa na mwaka 2021, hasa kutokana na kuongezeka kwa mapato (+10%), licha ya kuongezeka kwa gharama za kubadilika na gharama za kudumu ikilinganishwa na mwaka uliopita.

Mwaka 2022, TPCPLC iliandikisha faida ya TZS 97.4 bilioni baada ya kodi, ikiwakilisha ongezeko la 10% ikilinganishwa na mwaka uliopita. Faida kwa kila hisa pia iliongezeka kutoka TZS 492 hadi TZS 541 katika kipindi hicho kile.

Hata hivyo, mtiririko wa fedha kutoka shughuli za uendeshaji wa TPCPLC ulipungua kwa asilimia 30 ikilinganishwa na mwaka uliopita. Kupungua huku kunaweza kuwekwa kwenye sababu mbalimbali, ikiwa ni pamoja na kuongezeka kwa hisa za malighafi. Ongezeko hili lilikuwa muhimu katika kuhakikisha uzalishaji usiokatizwa na utoaji wa wakati unaofaa wa bidhaa za saruji kwa wateja wetu. Karatasi yetu ya mizania inabaki kuwa imara na yenye afya kuu kutokana na kuongezeka kwa mali za sasa, hasa fedha taslimu na sawa na fedha taslimu, ikiruhusu kutoa gawio kubwa, thabiti, na lenye uwezo wa kutabirika kwa wanahisa wetu kwa mwaka mwingine.

### Kidigitali

Kipaumbele chetu kinaendelea kuwa kwenye dijitalizesheni, kama njia ya kuongeza ufanisi wetu kwa ujumla na kutumikia wateja na wadau wetu vizuri zaidi. Katika mwaka 2022, udijitali umetusaidia kuoptimize teknolojia mpya ambazo zitasaidia kuboresha mchanganyiko wa malighafi, hivyo kupunguza uzalishaji wa CO<sub>2</sub> na kuboresha matumizi ya nishati. Uzalishaji wetu wa CO<sub>2</sub> kwa kila aina ya saruji umepungua kwa kiasi kikubwa na uko chini ya mwaka uliopita.

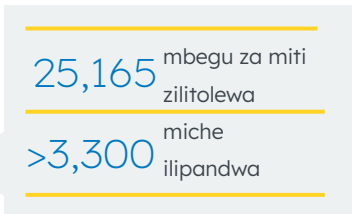
Udijitali unaendelea kuwa moja ya nguzo kuu katika kuleta fursa zaidi katika mazingira yetu ya biashara yanayobadilika.

## Mkakati wetu wa ESG katika Vitendo

### Mazingira

TPCPLC ilitokeleza programu mbalimbali za mazingira kulingana na mpango wetu wa usimamizi wa mazingira. Programu kadhaa za mafunzo kuhusu mazingira zilifanikishwa na kampuni wakati wa mwaka, zilizofanyika katika kiwanda chetu cha Wazo, washiriki walikuwa wadau kutoka mashirika yasiyo ya kiserikali (NGOs), Mamlaka za serikali za mitaa, vyyuo vikuu, taasisi za serikali na balozi za kidiplomasia, taasisi za elimu ya msingi, sekondari na elimu ya juu, wafanyakazi na wakandarasi wa TPCPLC.

Mafunzo haya au warsha zilikuwa kuhusu urekebishaji wa mawe ya kuchimba na kuhamasisha dhana ya misitu ya mijini katika viwanda vya saruji. Katika mwaka 2022, mbegu 25,165 za miti zilitolewa kwa shughuli za upandaji miti kutoka kwenye shamba letu la miche, na zaidi ya miti 3,300 yenye thamani ilipandwa kwa ajili ya urekebishaji wa mawe ya kuchimba ndani ya kiwanda. Kwa upande mwingine, katika mwaka 2022 tulifanya ukaguzi wa mara kwa mara wa viwango vya mazingira ISO 14001:2015 na tulipata uthibitisho wetu. Mada muhimu zinazohusiana na mazingira ni matumizi ya nishati mbadala, kupunguza uzalishaji wa CO<sub>2</sub>, na usimamizi wa taka za manispaa (RDF).



TPCPLC inaenda zaidi ya sheria za mazingira na imejitolea kabisa kupunguza uzalishaji wa CO<sub>2</sub>. Kupitia mfumo wa kubadilisha nishati kwa kutumia nishati mbadala (biomass), tumeweka wenyewe katika nafasi ya kuongoza sekta ya saruji nchini Tanzania kuelekea njia bora zaidi ya uendeleu.

Kupitia mifumo hii ya ubunifu, tunapunguza tegemezi letu kwa gesi na kupunguza alama yetu ya kaboni, na tunafanya kazi ya kuhifadhi mazingira kwa ajili ya vizazi vijavyo. Tunaamini kuwa uendeleu si tu mzuri kwa mazingira, bali pia ni sehemu muhimu ya mkakati wetu wa biashara. Kwa kuweka kipaumbele kwa uendeleu, tunaweza kuunda thamani kwa wadau wetu, kuboresha ufanisi wetu, na kujenga sifa nzuri katika soko. sifa ya chapa, na kuchangia katika maendeleo ya muda mrefu ya uchumi wa Tanzania.

Kwa ujumla, dhamira yetu ya uendeleu na kupunguza uzalishaji wa CO<sub>2</sub> imetuweka katika nafasi ya kuongoza katika uzalishaji endelevu wa saruji nchini Tanzania.

### Majukumu ya Jamii ya Kampuni (CSR)

Kampuni iliendelea kusaidia mashirika yasiyo ya faida, shule, na taasisi za serikali zinazofanya kazi ya kukuza elimu, kulinda mazingira, na kuimarisha jamii katika maeneo mbalimbali nchini. Aidha, idadi kubwa ya wahandisi walishiriki katika programu za mafunzo katika kiwanda, na tunapenda kutoa pongezi maalum kwa programu za uchimbaji na udhibiti wa ubora. Pia, tulitoa msaada wa miundombinu kwa njia ya saruji na utaalumu kwa shule na taasisi mbalimbali nchini.

### Afya na Usalama

TPCPLC ilifanikiwa kutokuwa na vifo na hakukuwa na ajali zilizosababisha kukosa muda wa kazi kwa wafanyakazi na makandarasi. Mafanikio haya makubwa yanathibitisha dhamira yetu isiyoyumba ya kudumisha mazingira salama na yenye afya kazini kwa wafanyakazi na makandarasi wetu. Kwa TPCPLC, afya na usalama wa timu zetu ni kipaumbele chetu cha juu.

Napenda kuishukuru kwa dhiti timu yetu yote ya wafanyakazi na makandarasi ambao wameonyesha kiwango cha juu cha tahadhari na kufuata sera na taratibu zetu za usalama. Dhamira na kujitolea kwenu katika suala la usalama vimefanya mafanikio haya yawezekane.

### Matarajio

Sekta itaendelea kukabiliana na ushindani mkali kutokana na uwezo mpya wa uzalishaji wa saruji na changamoto zilizopo; baadhi ni za kimataifa kama Covid-19 na hivi karibuni vita barani Ulaya. Hii ina athari hasi katika mlolongo wa usambazaji, na haswa bei ya mafuta inaongeza gharama ya malighafi na vipuri vyote, ambayo kwa upande mwingine inaongeza gharama za uzalishaji. Lengo letu la kuendelea kuwa na ushindani linategemea uzalishaji na udhibiti wa gharama.

Kuhusu sera za mazingira, uzalishaji wetu wa CO<sub>2</sub> utaendana na ramani ya CO<sub>2</sub> ya Kundi. TPCPLC itaendelea kuwa na dhamira kamili ya kusaidia ukuaji endelevu wa nchi kwa kukuza bidhaa za ubora wa juu zinazopatikana kwa bei nafuu katika maeneo yote, licha ya shinikizo la mfumuko wa bei.

Tutaendelea kuwa na mkazo mkubwa katika mipango ya kupunguza gharama za uzalishaji na programu za kuboresha mchakato ili kuboresha uwezo wetu. Kipaumbele chetu cha juu bado ni afya na usalama wa timu zetu. TPCPLC itaendelea kuongoza katika sekta kwa viwango vya juu zaidi, kuhakikisha wateja wetu na wadau wanakuwa ni wahusika wa juhudi na mipango yetu mbalimbali.



Katika TPCPLC, tumejitolea kabisa kutoa bidhaa za ubora na huduma zenye thamani ili kukidhi mahitaji ya wateja wetu. Tunawashukuru wadau wetu wote kwa msaada wao kwa mwaka mzima. Tunaendelea kuwa na imani kwamba TPCPLC itaendelea kutoa thamani kwa wanahisa wetu katika mwaka ujao.

### Dhamira yetu kwa wanahisa wetu

Katika TPCPLC, tunadumisha azma yetu thabiti ya kutoa gawio kwa wanahisa

wetu. Kwa hiyo, tunapendekeza kugawa gawio la TZS 390 kwa kila hisa katika Mkutano Mkuu wa Kawaida ujao, ambalo ni kiwango kikubwa kama ilivyokuwa

#### Gawio lililopendekezwa

TZS 390 kwa hisa

#### Gawio lililipwa 2022

TZS 77 bilioni ililipwa mwaka 2022

mwaka 2021. Mwaka 2022, tulitumia takriban TZS 77 bilioni kwa gawio, ikionyesha sera yetu ya kurudisha kwa wanahisa na ahadi yetu kwa thamani ya wanahisa.

Tunafurahi kwamba wanahisa wetu wanaweza kuendelea kunufaika na mafanikio yetu, na tunashukuru kwa msaada wenu endelevu. Tunapoendelea, tutazingatia kuendelea kuleta matokeo makubwa na kuongeza thamani zaidi kwa wanahisa wetu, wakati pia tukitafuta ukuaji endelevu na kuboresha mchango wetu kwa jamii kwa ujumla.



Alfonso Velez

**Mkurugenzi Mtendaji**

Next Section:

# Sustainability







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# “Our Sustainable Alternatives”

“Health and Safety of our Employees and Contractors is our top priority”



>12,600

Trees seedlings were raised during the year

This is part of the Company’s commitment to environmental protection. The trees seedlings are planted in various areas around the quarry, keeping forestation cover of our quarried areas.

>3,300

Trees were planted during the year

TPCPLC’s reforestation initiative (raising trees seedlings and planting trees) is a great example of how we contribute to environmental protection.

0 LTI

Employees and Contractors

During the year we have achieved 0 Lost Time Injury (LTI), and no Fatalities. This achievement is mainly through the commitment of our Employees and Contractors in adhering to Health and Safety Standards.

0 Fatalities

Employees and Contractors

>400

Employees and Contractors trained in Health and Safety

Training our Employees, Contractors and Trainees on Health and Safety remains our top priority.



# “Taking Our Industrial Operations to the Next Level of Sustainability”

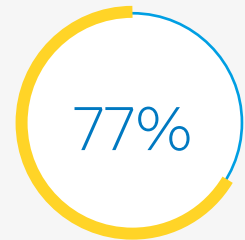


## CSR Spend

TZS **630** million CSR spending during the year in education and infrastructure.

TZS **3.1** billion

**Paid relating to Levies and Royalties**



**Of the total purchases were sourced locally**

**44** Students

**Enrolled internship program**

TZS **70.2** billions

**Taxes and Duties paid during the year**

## Scope of our Sustainability Report

The Sustainability Report 2022 for Tanzania Portland Cement PLC will provide a comprehensive overview of the company’s sustainability performance and initiatives, highlighting its efforts to reduce its environmental impact, promote social sustainability, and support local economic development.

The report covers the company’s financial performance, governance structure and policies, and its commitment to

transparency and accountability. It will also detail the company’s efforts to ensure sustainability across its supply chain, including its relationships with suppliers and efforts to promote sustainable sourcing practices. Through this report, Tanzania Portland Cement PLC aims at demonstrating its commitment to sustainability and its efforts to promote a more sustainable future for all stakeholders.

## Statement of the Managing Director on Sustainability

TPCPLC has seen significant advancements in all key performance indicators, including business and product innovation, health and safety, environment, community development, and human resources in 2022. These achievements prompt continuous evaluation of targets to align with TPCPLC’s sustainability roadmap through to 2030.

### Financial Year 2022 Highlights

The financial year 2022 was marked by the commissioning of our alternative fuel plant, which will lead to increased utilization of biomass fuel in our kilns. This green energy source is sustainable and can also recycle municipal waste. Our collaboration with the government and local municipalities in Dar es Salaam will be mutually beneficial. We aim to reduce cement CO2 emissions by more than 10% by 2030, contributing to a better environment and community wellbeing in the region.

TPCPLC has implemented a program aimed at rehabilitating the limestone quarry from which we extract our raw material. The Quarry Rehabilitation and Renaturation Project (QRRP) aims to restore the mined quarry, enhance urban environmental conservation activities, and promote community awareness and capacity building. In 2022, a Tanzanian team won a Biodiversity Management Award and was recognized in Germany, demonstrating our commitment to environmental conservation and sustainability. As of now, more than 18 hectares of land have been rehabilitated, and over 3,300 trees planted.

Over the years, occupational health and safety, social responsibility and employees have been key pillars of our sustainability strategy. We invest in these pillars to make our plant a safe place for employees, contractors and all other stakeholders. In 2022, we managed to achieve zero loss of time due to injury (LTI), thanks to the commitment shown by the management, employees, contractors and other stakeholders in observing our health and safety procedures.



### Looking Forward

We are committed to enhancing our sustainability reporting and continuing to advance the sustainability agenda. We assure all stakeholders that we remain steadfast in our pursuit of achieving the 2030 targets.

**Mr. Alfonso Velez**  
Managing Director





## Value chain



### Raw materials

- Extraction from quarry  
Limestone is extracted from our own quarry and is used for production of clinker and as filler for cement production.

### Production

- Cement

### Customers

- Distributors - for reselling/distribution
  - Direct customers - for own consumption including mining companies, public sector projects and block makers.
- We supply cement to our customers in the private and public sector.

## Continuous improvement program (CIP)

- CO2 reduction
- Product innovation
- Recycling



The goal of our CIP is to provide our customers with the innovative range of products, reduce CO2, emission, minimise energy consumption by improving processes.

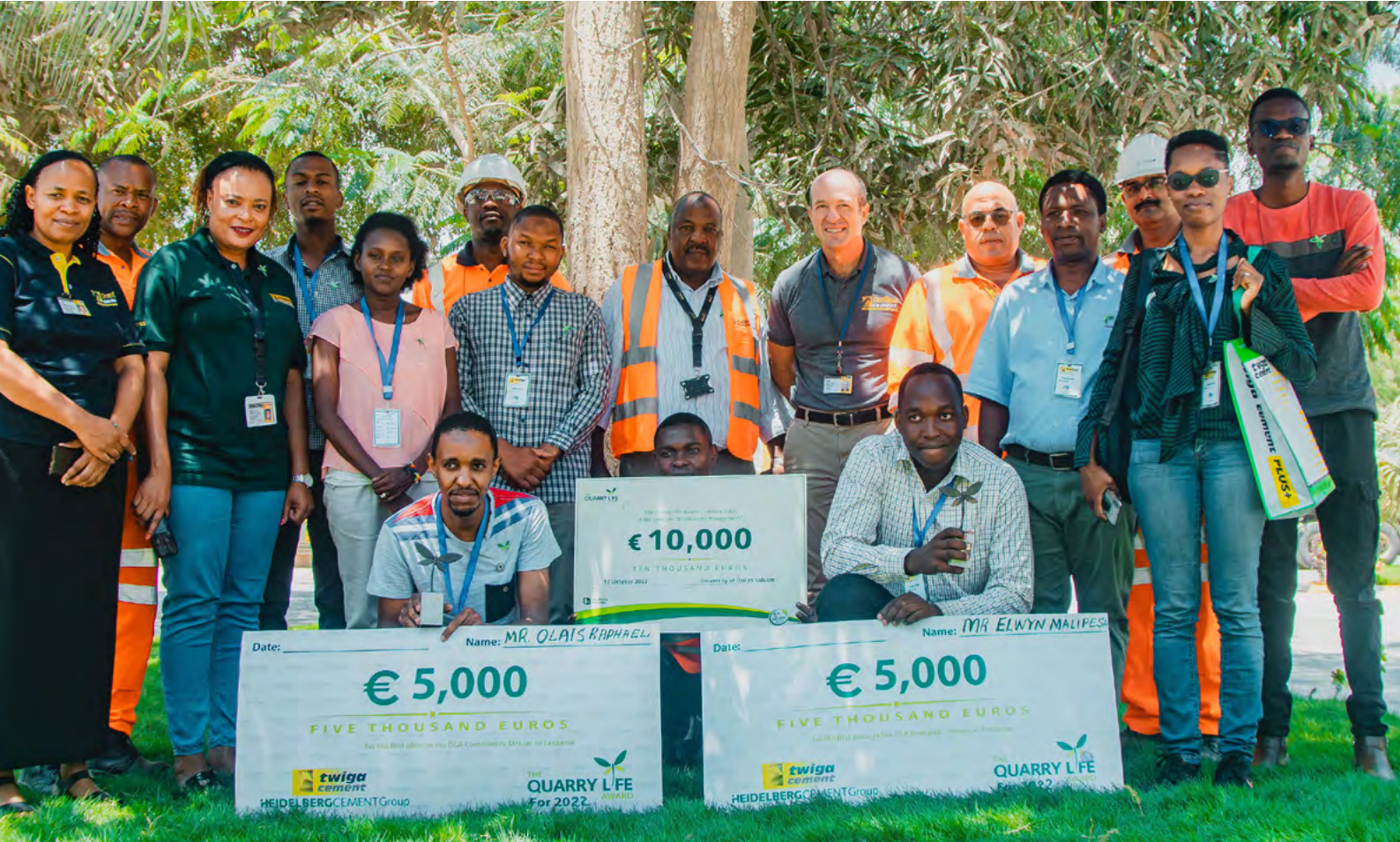
## Procurement

- Raw materials
- Spare parts
- Energy
- Logistics

77%

goods and services procured locally

Approximately 77% of our goods and services are procured locally within Tanzania, while the remaining 23% is sourced from outside the country.





## Strategy and Management

### Vision and mission

It is our objective to develop a strong identity in the marketplace by providing customers with high quality products and services within the required standards and continuously improve our services to meet our customers' expectations as well as demonstrate leadership in the cement manufacturing sector. This will not only ensure sustainable growth in terms of profitability and operations. All these initiatives will be attained by embedding a performance framework that integrates environment conservation, community, and employees. In addition, we strive to ensure health and safety to all our employees and contractors. These are the key pillars in our operations.

### Our vision

To develop a strong identity, be the market leader and the first choice amongst cement consumers in Tanzania.

### Our mission

Tanzania Portland Cement Public Limited Company (TPCPLC) mission is to satisfy customers by providing them with a high-quality product and service at an affordable price.

### Our quality statement

We are successful only when our customers are successful. TPCPLC contributes to customers' success by supplying them with the products they want and need. We strive to achieve customer satisfaction by ensuring that the quality of our products is within the required standards and services are consistent and are continuously improved to meet our customer's expectations. It is the declared goal of every employee to make TPCPLC and Twiga Cement brands recognized by the world for cement quality. This position allows us to achieve market leadership.

### Sustainability Commitments 2030

Our sustainability commitments 2030 defines the principles, roadmap and strategies to year 2030. TPCPLC as an integral part of HeidelbergMaterials group, believes in the principles outlined in the Sustainability Commitments 2030 for HeidelbergMaterials group, which are as follows:

- Driving profitability and innovation;
- Achieving excellence in occupational health and safety
- Reducing our ecological footprint;
- Enabling the circular economy
- Being a good neighbour;
- Ensuring compliance and creating transparency

Through our Sustainability Commitments 2030, we are supporting the UN Sustainable Development Goals. In doing so, we aim to help address social, economic, and environmental challenges at a global level. In this report, TPCPLC will analyse its contributions to the sustainability commitments.

We strive to preserve the natural environment, which is the basis for our activities. Conserving resources, reducing emissions and minimizing the environmental impact of our operations are our objectives.

Our long-term success depends on sustainable business practices as well as building long lasting relationships with our communities, suppliers of goods and services, business partner, and employees.

Environmental protection, responsible land use, water conservation, occupational health and safety and social responsibility are among the key cornerstones and strategy of our Sustainability Commitments 2030. TPCPLC made a remarkable achievement in these areas in 2022 building on progress made in 2021.

## The Focal Points of Our Sustainability Strategy until 2030

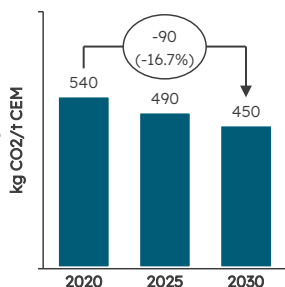
Principles	Our Goals	Sustainable Development Goals (SDGs)
Driving profitability, innovation and digitalization	<ul style="list-style-type: none"> <li>Efficiency on the usage of resources</li> <li>Provide low carbon products</li> <li>Investment in processes improvement and technology</li> </ul>	 
Occupational health and safety excellence	<ul style="list-style-type: none"> <li>Achieve zero fatalities</li> <li>Achieve zero LTI</li> </ul>	 
Reducing ecological footprints	<ul style="list-style-type: none"> <li>Increase the alternative fuel rate to 15 by the year 2030</li> <li>Reduce CO emission to reach 500kg/ton of cement in 2030</li> <li>Quarry rehabilitation and naturalization program</li> <li>Approved mine closure plan</li> <li>Support research in environment and biodiversity management</li> </ul>	     
Enabling circular economy	<ul style="list-style-type: none"> <li>Substitution of natural raw materials by using by-products and recycled materials</li> </ul>	  
Being a good neighbour	<ul style="list-style-type: none"> <li>Improve the wellbeing of the neighbouring communities</li> <li>Open and transparent communication about our activities</li> </ul>	 
Compliance and transparency	<ul style="list-style-type: none"> <li>Ensure compliance with the labour laws, anti-corruption through internal controls and risks management systems</li> </ul>	  

### Significant reduction in emissions

We have embarked on a number of initiatives within the plant that will lead to a significant reduction in emissions. The CO roadmap to 2030 outlines measures and tasks to be implemented to ensure our objective of reducing CO<sub>2</sub> emission to 487 kg/t is attained.

This ambition target is in line with that of HeidelbergMaterials.

We will achieve this by optimising the product mix, use of alternative fuels and use of alternative components for cement like pozzolana or calcined clays.



### Responsibility and organisation

We have a team that is committed to drive the 2030 Sustainability Agenda in all areas of our operations. The Board, management team and staff are critical resources in

our organization structure and the systems that help to ensure a continual process of improvement in accordance with our sustainability strategy. We have defined areas of responsibility, monitoring and reporting structure in the areas of occupational health and safety, compliance, and sustainability.

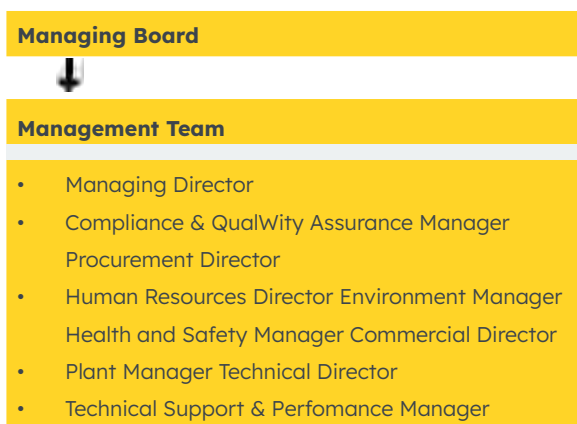
Occupational health and safety is one of the pillars of our Company, and it is an area for which all management levels at TPCPLC are accountable. Our occupational safety organisation is the unit under the Managing Director. Our Occupational Health and Safety Manager is responsible for supervision and monitoring day to day occupational health and safety activities and directly reports to the Managing Director. In addition, all employees, customers, suppliers, contractors, and visitors are responsible for following the occupational safety rules and regulations.



## Sustainability and environmental protection

Our responsibility for the environment is central to everything we do. The Company complies with all applicable environmental laws, regulations, standards and other legal requirements. TPCPLC engages actively in sustainable, social and ecological development. We are proactively handling all challenges to improve environmental protection, always taking a long-term perspective to prevent potential pollution and continuously improve our contribution to environmental protection.

## Sustainability management at TPCPLC



### Challenges

- Health and safety
- Energy and emission
- Supply of raw materials and conserving resources
- Nature and species conservation

## Stakeholder engagement

Our plant and quarry are situated in Wazo Hill within Dar es Salaam city and are surrounded by communities. It is therefore prudent for the Company to maintain regular contact with the respective community, government agencies, non-governmental organisations, municipalities, universities, government institutions, diplomatic missions, schools, TPCPLC employees and contractors to inform them about our activities and planned projects at the location. Plant, production, occupational health and safety, quality assurance, environmental protection management teams are generally responsible for such stakeholder relationships.

## Relations with local stakeholders

Our business operations have a strong local focus, and to achieve long-term success, it is crucial to maintain good cooperative relationships with various stakeholders in society. We are committed to building trustworthy engagement with all relevant groups at the local, national, and international levels. This exchange of ideas and opinions enables us to identify critical

issues early and gain greater acceptance for our activities. Stakeholder engagement

Along with personal discussions, we use different other means of communication to keep local stakeholder groups informed and enter into engagement with them – ranging from training, workshops, safety week, and a variety of public participation concepts and awards. We addressed concerns raised by the stakeholders in a transparent manner.

## Relations with workers and other interested parties

TPCPLC takes Occupational Health and Safety (OHS) seriously and ensures that workers are informed about potential hazards and trained to mitigate risks. OHS issues are discussed through weekly management and monthly safety meetings, as well as Occupational Health and Safety representative meetings, ad hoc incident reporting, safety conversations, and near miss reports.

255

trucks were inspected for roadworthiness

The company engages in effective truck inspections with the police force to mitigate risks associated with transportation of goods. Safety week involves training on various topics, including health and safety awareness, traffic management, defensive driving, plant safety, firefighting, and first aid. It provides an opportunity to reinforce company standards for health and safety.

As a part of its representation in dialogues with the government and public, TPCPLC participates in diverse associations and initiatives. Members exchange ideas and discuss sector challenges in these forums. TPCPLC is affiliated with the Confederation of Tanzania Industries (CTI).

## Stakeholder dialogue at a national and international level

TPCPLC plays a significant role in the economic and social development of Tanzania. It contributes through tax payments, technological advancements, investments, adherence to global business standards, community development initiatives, and equitable employment practices. Moreover, TPCPLC leads the industry in performance and national building. The company also maintains a positive relationship with policymakers.

### Direct exchange with political decision makers

Suppliers - play a crucial role in the plant’s operations by providing raw materials, services, and spare parts. The company fosters sustainability by providing equal opportunities through tendering, supplier forums, site visits, and favourable terms.

**Local communities** – The Company is committed to addressing community concerns and participates in various initiatives to support education, healthcare, and women and children’s welfare. The Company allocates a budget for community projects and donated TZS 13.1 million (2022) and TZS 161.8 million (2021). Furthermore, it is actively engaged in Corporate Social Responsibility programs, with a focus on women, healthcare, education, and children. The total contribution was TZS 833 million (2022) and TZS 91.4 million (2021).

**Government and Regulators** – The government and regulators are responsible for policies, permits, and licenses that the

company adheres to. Through industry bodies and public forums, the company maintains close ties with these entities. The company has implemented programs to comply with laws and regulations regarding the environment, health, and safety. Moreover, the Company’s operations contribute to economic and industrial growth in the country.

### Dialogue with non-governmental organisations

In adherence to our principles, we provide transparent responses to all requests made by non-governmental organizations and interest groups. Moreover, we view critical inquiries as chances to educate individuals about our sustainability efforts and engage in discussions. Our interactions with non-governmental organizations are based on our central areas of corporate social responsibility (CSR), which include education and training, environmental initiatives, community and biodiversity, infrastructure and building, and emerging events.

### Materiality

TPCPLC considers materiality assessment as a crucial tool in sustainability issues. We regularly carryout materiality assessments to inform our sustainability reporting. Leveraging from constant engagement with our stakeholders, TPCPLC has managed to develop key materiality issues that matter most not only to the Company’s operations but also to the stakeholders at large. The following are materiality issues that were identified:

Our approach	Get to net zero	Improve people’s lives	Care for our planet
Business ethics and accountability <b>Page 31-32</b>	Climate change and energy transition <b>Page 33</b>	Health and wellbeing <b>Page 37-38</b>	Biodiversity and sensitive areas <b>Page 35</b>
Employee attraction and retention <b>Page 38-39</b>	Alternative energy <b>Page 33</b>	Human rights <b>Page 31-32</b>	Sustainable supply chain <b>Page 31</b>
Safety <b>Page 37-38</b>		Community engagement <b>Page 40-43</b>	Water management <b>Page 36</b>
Governance <b>Page 31-32</b>			Environmental protection <b>Page 28</b>



## Business and Compliance

TPCPLC is committed to responsible corporate governance. The Company aims to its business objectives whilst complying with applicable laws and international standards and by using socially and environmentally responsible methods. We believe this is the only way to ensure sustainable success.

### Legal compliance

The Company respects and comply with applicable laws of the country. Management of TPCPLC ensures compliance with all applicable laws, regulations and standards. The Company is committed to incorporate in its day-to-day operations and strategy processes that observe labour standards, human rights, environmental protection, and corruption prevention. In our Company, for example, contracts with the employees and contractors/suppliers include or cover subjects such as human rights, code of conduct all these principles are key in the labour standards. We expect our employees and business partners to comply with these central guidelines and recommendations. In addition, our suppliers are also obliged to comply with our Code of Business Conduct.

### Business performance

#### Revenue for the 2022 financial year increased by 9%

in comparison with the previous year to TZS 495 billion (2021: TZS 450). The result from current operations rose by 9% to TZS 136 billion. The profit for the financial year amounted to TZS 97 billion.

### Legal compliance

We create jobs both directly at our production site and indirectly in upstream and downstream business sectors. As good citizens we promote economic development with our salaries and wages, investment, procurement, and taxes.

### Compliance with laws and regulations

#### Responsible tax strategy

We understand that tax revenues are important for financing government investments and expenditures. As part of our corporate responsibility, we strive to ensure that we comply with applicable tax laws and regulations and pay applicable taxes. Our Tax Principles set out values and principles that guide our actions with respect to taxation. We have designed our internal control processes and procedures to ensure that the Company complies with tax laws and avoid any violations of applicable laws and mitigate any reputational risk.

Our business transactions are organized on the basis of sound legal, commercial grounds and facts, and do not use any aggressive or artificial tax arrangements.

### Mining and environmental compliance

TPCPLC complies with relevant laws, regulations, and standards, incorporating labor standards, human rights, environmental protection, and anti-corruption measures into daily operations. Contracts with employees and contractors/suppliers also include or cover human rights and a code of conduct.

All these principles are key in the labour standards. We expect our employees and business partners to comply with these central guidelines and recommendations. In addition, our suppliers are also obliged to comply with our Code of Business Conduct.

As a Company, we acknowledge the environmental impact of our quarrying activities and allocate resources towards complying with existing laws and regulations. To rehabilitate the mined areas, we have implemented programs and operate a tree nursery that raises seedlings. These seedlings are not only planted within our mining areas but also donated to external stakeholders. Additionally, we utilize our tree nursery for training purposes and research aimed at promoting sustainable ecosystems

### Compliance management

Our Company's compliance program, deeply ingrained in the TPCPLC culture, is a comprehensive framework managed by the compliance department that establishes and enforces compliance guidelines.

This program, rooted in our Code of Conduct, is led by the Internal Auditor/Quality Assurance Manager and addresses all compliance topics relevant to TPCPLC's operations, including competition law, anti-corruption, and human rights. While all employees are responsible for ensuring compliance with applicable laws and regulations, management provides training and distributes the code of conduct to staff to ensure adherence to these principles.

The Board and management have set a zero-tolerance policy on violations of laws and regulations, making compliance a top priority across all stakeholders.

In addition, employees can report any violation of laws and regulations through unanimous call channel, an internet-based system known as "SpeakUp".

## Compliance activities

In 2022, the Company concentrated its efforts on training of our employees. The training was focused on preventing corruption, code of conduct, compliance basics, competition law, and anti-money laundry (AML). These trainings were due to their high risk profile at our Company. Our Company registered 136 employees for compliance training (see table in the next page). We also intensified our efforts to protect human rights in our supply chain.

### E-learning Completion Rates

	2022 2 yy HY I*	2022 2 yy HY I**	2022 2 yy HY I*
<b>Compliance Basics</b>			
Nb total still active users assigned#	136	5	37
Completed	136	5	37
<b>Completion rate of total assigned users</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Competition law</b>			
Nb total still active users assigned#	11	4	34
Completed	11	4	34
<b>Completion rate of total assigned users</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Preventing corruption</b>			
Nb total still active users assigned#	29	5	75
Completed	29	5	75
<b>Completion rate of total assigned users</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*H1 = As in Compliance Report January-June

\*H2 = As in Compliance Report July-December

# Figures refer to the repetition cycle of two years between main roll-outs of each compliance course.





## Product and Innovation

As part of the HeidelbergMaterials, TPCPLC is committed to offer carbon-neutral products in its portfolio. To achieve this, we must appreciate the amount of research and development that has taken place at the Group level and cascaded down to all subsidiaries including TPCPLC. Our Company is committed to reduce CO<sub>2</sub> emission in its operations. This requires among other things innovation and process improvement that will minimize energy consumption. Thus, minimal environmental impact and cost reduction. To achieve this goal, we have consolidated our efforts into the following focus areas:

### Focus on customers

TPCPLC is dedicated to delivering quality products and services to its customers. Our team is committed to maintaining a competitive edge both at Wazo Hill and in the market, thanks to our diverse distribution network, which allows our products to reach remote areas. Our company also exports products to neighboring East African countries. We strive to provide a customer experience that goes beyond the products we offer by understanding their needs, providing expert advice on product application, high-quality service, and customized solutions that fit their environment.

### Machinery technological improvements

The Company continues to invest in modern technology to improve overall plant capacity. That is, to increase production capacity, improve quality, reduce energy consumption and reduce environmental footprint. From 2021, the Company took the following initiatives:

- Rehabilitate Cement Mill 2.
- Implement Cement Kiln Dust (CKD) Project - with the CKD in place, the Company is now able to collect kiln dust and utilize the dust as raw material in cement production. The recycling of kiln dust improves the raw materials mix as well as CO<sub>2</sub> emission.
- Construction of Alternative Fuel Plant – the Company intends to use this plant to generate energy for use in the production process. The input for this plant will be sourced locally and will include materials such as rice husks, cashew nuts, saw dust, plastic wastes etc. Energy generated from this plant will complement the natural gas currently used in the production of cement. This plant can be used to recycle municipal wastes and thus improves the general hygiene of the city of Dar es Salaam. The construction of the alternative fuel plant started in the last quarter of 2022 and will be commissioned in 2023. The alternative fuel plant will play a vital role in the reduction of CO<sub>2</sub> footprints in our operations.
- Continuous improvements of cement mill no. 4 and 5 lines, and kiln no. 3 and 4 lines.

### Use of recycled of materials

As part of our efforts to adopt sustainable practices, we have established a plant to utilize biomass and recycled materials as a source of energy for our production processes. This alternative fuel plant enables us to generate the energy needed for clinker production while reducing our reliance on traditional fossil fuels.

### Digitalization

To deliver better services to customers, TPCPLC is embracing digitalization, which involves examining the entire value chain, including quarrying, production, procurement, and logistics, among others. The Company is actively involved in the digital space to optimize its customer-centric culture. After constant engagement with stakeholders, TPCPLC has developed solutions such as a customer portal, e-procurement, and logistic management systems.

### Sustainable products

TPCPLC is committed to reduce to the lowest possible from its operations and products offered to customers. This is in sync with the Sustainability Commitments 2030. The Company, with the help of HC Group, continues to invest in developing innovative low-carbon production technologies and products.

In alignment with the Sustainability Commitments 2030, TPCPLC is dedicated to minimizing its carbon footprint in its operations and products. The Company collaborates with HC Group to invest in novel low-carbon production technologies and products.

## Production and Supply Chain

TPCPLC focuses its sustainability strategy on environmental responsibility, ensuring permanent availability of resources and climate protection. Our production processes operate sustainably, and we aim to make our suppliers and business partners aware of and adhere to our standards through our Code of Business Conduct.

### Environmental management

TPCPLC’s Board of Directors has integrated environmental protection into the company’s business strategy. The management team is responsible for reporting all matters related to the sustainability agenda to the Board, and the Managing Director oversees the entire sustainability agenda with the help of the management team. Guidelines and goals are created to assist operating units in implementing practical sustainability initiatives and improving areas of concern, and action plans are coordinated to ensure the successful implementation of these initiatives.

The Environment Manager is responsible for the proper recording and transmission of data related to production, operations, consumption, and emissions, as well as the day-to-day operations of environment-related activities and compliance with legal and regulatory requirements.

In the reporting year, TPCPLC did not violate any environmental protection laws during its business activities. The company continues to maintain its ISO 14001:2015 Environmental Management Systems (EMS) certification, and a renewal audit was conducted in 2019. TPCPLC strives to improve its Environmental Management Systems by following planned Environmental Monitoring Programmes as per national and Heidelberg Cement requirements and keeping up with environmental trends.

#### ISO 14001: 2015 Environmental Management Systems (EMS) certified

Our plant renewed its certification on environmental management systems in 2019

## Energy and climate protection

The production of cement requires a significant amount of energy to generate the high temperatures necessary for burning limestone, which results in CO2 emissions from combustion.

The calcination process, where the raw material is heated to temperatures as high as 1,450°C, also produces process-related CO2 emissions from the limestone. TPCPLC is committed to climate protection and reducing its carbon footprint in accordance with its sustainability commitments for 2030. To achieve this, the Company aims to increase the proportion of alternative fuel in the mix to 10% by 2023 and to intensify the use of alternative raw materials, thereby reducing the clinker-to-cement ratio. By utilizing waste materials and by-products from other industries as raw materials and fuels, TPCPLC is promoting a circular economy.

	2020	2021	2022
Specific net CO2 emissions	525	523	539
Alternative fuel rate	0.2%	0.5%	3.1%

### Reduction of Scope 2 emissions

#### Alternative fuels

Our Company values waste materials and by-products from other industries as valuable resources in the production of cement, serving as substitutes to fossil fuels and natural raw materials which are limited. This approach not only conserves these finite resources, but also addresses waste disposal challenges while reducing our CO2 emissions. In 2022, our Company utilized waste-based biomass as a substitute for traditional fuel, contributing to 3% of our alternative fuel mix. By using these waste materials, we promote a circular economy and reduce our environmental impact while supporting sustainable practices.

#### Alternative fuels to replace natural resources

To assist Heidelberg Material in achieving their goal of reducing CO2 emissions to almost half of 1990 levels by 2030, our Company is increasing the use of alternative fuels. The Alternative Fuels Project is led by a team of experts from various departments. As of 2022, the proportion of alternative fuel in the mix was 5%, and we aim to increase it to 15% by 2030 through our Alternative Master Plan, thus achieving our CO2 reduction targets.

#### Use of hazardous materials

Our Company contributes to the Country’s hazardous waste disposal by utilizing cement plants. This is one of the safest methods for disposing of hazardous waste, as our kilns operate at high temperatures of over 1,400°C, ensuring complete destruction of all harmful components. We offer this service as needed, and it is an essential aspect of the country’s waste disposal process.



## Land use and biodiversity

Currently, our Company operates a quarry situated at Wazo Hill from where we extract the raw materials necessary for the production of cement and clinker. Our mining activities strictly adhere to the legal framework governing mining and environmental regulations. We comply with the Mining Acts 2010 and Mining Regulations 2010, including any revisions or amendments related to them.

### Quarry Rehabilitation and Renaturation

TPCPLC's Quarry Rehabilitation and Renaturation Project (QRRP) began in 2010. The project involves selecting, planting, and caring for trees and vegetation within the Wazo Hill quarry. It aims to support urban greening and environmental conservation activities, as well as to raise environmental awareness and build capacity to promote environmental conservation in Tanzania.

Indicator	Measurement	Impact
Seedling raised in quarry	Number	12,609
Total trees planted in the quarry	Number	3,393
Total trees donated to stakeholders	Number	25,165
Survival rate of seedlings raised in the nursery	%	85.48%
Survival rate of trees planted in the quarry	%	52.81%

Indicator	Measurement	Impact
Approximated area coverage	Area	3
Training workshops / seminar / awareness	Events	5

Quarry rehabilitation and renaturation is an on-going exercise and it is integrated into the Company's operations. This is a requirement that the Company is committed to comply.

### Biodiversity management at our quarry

Life is continually coming back within the quarry through biodiversity enhancement as a result of project implementation. The biodiversity is in the various forms of flora and fauna species. While the fauna species include a good representation of all key taxa of wildlife including birds, reptiles, amphibians, mammals and invertebrates; the vegetation component is characterized by the enhancement secondary vegetation catalyzed by the ongoing rehabilitation and renaturation efforts as well as the continuous emergent of the natural vegetation. It was noted that between 2018 - 2022, the number of bird species increased to 125 from 108.

16%

increase in the number of bird species between 2018 and 2022 from 108 to 125 respectively



## Local environmental impact

### Quarry Life Award

The Quarry Life Award, a research and education competition, is participated by TPCPLC as part of the Group’s initiatives. It is open to researchers, university students, non-governmental organizations, and local communities surrounding our Company’s quarry. The competition aims to generate feasible ideas or solutions for the ecosystem at our quarry. In the 2022 competition, 6 research entries were presented, including 3 scientific and 3 community-based projects.

### Air pollutants and noise

The Company’s Sustainability Commitments 2030 includes managing and controlling emissions from the plant, including those related to dust and noise. To mitigate the impact of our activities on the environment and neighbouring communities, we have installed filters to suppress emissions of air pollutants. We ensure that the emissions are within the national legal limits and have pledged to reduce air pollutants.



### Waste materials

Our focus in waste management is mainly on kiln dust, a byproduct of clinker production. Kiln dust is removed from the kiln systems to prevent any disturbance to proper kiln operation. The Company takes advantage of kiln dust’s unique properties and uses it as an alternative raw material in cement production.

### Water management

TPCPLC has committed to minimizing the impact of its operations on natural water resources by reusing 40% of the water it uses. To achieve this, water is stored in reserve tanks and circulated to cool machinery. The resulting hot water is then sent to the chiller for cooling before being returned to the reserve tanks for recirculation. The Company also adheres to environmental regulations to ensure that its quarrying activities do not pose a risk to surface water or groundwater resources in the local area. The water used by the Company is supplied by DAWASA, stored in reserve tanks, and circulated for cooling machines. To minimize water consumption, the Company recycles 40% of the water. Wastewater from Company buildings is disposed of through the municipal wastewater system in compliance with environmental regulations.

### Management of supplier relations

TPCPLC procured goods and services with a total value of TZS 294.5 billion. This is equivalent to 59% of total revenue.

Cost as a % of revenue	2020	2021	2022
Costs	21%	24%	24%
Raw materials	20%	17%	17%
Energy	9%	5%	6%
Grinding and packaging	4%	4%	4%
Repair and maintainance	3%	4%	6%
Distribution	2%	1%	1%
Consumables	3%	1%	2%
Others	0%	0%	0%

Our Company is committed to ensuring supply chain sustainability by adhering to relevant standards. Our purchasing guidelines cover supplier relations and purchasing processes, with the Supplier Code of Conduct being a critical tool. This code incorporates key elements of international social accountability and environmental standards, as well as the principles of the International Labour Organization. Suppliers who fail to comply with the Code and correct identified deficiencies may have their contracts terminated. We communicate our sustainable supply chain standards to suppliers and hold discussions to address requirements beyond the Code of Conduct.

77%

of our procurement volume is from local supplies



## Occupational Health and Safety

360 hours without Loss Time Injuries (LTI).  
Health and Safety is our Top Priority.



The safety and health of everyone involved in our operations remain a top priority for TPCPLC. We invest in health and safety to create a safe work environment and prevent accidents that may result in fatalities, injuries, disabilities or illnesses. Our occupational health and safety policy outlines our commitment to protecting our employees and stakeholders.

### Key Health and Safety highlights for year 2022

	2020	2021	2022
Lost time injury employees	0	1	0
Lost time injury contractors	3	0	0
Lost time injury frequency rate	0	2	0
OH&S expenditure (TZS'Billion)	1.79	1.64	1.59

### Occupational safety as a management task

At TPCPLC, the management of health and safety is a top priority, and the company invests in appropriate tools and standards to ensure a safe work environment for all stakeholders. The Occupational Health and Safety (OH&S) Policy, OH&S standards, and Occupational Health and Safety Management Systems

(OHSMS) are used as risk management strategies. The company is ISO 45001:2018 certified, and it complies with local, regional, national, and international OH&S legislation.

The Health and Safety department monitors OH&S activities, ensures that employees and subcontractors comply with rules, and implements measures such as training, risk assessments, and health and safety reporting. Employees have a platform to record safety matters through support from the HC Group. TPCPLC also fulfills legal requirements by conducting medical surveillance, which includes annual fitness to work medical examinations covering general physical examination, vision test, blood pressure measurement, lung function test, and hearing test.

As of December 2022, the Company has achieved over 360 hours without any Loss Time Injuries (LTI). This milestone demonstrates the Company's unwavering commitment and dedication to providing a safe and healthy working environment for its employees and stakeholders. Moreover, this achievement highlights the positive impact of the Company's efforts to promote behavioral change among its staff and contractors regarding health and safety issues.

## Health and Safety Week 2022

The Company’s annual safety awareness program involves various activities related to occupational health and safety. Its objective is to promote a culture of health and safety in the workplace and increase awareness among workers and other stakeholders

such as transporters, health insurance providers, customers, and neighboring communities. The theme for the 2022 Health and Safety Week was Dynamic Risk Assessment is Life-saving,“ and all the activities conducted during the week were based on this theme.

Activity	Topic	Measurement	Output
Training	Non-communicable diseases	Numbers of FTE & contractors trained	230
	Basic lifesaving skills (first aid)	Numbers of FTE & contractors trained	113
	Traffic management, defensive and safe driving	Number of drivers trained	96
	LOTOTO	Numbers of FTE & contractors trained	34
	Firefighting skills	Numbers of FTE & contractors trained	207
Inspection	Plant inspection	Number of sites inspected	7
	Vehicles inspected	Number of vehicles inspected	200

## Employees and Employment

With 257 employees, TPCPLC acknowledges that their success is attributed to the staff’s efforts, enabling them to become one of the leading cement industry companies. In recognition of this, the Company prioritizes creating an appealing work environment for its employees. Being a manufacturing entity, the Company places a high emphasis on the health and safety of their workers.

### Highlights

Number of trainees and retention trends for Tanzania Portland Cement PLC.

	2020	2021	2022
Employee headcount (Full time employees)	257	260	257
Number of FTE seconded to other countries	-	2	2
Number of trainees	32	39	44

### Principles

TPCPLC believes that a sound personnel policy should value and respect the Company’s employees, who bring with them a wide range of extensive experience and talents. To achieve this, the Company is obligated to provide a conducive environment that enables employees to work with dedication and efficiency. This includes fair compensation and a non-discriminatory workplace that empowers employees to reach their full potential. As a manufacturing company, TPCPLC also prioritizes the occupational safety and health protection of its employees.

## Talent management

TPCPLC values qualified and motivated employees for their role in the Company’s success. The personnel policy focuses on identifying and developing talented employees to maintain competitiveness. Performance and potential are assessed for strategic development and succession planning. Reviews are ongoing to identify talent and support development for critical roles.

## Employment and co-determination

### Development of the number of employees

In 2022, the number of employees decreased to 257 compared to 260 in 2021 mainly due to retirements.

### Dialogue with employee representatives

TPCPLC has a positive relationship with its employees who are members of the Tanzania Union of Industrial and Commercial Workers (TUICO). A constructive relationship between TUICO and management is maintained, and a fair and transparent dialogue is upheld, as outlined in our Code of Business Conduct. The relationship between management and employees is governed by a voluntary agreement established between TUICO and the Company.

In the event of a reorganisation leading to job losses, we work in close consultation with TUICO to find a socially responsible solution. The affected employees are made aware of any development and decisions. If all options to retain the employee fail, terminal benefits are considered for those employees impacted by reorganization.



## Employees and employment



TPCPLC upholds core labor standards and guidelines with employees and stakeholders, expecting compliance from all. Employees receive booklets on the company’s code of business conduct and ethics training. Social committees, supported by TPCPLC, are open to all staff, including women’s groups and sports activities.

### Remuneration policy and working time regulation

TPCPLC’s remuneration systems are structured to reward employees based on their qualifications and, more significantly, their performance. This system is made up of two components: a fixed element governed by an individual employment contract or collective bargaining agreement, and a variable element based on both the individual’s and Company’s performance. To be eligible for the variable element, both the financial and sustainability targets, including CO2 reduction, must be met.

### Personnel costs and social benefits

Expenditure on personnel costs increased by 2.8% compared to the previous year, amounting to TZS 22.28 billion (2021: TZS 21.67 billion), which includes salaries, wages, post-employment, and social security contributions. TPCPLC also provides other benefits to its employees, such as transportation to and from the office, canteen services, medical coverage, and long-service awards.

### Training

The Company places great emphasis on talent development, with formal training courses such as the Young Engineers Talent, Middle Managers, and Senior Manager Programs. Furthermore, the Company supports its employees in pursuing professional qualifications in their respective fields. TPCPLC also cooperates with the government to provide practical training to graduates. As of 31 December 2022, the percentage of retained trainees at TPCPLC was 5%, and the trend of trainees is shown below.

### Number of trainees and retention trends for TPCPLC

	2020	2021	2022
Trainees	32	39	44
Retained	3	5	2
Rate	9%	13%	5%

## Diversity management

### Diversity as a factor for success

TPCPLC’s personnel policy seeks to build a team with a variety of experiences, skills, and personalities. Diversity is regarded as an asset to the company, including gender, age, cultural, and ethnic origin. This diversity, along with a strong corporate culture, has a positive impact on innovation and enhances overall company performance. A primary objective of the company is to attract and promote highly skilled and dedicated employees who can bring diverse professional and social skills to the organization, thereby contributing to its success.

### Women in leadership positions

TPCPLC is making significant strides towards its sustainability objective of increasing the proportion of women in its workforce.

This criterion is taken into account when recruiting candidates for different positions within the company, promoting diversity and inclusivity.

As of December 31, 2022, the number of women in leadership positions remained unchanged at 7, the same as in 2021. Furthermore, there is one woman who serves as a member of the Board of Directors, representing 16.7% of the current Board consisting of six (6) Directors.

## Society and Corporate Responsibility

### Social responsibility

Businesses worldwide are recognizing the importance of their role in promoting social development, and corporate social responsibility (CSR) goes beyond just business processes. TPCPLC is dedicated to making a positive impact in this regard. As a responsible corporate entity, TPCPLC interacts actively with nearby and local communities and encourages a lively and dynamic society through volunteer initiatives. While meeting local needs, TPCPLC ensures it respects and preserves cultures and identities.

### TPCPLC’s social responsibility and the sustainability ambition 2022

TPCPLC’s Corporate Social Responsibility (CSR) strategy outlines its objectives and focus for 2022-2023, aimed at ensuring efficient coordination of voluntary activities that involve both employees and stakeholders. The management is responsible for deciding on the specific actions to be taken and the external partners to collaborate with, based on Heidelberg Cement’s and TPCPLC’s leadership principles, code of conduct, corporate citizenship policy, and other compliance standards. The strategy aligns with the Company’s commitment to responsible business practices and community engagement.

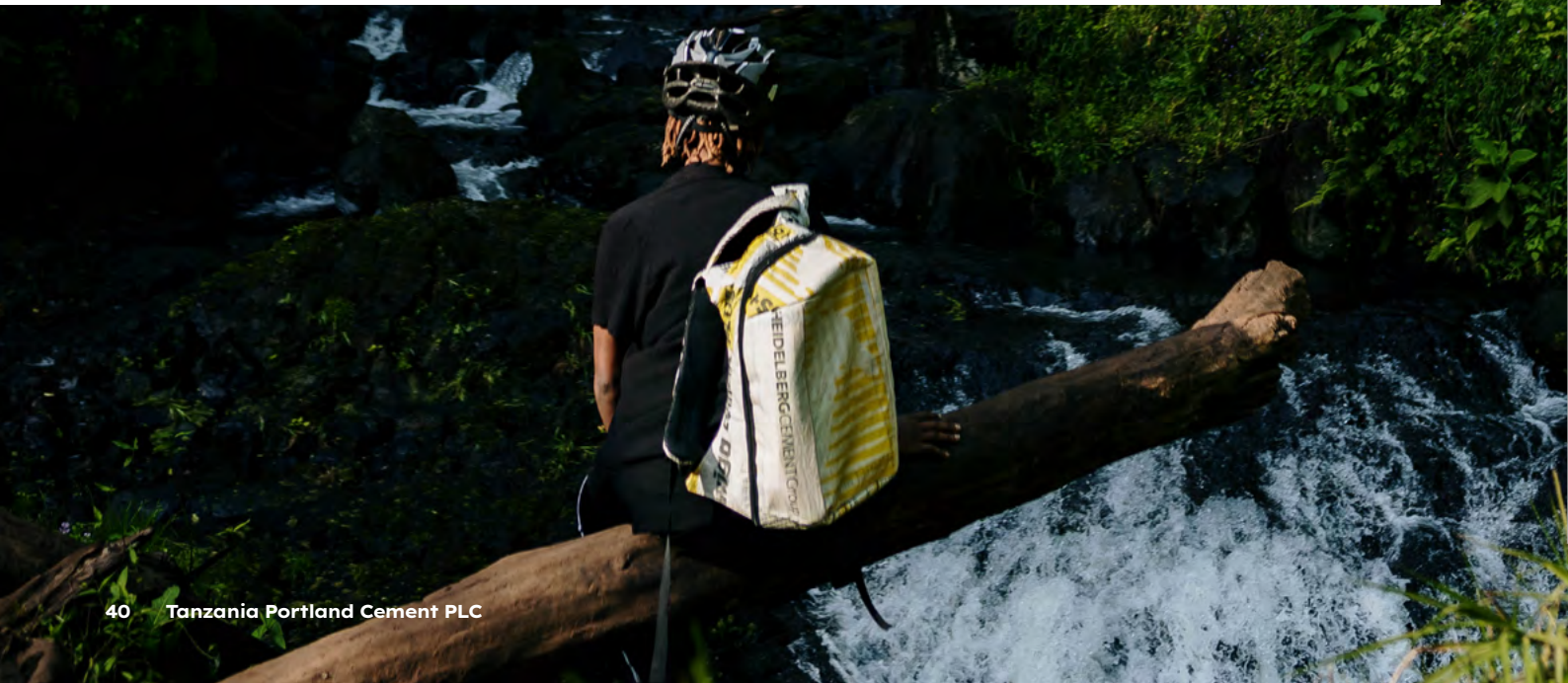
### TPCPLC’s social responsibility areas of focus

TPCPLC supports projects, organizations and initiatives that are based in Tanzania and aligned with TPCPLC’s Code of Business Conduct, other compliance standards, the Leadership Principles and the sustainability ambition 2022 to create long term benefits and value for the society and have a high profile within the society and meet the legal regulations.

Key areas of focus	Our progress
Building, architecture and infrastructure	Providing practical help in the construction of buildings and infrastructure for the benefit of society.
Environment, climate and biodiversity	Cooperating with partners in order to preserve and protect environment by promoting climate protection and biological diversity.
Education, training and culture	Improving children’s chances of succeeding in education by promoting the physical, cognitive, linguistic and socio- emotional development of students. Promoting culture helps increase creativity, diversity and quality of life.
Emerging events	Contributing to numerous emerging activities if the budget allows and if the events are in line with the areas of focus of our CSR strategy.

### Achieving the goals

The CSR initiatives complement Heidelberg Cement Group’s Sustainable Ambitions 2030 program. The 2022 program focuses on projects aimed at environmental preservation and people’s well-being, which aligns with our corporate responsibility. The highest priority areas of the program are health and safety, biodiversity, sustainable construction, waste management, climate protection, and reducing environmental impacts. TPCPLC will utilize its management expertise to oversee the projects and employ monitoring and evaluation techniques to ensure that beneficiaries receive maximum benefits





## Our CSR collaborations in pictures

### Volunteering



Our champion, Collins together with the TPCPLC team visited Mogha Primary School to talk to the students and inspire them towards attaining their goals in life. Collins provided an inspiring message to the young students at Moga Primary School on how to be successful in life through setting goals, be positive, disciplined, hard work and being humble  
“Mogha Primary School”



During Safety Week in 2022, the Safety and CSR team from TPCPLC visited Boko Secondary School to provide in-depth training in first aid and firefighting. During the tour, we observed a variety of ongoing projects around the school, such as the renovation of classrooms and construction of a wall fence around the school. In recognition of these needs, the Company donated bags of cement to assist the school to complete these projects.  
“Boko Secondary School”



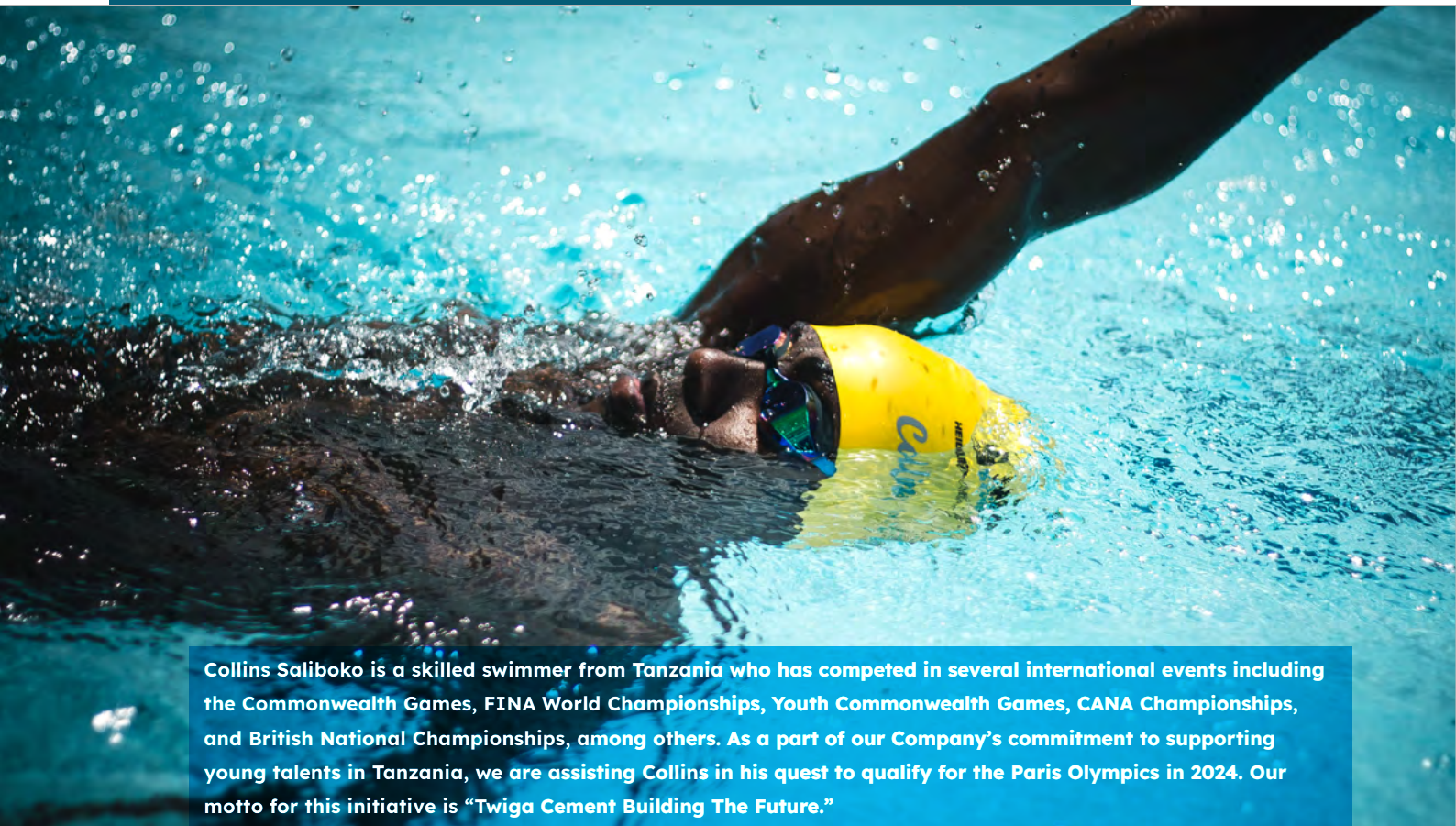
## Our CSR collaborations in pictures

### Sponsoring



The Company sponsored staff who participated in the CRDB Marathon to raise funds to Jakaya Kikwete Cardiac Institute (JKCI) paediatric cardiac operations and the CCBRT campaign to improve maternal health outcomes in high-risk pregnancies

“CRDB Marathon”



Collins Saliboko is a skilled swimmer from Tanzania who has competed in several international events including the Commonwealth Games, FINA World Championships, Youth Commonwealth Games, CANA Championships, and British National Championships, among others. As a part of our Company’s commitment to supporting young talents in Tanzania, we are assisting Collins in his quest to qualify for the Paris Olympics in 2024. Our motto for this initiative is “Twiga Cement Building The Future.”

“Collins Saliboko”



## Education and Charity

As a part of its CSR efforts, the Company strives to provide support to schools and orphanages located near the factory and other locations across Tanzania. The Company extends assistance to schools and orphanages by providing general support and cement for the construction and renovation of classrooms and dormitories.



In 2022, during the Health and Safety Week commemoration, the Company visited Boko Secondary School and donated bags of cement to cater to the repair and maintenance needs of the school.  
“Mogha Primary School”



Located within the cement plant surrounding communities. Center has around 70 children between the ages of 1-17yrs. TPCPLC Womens group as continuously supported with center with foods, books and building materials over the years, which has enabled the center to build a separate boarding house for children above 10yrs. TPCPLC Women donated books, food stuff and some bags to the children’s center.  
“Mama wa Huruma (Mother of Mercy) Orphanage”



**Next Section:**

# **Reports to Our Shareholders**







## In the Section

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# The Report By Those Charged With Governance

The directors present their report and the audited financial statements for the financial year ended 31 December 2022 which disclose the state of affairs of Tanzania Portland Cement Public Limited Company (“the Company” or “TPCPLC”).



## Incorporation

The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a Public Company limited by shares.



## Our Vision

To develop a strong identity, be the market leader and the first choice amongst cement consumers in Tanzania.



## Our Mission

To satisfy customers by providing them with high-quality products and services at an affordable price.

## Company Operations

### Principal Activities

The Company’s principal activity during the year was manufacturing cement at its plant at Tegeta – Wazo Hill, Dar Es Salaam, Tanzania and selling cement both inside and outside Tanzania.

### Economic and Market Environment

Throughout 2022, the worldwide economy experienced a substantial decline in comparison to the previous year. Numerous nations saw a notable increase in energy and fuel prices due to geopolitical tensions such as the Russia-Ukraine conflict, which also caused a surge in global food prices

and caused supply chain issues. As well, Tanzania’s annual headline inflation for 2022 escalated to 4.3% compared to the previous year’s 3.7%.

Despite steady growth driven by increased construction activities and the government’s emphasis on infrastructure development, Tanzania’s cement market remains fiercely competitive. The high production costs, which are partly due to expensive energy and raw materials, pose significant challenges to maintaining competitiveness in both the local and export markets.

## Business Model

As a major cement producer in the country, TPCPLC has a strong sales record. Our products cater to the increasing demands for housing, transportation, and economic development in Tanzania and East Africa by supporting the construction of residential, commercial, and industrial facilities. We are also committed to achieving carbon neutrality in cement manufacturing and are working towards sustainable and intelligent cement technologies while offering digital solutions to our customers.

Our business model covers the entire value chain from the extraction of raw materials to the processing of cement and distribution to customers. Our operations are supported by Central Competency Centers for technology, which are owned by our main shareholder. We carry out geological exploration of raw material reserves, assess environmental impact, extract raw materials, rehabilitate extracted areas, and produce cement as part of our operational processes.

### Products

Cement is our core product. We classify our high-quality cement based on its early and final strength and composition. Our clients for our top-notch cement range from regular constructions and government infrastructure projects to producers of ready-mix concrete, and the general public through our distributorship network. Our cement products are packaged in bags, big bags, and bulk.

In simple terms, below is the list of our top-notch products;

#### Twiga Ordinary (CEM I 42.5N)

Mainly used for high-quality concrete, and overall building of large buildings, dams, and bridges.







### Twiga Plus+ (CEM II B-L 42.5N)

Mainly used for building blocks, large and medium size buildings, dams and bridges, etc.

### Twiga Extra (CEM II B-L 32.5 R)

Mainly used for the overall building of houses and block making etc.



### Twiga Super (CEM II B-L 32.5N)

Mainly used for the improvement of soil binding strength, most especially road constructions, etc.

### Twiga Jenga (MC 22.5 X)

Mainly used for installation of tiles, minor house improvements, building blocks, etc.



## The significance of integrating sustainability into the business model

We aim to make a significant improvement in reducing the environmental impact of our business operations and decreasing our carbon footprint. As one of the leading cement manufacturers in the country, we acknowledge our responsibility to lead the way in driving sustainable practices across the industry. Our goal is to contribute significantly towards sustainable cement production and achieving carbon neutrality through prioritizing social and environmental responsibility as well.

To achieve our objective, climate protection is an essential element of our business strategy. We understand that cement production generates CO<sub>2</sub> due to the chemical processes required for clinker burning, which is why we are increasing our use of alternative raw materials and fuels to reduce CO<sub>2</sub> emissions.

We are also working to optimize our production processes to increase energy efficiency while promoting circularity and a strong circular economy to reduce the consumption

of primary raw materials. At the product level, we prioritize low-carbon cement compositions, the use of recycled materials, and the adoption of new technologies to support our goal of achieving carbon neutrality.

## External factors of influence

Apart from weather conditions and economic and population growth, the operational and economic development of TPCPLC is primarily impacted by fluctuations in energy and raw material prices in both local and global markets, changes in the regulatory environment, and competition within the markets where we operate.

## Digitalisation

Digitalisation – including digital products and applications plays a crucial role throughout our entire value chain, from raw materials mining, production, and logistics to the final interaction with our customers. TPCPLC has set itself the target of becoming the leading tech company in the cement industry. We aim to use digital solutions to contribute to Company growth and increase efficiency in production and administration. Our digital transformation strategy in sales is to cover more than 75% of our sales volume via digital interfaces to customers (customer portal app) in 2023.

## Corporate Portfolio

Our customer portfolio is diversified, including both developed and growth markets, and we consider it to be a strength. We aim to simplify the portfolio through active management and prioritize the strongest market positions based on defined financial and non-financial criteria.

We plan to expand our presence in markets with growth potential, while also vertically integrating along the value chain in markets where we can achieve strong synergy effects and strengthen our positions. Furthermore, we will continue to invest in sustainability and digitalization, which we see as transformative areas, and expand our portfolio in these areas.

## Business Model *Continued*

### Value creation for our shareholders

In order to achieve sustainable value and measure our business success, we have established key performance indicators that are relevant for management. These include the result of the current operation (RCO), return on invested capital (ROIC), and net CO2 emissions. In addition, we also use revenue development, result of the current operation before depreciation (RCOBD) margin, and leverage ratio as supporting information.

To evaluate and achieve our strategic goals, we have implemented a value-oriented management system. This system involves annual operational planning, management and control throughout the year, monthly management meetings, and regular departmental meetings.

We employ a comprehensive system of standardized reports to manage and control the company throughout the year. These reports cover TPCPLC’s assets, cash position, and earnings position, with the indicators used being uniform throughout the company. Weekly reports on cash inflow and outflow are prepared, and monthly reports cover operating profit, production, and maintenance.

Detailed financial reports are provided at the end of each month and quarter. During quarterly management meetings, TPCPLC’s key management personnel and main shareholder’s cluster

managers discuss business developments, including target achievement, the outlook for the fiscal year, and any necessary measures based on TPCPLC’s quarterly forecasts.

### Value we Created

Operating Profit

**TZS 135.9bn** 2021: TZS 125.6bn

Profit After Tax

**TZS 97.4bn** 2021: TZS 88.5bn

Operating Cash Flow

**TZS 79.2bn** 2021: TZS 113.3bn

### Benefits to Stakeholders

**To our Shareholders:** Returns and growth

**To our Customers:** Quality products

**To Government:** Taxes and quality products for infrastructure development

**To Society:** People career development and better built environment

## Research and development

TPCPLC’s research and development (R&D) efforts aim to create innovative products, develop new product formulations, and improve processes in order to lower energy consumption, conserve resources, strengthen the circular economy, reduce CO2 emissions and costs, and enhance customer satisfaction.

### Our Research and Development Focus



#### Advanced automation solutions development

Utilizing artificial intelligence, we seek to reduce energy consumption, maintain equipment in optimal condition, and ensure consistent product quality.



#### Carbon footprint reduction through cement development

We are working on composite cement with lower clinker content. This is the most crucial step in reducing energy consumption and CO2 emissions during production, while also helping to preserve natural resources.



#### CO2 reduction technology development

We aim to increase the use of biomass fuels and are currently exploring more stable sources for this purpose.



## Operational Performance

TPCPLC outlook in numbers.

Figures in TZS Millions	2022	2021	Change%
<b>Income statement</b>			
Revenue	494,716	449,509	+10.1%
Operating profit	135,939	125,582	+8.2%
Profit for the financial year	97,359	88,482	+10.0%
Earnings per share (TZS)	541	492	+10.0%
Dividend per share (TZS)	390	390	0.0%
<b>Investments in Tangible Assets &amp; PPE</b>			
	<b>14,611</b>	<b>27,828</b>	<b>-47.5%</b>
<b>Depreciation and amortisation</b>			
	<b>20,645</b>	<b>18,666</b>	<b>+10.6%</b>
<b>Balance sheet</b>			
Non-current assets	149,032	148,636	+0.3%
Current assets	269,860	230,678	+17.0%
Equity	299,738	272,236	+10.1%
Non-current liabilities	20,822	19,545	+6.5%
Current liabilities	98,333	87,533	+12.3%
Balance Sheet Total	418,893	379,314	+10.4%
<b>Ratios</b>			
Operating Income (OI) Margin	27.5%	27.9%	-0.5%
Return on total assets before taxes <sup>9</sup>	33.6%	33.9%	-0.3%
Return on equity <sup>10</sup>	32.6%	32.1%	+0.5%
Return on revenue <sup>11</sup>	19.7%	19.4%	+0.3%
<b>Non-Financial Figures:</b>			
Number of employees at year-end	257	260	-1.2%

Extensive operating results information is found from page 98.

### Revenue and results

There has been a general improvement in production, with an increase of 4.8% in clinker production and 4.7% in cement production compared to 2021. This can be attributed to the overall improvement in the performance of the machines as well as cement in the market growth despite stiff competition.

<b>Clinker production</b>	
<b>Cement production</b>	
<b>Cement sales volume</b>	

The Company recorded an increase in sales volume by 4.7% compared to 2021. The turnover increased from 449.5 billion in 2021 to TZS 494.7 billion in 2022,

an increase of 10.1%. The overall improved performance and market growth have contributed to this increase in turnover.

<sup>9</sup> Result before tax from continuing operations + interest expenses / balance sheet total  
<sup>10</sup> Net income from continuing operations/equity  
<sup>11</sup> Net income from continuing operations/revenue

In comparison to the previous year, Twiga Plus has experienced an increase in turnover of TZS 81.4 billion. However, Twiga Extra's turnover has decreased by TZS 31.3 billion and Twiga Ordinary's turnover has decreased by TZS 7.9 billion, in comparison to the previous year.

The cost of sales increased by 12.1% compared to 2021, mainly as a result of increased raw materials costs due to increased production, and distribution costs associated with deliveries of cement to customers.

The Company made a total operating profit of TZS 135.9 billion compared to TZS 125.6 billion in 2021, an increase of 8.0%. Profit before tax increased from TZS 128.0 billion in 2021 to TZS 140.1 billion in 2022.

After the effect of the income tax of TZS 42.7 billion (2021: TZS 39.6 billion), the profit for the year was TZS 97.4 billion (2021: TZS 88.5 billion). Total comprehensive income amounted to TZS 97.7 billion (2021: TZS 87.4 billion).

The Board of Directors will propose to the shareholders a dividend distribution of TZS 390 per share (2021: TZS 390 per share).

## Operational Performance *Continued*

### Cash flow position

In a challenging market environment and in the context of the significantly higher prices for energy and raw materials, increased lead times, and disruptions in the supply chain compared with the previous year, the cash inflow from operating activities in the 2022 financial year was below the level of the previous year at TZS 79.2 billion (2021: TZS 113.3 billion).

The cash flow from operating activities was negatively impacted by the increase in total operating receivables of TZS 14.6 billion and the increase in total inventories of TZS 34 billion compared to the previous year. This increase can be attributed to the rise in raw material prices and supply chain disruptions, which necessitated an increase in inventory levels to ensure the smooth running of operations.

### Earnings anticipation

We anticipate a modest growth in cement revenue in 2023, even though there is a projected uneven surge in the costs of raw materials, consumables, and supplies as well as a moderate increase in other operating expenses, we expect the operating results for the financial year 2023 to be slightly better than 2022.

### Future Prospects Of The Company

The cement market in Tanzania and the East African region has been growing steadily over the past years. TPCPLC has invested in expanded capacity, rehabilitated old clinker lines, and identified strategic sources of raw materials to secure its

operations. Additional focus has been placed on projects that will increase production capacity and reduce CO2 emissions through the utilization of biomass energy.

Cement Mill No.2 rehabilitation and the Cement Kiln Dust project (CKD) projects, all completed during the year 2021, continue to support in improvement of production capacity for the Company. The Directors believe the Company is well-placed to meet this growing demand.

The Alternative fuels project, fully completed in 2022, is supporting TPCPLC to progress further towards becoming a carbon-neutral company through improving alternative fuel consumption, thus reducing our CO2 footprint in the environment. The management is focused on sustainable production through consistent reduction of CO2 emissions and also supporting the development of a circular economy.

### Solvency Evaluation

The Directors have reviewed the current financial position of the Company and the existing short-term borrowings. Based on this review together with the current business plan, the Directors are satisfied that the Company is a solvent going concerned within the meaning ascribed by the Companies Act, 2002 of the Laws of Tanzania and International Financial Reporting Standards.

### Major Events

There were no major events during the year.









**Corporate Governance**

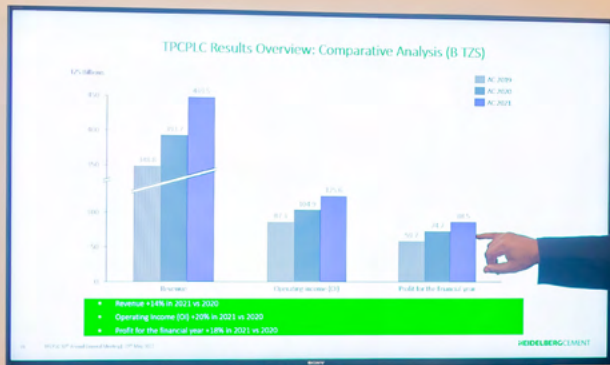
“TPCPLC adheres to strict Corporate Governance standards to ensure the Company’s long-term value and success while considering the interests of its diverse stakeholder groups, including shareholders, customers, suppliers, employees, and the communities where TPCPLC conducts its operations.”

TPCPLC has three institutions: the Annual General Meeting, the Board of Directors, and the Audit Committee. The tasks and responsibilities of these institutions are primarily based on Stock Exchange Regulations and the company’s Articles of Association. The Board of Directors is of the opinion that the Company complies with principles of good Corporate Governance as required by the Stock Exchange Regulations.

The shareholders exercise their rights before or during the Annual General Meeting and thereby exercise their voting right. The ordinary Annual General Meeting is normally held in the first five months of the financial year. A company proxy bound by instructions is also available to shareholders to exercise their voting rights at the Annual General Meeting.

**Our 3 main Corporate Governance institutions:**

1. The Annual General Meeting
2. The Board of Directors
3. The Audit Committee





## Our Code of Business Conduct (CBC)



## Corporate Governance *Continued*

# Our Board of Directors

The Board currently comprises six directors: five Non-Executive Directors and the Managing Director. The roles of the Chairman and Managing Director are separate to achieve a balance between management and control. The Board is responsible to shareholders for corporate governance of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes, and setting of authority levels. The Board is scheduled to meet 3 times during the financial year.

*The directors of the Company who served during the year, and to the date of this report*



### **Mr. Hakan Gurdal**

Chairman

Initial Appointment: 23 Aug 2016

Nationality: Turkish

Age: 54

Mr. Hakan Gurdal appointed Chairman of TPCPLC Board in August 2016. He studied mechanical engineering at the Yildiz Technical University in Istanbul and holds an MBA in International Management from the University of Istanbul. He joined Canakkale Cimento (today part of the joint venture Akcansa) in 1992. He is a member of the Managing Board since 2016; in charge of the Africa-Eastern Mediterranean Basin Group area and Purchasing.



### **Mr. Alfonso Velez**

Managing Director

Initial Appointment: 29 Aug 2017

Nationality: Spanish

Age: 54

Mr. Alfonso Velez was appointed as the Managing Director of TPCPLC from August 2016. In August 2017 he was appointed as the General Manager for Central and South-East Africa operations which comprised of Tanzania, Congo DRC, Mozambique and South Africa. Alfonso holds a Phd of Economics and Business Organization from University of Granada, MBA in Corporate Finance from University of Dallas. He has a vast experience in cement industry and related companies in Europe before joining HeidelbergMaterials Group in 2013 as the Managing Director of CIMBENIN.



### **Mr. Oswald Martin Urassa**

Director

Initial Appointment: 25 May 2016

Nationality: Tanzanian

Age: 58

Mr. Oswald Urassa, is a CFO of Tanzania Mortgage Refinance Co. Ltd. He studied finance at the University of Dar es Salaam and he is registered by the National Board of Accountants and Auditors (NBAA) in the category of Certified Public Accountant in Public Practice (CPA-PP). He has been a member of the board to various organizations including Government Employees Provident Fund (GEPF), National Board of Accountants and Auditors (NBAA), Tanzania Association of Accountants (TAA), Investment Trust Board (ITB) and Evangelical Lutheran Church of Tanzania, Eastern and Coastal Diocese (ELCT-ECD).





### **Mr. Francesco Brambilla**

Director

Initial Appointment: 25 Apr 2018

Nationality: Italian

Age: 51

Mr. Francesco Brambilla was appointed as TPCPLC board member in April 2018. He studied Civil Engineering at Pavia university (IT) and holds an MBA from Essec Business School (FRA) and Mannheim Business School (GER). He joined Heidelberg Cement in 2016 as Market Intelligence and Sales Processes Director for Africa and Eastern Mediterranean Basin Group area. With a vast experience in the cement business, prior to his current role he has covered several managerial positions both in operations and in strategy & business development, in Europe and in Africa.



### **Mrs. Ruth Henry Zaipuna**

Director

Initial Appointment: 25 May 2016

Nationality: Tanzanian

Age: 49

Mrs. Ruth Zaipuna, Tanzanian national, is the CEO at NMB Bank PLC, responsible for driving the Bank's corporate strategy to deliver sustainable business growth. Prior to joining NMB Bank PLC, She had worked with Standard Chartered Bank Tanzania and PricewaterhouseCoopers (PwC). She holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (B.Com) degree in Accounting, both from the University of Dar es Salaam and she holds an Associate Certified Public Accountant (ACPA (T)) certification.



### **Mr. Dominik Michel**

Director

Initial Appointment: 24 Nov 2021

Nationality: German

Age: 46

Mr. Dominik Michel, a German national was appointed as TPCPLC board member of TPCPLC Board in November 2021. Mr. Dominik has served as a member of the TPC PLC Audit Committee since 2015. He has served on various Boards and Audit committees in different cement plants within the group having gained finance and management experience of more than 15 years in senior positions including Finance Director/CFO in Sierra Leone, Ghana, and Egypt, respectively. He is currently the Area Director, Financial Planning & Analysis for the Groups Area Africa and the Eastern in Mediterranean (AEM) Basin in Heidelberg Materials.

- 
- All current Directors are non-executive except for the Managing Director.
  - Directors “Mrs. Ruth Henry Zaipuna” and “Mr. Oswald Martin Urassa” were re-appointed on 22nd May 2022.
  - The Company Secretary during the year ended 31 December 2022 was Mr. Brian Kangetta (Kenyan), 45 years old.
-

## Corporate Governance *Continued*

### Board of Directors *Continued*

#### The Directors’ Interest in the Shares of the Company

	Number of shares	
	2022	2021
Mr. Oswald Martin Urassa	500	500

#### Board Meetings

The table presented below displays the board members’ attendance record for the ordinary scheduled board meetings during the year.

Name	12 Apr 2022	12 Jul 2022	30 Nov 2022
Mr. Hakan Gurdal	✓	✓	✓
Mr. Dominik Michel	✓	✓	✓
Mr. Alfonso Velez	✓	✓	✓
Mr. Oswald Martin Urassa	✓	✓	✓
Mrs. Ruth Henry Zaipuna	✓	✓	x
Mr Francesco Brambilla	✓	✓	✓

✓ → Attended X → Excused

#### The Audit Committee

The Board is assisted in the discharge of its responsibilities related to financial reporting, compliance, risk management, accounting, and information systems management by the Audit Committee. The Audit Committee is chaired by one of the Non-Executive Directors. Meetings are held throughout the year and are attended by senior management and the Company’s auditors where necessary. The Audit Committee met 3 times in 2022 (2021: 3 times).

#### Audit Committee Members

The Audit Committee members who served during the year, and to the date of this report, are:

Name	Nationality	Qualification
Mr. Dominik Michel	German	Bachelor BA
Mr. Oswald Martin Urassa *	Tanzanian	B.com, MBA, CPA(T)
Mrs. Ruth Henry Zaipuna	Tanzanian	B.com, MBA, CPA(T)

\* Mr. Oswald Martin Urassa was appointed to the audit committee on 3<sup>rd</sup> December 2021.

The chairman of the audit committee is Mr. Oswald Martin Urassa.

#### Audit Committee Meetings

The table presented below displays audit committee members’ attendance records for the ordinary scheduled meetings during the year.

Name	12-Apr- 2022	12-Jul- 2022	30-Nov- 2022
Mr Dominik Michel	✓	✓	✓ Proxy to Francesco Brambilla
Mrs. Ruth Henry Zaipuna	✓	✓	x
Mr. Oswald Martin Urassa	✓	✓	✓

✓ → Attended X → Excused

#### Performance evaluation and reward

The Company has implemented an evaluation and bonus system for its managers and employees. Rewards in the form of yearly bonuses are linked to the Company’s overall financial performance, production, and health and safety, as well as individually set performance targets.

#### Risk management and internal control

TPCPLC faces several risks due to its business operations, and effective risk management is crucial for sound corporate governance. The company’s robust risk management framework facilitates early identification and methodical evaluation of potential risks, ensuring targeted risk management. Additionally, TPCPLC has an internal control system that includes both independent and integrated control measures through its internal audit function.

The Internal Auditor is responsible for establishing and implementing a yearly internal audit plan whereby compliance with policies and procedures, the adequacy of internal controls and risk management, and the potential for improvements are assessed. In addition, the Company benefits from regular reviews by the internal audit team of the main shareholder.



## Business ethics and organizational integrity

The issues of good governance and ethical conduct are critical to counterparty and investor perceptions of a listed Company. The Company strives to ensure that its integrity and professional conduct are always beyond reproach. The Company has developed ethical guidelines for its employees in order to limit the cost of unethical behaviour to its stakeholders. The Company has adopted the main shareholder's business code of conduct and anti-corruption guidelines. Hence every employee has signed a declaration to comply with these rules.

## Management reporting, financial reporting, and auditing

The Company has established management reporting procedures which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and forecasts and compared to the prior year. Financial reporting is done according to International Financial Reporting Standards (IFRS) and published twice yearly in accordance with the requirements of the Dar es Salaam Stock Exchange. The accounts for each financial year are audited by the Company's external auditors.

## Directors' Remuneration

The Company paid a total of TZS 109.3 million (2021: TZS 115.3 million) for services rendered by the Directors of the Company and members of the Audit Committee.

The remuneration for services rendered by the directors was as follows:

Figures in TZS'000	2022	2021
Chairperson of the Board	10,393	12,188
Other directors	98,345	103,692

## Key Management Personnel Of The Company

The key management personnel who served the Company during the year ended 31 December 2022 were:

Name	Position
Mr. Alfonso Velez	Managing Director
Mr. Peter James	Finance Director
Mrs. Evaline Mushi	Director of Human Resources
Mr. Yves Mataigne	Commercial Director
Mr. Gilles Covello	Technical Director
Mr. Ahmed Elsayy	Plant Manager
Mr. Jerome Mwakabaga	Health & Safety Manager
Mr. Ian Dobson*	Procurement Director
Mr. Ali Ahmed*	Procurement Director

\*Mr. Ian Dobson reallocated to other responsibilities within the Heidelberg Materials Group. Mr. Ali Ahmed was promoted to become Procurement Director during the same period.

The Company has an independent internal audit function reporting directly to the Board audit committee. The Internal Audit and Quality Assurance Manager is Gregory Ndimbo.

## Our Key Management Team

“Our leadership team that served during the year ended 31 December 2022 and drove the Company towards new record heights in both business growth and towards sustainability”



**Mr. Ahmed Elsayy**  
Plant Manager

**Mr. Ali Ahmed**  
Procurement Director

**Mrs. Evaline Mushi**  
Director of Human  
Resources

**Gregory Ndimbo**  
Internal Audit and Quality  
Assurance Manager

**Mr. Yves Mataigne**  
Commercial Director





**Mr. Alfonso Velez**  
Managing Director

**Mr. Gilles Covello**  
Technical Director

**Mr. Jerome Mwakabaga**  
Health & Safety Manager

**Mr. Peter James**  
Finance Director



“Operating within a dynamic environment, TPCPLC is subject to a range of external, operational, and financial risks. To manage these risks, the company has implemented a comprehensive framework for Risk Management and Internal Control”

Operating within a dynamic environment, TPCPLC is subject to a range of external, operational, and financial risks. To manage these risks, the company has implemented a comprehensive framework for Risk Management and Internal Control, which is supported by appropriate governance and tools. By adopting this process, the company can identify, assess, mitigate, and monitor its overall risk exposure, while integrating forward-looking risk analysis into all strategic decision-making. This approach helps to minimize the probability and impact of any potential adverse events.

The Board has the final responsibility for the risk management and internal control systems of the Company. The Board has tasked the company management to ensure adequate internal financial and operational control systems are developed, maintained, and functional on an ongoing basis in order to provide reasonable assurance of the effectiveness and efficiency of operations.

This will ensure that:

- The Company’s assets are safeguarded,
- Compliance with the applicable laws and regulations,
- Reliability of the accounting records,
- Business sustainability, and
- Responsible behaviour towards all stakeholders.

**Identification and Assessment of Risks**

Management and the internal control department regularly engage in the process of identifying risks, using various sources of information such as general macroeconomic data, industry-specific risk information, and identification tools and techniques. Additionally, they refer to an internal risk catalogue that documents financial and non-financial risk categories.

For each defined risk category, the likelihood is assessed with a minimum threshold of 10% and considering the expected impact, taking into account any risk mitigation measures already in place. A 12-month operational planning cycle is utilized to estimate the likelihood, and the effects on key parameters such as results from current operations (RCO), profit for the financial year, and cash flow are used as benchmarks to assess the potential impact. The risks are considered net of any mitigation measures.

The underlying scaling for the short-term risks incorporated into the planning cycle is as follows.

Likelihood	
Unlikely	0% to 20%
Seldom	>20% to 40%
Possible	>40% to 60%
Likely	>60% to 100%



## Risk Areas

We categorize risks that could have a significant impact on our assets, finances, and earnings into five categories: financial risks, strategic risks, operational risks, legal and compliance risks, and climate risks. These categories are based on our internal risk catalogue and establishment from our main shareholder. We will focus our risk assessment only on those risks that are deemed significant for our organization.

Below is the change in risks in comparison to the previous year.

<b>Financial risks</b>	↑
<b>Strategic risks</b>	
Economic risks	→
Political and social risks	→
Natural disasters/pandemics	→
Raw material shortages	→
Digitalisation	→
Skills shortages	→
<b>Operational risks</b>	↑
<b>Legal and compliance risks</b>	↑
<b>Climate risks</b>	→
<b>Market and reputational risks</b>	→

**Increased** ↑    **Stable** →

### Financial risks

Our significant financial risk is currency risk and liquidity risk, as well as tax risks. We manage these risks primarily as part of our ongoing business and financing activities and, when required, by using derivative financial instruments. These risk areas are monitored on a continuous basis by the Company treasury department in coordination with the treasury department of our main shareholder.

#### Currency Risk

The most significant risk position with respect to financial risks is the currency risk, particularly the translation risk. The Company's functional currency (TZS) is exposed to fluctuation in the international currency market. This exposes the Company to foreign currency exchange risks. Management is constantly

monitoring this risk and taking appropriate decisions so that its impact is minimised. More details on foreign currency risk are included in Note 42 to the financial statements.

#### Liquidity Risk

Liquidity risk exists when a company is not able to procure or generate funds necessary to fulfil operational obligations or obligations entered in connection with financial instruments. For this case, the treasury department keeps close control and planning of cash flows depending on monthly plans and uncertainties that might come up or are expected to arise as well as ensuring diversification of funding sources, this includes proper management of credit risk, ensuring adequate control on the creditworthiness of our customers and optimum coverage of credit risk through bank guarantees, accredited letters of credit and others.

#### Strategic Risks

The global and country economic and social environment is constantly changing due to worldwide trends, such as climate change, demographic development, pandemics, digitalisation, and new technologies. These trends present both risks and opportunities. A company's ability to adapt to changes determines the impact of these trends on it. Risks arising from the changing trends may affect demand, price levels, and costs, and therefore the company's earnings. In the following, we describe and assess these risks and indicate measures taken to mitigate their impact.

#### Economic risks

The economic outlook is currently influenced by considerable risks. Following global economic growth of 6.2% in 2021, the IMF's January 2023 forecast anticipates a significant decline in growth to 3.4% for 2022 and 2.9% for 2023. Despite the world economic decline, Tanzania's GDP annual growth rate for 2022 is at 5.2% in comparison to 4.9% in 2021. Fuel prices in the country remain at a surge due to the Russia-Ukraine war.

In case of a recession and a decrease in construction activity, the company may face a decline in demand and price pressure. We believe that the risk situation has tightened compared to last year. However, TPCPLC can partially mitigate this risk thanks to its diversified market portfolio and diversified sources of raw materials and spare parts which reduces dependence.

## Risk Management *Continued*

### Strategic Risks *Continued*

#### Political and social risks

The instability in the economic, social, or political landscape, such as shifts in government or heightened political tensions, civil unrest, and internal or international conflicts, can have significant effects on our assets, business, environment, and reputation. These impacts can be either direct, such as security repercussions, or indirect, such as economic unpredictability. Furthermore, they may increase our vulnerability to a wide range of risks, such as compliance, tax, access to raw materials, and reduced cash flow.

In recent years, Tanzania has experienced impressive political and economic progress and has made notable improvements in social welfare. Although the political situation has been relatively stable over time, sudden changes in the political or social landscape can directly affect the Company’s performance by impeding market outreach or obstructing the sourcing of raw materials or energy. As a result, TPCPLC conducts a systematic assessment of these risks to ensure prompt mitigation in the event of their occurrence.

#### Natural disasters/pandemics (Unforeseen external incidents)

Our business performance could be adversely affected by unforeseeable external incidents, such as natural disasters or pandemics. The potential regulatory demands associated with the emergence of new COVID-19 variants remain a risk to our operations. Typically, natural disasters and pandemics occur suddenly. However, after careful evaluation, we have determined that there is no significant risk of such incidents significantly impacting our operations.

#### Raw material shortages

The availability of raw materials has a significant impact on the cost and overall operations of our company, and consequently, it can significantly influence our financial results. We consider raw material shortages to be an industry-specific risk that could gradually affect our company. We believe that the risk outlook has remained the same compared to last year. To mitigate this risk, TPCPLC continuously monitors our raw material reserves, and local availability, and secures alternative raw materials wherever feasible.

#### Digitalisation

The business world is undergoing fundamental changes due to the digital transformation. The rise of new digital and networked technologies, as well as increasing automation, may challenge existing business models and create opportunities for new ones.

The construction and building materials industry is also gradually changing due to digitalization, which could aid in achieving climate neutrality in building design and construction. This shift could result in the construction of more energy-efficient and long-lasting buildings with lower emissions, potentially reducing cement consumption. Digitalization could also increase efficiency and productivity, such as real-time data analysis from networked systems, predictive maintenance, and better inventory and production process management.

Insufficient progress in digitalization may lead to a loss of efficiency and competitiveness. We consider digitalization as a general risk with a potential impact on the company, gradually occurring over time. We assess the risk level to be unchanged from the previous year. TPCPLC proactively explores and invests in new technologies to capitalize on new digital developments as early as possible.

#### Skills shortage

As our experienced employees age, there is a possibility of a shortage of experienced and qualified workers, which may lead to lower productivity and increased personnel expenses, ultimately raising production costs. We expect the risk level to remain unchanged from the previous year. To mitigate this risk, TPCPLC implements personnel development programs to attract and retain employees, such as cross-departmental or transnational career paths through our main shareholder.

#### Operational Risks

Operational risks mainly comprise risks concerning the development of energy and raw material costs and their availability. We also consider regulatory risks related to environmental constraints, as well as production, quality, and IT risks. Operational risks have risen compared to the previous year.

#### Energy prices and availability

Energy is key in the operational activities of the Company and thus, reliable power and gas supply and prices represent a considerable risk to the Company.

The Company depends heavily on the power supply from Tanzania Electric Supply Company Limited (TANESCO). Over the years, there have been significant improvements in power supply, though power cuts still pose a significant impact on operations.

Natural gas is used in the clinker-burning process, to produce our clinker. The company heavily depends on natural gas and thus any significant price changes or shortages have a detrimental impact on the company’s operations and production. We consider this risk to be of a medium to high risk with a high likelihood and a significant impact.



### **Availability of raw materials and additives**

To produce cement, TPCPLC needs substantial quantities of raw materials, which are primarily obtained from its own deposits. The limestone quarry owned by TPCPLC marks the starting point of the cement manufacturing process. Limestone is mixed with a proportional amount of red soil to create the raw meal, which is finely blended and fed into kilns to produce clinker. The availability of limestone is critical for uninterrupted operations, and the Company ensures that it has sufficient limestone deposits to meet its needs.

### **Production-related risks**

The cement industry involves complex technology for processing and storing raw materials, additives, and fuels, and is considered an asset-intensive industry. There is a risk of personal injury, material damage, and environmental damage due to accidents and operating risks, which may cause disruptions in operations. TPCPLCs has a risk transfer strategy that sets deductibles for insurance programs based on failure analyses spanning several years.

Although the risk of insufficient insured amounts in the event of damage, particularly from rare and severe types of damage like natural disasters, is present, it is deemed to be low. To prevent the possibility of damage and its consequences, we rely on various surveillance and security systems in our plant, integrated management systems that include high safety standards, as well as regular checks, maintenance, and servicing. We offer appropriate training to all employees to increase their awareness of potential dangers. Overall, production-related risks are deemed to be low and unlikely, with a low impact.

### **Quality risks**

Cement is subject to strict standardisation. If supplied products do not meet the prescribed standards or the customer's quality requirements, we risk losing sales volumes, facing claims for damages, and/or damaging our customer relationships. TPCPLC ensures compliance with the standards from our main shareholder and third-party laboratories by means of fine-meshed quality assurance in parallel with every process step as well as final inspections. Quality assurance controls are also carried out by independent experts as part of the extensive quality assurance programmes already in place. Overall, we consider the quality risks as a low and unlikely risks with a low impact. The Company ensures compliance with the standards at its laboratory and standard certification by the Tanzania Bureau of Standards (TBS) (ISO 9001 Certification).

### **IT risks**

Our business processes, communication, sales, logistics, and production are supported by IT systems, which can pose two main areas of risk: the unavailability of IT systems due to failures or human error, and the threat of deliberate harmful actions by both external and internal actors.

#### **To minimize IT systems availability-related risks:**

We have implemented backup procedures and standardized IT infrastructures and processes. Our internal software development teams work with IT experts from our main shareholder to use agile, iterative processes that prioritize identifying and managing risks. For sensitive use cases that interact with our transactional ERP solutions, we conduct small pilot tests with trusted partners in a structured manner to quickly identify and address risks in the early stages of development.

#### **Measures to minimise external and internal cyberattacks:**

Due to the current geopolitical situation and the increasing prevalence of cyberattacks as a business model, the threat of attack, especially from external sources, is significantly heightened. Based on a zero-trust strategy, we are increasing the security mechanisms in numerous areas. With support from the cybersecurity team from our main shareholder, we secure user identities, through lasting improvements to the security of our identification mechanisms and have begun to analyse unusual user behaviour using automated methods.

#### **To minimize the threat of external and internal cyberattacks:**

Given the current geopolitical situation and the growing trend of cyberattacks as a business model, both internal and external cyberattacks pose a significant threat. To address this, we have implemented a zero-trust strategy and are increasing security mechanisms in multiple areas. Our cybersecurity team, with the support of our main shareholder, is taking measures to enhance the security of our identification mechanisms, thereby securing user identities. Additionally, we have started using automated methods to analyse unusual user behaviour.

In general, the threat level has increased, leading us to consider the risk of system or application outages as a medium risk (compared to the previous year’s low risk) with a moderate impact (similar to the previous year’s moderate impact) and an unlikely likelihood (but still possible).

#### **Legal and compliance risks**

Our important legal and compliance risks include risks from ongoing proceedings and investigations, as well as risks arising from changes in the regulatory environment and the non-observance of compliance requirements. We are closely monitoring ongoing legal proceedings from a legal standpoint, and we have made appropriate financial provisions as per the legislative requirements to cover any potential negative impact from these proceedings.

Based on our compliance risk assessments, we have determined that TPCPLC faces a moderate compliance risk. However, the financial risk associated with compliance violations is considered low, based on the compliance cases reported and confirmed during the reporting period.

#### **Climate Risks**

The demand for cement is influenced by climate conditions, and extreme weather patterns could potentially affect the sourcing and sale of raw materials. However, in Tanzania, the climate is relatively stable, and there are no expected significant changes

from year to year. Therefore, we have evaluated this risk as low.

#### **Market and reputational risks**

One of the primary market risks for TPCPLC is competition, which is increasing in the Tanzanian market, recently with the inclusion of imported cement in the market. However, TPCPLC is well-positioned to maintain its competitive edge by relying on its high-quality cement, strong brand, skilled workforce, and effective management practices.

As the transition to a low-emission economy continues, there is a market risk associated with changes in consumer preferences. This could result in an increased substitution of cement with other building materials that are perceived to have a lower carbon footprint. Additionally, there is a risk of rising costs for raw materials, which may be partly driven by the transition to a low-emission economy.

To ensure future production, we are taking steps to secure sufficient quantities of alternative fuels and raw materials. In addition, we recognize that failure to meet our sustainability targets in a timely manner may result in negative feedback from certain stakeholders, which could pose a reputational risk to the company. Effective communication can help mitigate these risks. Overall, we consider market and reputational risks to be a general risks that could have a gradual impact on TPCPLC. We believe that the risk outlook is stable compared to the previous year.

#### **Overall risk assessment**

The Board of Directors has evaluated TPCPLC’s overall risk situation by consolidating all major and individual risks. Based on this examination, the Board is confident that there are no significant risks that would pose a threat to the company’s status as a going concern, either independently or in combination with other risks. There have been no significant changes to TPCPLC’s risk situation between the reporting date and the preparation of the 2022 financial statements. The company has a robust financial foundation, and its liquidity position is strong.



## Key Strengths, Strategies, And Resources

In pursuit of our objectives, the key strengths, and resources (both intangible and tangible) available to the Company are:

### Competent Management and Personnel

The most important singular resource of the Company is its human capital. The Company's operations are managed by competent and qualified management teams who drive the day-to-day activities to achieve the Company's objectives. The management team is supported by committed and highly skilled employees who are well experienced in cement technology and industry. The Company employs qualified and competent personnel and also invests in their training.

### Strong Brand and Quality Products

Twiga Cement is a well-known cement brand in the market and is synonymous with high quality. The brand and quality of TPCPLC products give the Company a competitive advantage in the market. To meet the quality demand of the market, the Company produces four cement products i.e., Twiga Ordinary (CEM I 42.5N), Twiga Plus (CEM IIB-L 42.5N), Twiga Extra (CEM IIB-L 32.5R) and Twiga Jenga (MC-22X) and Twiga Super (CEM IIB-L 32.5N). The quality of finished goods produced is maintained through consistent quality testing of all the raw materials at every stage of production and the finished goods produced.

### Strong Distribution Network

With a well-defined, diversified distribution network and the fleet of trucks owned by the distributors of the Company, our products can reach remote parts of the country. The Company also exports its products to various countries in the Central and East African Sub-Region.

### Market Position

Twiga Cement is the preferred brand in the market and thus places TPCPLC as the market leader. TPCPLC's market leadership is reinforced by its proximity to the main Dar es Salaam market.

### Technical Support

HeidelbergMaterials, which is the ultimate Holding Company, is the global market leader in aggregates and a prominent player in the fields of cement, concrete, and other related downstream activities, making it one of the world's largest manufacturers of building materials. TPCPLC benefits from worldwide technical support in the cement business.

### High-Quality Limestone Reserves

Limestone is the main material in cement production; the Company has adequate reserves for the cement production capacity.



## Stakeholders Relationship

**Employees** – the company put in place programs and initiatives that focus on the improvement of the employee’s welfare, keeping priorities on the health and safety and training of employees. Furthermore, the company works closely with the employee’s union (TUICO) in ensuring that all issues relating to employees are addressed. The company has maintained a good relationship with TUICO.

**Customers** – the Company is customer-oriented and is fully committed to providing value-added services, experience, and quality products to customers. Our team is determined to keep a competitive edge in our operations as well as in the market.

**Suppliers** – provide raw materials, services, spare parts, etc., that are key to the operation of the plant. The company provides an opportunity to all through the tendering process, supplier forums, site visits, and favorable terms to ensure the sustainability of operations.

**Local communities** – the company is engaged in several initiatives that ensure that matters pertaining to the communities are addressed. The company ensures that it budgets for community initiatives in the areas of education, health care, women, and children.

**Government and Regulators** – these are responsible for the provision of policies, permits, and licenses. The company continues to work closely with the government and regulators through industry bodies, and public forums. The company has in place programs to ensure that its operations comply with the various laws and regulations including environment, health, and safety. Furthermore, the company ensures that its operations promote economic and industrial development in the country.

## Political Donations

The Company did not make donations to any political parties or political causes during the year.

## Corporate Social Investment

During the year under review, the Company made donations and other contributions of a charitable nature valued at about TZS 13.1 million (2021: TZS 161.8 million).

Besides the donations, the Company has also been involved in Corporate Social Responsibility, targeting women, health care, education, and children. The total contributions were TZS 633 million (2021: TZS 91.4 million).

## Dividends

The Directors recommend payment of TZS 70.17 billion (TZS 390 per share) to shareholders as the final dividend for the year 2022. The final dividend will be approved in the annual general meeting and paid in June 2023. During the year the Company paid TZS 70.17 billion (TZS 390 per share) as the final dividend for the financial year 2021. There was no payment of interim dividend relating to the year ended 31 December 2022. In making this proposal, the Directors have taken into account the financial situation of the Company and its future needs for implementing replacement and improvement projects.

## Subsequent Events

There are no other events after the reporting period which require adjustment to, or disclosure, in the financial statements.





## Related Party Transactions

The ultimate Parent Company of TPCPLC is HeidelbergMaterials, listed on the Frankfurt Stock Exchange in the Federal Republic of Germany. HeidelbergMaterials owns indirectly 100% of Scancem International DA of Norway, which in turn owns 69.25% of the TPCPLC shares.

During the year, the Company transacted with related parties, this mainly includes the importation of raw materials from HC Trading Asia and Pacific PTE Limited and the export of coal to HC Trading GMBH. Details of related party transactions are shown in Note 38 of the financial statements.

Name	2022	2021
	% Shareholding	% Shareholding
Scancem International DA	69.25	69.25
General Public	22.78	22.78
Government Pension funds	7.75	7.75
Wazo Hill Saving and Credit Cooperative Society	0.22	0.22
	<b>100.00</b>	<b>100.00</b>

## Share Capital

The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2021: 179,923,100 ordinary shares).

There is no change in the issued share capital. The capital structure of the Company is outlined in Note 27.

The shareholding of the Company is as stated below:

## Accounting Policies

The financial statements are prepared on the underlying assumptions of a going concern. The accounting policies which are laid out in Note 3 to the financial statements are subject to annual review to ensure continuing compliance with International Financial Reporting Standards.

## Shareholders Of The Company

The total number of shareholders as at 31 December 2022 was 9,310 shareholders (2021: 9,354 shareholders), with 179,923,100 ordinary shares (2021: 179,923,100 ordinary shares). The following were the ten largest shareholders of the Company:

Name	Nationality	2022 % of Shareholding	2021 % of Shareholding
Scancem International DA	Norwegian	69.25	69.25
Public Service Social Security Fund	Tanzanian	6.16	6.16
Standard Chartered Bank Uganda	Ugandan	5.28	5.28
National Social Security Fund	Tanzanian	1.24	1.24
Umoja Unit Trust Scheme	Tanzanian	0.99	0.92
African Lions Fund LTD	Tanzanian	0.93	0.59
Murtaza Basheer Nasser	Tanzanian	0.90	0.90
Said Salim Awadh Bakhresa	Tanzanian	0.77	0.51
Sayed H. Kadri/Basharat Kadro/Mehboob Kadri/Khalid/Muzammil Kadri	Tanzanian	0.52	0.59
Zanzibar Social Security Fund	Tanzanian	0.35	0.35

## Stock Exchange Information

On 29 September 2006, the Company went public, and its shares started to trade at the Dar es Salaam Stock Exchange. During the year 2022, shares of the Company were continuously traded in the secondary market through auctions organised by the Dar es Salaam Stock Exchange (DSE). In the year 2022, the performance of the Company's shares in the secondary market was as follows: Market capitalisation as at 31 December 2022 was TZS 683.7 billion (2021: TZS 611.7 billion). The share price prevailing as at 31 December 2022 was TZS 3,800 per share, compared to TZS 3,400 one year earlier (the IPO price was TZS 435 per share).

## Serious Prejudicial Matters

During the year, there were no serious judicial matters to report as required by the Tanzania Financial Reporting Standard No. 1 (Report by those charged with Governance).

## Statement Of Compliance

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 “TFRS 1” (The Report by those charged with governance).

## Auditors

### Details

The information of the Company’s auditors for the period covered by the report is:

PricewaterhouseCoopers  
Pemba House  
369 Toure Drive  
Oyster Bay  
P.O. Box 45  
Dar es Salaam, Tanzania

Website: <https://www.pwc.co.tz/>

Firms’ PF Number: PF 047

TIN: 100212285

The engagement partner who was in charge of the audit of the Company during the period has registration number: ACPA-PP 1981

### Appointment for 2023

PricewaterhouseCoopers (PwC) was appointed to be the Company’s auditor for the year 2022. PwC has also expressed willingness to continue with the appointment and is eligible to apply for a re-appointment. A resolution proposing the appointment of the auditor for the next financial year will be put in the Annual General Meeting.

## Responsibility Of The Auditor


The Auditor is responsible for providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

## Responsibility By Those Charged With Governance

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations, and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislation relevant to the Company.

### By order of the Board of those charged with Governance

Approved by the Board of Directors on \_\_\_\_\_ April 2023 and signed on its behalf by:

Name: \_\_\_\_\_ **ALFONSO VELEZ** \_\_\_\_\_ Title: \_\_\_\_\_ **DIRECTOR** \_\_\_\_\_ Signature: \_\_\_\_\_ 

Name: \_\_\_\_\_ **RUTH ZAIPUNA** \_\_\_\_\_ Title: \_\_\_\_\_ **DIRECTOR** \_\_\_\_\_ Signature: \_\_\_\_\_ 







# Ripoti ya Wale Wanaohusika na Uongozi

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa kwa mwaka wa fedha ulioishia tarehe 31 Desemba 2022, ambazo zinafanua haliya Kampuni ya Tanzania Portland Cement Public Limited Company (“Kampuni” au “TPCPLC”).



## Usajili

Kampuni imesajiliwa Tanzania chini ya Sheria za Makampuni ya mwaka 2002 kama Kampuni ya inayomilikiwa kwa hisa.



## Dira Yetu

Kujenga chapa imara, kuwa kinara katika soko na kuwa chaguo la kwanza kwa watumiaji wa saruji Tanzania.



## Malengo Yetu

Kuwaridhisha wateja kwa kuwapa bidhaa na huduma zenye ubora wa kiwango cha juu kwa gharama nafuu.

## Operesheni za Kampuni

### Shughuli Kuu

Shughuli kuu ya Kampuni wakati wa mwaka ilikuwa uzalishaji wa saruji katika kiwanda chake kilichopo Tegeta - Wazo Hill, Dar Es Salaam, Tanzania na uzaji wa saruji ndani na nje ya Tanzania.

### Mazingira ya Kiuchumi na Soko

Katika kipindi cha mwaka 2022, uchumi wa dunia ulipungua kwa kiasi kikubwa ikilinganishwa na mwaka uliopita. Mataifa mengi yalishuhudia ongezeko kubwa la bei za nishati na mafuta kutokana na mvutano wa kijiografia na kisiasa kama vile mzozo kati ya Urusi na Ukraine, ambao pia ulisababisha

kuongezeka kwa bei za vyakula ulimwenguni na matatizo katika masuala ya ugavi. Pia, mfumuko wa bei nchini Tanzania kwa mwaka 2022 ulipanda kufikia asilimia 4.3 ikilinganishwa na asilimia 3.7 mwaka uliopita.

Licha ya ukuaji imara uliosukumwa na shughuli za ujenzi zilizoongezeka na msisitizo wa serikali katika maendeleo ya miundombinu, soko la saruji nchini Tanzania linabaki kuwa na ushindani mkali. Gharama kubwa za uzalishaji, ambazo kwa sehemu zinatokana na gharama kubwa za nishati na malighafi, zinaweka changamoto kubwa katika kudumisha ushindani katika masoko ya ndani na ya nje.

## Mfumo wa Biashara

Kama mzalishaji mkubwa wa saruji nchini, TPCPLC ina rekodi imara ya mauzo. Bidhaa zetu zinakidhi mahitaji yanayoongezeka ya makazi, usafirishaji, na maendeleo ya kiuchumi nchini Tanzania na Afrika Mashariki kwa kusaidia ujenzi wa majengo ya makazi, biashara, na viwanda. Pia, tuna dhamira ya kufikia uwiano wa kaboni katika utengenezaji wa saruji na tunafanya kazi kuelekea teknolojia intelijensia na endelevu ya saruji huku tukitoa pia suluhisho za kidijitali kwa wateja wetu.

Muundo wetu wa biashara unajumuisha muunganiko wa thamani kutoka kwenye uchimbaji wa malighafi hadi utengenezaji wa saruji na usambazaji kwa wateja wetu. Operesheni zetu zinasaidiwa na Vituo vya Ujuzi wa teknolojia, kutoka kwa HeidelbergMaterials. Tunafanya utafiti wa kijiologia wa akiba ya malighafi, tathmini athari za mazingira, uchimbaji wa malighafi, urekebishaji wa maeneo yaliyochimbwa, na uzalishaji wa saruji kama sehemu ya michakato yetu ya uendeshaji.

### Bidhaa

Saruji ni bidhaa yetu kuu. Tunagawanya saruji yetu ya ubora wa juu kulingana na nguvu yake toka mwanzo wa uzalishaji, pamoja na muundo wake. Wateja wetu wa saruji ya kiwango cha juu wanatoka katika miradi ya ujenzi ya kawaida, miradi ya miundombinu ya serikali, wazalishaji wa zege, na rejareja kwa njia ya mtandao wetu wa usambazaji. Bidhaa zetu za saruji zinapatikana katika mifuko midogo, mifuko mikubwa, na kwa wingi.

Kwa maneno rahisi, rejea hapo chini orodha ya bidhaa zetu za viwango vya juu;

#### Twiga Ordinary (CEM I 42.5N)

Hasa hutumika kwa ajili ya kufanya zege ya ubora wa juu na ujenzi wa jumla wa majengo makubwa, mabwawa, na madaraja.







### Twiga Plus+ (CEM II B-L 42.5N)

Hasa hutumika kwa ujenzi wa matofali, majengo makubwa na ya kati, mabwawa na madaraja, n.k.

### Twiga Extra (CEM II B-L 32.5 R)

Hasa hutumika kwa ujenzi wa nyumba na utengenezaji wa matofali, n.k.



### Twiga Super (CEM II B-L 32.5N)

Hasa hutumika kuboresha nguvu ya kushikamana kwa udongo, hasa katika ujenzi wa barabara, n.k.

### Twiga Jenga (MC 22.5 X)

Hasa hutumika kwa ubandikaji wa vigae, marekebisho madogo ya nyumba, utengenezaji wa matofali, n.k.



## Umuhimu wa kujumuisha uendeleu katika muundo wa biashara

Tunalenga kufanya maboresho makubwa katika kupunguza athari za mazingira za shughuli zetu za biashara na kupunguza uzalishaji wa kaboni. Kama mzalishaji wa saruji anayeongoza nchini, tunatambua jukumu letu katika kuongoza njia katika kuendesha uzalishaji endelevu katika viwanda vya saruji nchini. Lengo letu ni kuchangia sana katika uzalishaji endelevu wa saruji na kufikia uwiano wa kaboni kwa kuzingatia pia uwajibikaji wa kijamii na mazingira.

Kufikia lengo letu, ulinzi wa mazingira ni kipengele muhimu katika mkakati wetu wa biashara. Tunaelewa kwamba uzalishaji wa saruji unazalisha hewa chafu ya kaboni (CO<sub>2</sub>) kutokana na michakato ya kikemikali inayohitajika kwa kuchoma klinka, ndio maana tunazidi kuongeza matumizi yetu ya malighafi na nishati mbadala ili kupunguza uzalishaji wa kaboni (CO<sub>2</sub>).

Pia tunafanya kazi katika kuongeza ufanisi wa michakato

yetu ya uzalishaji ili kuongeza ufanisi wa nishati wakati pia tukisaidia uzalishaji mzunguko na uchumi imara wa mzunguko imara ili kupunguza matumizi ya malighafi asilia. Katika ngazi ya bidhaa, tunaweka kipaumbele katika uzalishaji wa saruji yenye kiwango cha chini cha kaboni, matumizi ya vifaa vilivyosindikwa tena, na kuwekeza katika teknolojia mpya ili kusaidia lengo letu la kufikia uwiano wa kaboni (carbon neutrality).

## Ushawishi kutoka Nje

Mbali na hali ya hewa na ukuaji wa kiuchumi na idadi ya watu, uendeshaji na maendeleo ya kiuchumi ya TPCPLC yanategemea kwa kiasi kikubwa mabadiliko katika bei za nishati na malighafi katika masoko ya ndani na ya kimataifa, mabadiliko katika mazingira ya udhibiti, na ushindani katika masoko yetu ya saruji.

## Udijitali

Udijitali - ikiwa ni pamoja na bidhaa na matumizi ya kidijitali ina umuhimu sana katika mlolongo mzima wa thamani wa Kampuni yetu, kutoka uchimbaji wa malighafi, uzalishaji, na usafirishaji kwa wateja wetu. TPCPLC imejiwekea lengo la kuwa kampuni inayoongoza katika teknolojia katika sekta ya saruji. Lengo letu ni kutumia suluhisho za kidijitali kuchangia katika ukuaji wa Kampuni na kuongeza ufanisi katika uzalishaji na utawala. Mkakati wetu wa kuuza saruji kidijitali ni kufikia 75% ya kiasi cha mauzo yetu kupitia interface za kidijitali kwa wateja (customer portal app) mwaka 2023.

## Portifolio a ya Kampuni

Portifolio yetu ya wateja inajumuisha masoko yaliyostawi na masoko yanayokua, na tunachukulia kuwa ni uimara wa masoko yetu. Lengo letu ni kupangilia portifolio ya wateja wetu kwa njia ya usimamizi thabiti na kuweka kipaumbele kwenye masoko imara kwa kutumia vigezo vya kifedha na visivyo vya kifedha kuyatambua masoko hayo.

Tunapanga kuongeza uwepo wetu katika masoko yenye ushawishi wa kukua, wakati pia tukiongeza uunganishaji wima kwenye mlolongo wa thamani katika masoko ambapo tunaweza kufikia ukuaji kubwa na kuimarisha nafasi yetu sokoni. Zaidi ya hayo, tutaendelea kuwekeza katika uzalishaji endelevu na dijitali, tunayaona maeneo haya kua na mabadiliko chanya na hivyo tutapanua portifolio yetu katika maeneo haya.

## Mfumo wa Biashara *Inaendelea*

### Utengenezaji wa thamani kwa wanahisa Wetu

Ili kufikia thamani endelevu na kupima mafanikio ya biashara yetu, tumeweka viashiria muhimu vya utendaji vinavyohusika kwa uongozi. Hivi ni pamoja na matokeo ya uendeshaji wa sasa (RCO), marejesho ya mtaji uliowekezwa (ROIC), na uzalishaji wa CO<sub>2</sub>. Pia, tunatumia viashiria vya ukuaji mapato, faida ya uendeshaji wa sasa kabla ya uchakavu (RCOBD) na uwiano wa mikopo kama taarifa za ziada.

Ili kutathmini na kufikia malengo yetu ya kimkakati, tumeweka mfumo wa usimamizi unaolenga thamani. Mfumo huu unajumuisha kupanga uendeshaji wa kila mwaka, usimamizi na udhibiti kwa kipindi chote cha mwaka, mikutano ya usimamizi kila mwezi, na mikutano ya mara kwa mara ya idara.

Tumeweka mfumo kamili wa ripoti za za mfuma maalumu ili kusimamia na kudhibiti uendeshaji wa kampuni kwa kipindi chote cha mwaka. Ripoti hizi zinajumuisha mali za TPCPLC, hali ya fedha, na nafasi ya faida, na viashiria vilivyotumika ni sawa katika kampuni nzima. Ripoti za kila wiki za mzunguko wa fedha na ripoti za kila mwezi zinajumuisha faida ya uendeshaji, uzalishaji, na ukarabati zinaandaliwa.

Ripoti za kifedha za kina zinapatikana mwishoni mwa kila mwezi na kila robo ya mwaka. Wakati wa mikutano ya uongozi ya robo ya mwaka, uongozi wa TPCPLC na mameneja wa kikundi

cha mmiliki mkuu wanajadili maendeleo ya biashara, pamoja na kufikia malengo, matarajio ya mwaka wa fedha, na hatua zinazohitajika kulingana na utabiri wa robo ya mwaka ya TPCPLC.

### Thamani Tuliyojenga

Faida ya uendeshaji

**TZS 135.9bn** 2021: TZS 125.6bn

Faida baada ya kodi

**TZS 97.4bn** 2021: TZS 88.5bn

Mzunguko wa fedha za uendeshaji

**TZS 79.2bn** 2021: TZS 113.3bn

### Manufaa kwa Wadau

**Kwa wanahisa wetu:** Mapato na ukuaji

**Kwa Wateja Wetu:** Bidhaa bora

**Kwa Serekali:** Kodi na bidhaa bora kwa ajili ya maendeleo ya miundombinu

**Kwa Jamii:** Maendeleo ya kitaaluma ya watu na mazingira bora

### Utafiti na Maendeleo

Juhudi za utafiti na maendeleo (R&D) za TPCPLC zinalenga kuunda bidhaa za ubunifu, kugundua fomula mpya za bidhaa, na kuboresha michakato ya uzalishaji ili kupunguza matumizi ya nishati, kuhifadhi rasilimali, kuimarisha uchumi wa mzunguko, kupunguza uzalishaji wa CO<sub>2</sub> na gharama, na kuwaridhisha wateja wetu zaidi.

#### Muelekeo Wetu katika Utafiti na Maendeleo



#### Maendeleo ya suluhisho za automesheni za kisasa

Kwa kutumia teknolojia ya akili bandia, tunalenga kupunguza matumizi ya nishati, kudumisha vifaa katika hali bora, na kuhakikisha ubora thabiti wa bidhaa.



#### Kupunguza athari ya kaboni kupitia maendeleo ya saruji

Tunaendelea na kazi ya kuunda saruji ya kisasa yenye kiwango cha klinika kidogo. Hii ni hatua muhimu zaidi katika kupunguza CO<sub>2</sub> wakati wa uzalishaji, huku pia ikisaidia kuhifadhi rasilimali asilia.



#### Maendeleo ya teknolojia ya kupunguza CO<sub>2</sub>

Lengo letu ni kuongeza matumizi ya nishati ya biomasi (mbadala) na kwa sasa tunachunguza vyanzo thabiti zaidi kwa madhumuni haya.



## Matokeo ya Uendeshaji

Mtazamo wa TPCPLC kwa nambari.

Hesabu TZS Millions	2022	2021	Change%
<b>Taarifa Ya Mapato na Matumizi</b>			
Mapato	494,716	449,509	+10.1%
Faida ya uendeshaji	135,939	125,582	+8.2%
Faida kwa mwaka wa fedha	97,359	88,482	+10.0%
Faida kwa kila hisa (TZS)	541	492	+10.0%
Gawio kwa kila hisa (TZS)	390	390	0.0%
<b>Mali isiyohamishika na Vifaa (PPE)</b>	<b>14,611</b>	<b>27,828</b>	<b>-47.5%</b>
<b>Uchakavu wa mali za kudumu</b>	<b>20,645</b>	<b>18,666</b>	<b>+10.6%</b>
<b>Hesabu ya mali</b>			
Rasilimali za kudumu	149,032	148,636	+0.3%
Rasilimali za muda mfupi	269,860	230,678	+17.0%
Mtaji	299,738	272,236	+10.1%
Dhima za kudumu	20,822	19,545	+6.5%
Dhima za muda mfupi	98,333	87,533	+12.3%
Jumla ya Rasilimali	418,893	379,314	+10.4%
<b>Uwiano</b>			
Kiwango Cha Mapato ya Uendeshaji (OI)	27.5%	27.9%	-0.5%
Marejesho Rasilimali kabla ya kodi	33.6%	33.9%	-0.3%
Marejesho ya Mtaji	32.6%	32.1%	+0.5%
Marejesho ya Mapato	19.7%	19.4%	+0.3%
<b>Takwimu zisizo za kifedha:</b>			
Idadi ya wafanyakazi mwishoni mwa mwaka	257	260	-1.2%

Maelezo ya kina ya matokeo ya uendeshaji yanapatikana kutoka ukurasa wa 23.

### Mapato na Matokeo

Kumekuwa na uboreshaji wa jumla katika uzalishaji, na ongezeko la 4.8% katika



uzalishaji wa klinka na 4.7% katika uzalishaji wa saruji ikilinganishwa na mwaka 2021. Hii inaweza kuchangiwa na uimarishaji wa jumla katika utendaji wa

mashine pamoja na kukua kwa soko la saruji licha ya ushindani mkubwa.

Kampuni ilirekodi ongezeko la mauzo kwa 4.7% ikilinganishwa na mwaka 2021. Mapato yaliongezeka kutoka TZS 449.5 bilioni mwaka 2021 hadi TZS 494.7 bilioni mwaka 2022, ongezeko la 10.1%. Uboreshaji jumla wa utendaji na ukuaji wa soko vimechangia ongezeko hili la mapato.

Kulinganisha na mwaka uliopita, Twiga Plus imepitia ongezeko la mapato ya TZS 81.4 bilioni. Ingawa, mapato ya Twiga Extra yamepungua kwa TZS 31.3 bilioni na mapato ya Twiga Ordinary yamepungua kwa TZS 7.9 bilioni, ikilinganishwa na mwaka uliopita.

Gharama za mauzo ziliongezeka kwa 12.1% ikilinganishwa na mwaka 2021, hasa kwa sababu ya ongezeko la gharama za malighafi kutokana na ongezeko la uzalishaji, na gharama za usambazaji wa saruji kwa wateja.

Kampuni ilipata faida ya uendeshaji ya TZS 135.9 bilioni ikilinganishwa na TZS 125.6 bilioni mwaka 2021, ongezeko la 8.0%. Faida kabla ya kodi iliongezeka kutoka TZS 128.0 bilioni mwaka 2021 hadi TZS 140.1 bilioni mwaka 2022.

Baada ya kodi ya faida ya TZS 42.7 bilioni (2021: TZS 39.6 bilioni), faida ya mwaka ilikuwa TZS 97.4 bilioni (2021: TZS 88.5 bilioni). Jumla ya faida kamili ilifikia TZS 97.7 bilioni (2021: TZS 87.4 bilioni). Bodi ya Wakurugenzi itapendekeza kwa wanahisa mgawo wa gawio wa TZS 390 kwa kila hisa (2021: TZS 390 kwa kila hisa).

## Matokeo ya Uendeshaji Inaendelea

### Nafasi ya kifedha

Katika mazingira magumu ya soko na kuzingatia bei kubwa sana za nishati na malighafi, muda mrefu wa manunuzi, na usumbufu katika ugavi ikilinganishwa na mwaka uliopita, mtiririko wa fedha kutokana na shughuli za uendeshaji katika mwaka wa fedha 2022 ulikuwa chini ya kiwango cha mwaka uliopita, TZS 80.8 bilioni (2021: TZS 112.1 bilioni).

Mtiririko wa fedha kutokana na shughuli za uendeshaji ulipungua kutokana na ongezeko la madeni ya uendeshaji ya TZS 14.6 bilioni na ongezeko la mali ghalani la TZS 34 bilioni ikilinganishwa na mwaka uliopita. Ongezeko hili linasababishwa na kuongezeka kwa bei ya malighafi na usumbufu katika ugavi, ambao ulilazimisha kuongezeka kwa kiwango cha mali ghalani ili kustahimili uendeshaji mzuri wa biashara.

### Matarajio ya mapato

Tunatarajia kuwepo kwa ukuaji wa wastani katika mapato ya saruji mwaka 2023, ingawa kuna tabiri za ongezeko katika gharama za malighafi, vifaa vya matumizi, na ugavi pamoja na ongezeko wastani katika gharama zingine za uendeshaji, tunatarajia matokeo ya uendeshaji kwa mwaka wa fedha 2023 kuwa kidogo bora zaidi ya 2022.

### Matarajio Ya Baadaye Ya Kampuni

Soko la saruji nchini Tanzania na eneo la Afrika Mashariki limekuwa likikua kwa utulivu katika miaka iliyopita. TPCPLC imewekeza katika kuongeza uwezo wa uzalishaji, kufufua na kurekebisha mashine za zamani za uzalishaji wa klinka, na kutambua vyanzo muhimu vya malighafi ili kuhakikisha

uendeshaji wa biashara. Mkazo zaidi umewekwa katika miradi itakayosaidia kuongeza uwezo wa uzalishaji na kupunguza uzalishaji wa CO<sub>2</sub> kupitia matumizi ya nishati ya biomasi.

Miradi ya ukarabati Kinu cha Saruji No.2 na mradi wa Vumbi la Saruji-Kilinka (CKD), yote ilikamilika mwaka 2021, na inaendelea kuchangia katika kuboreshaji wa uwezo wa uzalishaji wa Kampuni. Wakurugenzi wanaamini kwamba Kampuni iko katika nafasi nzuri ya kukidhi mahitaji yanayoongezeka sokoni.

Mradi wa Nishati Mbadala, ambao ulimalizika mwaka 2022, unasaidia TPCPLC kuelekea katika lengo lake la kuwa kampuni yenye usawa katika kaboni kupitia kuimarisha matumizi ya nishati mbadala, hivyo kupunguza utengenezaji wa CO<sub>2</sub> katika mazingira. Uongozi umejikita katika uzalishaji endelevu kupitia kupunguza kwa kiasi kikubwa uzalishaji wa CO<sub>2</sub> na pia kusaidia maendeleo ya uchumi wa mzunguko.

### Usalama Wa Kifedha

Wakurugenzi wamepitia hali ya kifedha ya sasa ya Kampuni na mikopo ya muda mfupi iliyopo. Kulingana na tathmini hii pamoja na mpango wa biashara wa sasa, Wakurugenzi wameridhika kuwa uwezo wa kifedha wa Kampuni ni thabiti na ina uwezo wa kuendelea kufanya biashara kwa maana iliyoelezwa na Sheria ya Makampuni ya Mwaka 2002 ya Sheria za Tanzania na Viwango vya Taarifa za Fedha za Kimataifa.

### Matukio Makubwa

Hapakua na matukio mkubwa katika mwaka wa fedha.









## Utawala wa Kampuni

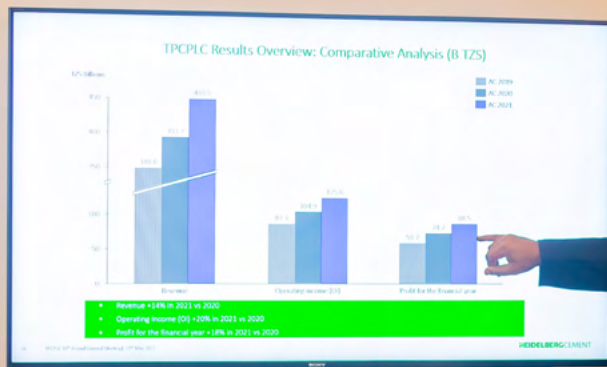
“TPCPLC inazingatia viwango vya juu vya Utawala Bora ili kuhakikisha thamani na mafanikio ya muda mrefu ya Kampuni na maslahi ya makundi mbalimbali ya wadau wake, kama wanahisa, wateja, wauzaji, wafanyakazi, na jamii.”

TPCPLC ina taasisi tatu: Mkutano mkuu wa wanahisa, bodi ya wakurugenzi, na kamati ya ukaguzi. Majukumu na wajibu wa taasisi hizi yanategemea sana Sheria za Soko la Hisa na Katiba ya kampuni. Bodi ya Wakurugenzi inaamini kuwa Kampuni inazingatia kanuni za Utawala Bora zinazohitajika na Sheria za Soko la Hisa.

Wanahisa hutekeleza haki zao kabla au wakati wa mkutano mkuu na hivyo kutekeleza haki yao ya kupiga kura. Mkutano mkuu wa mwaka hufanyika katika miezi mitano ya kwanza ya mwaka wa fedha. Pia, wakurugenzi wa kampuni wanaoweza kuwakilisha wanahisa kulingana na maagizo wanapatikana kwa wanahisa ili kutekeleza haki zao za kupiga kura katika Mkutano Mkuu wa Kawaida.

Taasisi kuu tatu za Utawala Bora wa Kampuni yetu ni:

1. Mkutano Mkuu wa Kawaida
2. Bodi ya Wakurugenzi
3. Kamati ya Ukaguzi





## Kanuni zetu za Maadili ya Biashara (CBC)

**Uendelevu**

- Uzingatiaji wa masuala ya endelevu na mazingira
- Kuchukulia kwa umakini rasilimali asili za nchi

**Afya na Usalama**

Kuhakikisha mazingira salama na yenye afya kazini

**Uzingatiaji wa Sheria**

- Uzingatiaji mkali wa sheria zote zinazohusika
- Kuepuka kwa kudumu migongano ya maslahi

**Uaminifu**

Uaminifu na tabia ya kitaalam kuelekea wateja, wauzaji, mamlaka, na washirika wa biashara

**Uwajibikaji**

- Kuchukua tahadhari na kushughulikia kwa uwajibikaji mali na rasilimali za Kikundi
- Kuchukua tahadhari na kushughulikia kwa uwajibikaji taarifa za kampuni

**Usawa**

Mazingira ya ajira ya haki na yasiyobagua na mazungumzo ya haki na wawakilishi wa wafanyakazi

**CBC DISCRIMINATION**

## Utawala wa Kampuni *Continued*

# Bodi yetu ya Wakurugenzi

Bodi kwa sasa inajumuisha wakurugenzi sita: wakurugenzi watano wasio watendaji na mkurugenzi mkuu. Majukumu ya mwenyekiti na mkurugenzi mkuu ni tofauti ili kufikia usawa kati ya uendeshaji na udhibiti. Bodi inawajibika kwa wanahisa kuhusu utawala wa kampuni, kuweka mkakati na sera, ufuatiliaji wa utendaji wa kioperesheni, michakato ya usimamizi wa hatari, na kuweka viwango vya mamlaka. Bodi imepangwa kukutana mara 3 katika mwaka wa fedha.

*Wakurugenzi wa Kampuni ambao wamehudumu wakati wa mwaka huu, na hadi tarehe ya ripoti hii*



### **Bw. Hakan Gurdal**

Mwenyekiti

Uteuzi wa Awali: 23 Agosti 2016

Uraia: Mturuki

Umri: 54

Bw. Hakan Gurdal aliteuliwa kuwa Mwenyekiti wa Bodi ya TPCPLC mnamo Agosti 2016. Amesoma uhandisi wa mitambo katika Chuo Kikuu cha Yildiz Technical huko Istanbul na ana shahada ya Uzamili ya Usimamizi wa Kimataifa (MBA International Management) kutoka Chuo Kikuu cha Istanbul.

Alijiunga na Canakkale Cimento (ambayo sasa ni sehemu ya ushirikiano wa pamoja Akcansa) mnamo 1992. Yeye ni mwanachama wa Bodi ya Uongozi tangu mwaka 2016; anahusika na eneo la Kundi la Afrika-Mediterranean Mashariki na Ununuzi.



### **Bw. Alfonso Velez**

Mkurugenzi Mtendaji

Uteuzi wa Awali: 29 Agosti 2017

Uraia: Mhispania

Umri: 54

Bw. Alfonso Velez aliteuliwa kuwa Mkurugenzi Mtendaji wa TPCPLC tangu Agosti 2016. Mnamo Agosti 2017, aliteuliwa kuwa Mkurugenzi Mkuu wa Afrika ya Kati na Kusini-Mashariki ambazo zilijumuisha Tanzania, Jamhuri ya Kidemokrasia ya Kongo, Msumbiji, na Afrika Kusini.

Alfonso ana Shahada ya Uzamili ya Uchumi na Shirika la Biashara kutoka Chuo Kikuu cha Granada, na Shahada ya Uzamili ya Fedha ya Kampuni kutoka Chuo Kikuu cha Dallas.

Ana uzoefu mkubwa katika tasnia ya saruji kutoka kampuni za barani Ulaya, kabla ya kujiunga na HeidelbergMaterials mnamo 2013 kama Mkurugenzi Mtendaji wa CIMBENIN.



### **Bw. Oswald Martin Urassa**

Mkurugenzi

Uteuzi wa Awali: 25 Mei 2016

Uraia: Mtanzania

Umri: 58

Bw. Oswald Urassa ni Afisa Mkuu wa Fedha (CFO) wa Tanzania Mortgage Refinance Co. Ltd. Alisoma masomo ya fedha katika Chuo Kikuu cha Dar es Salaam na amesajiliwa na Bodi ya Kitaifa ya Wakaguzi na Wahasibu (NBAA) katika kategoria ya Wakaguzi na Wahasibu wa Umma waliothibitishwa katika Mazoezi ya Umma (CPA-PP).

Amekuwa mwanachama wa bodi katika taasisi mbalimbali ikiwa ni pamoja na Mfuko wa Wafanyakazi wa Serikali (GEPF), Bodi ya Wakaguzi na Wahasibu (NBAA), Chama cha Wahasibu Tanzania (TAA), Bodi ya Uwekezaji (ITB), na Kanisa la Kilutheri la Kiinjili la Tanzania, Dayosisi ya Mashariki na Pwani (ELCT-ECD).





### **Bw. Francesco Brambilla**

Mkurugenzi

Uteuzi wa Awali: 25 Aprili 2018

Uraia: Mitaliano

Umri: 51

Bw. Francesco Brambilla aliteuliwa kuwa mkurugenzi wa bodi ya TPCPLC mnamo Aprili 2018. Alisomea Uhandisi wa Kiraia katika Chuo Kikuu cha Pavia (Italia) na ana Shahada ya Uzamili ya Biashara (MBA) kutoka Shule ya Biashara ya Essec (Ufaransa) na Shule ya Biashara ya Mannheim (Ujerumani).

Alijiunga na Heidelberg Cement mwaka 2016 kama Mkurugenzi wa Upelelezi wa Soko na Mchakato wa Uuzaji kwa eneo la Kundi la Afrika na Bahari ya Mashariki ya Kati. Ana uzoefu mkubwa katika biashara ya saruji, na kabla ya jukumu lake la sasa, alishikilia nafasi kadhaa za uongozi katika uendeshaji na mikakati na maendeleo ya biashara, huko Ulaya na Afrika.



### **Bi. Ruth Henry Zaipuna**

Mkurugenzi

Uteuzi wa Awali: 25 Mei 2016

Uraia: Mtanzania

Umri: 49

Bi. Ruth Zaipuna, raia wa Tanzania, ni Mkurugenzi Mtendaji wa NMB Bank PLC, anahusika na kuendesha mkakati wa kampuni ili kuleta ukuaji endelevu wa biashara.

Kabla ya kujiunga na NMB Bank PLC, alifanya kazi na Standard Chartered Bank Tanzania na PricewaterhouseCoopers (PwC). Anashikilia Shahada ya Uzamili ya Biashara ya Uongozi (MBA) katika Fedha na Shahada ya Bachelor ya Biashara (B.Com) katika Uhasibu, zote kutoka Chuo Kikuu cha Dar es Salaam. Pia ana vyeti vya Associate Certified Public Accountant (ACPA (T)).



### **Bw. Dominik Michel**

Mkurugenzi

Uteuzi wa Awali: 24 Novemba 2021

Uraia: Muajemi

Umri: 46

Bwana Dominik Michel, raia wa Ujerumani, aliteuliwa kuwa mkurugenzi wa bodi ya TPCPLC mnamo Novemba 2021. Bwana Dominik amehudumu kama mwanachama wa Kamati ya Ukaguzi ya TPCPLC tangu mwaka 2015.

Amehudumu katika Bodi na Kamati za Ukaguzi katika kampuni mbalimbali ya saruji ndani ya kundi hilo, akiwa na uzoefu wa kifedha na usimamizi wa zaidi ya miaka 15 katika nafasi za juu, ikiwa ni pamoja na Mkurugenzi wa Fedha/ Mkurugenzi Mtendaji wa Fedha huko Sierra Leone, Ghana, na Misri mtawaliwa. Kwa sasa, yeye ni Mkurugenzi wa Eneo, Upangaji na Uchambuzi wa Kifedha kwa Eneo la Afrika na Mashariki ya Mediterania (AEM) katika HeidelbergMaterials.

- 
- Wakurugenzi wote wa sasa ni si-watendaji isipokuwa Mkurugenzi Mtendaji.
  - Wakurugenzi “Bi. Ruth Henry Zaipuna” na “Bw. Oswald Martin Urassa” waliteuliwa tena tarehe 22 Mei 2022.
  - Katibu wa Kampuni kwa mwaka ulioishia tarehe 31 Desemba 2022 alikuwa Bwana Brian Kangetta (Mkenya), mwenye umri wa miaka 45.
-

## Utawala Wa Kampuni *Inaendelea*

### Bodi ya wakurugenzi

#### Maslahi ya Wakurugenzi katika hisa za Kampuni

	Number of shares	
	2022	2021
Bw. Oswald Martin Urassa	500	500

#### Vikao vya Bodi

Jedwali linaloonekana hapa chini linaonyesha rekodi ya kuhudhuria kwa wanachama wa bodi katika mikutano ya kawaida ya bodi iliyopangwa wakati wa mwaka.

Name	12 Apr 2022	12 Jul 2022	30 Nov 2022
Bw. Hakan Gurdal	✓	✓	✓
Bw. Dominik Michel	✓	✓	✓
Bw. Alfonso Velez	✓	✓	✓
Bw. Oswald Martin Urassa	✓	✓	✓
Bi. Ruth Henry Zaipuna	✓	✓	x
Bw. Francesco Brambilla	✓	✓	✓

✓ → Alikuwepo    X → Hakuwepo

#### Kamati ya Ukaguzi.

Bodi inasaidiwa katika utekelezaji wa majukumu yake yanayohusiana na taarifa za kifedha, utekelezaji wa sheria, usimamizi wa hatari, uhasibu, na usimamizi wa mifumo ya habari na kompyuta na Kamati ya Ukaguzi. Kamati ya Ukaguzi inaongozwa na Mmoja wa Wakurugenzi Wasio Watendaji. Mikutano inafanyika kwa kipindi cha mwaka mzima na huhudhuriwa na uongozi wa ngazi za juu na wasimamizi wa kampuni pale inapohitajika. Kamati ya Ukaguzi ilikutana mara 3 mwaka 2022 (2021: mara 3).

#### Wajumbe wa Kamati ya Ukaguzi

Wajumbe wa Kamati ya Ukaguzi ambao walihudumu wakati wa mwaka huo, na hadi tarehe ya ripoti hii, ni:

Jina	Uraia	Sifa
Bw. Dominik Michel	Mjerumani	Bachelor BA
Bw. Oswald Martin Urassa *	Mtanzania	B.com, MBA, CPA(T)
Bi. Ruth Henry Zaipuna	Mtanzania	B.com, MBA, CPA(T)

\* Bwana Oswald Martin Urassa aliteuliwa kuwa mwanachama wa kamati ya ukaguzi tarehe 3 Desemba 2021. Mwenyekiti wa kamati ya ukaguzi ni Bwana Oswald Martin Urassa.

#### Vikao vya Kamati ya Ukaguzi.

Jedwali linaloonekana hapa chini linaonyesha rekodi za uwepo wa wajumbe wa kamati ya ukaguzi kwenye mikutano ya kawaida iliyopangwa kwa mwaka huo.

Jina	12-Apr- 2022	12-Jul- 2022	30-Nov- 2022
			✓
Mr Dominik Michel	✓	✓	Mwakilishi wa Francesco Brambilla
Bi. Ruth Henry Zaipuna	✓	✓	x
Bw. Oswald Martin Urassa	✓	✓	✓

✓ → Alikuwepo    X → Hakuwepo

#### Tathmini ya utendaji na tuzo

Kampuni imeanzisha mfumo wa tathmini na malipo ya ziada kwa mameneja na wafanyakazi wake. Tuzo katika mfumo wa ziada za kila mwaka zimeunganishwa na utendaji wa kifedha wa jumla wa Kampuni, uzalishaji, afya na usalama, pamoja na malengo ya utendaji yaliyowekwa kwa kila mtu kibinafsi.



## Usimamizi wa hatari na udhibiti wa ndani

TPCPLC inakabiliwa na hatari kadhaa kutokana na shughuli zake za biashara, na usimamizi mzuri wa hatari ni muhimu kwa utawala bora wa kampuni. Mfumo imara wa usimamizi wa hatari wa kampuni hufanikisha kutambua mapema na kutathmini kwa njia ya kimethodolojia hatari zinazowezekana, kuhakikisha usimamizi wa hatari unaolengwa. Aidha, TPCPLC ina mfumo wa udhibiti wa ndani ambao unajumuisha hatua za udhibiti huru na zilizounganishwa kupitia kazi ya ukaguzi wa ndani.

Mkaguzi wa Ndani anawajibika kuanzisha na kutekeleza mpango wa ukaguzi wa ndani kila mwaka ambapo kufuata sera na taratibu, ufanisi wa udhibiti wa ndani na usimamizi wa hatari, na uwezekano wa kuboresha hupimwa. Aidha, Kampuni inanufaika na ukaguzi wa kawaida na timu ya ukaguzi wa ndani ya wamiliki wakuu.

## Maadili ya biashara na uadilifu wa kampuni

Masuala ya utawala bora na tabia ya maadili ni muhimu katika mtazamo wa wenzetu na wawekezaji kuhusu Kampuni iliyoorodheshwa. Kampuni inajitahidi kuhakikisha kuwa uadilifu wake na tabia yake ya kitaalam daima hauwezi kushambuliwa. Kampuni imeandaa mwongozo wa maadili kwa wafanyakazi wake ili kupunguza gharama ya tabia zisizo za maadili kwa wadau wake. Kampuni imechukua kanuni kuu za biashara zilizowekwa na mmiliki mkuu na mwongozo wa kupambana na rushwa. Hivyo, kila mfanyakazi amesaini tamko la kuzingatia sheria hizi.

## Ripoti za usimamizi, ripoti za kifedha, na ukaguzi

Masuala ya utawala bora na tabia ya maadili ni muhimu kwa mtazamo wa wadau na wawekezaji kuhusu Kampuni iliyoorodheshwa. Kampuni inajitahidi kuhakikisha kuwa uaminifu na tabia ya kitaalamu ni bila shaka yoyote. Kampuni imeandaa mwongozo wa maadili kwa wafanyakazi wake ili kupunguza gharama za tabia isiyo ya maadili kwa wadau wake. Kampuni imechukua kanuni kuu za biashara za wamiliki wakuu na mwongozo wa kupambana na rushwa. Kwa hiyo, kila mfanyakazi amesaini tamko la kuzingatia kanuni hizo.

## Malipo ya Wakurugenzi

Kampuni ilitoa jumla ya TZS 109.3 milioni (2021: TZS 115.3 milioni) kwa huduma zilizotolewa na Wakurugenzi wa Kampuni na wanachama wa Kamati ya Ukaguzi.

Malipo kwa huduma zilizotolewa na wakurugenzi yalikuwa kama ifuatavyo:

Namba	TZS'000	2022	2021
Mwenyekiti wa Bodi		10,393	12,188
Wakurugenzi wengine		98,345	103,692

## Uongozi wa Kampuni

Watumishi wa Menejimenti Muhimu ambao walihudumu katika Kampuni kwa mwaka ulioishia tarehe 31 Desemba 2022 walikuwa wafuatao:

Jina	Nafasi
Mr. Alfonso Velez	Mkurugenzi Mtendaji
Mr. Peter James	Mkurugenzi wa Fedha
Mrs. Evaline Mushi	Mkurugenzi wa Rasilimali Watu
Mr. Yves Mataigne	Mkurugenzi wa Biashara
Mr. Gilles Covello	Mkurugenzi wa Kiufundi
Mr. Ahmed Elsayy	Meneja wa Kiwanda
Mr. Jerome Mwakabaga	Meneja wa Afya na Usalama
Mr. Ian Dobson*	Mkurugenzi wa Manunuzi
Mr. Ali Ahmed*	Mkurugenzi wa Manunuzi

\*Mr. Ian Dobson aliamishwa kutekeleza majukumu mengine ndani ya Heidelberg Materials Group. Bwana Ali Ahmed alipandishwa cheo na kuwa Mkurugenzi wa Manunuzi katika kipindi hicho hicho.

Kampuni ina sehemu ya ukaguzi wa ndani huru ambayo inaripoti moja kwa moja kwa kamati ya ukaguzi ya bodi. Meneja wa Ukaguzi wa Ndani na Uhakikisho wa Ubora ni Gregory Ndimbo.

## Timu Yetu ya Uongozi

“Timu yetu ya uongozi ambayo ilihudumu katika mwaka ulioishia tarehe 31 Desemba 2022 na kuiongoza Kampuni kuelekea mafanikio mapya yasiyokuwa na kifani katika ukuaji wa biashara na ustahimilivu”



**Bw. Ahmed Elsayy**  
Meneja wa Kiwanda

**Bw. Ali Ahmed**  
Mkurugenzi wa Manunuzi

**Bi. Evaline Mushi**  
Mkurugenzi wa Rasilimali  
Watu

**Bw. Gregory Ndimbo**  
Meneja wa Ukaguzi wa  
Ndani na Ubora

**Bw. Yves Mataigne**  
Mkurugenzi wa Biashara





**Bw. Alfonso Velez**  
Mkurugenzi Mtendaji

**Bw. Gilles Covello**  
Mkurugenzi wa Kiufundi

**Bw. Jerome Mwakabaga**  
Meneja wa Afya na Usalama

**Bw. Peter James**  
Mkurugenzi wa Fedha

## Usimamizi wa Vihatarishi

“Kufanya kazi katika mazingira yanayobadilika, TPCPLC inakabiliwa na vihatarishi vya Nje, kiutendaji na Kifedha. Kudhibiti vihatarishi hivi, kampuni imeweka mfumo wa kina wa udhibiti na usimamizi wa ndani. Kwa kuchukua mfumo huu, kampuni inaweza kutambua, kutathmini, kupunguza na kufuatilia vihatarishi vyote”

Kufanya kazi katika mazingira yanayobadilika, TPCPLC inakabiliwa na vihatarishi vya Nje, kiutendaji na Kifedha. Kudhibiti vihatarishi hivi, kampuni imeweka mfumo wa kina wa kudhibiti vihatarishi na usimamizi wa ndani, ambao unasimamiwa vyema na vifaa husika. Kwa kuchukua mfumo huu, kampuni inaweza kutambua, kutathmini, kupunguza na kufuatilia vihatarishi vyote vitokanavyo katika mfumo wake, huku ikihusisha uchakataji wa vihatarishi ambavyo vinatarajia kukutana navyo mbele katika maamuzi yote ya kimkakati. Mbinu hii inasaidia kupunguza vihatarishi vyote ambavyo vinaweza kutokea na kupunguza athari za matukio yote mabaya yanayoweza kutokea.

Bodi ina jukumu la mwisho katika usimamizi na udhibiti wa vihatarishi na mifumo ya udhibiti ya ndani ya kampuni. Bodi imeagiza uongozi wa kampuni kuhakikisha inatengeneza na kunakuwa na mifumo mizuri ya kudhibiti Fedha na kiutendaji, inaitunza na inafanya kazi ipasavyo ili kutoa hakikisho la kutosha la kiufanisi na ufanisi katika utendaji..

Hii itasaidia katika:

- Mali za kampuni zitalindwa ipasavyo,
- Kuzingatia sheria na kanuni zinazotumika,
- Kuwa na rekodi za uhasibu zinazoaminika,
- Uendeleu wa biashara, na
- Tabia ya kuwajibika kwa washika dau wote..

## Kutambua na Kutathmini Vihatarishi

Uongozi wa Kampuni na idara ya usimamizi wa ndani, hushiriki mara kwa mara katika mchakato wa kutambua vihatarishi, kwa kutumia vyanzo mbalimbali vya habari kama vile, data za jumla za uchumi, taarifa za vihatarishi za sekta ya viwanda na kwa kutumia zana mbinu mbalimbali za utambuzi wa vihatarishi. Aidha, uongozi unapitia katalogi za vihatarishi vya ndani ambazo hutunza kumbukumbu za vihatarishi vya kifedha na vile visivyo vya kifedha.

Kwa kila aina ya kihatarishi iliyo ainishwa, hutathminiwa kwa kiwango cha chini cha 10% kwa kuzingatia athari zinazotarajiwa, kwa kuzingatia hatua zote ambazo zimekwisha wekwa kwa ajili ya kupunguza athari za vihatarishi. Uongozi umeweka mzunguko wa miezi 12 unaotumika kukadiria uwezekano na athari kwenye vigezo muhimu kama vile matokeo ya shughuli zinazofanyika sasa, Faida ipatikanayo katika mwaka mzima, na mtiririko wa pesa, unatumika kama vigezo vya kutathmini athari zitokanazo na vihatarishi. Vihatarishi huchukuliwa kama jumla ya njia zote zinazotumika katika kupunguza athari zake.

Ifuatayo ni kiwango cha msingi cha vihatarishi vya muda mfupi ambavyo vipo katika mzunguko mzima wa mpango kazi:

### Uwezekano

Haiwezekani	0% to 20%
Mara chache	>20% to 40%
Inawezekana	>40% to 60%
Itawezekana	>60% to 100%

## Maeneno ya Vihatarishi

Tunaainisha hatari zote zinazoweza kuwa na athari kubwa katika mali za kampuni, kwenye fedha na mapato yetu katika makundi Matano: hatari za kifedha, hatari za kimkakati, hatari za uendeshaji, hatari za kisheria na hatari za mabadiliko ya tabia



ya nchi. Kategoria hizi zinatokana na katalogi yetu ya hatari za ndani na kutoka kwa mwekezaji wetu mkuu. Tutazingatia sana tathmini yetu ya hatari kwenye hatari ambazo zinachukuliwa kuwa muhimu kwenye kampuni yetu.

Chini ni mabadiliko ya hatari kwa kulinganisha na mwaka uliopita:

Hatari za kifedha	↑
<b>Hatari za kimkakati</b>	
Hatari za kiuchumi	→
Hatari za kisiasa na kijamii	→
Maafa ya asili/ majanga	→
Uhaba wa malighafi	→
Ukuaji wa kidigitali	→
Upungufu wa ujuzi	→
<b>Hatari za uendeshaji</b>	↑
<b>Hatari za kisheria</b>	↑
<b>Hatari za tabia ta nchi</b>	→
<b>Hatari za soko na sifa</b>	→

Imeongezeka ↑ Imara →

### Vihatarishi vya Kifedha

Hatari yetu kubwa ya Kifedha ni mabadiliko ya sarafu pamoja na hatari ya ukwasi, pamoja na hatari za kodii. Tunadhibiti hatari hizi hasa kama sehemu ya shughuli zetu zinazoendelea za kibiashara na uwekezaji, na pale inapohitajika kwa kutumia zana za kifedha. Maeneo haya hatarishi yanafuatiliwa mara kwa mara na idara ya fedha ya kampuni kwa ukaribu na idara ya fedha ya mwekezaji mkuu wa kampuni.

### Vihatarishi vya Sarafu

Hatari kubwa zaidi inayohusiana na hatari za kifedha ni hatari za mabadiliko ya sarafu, haswa hatari ya tafsiri. Sarafu inayofanya kazi katika kampuni (TZS) inakabiliwa na kubadilika badilika kwa soko la fedha la kimataifa. Hii inaweka kampuni kwenye hatari za kubadilisha fedha za kigeni. Uongozi wa kampuni unafuatilia kwa ukaribu hatari hii na kuchukua maamuzi sahihi ili athari iweze kupunguzwa. Maelezo Zaidi kuhusu hatari ya fedha za kigeni yamejumuishwa katika dokezo namba 42 la taarifa za fedha.

### Vihatarishi Ukwasi

Vihatarishi vya Ukwasi hutokea wakati kampuni haiwezi kununua au kuzalisha fedha zinazohitajika ili kutimiza majukumu ya uendeshaji au majukumu yaliyowekwa kuhusiana na vyombo vya fedha. Kwa kesi hii, idara ya hazina inadhibiti kwa karibu nakupanga mtiririko wa pesa kulingana na mipango ya kila mwezi na yote yanayoweza kutokea au yale yanayotarajia kutokea, pamoja na kuhakikisha utofauti wa vyanzo vya ufadhili, hii inajumuisha usimamizi mzuri wa hatari za mikopo kupitia dhamana ya benki, barua za kibenki na kadhalika.

### Vihatarishi vya Kimkakati

Mazingira ya Kiuchumi na kijamii ya kimataifa na nchi yanabadilika mara kwa mara kutokana na mielekeo ya dunia nzima kama vile mabadiliko ya hali ya hewa, maendeleo ya idadi ya watu, magonjwa ya mlipuko, ukuaji wa kidigitali na teknolojia. Mitindo hii inatoa hatari na fursa kwa pamoja. Uwezo wa kampuni kukabiliana na mabadiliko haya huamua athari na mwelekeo juu yake. Hatari zinazotokana na mabadiliko ya mtindo zinaweza kuathiri mahitaji, viwango vya bei na gharama, na hivyo mapato ya kampuni. Sehemu inayofuata, tunaelezea na kutathmini hatari hizi na kuashiria hatua zilizochukuliwa ili kupunguza athari hizo.

### Vihatarishi vya Kiuchumi

Muelekeo wa kiuchumi umeathiriwa na vihatarishi mbalimbali. Kufuatia ukuaji wa uchumi wa dunia wa 6.2% katika 2021. Taarifa ya mwezi January 2023 ya Shirika la Fedha Duniani (IMF) inaonesha kuwa uchumi wa dunia ulitarajia kushuka kwa kiwango kikubwa hadi asilimia 3.4 kwa 2022 na hadi asilimia 2.9 kwa mwaka 2023. Licha ya kushuka kwa uchumi wa dunia, kiwango cha ukuaji wa Pato la Taifa la Tanzania kwa mwaka 2022 kilifikia asilimia 5.2 ikilinganishwa na asilimia 4.9 mwaka 2021. Bei ya mafuta nchini bado inaongezeka kutokana na vita vya Urusi na Ukraine.

Katika kushuka kwa uchumi na kupungua kwa shughuli za ujenzi, kampuni inaweza kukabiliwa na kushuka kwa mahitaji na shinikizo la bei. Tunaamini kuwa hali ya hatari imeongezeka ikilinganishwa na mwaka jana. Hata hivyo, kampuni (TPCPLC) inaweza kupunguza hatari hii kwa sehemu kwa sababu ya portofolio yake yenye tofauti katika masoko na vyanzo mbalimbali vya malighafi na vipuri ambavyo hupunguza utegemezi.

## Usimamizi wa Vihatarishi *Inaendelea*

### Vihatarishi vya Kisiasa na Kijamii

Kukosekana kwa utulivu katika hali ya kiuchumi, kijamii, au kisiasa, kama vile mabadiliko katika serikali au kuongezeka kwa mvutano wa kisiasa, machafuko ya kiraia, na migogoro ya ndani au ya kimataifa, inaweza kuwa na athari kubwa kwa mali, biashara, mazingira na sifa njema ya kampuni. Athari hizi zinaweza kuwa za moja kwa moja, kama vile athari za usalama, au zisizo za moja kwa moja, kama vile kutotabirika kwa uchumi. Zaidi ya hayo, zinaweza kuongeza uwezekano wa kampuni kukabiliwa na hatari mbalimbali, katika utekelezaji, kodi, upatikanaji wa malighafi na kupunguza mtiririko wa fedha.

Katika miaka ya hivi karibuni, Tanzania imepata maendeleo ya kuvutia kisiasa na kiuchumi na imefanya maboresho makubwa katika ustawi wa jamii. Ijapokuwa hali ya kisiasa imeendelea kwa tulivu, mabadiliko ya ghafla katika hali ya kisiasa au kijamii yanaweza kuathiri moja kwa moja utendakazi wa Kampuni kwa kuzuia ufikiaji soko au kuzuia upatikanaji wa malighafi au nishati. Kutokana na vihatarishi hivi, TPCPLC hufanya tathmini ya kimfumo ya hatari hizi ili kuhakikisha upunguzaji wa haraka inapotokea kutokea.

### Maafa ya asili/majanga (Matukio ya nje yasiyotarajiwa)

Maafa ya asili/majanga (Matukio ya nje yasiyotarajiwa) Uendeshaji wa biashara yetu unaweza kuathiriwa vibaya na matukio yasiyotarajiwa, kama vile majanga ya asili au magonjwa ya mlipuko. Mahitaji ya kisheria yanayohusiana na kuibuka kwa aina mpya za COVID-19 bado ni hatari kwa shughuli kampuni. Kawaida, majanga ya asili na mlipuko ya magonjwa hutokea ghafla. Hata hivyo, baada ya tathmini ya kina, tumebaini kwamba hakuna hatari kubwa ya matukio kama hayo kuathiri shughuli za kampuni kwa kiasi kikubwa.

### Uhaba wa malighafi

Upatikanaji wa malighafi una athari kubwa kwa gharama na uendeshaji wa kampuni kwa ujumla, na kwa hivyo, unaweza kuathiri sana matokeo yetu ya kifedha. Tunachukulia uhaba wa malighafi kuwa hatarishi mahususi katika sekta ya uzalishaji ambayo inaweza kuathiri kampuni hatua kwa hatua. Tunaamini kwamba mtazamo katika hatarishi hii umebaki sawa ikilinganishwa na mwaka uliopita. Ili kupunguza hatarishi hii, TPCPLC inaendelea kufuatilia akiba yetu ya malighafi, upatikanaji wa ndani wa malighafi, na kuhakikisha upatikanaji wa malighafi mbadala pale inapowezekana.

### Digitali

Ulimwengu wa biashara unapitia mabadiliko muhimu kutokana

na mageuzaji ya kidijitali. Kuongezeka kwa teknolojia mpya za kidijitali na za mtandao, pamoja na kuongezeka kwa otomatiki, kuna kuchangia kutokea kwa mifano mpya ya biashara na kubadilisha ile iliyopo. Sekta ya ujenzi na vifaa vya ujenzi pia inabadilika taratibu kutokana na udijitali, ambayo inaweza kusaidia katika kufikia usawa wa hali ya hewa katika ubunifu na ujenzi wa majengo. Mabadiliko haya yanaweza kusababisha ujenzi wa majengo yenye ufanisi zaidi na ya kudumu kwa muda mrefu. hivyo kupunguza uzalishaji wa hewa ya ukaa na hivyo kupunguza matumizi ya saruji. Udijitali pia unaweza kuongeza ufanisi wa kiutendaji na kiuzalishaji, kame uchambuzi wa taarifa halisi kutoka kwenye mifumo iliyounganishwa, kuangilia matengenezo na usimamizi bora wa michakato ya uhifadhi mali na uzalishaji.

Maendeleo duni katika udijitali yanaweza kusababisha kupoteza ufanisi na ushindani. Tunachukulia udijitali unaweza kupelekea athari kwa kampuni. Tunakadiria kiwango cha hatarishi ya kidigitali kuwa hakijabadilika kutoka mwaka uliopita TPCPLC inachunguza na kuwekeza kikamilifu katika teknolojia mpya ili kufaidika na fursa ya maendeleo mapya ya kidijitali mapema iwezekanavyo.

### Uhaba wa ujuzi na ufanisi

Wafanyakazi wetu wenye uzoefu wanapofikia umri wa kustaafu, kuna uwezekano wa kukabiliana na upungufu wa watendaji wenye uzoefu na ufanisi, hili linaweza kusababisha kupungua kwa uzilishaji na kuongezeka gharama za rasilimali watu hivyo kuongeza gharama za uzalishaji. Tunatarajia kiwango cha hatarishi hii kubaki bila kubadilika kutoka mwaka uliopita. Ili kupunguza hatarishi hii TPCPLC hutekeleza mpango mkakati wa kuvutia wafanyakazi na kupunguza idadi ya wafanyakazi wanaoondoka kazini. Kama vile kuwapa ujuzi katika idara mbalimbali au kupata ujuzi kupitia kampuni shirika zinazomilikiwa na mmiliki wetu mkuu.

### Vihatarishi katika uendeshaji

Maeneo hatarishi katika uendeshaji wa biashara hujumuisha ongezeko la gharama za nishati na upatikanaji wa malighafi. Pia tunazingatia mahitaji ya kisheria yanayo husiana na vizuizi katika mazingira na Pamoja na hatarishi katika uzalishaji, ubora na teknolojia ya Habari. Hatarishi katika eneo la uendeshaji zimeongezeka ikilinganishwa na mwaka uliopita.

### Gharama za nishati na upatikanaji

Nishati ni muhimu katika shughuli za uendeshaji wa Kampuni na hivyo basi, maeneo hatarishi katika uendeshaji wa kampuni unaweza kuchangiwa na upatikanaji, usambazaji wa umeme na gesi wa kuaminika, pamoja na bei ya nishati hizi.



Kampuni inategemea sana usambazaji wa umeme kutoka Kampuni ya Ugavi wa Umeme Tanzania (TANESCO). Kwa miaka mingi, kumekuwa na maboresho makubwa katika usambazaji wa nishati, ingawa kukatika kwa umeme bado kunaletwa athari kubwa kwa shughuli za uendeshaji a kampuni.

Gesi asilia hutumiwa katika mchakato wa kuchoma klinka, kutengeneza klinka yetu wenyewe. Kampuni inategemea sana gesi asilia na kwa hivyo mabadiliko yoyote makubwa ya bei au uhaba huwa na athari mbaya kwa shughuli na uzalishaji wa kampuni.

Tunachukulia uwepo wa hatarishi hii kuwa na athari za wastani mpaka juu ya wastani

#### **Upatikanaji wa malighafi na viinikisho**

Kuzalisha saruji, TPCPLC inahitaji kiasi kikubwa cha malighafi, ambazo kwa kiasi kikubwa hupatikana kutoka kwenye machimbo yake. Kifusi cha mawe ya chokaa ambacho kina milikiwa na TPCPLC ndiyo mwanzo wa mchakato wa utengenezaji wa saruji. Chokaa huchanganywa na kiasi kinacholingana cha udongo mwekundu ili kuunda mchanganyiko, ambacho huchanganywa vizuri na kuwekwa kwenye tanuru za kuzalisha klinka. Upatikanaji wa chokaa ni muhimu kwa shughuli endelevu za uzalishaji, na kampuni inahakikisha ina akiba ya kutosha ya chokaa ili kukidhi mahitaji yake.

#### **Vihatarishi vinazohusiana na uzalishaji**

Sekta ya saruji inahusisha teknolojia changamano ya usindikaji na kuhifadhi malighafi, viungio, na mafuta, na inachukuliwa kuwa ni sekta inayohitaji mali nyingi. Kuna hatari ya kuumia kibinafsi, uharibifu wa nyenzo na uharibifu wa mazingira kutokana na ajali na hatari za uendeshaji, ambayo inaweza kusababisha usumbufu katika uendeshaji. Kampuni ina mkakati madhubuti inayoweza kupunguza programu za kibima kutokana na uchunguzi ulifanywa miaka kadhaa iliyopita.

Ingawa hatari ya kiwango cha bima kisichotosha kutokea wakati wa uharibifu, hasa kutokana na aina adimu na kali za uharibifu kama maafa ya asili, ipo, uwezekano wa kutokea ni mdogo. Ili kuzuia uwezekano wa uharibifu na matokeo yake, tunategemea mifumo mbalimbali ya ufuatiliaji na usalama katika kiwanda chetu, mifumo jumuiishi ya usimamizi inayojumuisha viwango vya juu vya usalama, pamoja na ukaguzi wa mara kwa mara, matengenezo na huduma. Tunatoa mafunzo yanayofaa kwa wafanyakazi wote ili kuongeza ufahamu wao kuhusu athari zinazoweza kutokea. Kwa ujumla, athari zinazohusiana na uzalishaji zinachukuliwa kuwa chini na zenye athari ndogo.

#### **Vihatarishi katika eneo la ubora**

Saruji iko chini ya viwango vikali. Iwapo bidhaa zinazotolewa hazifikii viwango vilivyowekwa au mahitaji ya ubora ya mteja, tunaweza kupoteza kiasi cha mauzo, kukabiliwa na madai ya uharibifu na/au kuharibu uhusiano wetu na wateja. Kampuni inahakikisha uzingatiaji wa viwango kutoka kwa mbia wetu mkuu na maabara za watu wengine kwa njia ya uhakikisho wa ubora wa chembe laini sambamba na kila hatua ya mchakato pamoja na ukaguzi wa mwisho. Udhibiti wa uhakikisho wa ubora pia unafanywa na wataalam huru kama sehemu ya programu pana za uhakikisho wa ubora. Kwa ujumla, tunazingatia athari katika eneo la ubora kuwa ya chini na yenye athari ndogo. Kampuni inahakikisha inafuata viwango katika maabara yake na uthibitisho wa viwango na Shirika la Viwango Tanzania (TBS) (Uthibitisho wa ISO 9001).

#### **Vihatarishi katika teknolojia ya habari**

Michakato yetu ya biashara, mawasiliano, mauzo, usafirishaji na uzalishaji inaungwa mkono na mifumo ya TEHAMA, ambayo inaweza kuleta athari kwenye maeneo makuu mawili: kutopatikana kwa mifumo ya TEHAMA kwa sababu ya kushindwa au makosa ya kibinadamu, na tishio la vitendo vyenye madhara vya kimakusudi vinavyofanywa na watendaji wa nje Pamoja na wa ndani.

#### **Ili kupunguza vihatarishi vinavyohusiana na upatikanaji wa mifumo ya TEHAMA:**

Tumetekeleza taratibu za kuhifadhi nakala na miundo msingi na michakato sanifu ya TEHAMA. Timu zetu za uundaji wa programu za ndani hufanya kazi na wataalam wa TEHAMA kutoka kwa mbia wetu mkuu kutumia michakato ya haraka ambayo inatambuliza kubainisha na kudhibiti athari. Kwa matukio nyeti ya utumiaji ambayo yanaingiliana na suluhu zetu za shughuli za ERP, tunafanya mtihani mdogo wa majaribio na washirika wanaoaminika kwa njia iliyo pangwa ili kutambua kwa haraka na kushughulikia athari katika hatua za awali.

#### **Hatua za kupunguza mashambulizi ya mtandaoni ya nje na ya ndani:**

Kwa sababu ya hali ya sasa ya kijiografia na kisiasa na kuongezeka kwa kuenea kwa mashambulizi ya mtandao kama mtindo wa biashara, tishio la mashambulizi, hasa kutoka kwa vyanzo vya nje, limeongezeka kwa kiasi kikubwa. Tunaongeza mbinu za usalama katika maeneo mengi.

Kwa usaidizi kutoka kwa timu ya usalama wa mtandao kutoka kwa mbia wetu mkuu, tunalinda utambulisho wa watumiaji, kupitia maboresho ya kudumu ya usalama wa mifumo yetu ya utambuzi na tumeanza kuchanganua tabia isiyo ya kawaida ya watumiaji kwa kutumia njia za kiotomatiki.

## Usimamizi wa Vihatarishi *Inaendelea*

### Ili kupunguza tishio la mashambulizi ya mtandao ya nje na ya ndani:

Kwa kuzingatia hali ya sasa ya kijiografia na mwelekeo unaokua wa mashambulizi ya mtandao kama mtindo wa biashara, mashambulizi ya ndani na nje ya mtandao yanaleta tishio kubwa. Ili kushughulikia hili, tunaongeza mbinu za usalama katika maeneo mengi. Timu yetu ya usalama wa mtandao, kwa usaidizi wa mbia wetu mkuu, inachukua hatua za kuimarisha usalama wa mifumo yetu ya utambuzi, na hivyo kupata utambulisho wa watumiaji. Zaidi ya hayo, tumeanza kutumia mbinu za kiotomatiki kuchanganua tabia isiyo ya kawaida ya mtumiaji.

Kwa ujumla, kiwango cha tishio kimeongezeka, na hivyo kutupelekea kuzingatia athari ya kukatika kwa mfumo au programu kama athari ya wastani (ikilinganishwa na hatari ndogo ya mwaka uliopita).

### Vihatarishi vya kutokufuata sheria na utekelezaji

Hatari kubwa kwenye eneo la sheria kwa kampuni ni pamoja na hatari zitokanazo na kesi zenye uchunguzi endelevu, pamoja na hatari zinazotokana na mabadiliko ya sheria na kanuni. Tunafuatilia kwa karibu mashauri ya kisheria yanayoendelea kwa mtazamo wa kisheria, na tumeweka masharti ya kifedha yanayofaa kulingana na mahitaji ya kisheria ili kushughulikia athari zozote mbaya zinazoweza kutokea kutokana na kesi hizo..

Kulingana na tathmini zetu, tumebaini kuwa kampuni inakabiliwa na hatari ya wastani katika eneo hili la sheria na kanuni. Hata hivyo, athari kwa upande wa kifedha inayohusishwa na ukiukaji wa sheria na kanuni ni ya chini, kutokana na kesi zilizoripotiwa na kuthibitishwa katika kipindi cha ripoti

### Vihatarishi vya hali ya hewa

Mahitaji ya saruji yanachangiwa na hali ya hewa, na hali mbaya ya hewa inaweza kuathiri upatikanaji na uuzaji wa malighafi. Hata hivyo, nchini Tanzania, hali ya hewa ni tulivu, na hakuna mabadiliko makubwa yanayotarajiwa mwaka hadi mwaka. Kwa hivyo, tumetathmini hatari hii kama ya chini..

### Vihatarishi vya soko na sifa ya Kampuni

Mojawapo ya athari kubwa kwenye eneo la soko kwa kampuni ni ushindani, ambao unaongezeka katika soko la Tanzania hivi karibuni, Pamoja na kuingizwa kwa saruji iliyoagizwa kutoka nje katika soko. Hata hivyo, kampuni imejipanga vyema kudumisha makali yake ya ushindani katika soko kwa kutegemea saruji yake yenye ubora wa juu, chapa dhabiti, wafanyakazi wenye ujuzi, na usimamizi madhubuti.

Kampuni inapoendelea na jitihada za uzalishaji endelevu unaozingatia kupunguza utoaji wa hewa chafu (hewa ukaa),

kuna hatari inayohusishwa na mabadiliko katika mapendekezo ya watumiaji. Hii inaweza kusababisha ongezeko la uingizwaji wa saruji na vifaa vingine vya ujenzi ambavyo vinachukuliwa kuwa na alama ya chini ya kaboni. Zaidi ya hayo, kuna hatari ya kupanda kwa gharama za malighafi, ambayo inaweza kwa kiasi fulani kuchangiwa na uzalishaji endelevu unaozingatia kupunguza utoaji wa hewa chafu.

Ili kuhakikisha uzalishaji endelevu kwa siku zijazo, tunachukua hatua za kupata viwango vya kutosha vya nishati mbadala na malighafi. Pia, sisi tunatambua kwamba kushindwa kufikia malengo yetu uendelevu kwa wakati kunaweza kusababisha maoni hasi kutoka kwa washikadau, jambo ambalo linaweza kuhatarisha sifa ya kampuni. Mawasiliano madhubuti yanaweza kusaidia kupunguza hatari hizi. Kwa ujumla, tunachukulia athari katika eneo la soko na hadhi kuwa ni eneo lenye athari ya jumla ambayo inaweza kuwa na athari za taratibu kwa kampuni. Tunaamini kwamba mtazamo wa hatari ni thabiti ikilinganishwa na mwaka uliopita.

### Tathmini ya vihatarishi kwa ujumla

Bodi ya Wakurugenzi imetathmini hali ya hatari ya ujumla ya TPCPLC kwa kujumuisha hatari zote kuu na za mtu binafsi. Kulingana na uchunguzi huu, Bodi ina uhakika kwamba hakuna hatari kubwa ambazo zinaweza kuwa tishio kwa biashara endelevu, iwe kwa kujitegemea au kwa kuchanganya na hatari nyingine. Hakujawa na mabadiliko makubwa katika hali ya hatari ya TPCPLC kati ya tarehe ya kuripoti na utayarishaji wa taarifa za fedha za 2022. Kampuni ina msingi imara wa kifedha, na nafasi yake ya ukwasi ni imara.



## Nguzo Mahiri Mikakati na Rasilimali

Katika kuyafikia malengo yetu, nguzo mahiri na rasilimali zilizopo kwa kampuni (zote zinazoonekana na zisizoonekana) ni:

### Uwezo wa Uongozi na Wafanyakazi

Jambo kuu muhimu kama rasilimali ya kampuni ni mtaji wa watu. Utendaji wa kampuni unaongozwa na viongozi washindani na wenye sifa ambao hujituma katika shughuri za kila siku kuakikisha wanayafikia malengo ya kampuni. Timu ya uongozi hutegemea wafanyakazi wenye uweredi mkubwa na kujitoa ambao wanauzoefu katika viwanda na tehamu ya saruji. Kwahiyo kampuni huajiri zaidi wafanyakazi wenye uweredi na ushindani na pia uwekeza kwenye mafunzo yao.

### Chapa Imara na Bidhaa Bora

Saruji chapa Twiga (Twiga Cement) inajulikana sana katika soko na umaarufu wake unatokana na ubora wake. Taswira na ubora wa bidhaa zetu vinatupa fursa nzuri kwenye soko. Ili kukidhi matakwa ya viwango vya ubora katika soko la saruji, Kampuni inatengeneza aina nne (4) za saruji: - Twiga Ordinary (CEM I 42.5), Twiga Plus (CEM IIB-L42.5N), Twiga Extra (CEM IIB-L32.5R) na Twiga Jenga (MC-22X) na Twiga Super (CEM IIB-L 32.5N). Uboora wa bidhaa zetu zinazozalishwa hudumishwa kupitia upimaji thabiti wa ubora wa malighafi zote katika kila hatua ya uzalishaji.

### Mtandao Imara wa Usambazaji

Bidhaa zetu zimeweza kufika sehemu nyingi nchini kutokana na mtandao madhubuti wa usambazaji na uwepo wa magari yanayomilikiwa na wasambazaji wetu. Kampuni pia huuza saruji katika baadhi ya nchi za jirani katika Afrika ya Kati na Afrika Mashariki.

### Nafasi katika Soko

Saruji ya Twiga ni bidhaa inayopendwa na hii inafanya Kampuni kushika uongozi katika soko la saruji. Nafasi yetu ya uongozi katika soko inatiwa msukumo na kuwa karibu na soko kuu la saruji la Dar es Salaam.

### Msaada wa Kiufundi

Kampuni Mama HeidelbergMaterials, inaongoza katika soko la kokoto duniani na ni mdau mkubwa katika uzalishaji wa saruji, zege na shughuli nyinginezo zinazohusiana na hizi. Hii inaifanya HeidelbergMaterials kuwa kati ya watengenezaji wakubwa wa malighafi za ujenzi duniani. Kampuni inafaidika na huduma bora za kitaalamu na kiufundi kwenye biashara ya saruji kutoka HeidelbergMaterials.

### Akiba bora malighafi ya chokaa

Chokaa ni kati malighafi muhimu katika utengenezaji wa saruji. Kampuni ina akiba ya kutosha ya chokaa kukidhi mahitaji ya utengenezaji wa saruji.



## Uhusuano wa Wadau

**Wafanyakazi**– kampuni iliweka mipango inayozingatia uboreshaji wa ustawi wa mfanyakazi, kuweka vipaumbele vya afya na usalama na mafunzo ya wafanyakazi. Zaidi ya hayo, kampuni inafanya kazi kwa ukaribu na chama cha wafanyakazi (TUICO) katika kuhakikisha kuwa masuala yote yanayohusu wafanyakazi yanashughulikiwa. Kampuni imedumisha uhusiano mzuri na TUICO.

**Wateja** – kampuni inawazingatia wateja na imejitolea kikamilifu katika kutoa huduma zenye ongezeko la thamani, uzoefu na bidhaa bora kwa wateja. Timu yetu imedhamiria kuongeza ufanisi katika uendeshaji na katika soko.

**Wasambazaji** – hawa hutoa malighafi, huduma, vipuri n.k., ambazo ni muhimu kwa uendeshaji wa mitambo. Kampuni inatoa fursa kwa wote kupitia mchakato wa zabuni, vikao na wasambazaji, kuwatembelea na masharti nafuu ili kuhakikisha uendeleu wa uendeshaji.

**Jamii** – Kampuni inajishughulisha na mipango kadhaa ambayo inahakikisha kwamba masuala yanayohusu jamii inayoizunguka yanashughulikiwa. Kampuni inahakikisha kwamba inapanga bajeti kwa ajili ya mipango ya jamii katika maeneo ya elimu, huduma za afya, wanawake na watoto.

**Serikali na Wathibiti** – hawa wanawajibika kwa utoaji wa sera, vibali na leseni. Kampuni inaendelea kufanya kazi kwa karibu na serikali na wathibiti kupitia mashirika husika na vikao vya umma. Kampuni imeweka mipango ya kuhakikisha kuwa shughuli zake zinazingatia sheria na kanuni mbalimbali zikiwemo mazingira, afya na usalama. Zaidi ya hayo, kampuni inahakikisha kwamba shughuli zake zinakuza maendeleo ya kiuchumi na viwanda nchini.

## Mchango wa Kisiasa

Kampuni haikutoa mchango kwa vyama vyovyote vya kisiasa au sababu za kisiasa katika mwaka huo.

## Uwekezaji wa Kijamii wa Kampuni

Katika mwaka unaomalizika, Kampuni ilitoa mchango na mchango mingine ya hisani yenye thamani ya takriban TZS 13.1 milioni (2021: TZS 161.8 milioni)

Kando na mchango, Kampuni pia imehusika katika Uwajibikaji kwa Jamii, ikilenga wanawake, huduma za afya, elimu, na watoto. Jumla ya mchango ilikuwa TZS 633 milioni (2021: TZS 91.4 milioni).

## Gawio

Wakurugenzi wanapendekeza gawio la Shilingi bilioni 70.17 (Shilingi 390 kwa hisa) kwa wanahisa wake kama gawio la mwisho kwa mwaka 2022. Gawio la mwisho litaidhinishwa na mkutano mkuu wa mwaka na litalipwa mwezi Juni 2023. Mwezi wa Juni mwaka 2022, Kampuni ililipa Shilingi bilioni 70.17 (Shilingi 390 kwa hisa) kama gawio la mwisho la mwaka 2021. Hakukuwa na malipo kwa ajili ya gawio la awali kwa mwaka ulioishia Desemba 2022. Kufikia pendekezo hili, wakurugenzi wamezingatia hali ya kifedha ya Kampuni na mahitaji ya baadaye ya miradi ya uboreshaji.

## Matukio ya Baadaye

Hapakuwa na matukio ya baadaye ambayo yametokea na yanayohitaji kuwekwa wazi au kurekebishwa kwenye taarifa za fedha ambayo yangukuwa na athari kwa taarifa hizo za fedha.





## Shughuli za Biashara na Kampuni zenye Uhusiano

Kampuni mama ya TPCPLC ni HeidelbergMaterials, iliyoorodheshwa kwenye soko la fedha la Frankfurt katika Jamhuri ya Shirikisho ya Ujerumani. HeidelbergMaterials inamiliki Scancem International DA ya nchi ya Norway, kwa asilimia 100, ambayo inamiliki asilimia 69.25 ya hisa zote za TPCPLC. Katika mwaka huo, Kampuni ilifanya miamala na Makampuni ambayo inahusiana nayo, hii inajumuisha uagizaji wa malighafi kutoka HC Trading Asia na Pacific PTE Limited, na usafirishaji wa makaa ya mawe kwa HC Trading GMBH. Maelezo ya miamala ya wahusika yanaonyeshwa katika Dokezo 38 la taarifa za fedha.

### Mtaji wa Hisa

Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2020: hisa 179,923,100). Hapakuwepo na mabadiliko yoyote ya mtaji wa hisa. Muundo wa mtaji wa Kampuni umeainishwa katika ukurasa namba 27

Mgawanyo wa hisa za kampuni ni kama ifuatavyo:

Jina	2022 % ya Umiliki	2021 % ya Umiliki
Scancem International DA	69.25	69.25
General Public	22.78	22.78
Government Pension funds	7.75	7.75
Wazo Hill Saving and Credit Cooperative Society	0.22	0.22
	<b>100.00</b>	<b>100.00</b>

### Sera za Uhasibu

Taarifa za fedha zimetayarishwa kwa kuzingatia kuwa Kampuni itaendelea na shughuli zake kwa vipindi vijavyo. Miongozo ya kijasibu imeainishwa kwenye aya ya 3 ya taarifa za fedha na hufanyiwa tathmini kila mwaka ili kuhakikisha kuwa zinaendana na viwango vya kimataifa vya utoaji wa taarifa za fedha (IFRS).

## Wanahisa wa Kampuni

Idadi ya wanahisa kwa mwaka ulioishia 31 Desemba 2022 ilikuwa 9,310 (2021: wanahisa 9,354), wanaomiliki hisa za kawaida 179,923,100 (2021: 179,923,100).shares (2021: 179,923,100 ordinary shares). Wafuatao walikuwa wanahisa kumi wakubwa wa Kampuni

Jina	Uraia	2022 % ya Umiliki	2021 % ya Umiliki
Scancem International DA	Mnorwe	69.25	69.25
Public Service Social Security Fund	Mtanzania	6.16	6.16
Standard Chartered Bank Uganda	Mganda	5.28	5.28
National Social Security Fund	Mtanzania	1.24	1.24
Umoja Unit Trust Scheme	Mtanzania	0.99	0.92
African Lions Fund LTD	Mtanzania	0.93	0.59
Murtaza Basheer Nasser	Mtanzania	0.90	0.90
Said Salim Awadh Bakhresa	Mtanzania	0.77	0.51
Sayed H. Kadri/Basharat Kadro/Mehboob Kadri/Khalid/Muzammil Kadri	Mtanzania	0.52	0.59
Zanzibar Social Security Fund	Mtanzania	0.35	0.35

### Taarifa ya Soko la Mtaji

Kampuni iliorodheshwa katika soko la mtaji tarehe 29 Septemba 2006 na hisa zake kuanza kuuzwa kwenye soko la Mitaji ya Dar Es Salaam (DSE). Mwaka 2022 hisa za kampuni zilifanya biashara wakati wote kwenye minada iliyoratibiwa na Soko la Mitaji la Dar Es Salaam (DSE). Mwaka 2022, mwenendo wa hisa za Kampuni kwenye soko la mitaji ilikuwa kama hivi: Thamani ya Kampuni mnamo 31 Desemba 2022 ilikua Shilingi bilioni 683.7 (2021; Shilingi bilioni 611.7). Bei ya hisa mnamo 31 Desemba 2022 ilikua Shilingi 3,800 kwa hisa, ikilinganishwa na bei ya hisa ya Shilingi 3,400 kwa mwaka wa 2021 (Bei katika soko la mwanzo ilikua Shilingi 435 kwa hisa).

## Masuala ya Kimahakama

Katika mwaka huo, hakukuwa na masuala mazito ya kimahakama ya kuripoti kama inavyotakiwa na Kiwango cha 1 cha Taarifa za Fedha Tanzania (Ripoti ya wale wanaohusika na Utawala).

## Taarifa ya Utekelezaji

Ripoti ya wale wanaohusika na utawala imeandaliwa kwa kuzingatia Kiwango cha Taarifa za Fedha Tanzania Na. 1 “TFRS 1” (Ripoti ya wale wanaohusika na utawala).

## Wakaguzi

### Maelezo

Taarifa za wakaguzi wa hesabu za Kampuni kwa muda uliotolewa na ripoti ni:

PricewaterhouseCoopers  
Pemba House  
369 Toure Drive  
Oyster Bay  
P.O. Box 45  
Dar es Salaam, Tanzania

Website: <https://www.pwc.co.tz/>

Firms' PF Number: PF 047

TIN: 100212285

Msimamizi wa ukaguzi wa Kampuni katika kipindi mwaka wa fedha ana PF Nambari:

ACPA-PP 1981

### Uteuzi wa 2023

PricewaterhouseCoopers (PwC) ilituliwa kuwa mkaguzi wa Kampuni kwa mwaka 2022. Pia PwC ina nia ya kuendelea kuwa mkaguzi, na wana vigezo kwa kustahili kuomba kuteuliwa tena. Azimio linalopendekeza uteuzi wa mkaguzi wa mwaka ujao wa fedha litawekwa kwenye Mkutano Mkuu Wa Mwaka (AGM).

## Wajibu wa Wakaguzi

Mkaguzi ana wajibu wa kutoa uhakikisho wa usahihi na uthabiti wa taarifa zote zilizomo kwenye ripoti na wale wanaohusika na utawala na zile zilizotolewa katika taarifa za fedha

## Wajibu wa Wale Wanaohusika na Utawala

Wanachama walio na mamlaka ya usimamizi wanakubali jukumu la kuandaa taarifa hizi za kifedha ambazo zinaonyesha mtazamo wa kweli na wa haki wa Kampuni hadi tarehe ya kuidhinishwa kwa taarifa za kifedha zilizokaguliwa, kwa mujibu wa viwango vinavyotumika, sheria, kanuni na masharti ya kisheria. Wanachama pia wanathibitisha kufuata masharti ya mahitaji ya TFRS 1 na sheria zingine zote za kisheria zinazohusiana na Kampuni.

### Imetolewa kwa amri ya Bodi ya wanaohusika na Uongozi

Imeidhinishwa na Bodi ya Wakurugenzi tarehe 25 April 2023 na imesainiwa na:

Name: ALFONSO VELEZ Title: DIRECTOR Signature: 

Name: RUTH ZAIPUNA Title: DIRECTOR Signature: 





## Statement Of Directors’ Responsibilities For The Year Ended 31 December 2022

The Tanzanian Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its profit in accordance with International Financial Reporting Standards (IFRS).

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Name: ALFONSO VELEZ Title: DIRECTOR Signature: 

Name: RUTH ZAIPUNA Title: DIRECTOR Signature: 

Date: 25 April 2023



# Declaration Of The Head Of Finance For The Year Ended 31 December 2022

The National Board of Accountants and Auditors (NBAA) according to the powers conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, CAP 212 Act No. 12 of 2002. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on page 90.

I Tumaini Ishemo, being the Chief Accountant representing the Head of Finance of Tanzania Portland Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

I thus confirm that the financial statements give a true and fair view of the financial position and results of Tanzania Portland Cement Public Limited Company as on that date and for the year then ended and that the financial statements have been prepared based on properly maintained financial records.

Signed by: 

Position: CHIEF ACCOUNTANT

NBAA Membership No. **ACPA 2733**

Date: 25 April 2023

# Independent Auditor’s Report

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tanzania Portland Cement Public Limited Company (the Company) as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

### What we have audited

The financial statements of Tanzania Portland Cement Public Limited Company as set out on pages 98 to 142 comprise:

- statement of financial position as at 31 December 2022;
- statement of profit or loss and other comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

#### Key audit matter

##### Unresolved tax matters and contingent liabilities

Tax positions were significant to our audit because the assessment process involves judgement in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits.

The Company has significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes are dependent on future events. The total amount of tax assessed is TZS 59.2 billion of which TZS 13 billion has been provided for on the financial statements.

With the assistance of internal and external experts, the directors exercise significant judgement in assessing the possible outcomes of the unresolved matters for financial reporting purposes at the year-end.

The actual future outcomes of these matters could be materially different from the directors’ judgement at the year-end.

Further information is provided in Note 6, Note 33(b) and note 39.

#### How our audit addressed the key audit matter

We tested management’s process for identification and evaluation of tax exposures from TRA assessments. We examined a list of open tax matters and tax assessments by TRA as at 31 December 2022.

We tested the completeness of the list by examining the minutes of the board meetings and legal correspondences between the company and its lawyers.

We examined the correspondence between Management and the Tanzania Revenue Authority.

We obtained and assessed advice from management expert that was applied by management to assess the level of provisioning required and the tax objections filed thereon.

We reviewed the provisions for tax exposures based on management’s assessment and the advice provided by the company’s tax advisor.

We have evaluated the reasonableness of the management judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgement applied by directors.



## Other information

The directors are responsible for the other information. The other information comprises Company information, Report by Those Charged With Governance, Statement of Directors' responsibilities and Declaration of the head of finance (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Financial highlights, letter of transmittal, Chairman's statement, Managing director's report, Directors' Bibliography, Key management personnel, Corporate social responsibility and proxy form, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read Financial highlights, letter of transmittal, Chairman's statement, Managing director's report, Directors' Bibliography, Key management personnel, Corporate social responsibility and proxy form, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a

going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Report on the audit of the financial statements

### Auditor’s responsibilities for the audit of the financial statements Continued

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company’s members as a body in accordance with the Companies Act, No. 12 of 2002, and for no other purposes.

As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, the Directors’ Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Cletus Kiyuga, ACPA, PP

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar es Salaam

Date: 22 May 2023







**Next Section:**

# **Financial Statements**







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## Statement Of Profit Or Loss And Other Comprehensive Income

<i>Figures in TZS '000</i>	Notes	2022	2021
Revenue from contracts with customers	7	494,716,182	449,509,301
Cost of sales	9	(328,592,344)	(293,185,036)
<b>Gross profit</b>		<b>166,123,838</b>	<b>156,324,265</b>
Other operating income	8	841,677	1,205,920
Selling and marketing costs	10	(3,082,702)	(3,010,835)
Administrative costs	11	(25,216,626)	(23,514,168)
Other operating expenses	14	(2,727,675)	(5,423,601)
<b>Operating profit</b>		<b>135,938,512</b>	<b>125,581,581</b>
Finance income	15	3,139,579	3,258,481
Finance costs	16	(810,519)	(611,279)
Net gain/(loss) on foreign currency translation	17	1,829,994	(191,595)
<b>Profit before tax</b>		<b>140,097,566</b>	<b>128,037,188</b>
Income tax expense	32	(42,738,964)	(39,555,603)
<b>Profit for the year</b>		<b>97,358,602</b>	<b>88,481,585</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(losses) on defined benefit plan	29	448,834	(1,538,346)
Income tax effect	32	(134,650)	461,504
<b>Other comprehensive income for the year, net of tax</b>		<b>314,184</b>	<b>(1,076,842)</b>
Total comprehensive income for the year, net of tax		<b>97,672,786</b>	<b>87,404,743</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (TZS)	40	<b>541</b>	<b>492</b>



## Statement Of Financial Position

<i>Figures in TZS '000</i>	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	18	142,330,100	144,842,101
Intangible asset	19	813,318	1,006,537
Leasehold land	20	980,929	1,008,775
Right of use assets	21	4,333,991	982,483
Non-current financial assets	25	574,000	796,000
		<b>149,032,338</b>	<b>148,635,896</b>
<b>Current assets</b>			
Inventories	22	85,992,840	52,935,488
Trade receivables	23	53,561,114	46,277,317
Other short-term operating receivables	24	24,193,735	16,586,868
Other current financial assets	25	600,000	600,000
Cash and bank balances	26	105,512,644	114,278,364
		<b>269,860,333</b>	<b>230,678,037</b>
<b>Total Assets</b>		<b>418,892,671</b>	<b>379,313,933</b>
<b>Equity And Liabilities</b>			
<b>Equity</b>			
Issued capital	27	3,598,462	3,598,462
Retained earnings		296,139,811	268,637,039
		<b>299,738,273</b>	<b>272,235,501</b>
<b>Non-current liabilities</b>			
Lease liabilities	28	1,149,572	186,758
Employment benefit liabilities	29	5,339,322	5,306,943
Provision for quarry site restoration	31	4,266,311	2,432,541
Deferred income tax liability	32	10,066,585	11,618,859
		<b>20,821,790</b>	<b>19,545,101</b>
<b>Current liabilities</b>			
Lease liabilities	28	3,461,375	1,044,405
Current income tax payable	32	521,690	28,859
Trade and other payables	33(a)	78,394,395	70,281,721
Provisions	33(b)	13,049,775	13,329,878
Dividend payable	37	2,905,373	2,848,468
		<b>98,332,608</b>	<b>87,533,331</b>
<b>Total Equity And Liabilities</b>		<b>418,892,671</b>	<b>379,313,933</b>

## Statement Of Changes In Equity

<i>Figures in TZS'000</i>	Share Capital and Share Premium (Note 27)	Retained earnings	Total Equity
As at 01 January 2022	3,598,462	268,637,039	272,235,501
Profit for the year	-	97,358,602	97,358,602
Other comprehensive income, net of tax	-	314,184	314,184
<b>Total comprehensive income, net of tax for the year</b>		<b>97,672,786</b>	<b>97,672,786</b>
<b>Transactions with owners in their capacity as owners:</b>			
Dividends approved (Note 36)		(70,170,014)	(70,170,014)
<b>As at 31 December 2022</b>	<b>3,598,462</b>	<b>296,139,811</b>	<b>299,738,273</b>
As at 01 January 2021	3,598,462	251,402,305	255,000,767
Profit for the year	-	88,481,585	88,481,585
Other comprehensive income, net of tax	-	(1,076,842)	(1,076,842)
<b>Total comprehensive income, net of tax for the year</b>		<b>87,404,743</b>	<b>87,404,743</b>
<b>Transactions with owners in their capacity as owners:</b>			
Dividends approved (Note 36)		(70,170,009)	(70,170,009)
<b>As at 31 December 2021</b>	<b>3,598,462</b>	<b>268,637,039</b>	<b>272,235,501</b>

These financial statements were authorised for issue in accordance with a resolution of the Board of directors passed on 25 April 2023 and were signed on its behalf by:

Name: ALFONSO VELEZ Title: DIRECTOR Signature: 

Name: RUTH ZAIPUNA Title: DIRECTOR Signature: 



## Statement Of Cash Flows

<i>Figures in TZS'000</i>	Notes	2022	2021
<b>Operating activities</b>			
Profit before tax		140,097,566	128,037,188
<b>Adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation	12	20,645,407	18,666,314
Interest expense	28 & 29	1,255,581	1,040,904
Interest income	15	(3,139,579)	(3,258,481)
Net unrealised exchange gain/(loss) – Cash and bank effect	17	(801,765)	620,896
Net provision for obsolete inventories	22	971,658	2,058,943
Increase in site restoration provision	31	1,833,770	157,519
Post-employment benefit provision	29	300,810	226,950
(Decrease)/increase in other provisions	33(b)	(280,104)	2,915,814
Expected credit losses for trade receivables	23	(339,944)	(421,078)
Gain on disposal of property, plant, and equipment	8	-	(46,610)
<b>Cash flows before changes in working capital items</b>		<b>160,543,400</b>	<b>149,998,359</b>
<b>Working capital adjustments:</b>			
Increase in inventories	22	(34,029,010)	(1,841,963)
Increase in trade receivables	23	(6,943,853)	(4,765,323)
Increase in other short-term operating receivables	24	(7,606,944)	(2,105,812)
Decrease in other financial assets	25	222,000	550,000
Increase in trade and other payables	33(a)	8,112,674	11,935,589
Corporation tax paid	32	(43,932,977)	(42,733,839)
Payment to post-employment benefit - Benefit payments	29	(264,659)	(950,058)
Interest received	15	3,139,579	3,253,460
<b>Net cash inflows from operating activities</b>		<b>79,240,210</b>	<b>113,340,413</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant, and equipment (PPE)	18	-	46,610
Payment for capital works-in-progress and PPE	18	(14,611,038)	(27,828,267)
<b>Net cash flows used in investing activities</b>		<b>(14,611,038)</b>	<b>(27,781,657)</b>
<b>Financing activities</b>			
Dividends paid	37	(70,113,111)	(70,178,004)
Payment of liabilities - principal and interest	28	(4,083,546)	(4,337,262)
<b>Net cash flows used in financing activities</b>		<b>(74,196,657)</b>	<b>(74,515,266)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,567,485)</b>	<b>11,043,490</b>
Net unrealised exchange (gain)/loss		801,765	(620,896)
<b>Cash and cash equivalents at 01 January</b>	26	<b>114,278,364</b>	<b>103,855,770</b>
Cash and cash equivalent at 31 December	26	<b>105,512,644</b>	<b>114,278,364</b>

# Notes to the Financial Statements for the Year Ended 31 December 2022

## 1. Corporate Information

The financial statements of Tanzania Portland Cement Public Limited Company (‘the Company’) for the year ended 31 December 2022 were authorized for issue in accordance with a resolution of the Directors as indicated on the statement of financial position. The Company is a Public Limited Company incorporated and domiciled in Tanzania. The Company’s shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the Report by those charged with governance. Information on its holding Company is provided in Note 38.

## 2. Basis Of Preparation

The financial statements have been prepared on a historical cost basis, except when stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS ‘000’), except when otherwise indicated. These financial statements cover the year ended 31 December 2022.

### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Tanzanian Companies Act, 2002.

### Going Concern

The Company has prepared the Financial Statements on the basis that it will continue to operate as a going concern.

## 3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### a) Revenue recognition

Revenue represents income arising in the course of an entity’s ordinary activities, which leads to an increase in economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is stated net of value-added tax (VAT).

Revenue is primarily derived from the sale of cement to distributors. Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods or collection of cement by customers at the Company’s premises.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to performing their respective obligations;
- The Company can identify each party’s rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing, or amount of future cash flows is expected to change as a result of the contract); and
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g.,



warranties, and customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. Currently, the Company does not sell cement to customers or have contracts with customers that have significant financing components.

#### **Contract balances**

##### **Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets.

##### **Contract liabilities**

A contract liability is an obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company's contract liabilities consist of advance deposits from customers for cement sales.

Cost to obtain a contract.

The Company defers and amortises these costs over the period of the contract.

#### **b) Foreign currency translation**

Functional and presentation currency

The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items

measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 3. Significant Accounting Policies Continued

#### c) Property, plant, and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any. Such cost includes the cost of any replacing part of the property, plant, and equipment when that cost is incurred if the recognition criteria are met. All other repair and maintenance costs are recognised in profit and loss as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation that have been consistently applied are:

Description	Rate (%)
Buildings and roadsw	4.0
Production machinery and equipment: (Factory plant and machinery)	5.0 – 10.0
Production machinery and equipment (Quarry plant and machinery)	25.0
Other equipment (Furniture, equipment, and fixtures)	12.5
Other equipment (Motor vehicles)	25.0
Other equipment (Computer hardware)	33.3

An item of property, plant, and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised. The asset is derecognised once control has been transferred to the buyer.

The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively, if appropriate, at each financial year-end.

#### Capital work-in-progress.

Capital work-in-progress includes accumulated cost of property, plant, and equipment which is under construction or for which cost has been incurred, but which is not yet ready for use by the Company. It also includes costs incurred for assets being constructed by third parties, assets that have not been delivered to or installed in the facility, and assets which cannot be used until certain other assets are acquired and installed.

Where there is a significant interval between the time at which cost is incurred in connection with the acquisition of an asset and when the asset will be ready for use, the cost is accumulated in capital work-in-progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category, and depreciation starts. Capital work-in-progress is not depreciated, since by the definition it is not yet ready for use.

#### d) Capital items in stock

Spare parts and servicing equipment are classified as Property, Plant, and Equipment rather than inventory when they meet the definition of Property, Plant, and Equipment, with a useful life of more than 5 years and a value of more than TZS 140 million. They are measured on cost less depreciation and provision for impairment.

#### e) Intangible assets

The Company's intangible assets include the value of computer software and mining rights for the limestone quarry. Mining rights are rights to extract limestone from the land that belongs to the government. The Company pays the cost of the mining rights at the inception of the contract in advance and amortizes over the life of the contract or units of production giving mining rights. Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation that has been consistently applied is 20% – 50%. The amortisation period and the amortisation method for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the de-recognition of an intangible asset are



measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### **f) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and value in use. A cash-generating unit is a small identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless either the asset's fair value less cost of disposal is higher than its carrying amounts or the asset's value in use can be estimated to be close to its fair value less costs of disposal and fair value less costs of disposal can be determined.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the assets.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transaction can be identified, and the appropriate valuation model is used value in use is determined using budgets.

#### **g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials – purchase cost on a weighted average basis.
- Finished goods and work in progress – the cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **h) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **i) Financial assets**

###### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (a) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 3. Significant Accounting Policies

#### Continued

#### i) Financial assets *Continued*

As at the year-end, the financial assets of the company included cash and cash equivalents, trade receivables, and other financial assets; all classified as assets held to collect and therefore measured at amortised cost.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with the recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost (debt instrument) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company’s financial assets at amortised cost include trade receivable, other short-term operating receivables bank balances, and other financial assets.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have

expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when the financial assets can not be recovered after three years.

## **ii) Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of incremental transaction costs.

The Company's financial liabilities include Interest bearing loans, accrued expenses, trade payables, and other payables that are financial instruments. These are all classified as financial liabilities at amortised cost.

### **Subsequent measurement**

After initial recognition, interest-bearing loans and trade and other payables are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the finance costs in the statement of comprehensive income.

## **De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying value is recognised in profit or loss.

## **i) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **j) Provisions**

### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **Site restoration provision**

The provision for restoration represents the cost of restoring site damage after the start of production. Increases or decrease in the provision is charged to profit or loss as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 3. Significant Accounting Policies

#### Continued

#### j) Provisions Continued

##### Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

The Company did not have any onerous contracts during the year.

#### k) Pensions and other employment benefits

The Company operates defined contribution plans and defined benefit plans.

##### Pension obligations

Under defined contribution plans, the Company’s employees are members of state-owned pension schemes, and the National Social Security Fund (NSSF). The Company contributes 10% of basic salary for each employee who is a member of NSSF, while the employees contribute 10% respectively. The Company’s contributions to the funds are charged to profit or loss in the year to which they relate.

##### Endowment scheme

The Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. This scheme is a defined contribution plan. The cost of the endowment scheme is fully met by the Company, and it has no further obligations to the scheme.

##### Other short-term benefits

The Company maintains a medical insurance policy for its staff which covers staff and their immediate dependants. The entitlement is recognised through profit or loss under employee expenses. The Company does not have any further obligation after contributions have been made.

##### Post-employment benefits

Under defined benefit plans, the Company provides certain post-employment benefits at retirement. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high-quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds are used at the end of the reporting period. (See also note 5 Significant Accounting Judgements, estimates and assumptions - Pension Obligations).

Long-service employment benefits (other long-term employee benefits)

Under this defined benefit plan, the Company provides benefits in the form of cement at certain milestones during the period of employment.

The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by reference to market yields on high-quality corporate bonds, where there is no deep market in such bonds, the market yields on government bonds are used at the end of the reporting period.

These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Interest is calculated by applying the discount rate to the defined benefit liability. The Company recognises the following changes in the defined benefit obligation in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments, and non-routine settlements
- Interest expense

Key assumptions and sensitivity analysis are disclosed under Note 29.



## **l) Taxes**

### **Current tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. At the end of each reporting period, the Company reassesses unrecognised deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognised directly in other comprehensive income or equity are also recognised in other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Value-added tax**

Revenues, expenses, and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **m) Royalty**

A royalty fee is a fixed charge paid to the government on annual basis based on the unit of minerals extracted by the Company. The annual fee paid depends on material extracted during a particular month.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 3. Significant Accounting Policies Continued

#### n) Dividend distribution

Dividend distribution to the shareholders is charged to equity and recognised as a liability in the Company’s financial statements in the period in which they are declared, and after being approved by the shareholders at the Annual General Meeting.

#### Dividend withholding tax

Dividend withholding tax is payable at a rate of 5% on dividends distributed to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the tax authorities on behalf of the shareholder.

#### o) Current versus non-current classification

The Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within 12 months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### p) Cost of sales

All costs directly linked to the production, handling, and storing of goods within the factory premises are classified under cost of sales. They exclude those period costs that would be incurred regardless of whether the Company make any production. Cost of sales includes carrying amounts of inventories sold during the period. Included in this are some fixed components like direct

labour cost; variable costs such as power, materials, handling, and distribution cost. Costs are allocated based on cost centres, expenses allocated to cost of sales are those which are within technical, mechanical, and production cost centres.

#### p) Leases

The Company assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and lease term.

The right-of-use assets are subject to impairment in line with the Company’s policy for impairment of non-financial assets.

The useful life of the Company’s right-of-use asset is as follows:

- Quarry equipment – 3.25 years
- Factory land – 99 years

#### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **The company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

#### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **r) Cash and bank balances**

Cash and short-term deposits in the statement of financial position comprise bank balances and time deposit accounts with banks whose original maturities do not exceed three months and cash on hand. For the purpose of the statement of cash flows, cash, and cash equivalents consist of cash and bank balances as defined above.



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 4. New And Amended Standards And Interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 - Effective for annual reporting periods beginning on or after 1 January 2022**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to an agreement and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company. The Company intends to use the amendments in future periods if they become applicable.

#### **Reference to the Conceptual Framework – Amendments to IFRS 3 - Effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference respect to the Conceptual Framework for Financial Reporting, issued in March 2018, without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments had no impact on the financial statements of the Company.

#### **Property, Plant, and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - Effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively**

In May 2020, the IASB issued Property, Plant, and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant, and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments had no impact on the financial statements of the Company.

#### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities - Effective for annual reporting periods beginning on or after 1 January 2022**

As part of its 2018-2020 annual improvements to the IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability substantially differ from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the financial statements of the Company.

## 5. Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The Company has applied intends to adopt these standards, if applicable when they become effective.

### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- Only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of liability not impact its classification

The Company is currently assessing the impact of the amendments.

### **Definition of Accounting Estimates - Amendments to IAS 8 - Effective for annual reporting periods beginning on or after 1 January 2023**

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - Applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, Making Materiality Judgements, providing guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023, with earlier application permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments.

### **The following pronouncements issued by the IASB are effective for periods commencing on or after 1 January 2023. The Company's financial reporting is not expected to be materially impacted by these pronouncements:**

- IFRS 17 Insurance
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 6. Significant Accounting Judgements, Estimates, And Assumptions

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company’s accounting policies, management has made the following significant estimations, which has the most significant effect on the amounts recognised in the financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year-end date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

#### Expected credit losses

The Company assesses the financial assets portfolio to determine whether an impairment loss should be recorded in profit or loss. The Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio. The Company performs impairment assessment during recognition of the financial assets taking into consideration forward-looking information pertaining to a specific debtor or a certain debtor’s portfolio. The assessment of the correlation between historically observed default rates, forecasts of economic conditions, and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

More information on impairment losses including the carrying amounts of the balances affected is presented in Note 23, 24 and 25.

#### Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are

indicators that the carrying value may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The assets that are subject to this are presented in Notes 18,19 and 20.

#### Post-employment and long service defined benefit plans

The cost of defined benefit pension plans and other long-term employment plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are included in Note 29.

#### Provision for quarry rehabilitation

Limestone is mined from the quarry in a way that leaves the “used” area as a one-level horizontal plateau (bench). The Company re-cultivates the quarry sites that will no longer be mined, and the Company has a quarry rehabilitation plan.

Due to the long-term nature of mining a quarry, assessment of the quarry rehabilitation provision is subject to significant estimates. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. The discount rate used in the calculation of the provision as at 31 December 2022 equalled 12.96% (2021: 15.95%). Refer to Note 31 for more information on the quarry rehabilitation provision.

#### Asset useful lives

The estimated useful lives and residual values of items of property, plant, and equipment are reviewed annually and are in line with the rates at which they are depreciated.

For the carrying amount of property, plant, and equipment, refer to Note 18 to the financial statements.

#### Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant



judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings, as a rule, raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought, and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations, or cash flows of the Company could be materially affected by the unfavourable outcome of the litigation.

For details on the contingent liabilities amounts, refer to Note 39 to the financial statements.

## **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective domicile of the companies.

For disclosures and details on tax and tax contingencies, refer to Notes 32 and 39 of the financial statements.

## **Leases**

### **Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset

of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Company would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

### **Determining the lease term of contracts with renewal and termination options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company includes the renewal period as part of the lease term for the leases recognised. The Company typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 7. Revenue from Contracts With Customers

#### Disaggregated revenue information

The Company presents disaggregated revenue based on the type of goods provided to customers and the timing of transfer of the goods. Set out below is the disaggregation of the Company’s revenue from contracts with customers.

Sales of cement per cement type:

<i>Figures in TZS '000</i>	2022	2021
Twiga plus	345,646,240	264,242,242
Twiga extra	72,908,410	104,164,101
Twiga ordinary	71,103,808	78,964,341
Twiga super	5,057,724	2,135,616
Twiga jenga		3,001
	<b>494,716,182</b>	<b>449,509,301</b>

### 8. Other Operating Income

<i>Figures in TZS '000</i>	2022	2021
Gain on disposal of property, plant and equipment	-	46,610
Other income	841,677	1,159,310
	<b>841,677</b>	<b>1,205,920</b>

### 9. Cost of Sales

<i>Figures in TZS '000</i>	2022	2021
Distribution costs	29,774,443	19,743,267
Variable costs	241,026,350	220,606,569
Fixed production costs	39,696,854	35,724,284
Provision for slow-moving and obsolescence (Note 22 [a])	1,167,340	2,741,450
Release of Impairment of obsolete consumables (Note 22[b])	(195,682)	(682,507)
Depreciation, amortisation, and impairment (Note 12)	17,123,039	15,051,973
	<b>328,592,344</b>	<b>293,185,036</b>

Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution, and other

production expenses. Depreciation incurred for factory machines and equipment is presented separately in note 12.

<i>Figures in TZS '000</i>	2022	2021
<b>Included in cost of sales variable costs are:</b>		
Raw materials costs	117,513,969	109,418,585
Energy costs	86,106,713	77,782,755
Grinding and packaging costs	28,737,893	22,974,769
Consumables costs	7,256,512	6,623,951
Other variable production costs	1,411,263	1,318,130
	<b>241,026,350</b>	<b>218,118,190</b>

#### Included in cost of sales - fixed production costs are:

Cost of repair and maintenance costs	17,319,827	16,954,289
Staff costs	15,247,314	14,864,345
Other fixed production costs	7,129,713	3,905,650
	<b>39,696,854</b>	<b>35,724,284</b>

### 10. Selling And Marketing Expenses

<i>Figures in TZS '000</i>	2022	2021
Staff costs	2,102,067	2,025,342
Marketing, advertising, and sales costs	980,635	985,493
	<b>3,082,702</b>	<b>3,010,835</b>

## 11. Administrative Expenses

<i>Figures in TZS '000</i>	Notes	2022	2021
Staff costs	13	5,374,199	5,205,852
Consultancy costs		4,228,003	3,838,285
Technical assistance		5,089,556	5,115,982
Release of expected credit losses of receivables	23	(339,944)	(421,078)
Other administrative expenses		7,342,444	6,160,786
Depreciation, amortisation, and impairment (Note 12)		3,522,368	3,614,341
		<b>25,216,626</b>	<b>23,514,168</b>
<b>Included in Other administrative expenses are:</b>			
Audit fees		175,218	166,000
Donations		13,059	161,815
Environmental, overheads & other admin costs		3,869,760	3,430,849
Expense relating to leases of low-value assets		1,549,793	1,108,869
Travelling costs		1,026,321	446,574
Legal fees		598,955	731,399
Directors' remuneration		109,338	115,280
		<b>7,342,444</b>	<b>6,160,786</b>

## 12. Depreciation and Amortisation

<i>Figures in TZS '000</i>	Notes	2022	2021
Depreciation of property plant and equipment	18	17,123,039	15,051,973
Depreciation expense of right-of-use assets	21	3,301,303	3,216,161
Amortisation of intangible assets	19	193,219	370,334
Amortisation of lease hold land	20	27,846	27,846
		<b>20,645,407</b>	<b>18,666,314</b>

## 3. Staff Costs

<i>Figures in TZS '000</i>	Notes	2022	2021
Staff costs under:			
Cost of sales		15,247,314	14,864,345
Selling and marketing costs		2,102,067	2,025,342
Administrative expenses		5,374,199	5,205,852
		<b>22,723,580</b>	<b>22,095,539</b>
Staff costs is made up of:			
Salaries and wages		9,079,467	8,673,701
Social Security Contribution		1,364,100	1,296,593
Payroll tax (SDL)	30	582,064	581,969
Post employment and long service costs	29	745,871	656,575
Other employment costs and employee benefits		10,952,078	10,886,700
		<b>22,723,580</b>	<b>22,095,538</b>



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 14. Other Operating Expenses

<i>Figures in TZS '000</i>	2022	2021
Local government levies and taxes	2,383,704	4,586,728
Research and exploration costs	348,531	822,613
Other operating expenses	(4,560)	14,260
	<b>2,727,675</b>	<b>5,423,601</b>

### 15. Finance Income

<i>Figures in TZS '000</i>	2022	2021
Interest income on short-term bank deposits	3,139,579	3,258,481
	<b>3,139,579</b>	<b>3,258,481</b>

### 16. Finance Costs

<i>Figures in TZS '000</i>	2022	2021
Interest expense on lease liabilities	810,519	611,279
	<b>810,519</b>	<b>611,279</b>

### 17. Gain On Foreign Currency Translation

<i>Figures in TZS '000</i>	2022	2021
Exchange gain - realised	1,443,794	1,243,851
Relating to Cash and Bank		
Exchange loss - realised	(481,847)	(345,669)
Sub-total	961,947	898,182
Exchange gain - unrealised	1,513,963	51,272
Exchange loss - unrealised	(645,916)	(1,141,049)
Sub-total	868,047	(1,089,777)
Net foreign exchange gains	1,829,994	(191,595)
Net unrealised exchange gain is made up of:		
Impacting cash and bank	801,765	(620,896)
Impacting operating receivables, payables and others	66,282	(468,881)
	868,047	(1,089,777)

## 18. Property, Plant, And Equipment (PPE)

<i>Figures in TZS'000</i>	Building and Roads	Production machinery & equipment	Other equipment	Capital items in stock	Capital work-in-progress (CWIP) <sup>4</sup>	Total
<b>Cost</b>						
<b>At 01 January 2021</b>	<b>50,918,827</b>	<b>213,153,662</b>	<b>17,914,186</b>	<b>2,734,021</b>	<b>14,679,623</b>	<b>299,400,319</b>
Additions	-	-	-	7,929	27,820,338	27,828,267
Transfers	368,184	25,312,291	975,176	-	(26,655,651)	-
Transfers - Capital items in stock	-	-	-	(747,686)	(579,655)	(1,327,341)
Disposal	-	-	(522,040)	-	-	(522,040)
<b>At 31 December 2021</b>	<b>51,287,011</b>	<b>238,465,953</b>	<b>18,367,322</b>	<b>1,994,264</b>	<b>15,264,655</b>	<b>325,379,205</b>
<b>At 01 January 2022</b>	<b>51,287,011</b>	<b>238,465,953</b>	<b>18,367,322</b>	<b>1,994,264</b>	<b>15,264,655</b>	<b>325,379,205</b>
Additions	-	169,421	-	-	14,441,617	14,611,038
Transfers	1,835,461	6,395,718	682,825	-	(8,914,004)	-
<b>At 31 December 2022</b>	<b>53,122,472</b>	<b>245,031,092</b>	<b>19,050,147</b>	<b>1,994,264</b>	<b>20,792,268</b>	<b>339,990,243</b>
<b>Accumulated depreciation</b>						
<b>At 01 January 2021</b>	<b>20,902,960</b>	<b>128,513,462</b>	<b>15,609,587</b>	<b>981,162</b>	<b>-</b>	<b>166,007,171</b>
Charge during the year	2,052,218	11,806,359	1,055,643	137,753	-	15,051,973
Disposal	-	-	(522,040)	-	-	(522,040)
Reclassification from inventory provision	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>22,955,178</b>	<b>140,319,821</b>	<b>16,143,190</b>	<b>1,118,915</b>	<b>-</b>	<b>180,537,104</b>
<b>At 01 January 2022</b>	<b>22,955,178</b>	<b>140,319,821</b>	<b>16,143,190</b>	<b>1,118,915</b>	<b>-</b>	<b>180,537,104</b>
Charge during the year	2,118,120	14,083,180	921,739	-	-	17,123,039
Disposal	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>25,073,298</b>	<b>154,403,001</b>	<b>17,064,929</b>	<b>1,118,915</b>	<b>-</b>	<b>197,660,143</b>
<b>Net carrying amount</b>						
<b>At 31 December 2022</b>	<b>28,049,174</b>	<b>90,628,091</b>	<b>1,985,218</b>	<b>875,349</b>	<b>20,792,268</b>	<b>142,330,100</b>
<b>At 31 December 2021</b>	<b>28,331,833</b>	<b>98,146,132</b>	<b>2,224,132</b>	<b>875,349</b>	<b>15,264,655</b>	<b>144,842,101</b>

No property, plant and equipment have been pledged as collateral for liabilities.

4 Included in CWIP is all on going projects for sustaining, expansion, and growth of production facilities of the Company

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 19. Intangible Assets

<i>Figures in TZS'000</i>	<b>Software</b>	<b>Mining rights</b>	<b>Total</b>
<b>Cost</b>			
At 01 January 2021	4,310,228	919,530	5,229,758
Additions	579,655	-	579,655
<b>At 31 December 2021</b>	<b>4,889,883</b>	<b>919,530</b>	<b>5,809,413</b>
<b>Accumulated amortisation</b>			
At 01 January 2021	4,310,228	122,314	4,432,542
Charge during the year	370,334	-	370,334
At 31 December 2021	4,680,562	122,314	4,802,876
<b>Carrying value at 31 December 2021</b>	<b>209,321</b>	<b>797,216</b>	<b>1,006,537</b>
<b>Cost</b>			
At 01 January 2022	4,889,883	919,530	5,809,413
Additions	-	-	-
At 31 December 2022	<b>4,889,883</b>	<b>919,530</b>	<b>5,809,413</b>
<b>Accumulated amortisation</b>			
At 01 January 2022	4,680,562	122,314	4,802,876
Charge during the year	193,219	-	193,219
At 31 December 2022	<b>4,873,781</b>	<b>122,314</b>	<b>4,996,095</b>
<b>Carrying value at 31 December 2022</b>	<b>16,102</b>	<b>797,216</b>	<b>813,318</b>

### 20. Leasehold Land

<i>Figures in TZS'000</i>	<b>2022</b>	<b>2021</b>
At 01 January	1,008,775	1,036,621
Additions	-	-
Less: Amortisation for the year	(27,846)	(27,846)
At 31 December	<b>980,929</b>	<b>1,008,775</b>
Within one year	27,846	27,846
After one year	953,083	980,929
Total	<b>980,929</b>	<b>1,008,775</b>

The lease amount was paid upfront and amortised over the useful life. The remaining lease period for leasehold land is 70 years.



## 21. Right Of Use

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

<i>Figures in TZS '000</i>	<b>Land</b>	<b>Equipment's</b>	<b>Total</b>
As at 01 January 2021	182,752	4,015,892	4,198,644
Addition	-	-	-
Depreciation expense	(3,447)	(3,212,714)	(3,216,161)
<b>As at 31 December 2021</b>	<b>179,305</b>	<b>803,178</b>	<b>982,483</b>
As at 01 January 2022	179,305	803,178	982,483
Addition	-	6,652,811	6,652,811
Depreciation expense	(3,320)	(3,297,983)	(3,301,303)
<b>As at 31 December 2022</b>	<b>175,985</b>	<b>4,158,006</b>	<b>4,333,991</b>

The Company has lease contracts for equipment and land for limestone extraction and factory area for its operations. Leases of land generally have lease terms of 99 years and equipment for 3.25 years. The Company also has certain leases of printers with lease terms of 12 months or less and leases of expatriate's houses with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Refer to Note 28 for further disclosures on leases.

## 22. Inventories

<i>Figures in TZS '000</i>		<b>2022</b>	<b>2021</b>
Raw materials and additives		20,377,205	6,493,753
Spare parts		56,294,024	45,064,437
Consumables		12,815,698	11,116,625
Work-in-progress		2,187,473	5,145,603
Finished goods and goods for resale			
- Twiga Extra Cement		473,289	210,348
- Twiga Ordinary Cement		708,974	765,342
- Twiga Plus Cement		450,382	248,026
- Coal for resale		9,766,100	-
Less: Provision for slow-moving and obsolete stock	(a)	(17,006,145)	(15,838,805)
Provision for impairment of spare parts and consumables	(b)	(74,160)	(269,842)
		<b>85,992,840</b>	<b>52,935,487</b>

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 22. Inventories Continued

#### (a) Provision for slow-moving and obsolete stock

<i>Figures in TZS '000</i>	2022	2021
At 01 January	15,838,805	13,097,355
Increase in provision	1,167,340	2,741,450
At 31 December	17,006,145	15,838,805
the provision for slow-moving stock is composed of;		
Spare parts	15,538,221	14,271,324
Consumables	1,467,924	1,567,481
	<b>17,006,145</b>	<b>15,838,805</b>

#### (b) Provision for impairment of spare parts and consumables

<i>Figures in TZS '000</i>	2022	2021
At 01 January	269,842	952,349
(Decrease)/Increase in provision	(195,682)	(682,507)
At 31 December	<b>74,160</b>	<b>269,842</b>

<b>(c) Value of inventories expensed during the year</b>	<b>170,116,214</b>	<b>163,481,622</b>
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During the year 2022, none of the Company's inventory balances was pledged as security for liabilities.

### 23. Trade Receivables

<i>Figures in TZS '000</i>	2022	2021
Trade Receivables - Third Parties	50,332,237	47,247,537
Trade Receivables - Intercompany	3,859,153	-
	<b>54,191,390</b>	<b>47,247,537</b>
Allowance for expected credit losses	(630,276)	(970,220)
Net Trade Receivables from contract with customers	<b>53,561,114</b>	<b>46,277,317</b>

Set out below is the movement in the allowance for expected credit loss of trade receivables:

#### Expected credit loss

At 01 January	(970,220)	(1,391,298)
Release of provision during the year	339,944	421,078
At 31 December	<b>(630,276)</b>	<b>(970,220)</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 days payment terms. Provision policy excludes debtors backed by bank guarantees.

Trade receivables increased in line with the increased sales. In 2022, TZS 0.63 billion (2021: TZS 0.97 billion) was recognised as a provision for expected credit losses on trade receivables for the Company. Information about the credit exposures is disclosed in Note 42 (c).

## 24. Other Short-Term Operating Receivables

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Prepaid expenses	4,980,036	3,078,374
Other short-term receivables		
Staff loans and advances	272,347	348,577
Advances to suppliers	15,085,945	10,477,469
Other receivables <sup>7</sup>	5,065,369	3,892,411
Gross receivables	25,403,697	17,796,831
Allowance for expected credit losses <sup>8</sup>	(1,209,962)	(1,209,962)
	24,193,735	16,586,869
Movement in allowance for expected credit losses		
At 01 January	(1,209,962)	(1,209,962)
Increase in expected credit losses recognised through profit or loss	-	-
At 31 December	<b>(1,209,962)</b>	<b>(1,209,962)</b>

### Terms and conditions of the above other receivables:

Staff advances are amounts raised to staff for small value expenses such as travelling costs that cannot be certainly determined in advance. These are non-interest bearing and must be retired within 30 days. On aggregate, such balances are not material and their very quick retirement period of 30 days since they were advanced reduces any risk of impairment.

Advances to suppliers are non-interest bearing and are generally on a maximum of 90 days terms. The balance at year-end represents down payment to suppliers for upcoming deliveries and port clearing charges.

Immediately as such deliveries are made, normally within two months, respective expenses as applicable are actualised. Management has assessed impairment on such balances and concluded that default is remote, and any provision would be immaterial.

<sup>7</sup>Other short-term receivables relate to deposit to Tanzania Revenue Authority as a requirement for filing objection regarding tax cases disclosed under note 39

<sup>8</sup>Include in ECL is prepayment for projects that are likely not to be executed



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 25. Other Financial Assets

Other financial assets include the amount receivable from the sale of the Company’s property. The Company sold part of its owned land located at Kinondoni Municipality, Plot 6/2/1, Plot 6/2/2, Plot 6/2/3, Plot 6/2/4, and Lugoba aggregates plant.

As at 31 December 2022, the outstanding amounts relate to the Lugoba aggregates plant, the expected conclusion of repayments to be by or before December 2024.

#### Amount receivable as at 31 December

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Balance brought forward	1,396,000	1,946,000
Proceeds received	(222,000)	(550,000)
As at 31 December	<b>1,174,000</b>	<b>1,396,000</b>
Current portion	600,000	600,000
Non current portion	574,000	796,000
	<b>1,174,000</b>	<b>1,396,000</b>

### 26. Cash And Cash Equivalents

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Cash at bank - local currency	13,548,845	28,411,267
Cash at bank - foreign currency	91,948,287	85,861,678
Cash at hand	15,512	5,419
	<b>105,512,644</b>	<b>114,278,364</b>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flow purposes is as follows:

Cash and cash equivalents as above	105,512,644	114,278,364
<b>Net cash and cash equivalent</b>	<b>105,512,644</b>	<b>114,278,364</b>

## 27. Share Capital

<i>Figures in TZS '000</i>		
	2022	2021
<b>AUTHORISED, ISSUED AND FULLY PAID UP</b>		
179,923,100 Ordinary Shares of TZS 20 each	3,598,462	3,598,462
<b>Shareholding</b>		
<b>Shareholder:</b>	<b>Number of Shares</b>	<b>Number of Shares</b>
Scancem International DA	124,598,500	124,598,500
General Public	54,923,107	55,055,094
Wazo Hill Savings and Credit Cooperative Society	401,493	269,506
	<b>179,923,100</b>	<b>179,923,100</b>

## 28. Lease Liabilities

<i>Figure in TZS '000</i>		
	2022	2021
As at 01 January	1,231,163	4,957,146
Additions	6,652,811	-
Accretion of interest	810,519	611,279
Payments	(4,083,546)	(4,337,262)
Write off	-	-
As at 31 December	<b>4,610,947</b>	<b>1,231,163</b>
Current	3,461,375	1,044,405
Non-Current	1,149,572	186,758
	<b>4,610,947</b>	<b>1,231,163</b>
<b>The following are the amounts recognised in profit or loss:</b>		
Depreciation expense of right-of-use assets	301,303	3,216,161
Interest expense on lease liabilities	810,519	611,279
Expense relating to leases of low-value assets	1,549,793	1,108,869
Total amount recognised in profit or loss	<b>5,661,615</b>	<b>4,936,309</b>

The rent is paid on annual basis. The lease is renewable on expiry. There are no contingent rents payable, purchase options, and restrictions imposed on the Company associated with the lease arrangements. As at the date of these financial statements contractual terms relating to the renewal of the equipment lease were uncertain, pending tendering processes expected to be completed. Accordingly, the assessment for lease liability and the corresponding right of use asset do not consider the period beyond the contractual tenor of the lease.

The discount rate applied during the year was 19.22% for Land and 18.22% for Quarry Equipment.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 29. Employment Liabilities

The Company contributes to a pension scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. These two schemes are defined contribution plans. The cost of the endowment scheme is fully met by the Company (See also note 6 Significant Accounting Judgements, estimates, and assumptions - Pension Obligations).

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Endowment Scheme	763,718	808,500
National Social Security Fund (NSSF)	1,364,100	1,296,593
	<b>2,127,818</b>	<b>2,105,093</b>

In addition to the two defined contribution schemes above, the Company has entered into a voluntary agreement with the Tanzania Union of Industrial and Commercial Workers (TUICO) of Tanzania Portland Cement Company to provide end-of-service benefits to employees reaching retirement age. The retired employee is paid based on the length of service. Also, the voluntary agreement provides for long-service awards paid in cement throughout the employment (every five years). The end-of-service benefit scheme is reported as a post-employment benefit, while the long-service award is reported as other long-term benefits. The cost of both is fully met by the Company and the plans are administered by the management of the Company.

Directors are of the opinion that the unfunded defined benefit obligation does not expose the Company to significant Company-specific or plan-specific risk. There are no modifications/amendments to the defined benefit plans that resulted from either statutory (labour law) or any other negotiations with employees' union that would result into the past service cost being recognised in profit or loss.

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Present value of unfunded obligations	5,339,322	5,306,943
Net liability recognised in statement of financial position	<b>5,339,322</b>	<b>5,306,943</b>
Post-employment benefit	5,042,938	5,002,504
Other long-term benefits	296,384	304,439
	<b>5,339,322</b>	<b>5,306,943</b>

#### **The amounts recognised in profit or loss and OCI are as follows:**

Current service cost	300,809	226,950
Interest on obligation	445,062	429,625
<b>Expense recognised in OCI</b>	<b>745,871</b>	<b>656,575</b>

#### **Actuarial gains/(losses) on defined benefit plan:**

Post-employment benefit	(432,945)	1,449,207
Other long-term benefits	(15,889)	89,139
<b>(Income)/Expense recognised in OCI</b>	<b>(448,834)</b>	<b>1,538,346</b>



**Changes in the present value of the employment benefits are as follows:**

**Post – employment benefits**

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Opening balance (end-of-service benefits)	5,002,504	3,797,522
Current service costs	286,514	214,904
Interest cost	419,558	400,304
Benefits payments	(232,693)	(859,433)
Actuarial losses/(gains)	(432,945)	1,449,207
Closing balance (end-of-service benefits)	<b>5,042,938</b>	<b>5,002,504</b>

**Other long-term benefits**

<i>Figures in TZS '000</i>	<b>2022</b>	<b>2021</b>
Opening balance (long-service awards)	304,439	264,558
Current service costs	14,295	12,046
Interest cost	25,504	29,321
Benefits payments	(31,966)	(90,625)
Actuarial losses/(gains)	(15,889)	89,139
- Sub-total: change in provision for other long-term benefits	(8,056)	39,881
Closing balance (long-service awards)	<b>296,384</b>	<b>304,439</b>

<b>Total amount of obligation</b>	<b>5,339,323</b>	<b>5,306,943</b>
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**Expected benefit payments.**

<i>Figures in TZS '000</i>	Post-employment benefits		Other long-term benefits	
	Expected benefits payments		Expected contributions	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
In the following year	401,627	723,611	18,413	69,024
In current year +2	562,132	130,048	25,771	12,405
In current year +3	707,580	491,535	32,439	46,887
In current year +4	175,778	697,531	8,059	66,537
In current year +5	1,063,714	173,295	48,767	16,530
In current year + 6 and > (in aggregate)	3,507,722	4,177,259	160,813	398,464

The average duration of the defined benefit plan obligation at the end of the reporting period is 14.1 years (2021: 15 years).

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 29. Employment Liabilities *Continued*

#### Significant actuarial assumptions:

<i>Figures in TZS '000</i>	2022	2021
Discount rate at 31 December	12.56%	15.49%
Future annual salary increases	5%	5%
Cost inflation	4.9%	4%

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of treasury bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### Sensitivity analysis

The assumptions with the greatest impact on the results are:

<i>Figures in TZS '000</i>	2022	2021
Discount +1%	5,137,360	5,098,444
Discount -1%	5,555,645	5,530,745
Service plus interest cost discount +1%	838,908	734,646
Service plus interest cost discount -1%	861,778	757,683

The sensitivity figures above are based on changes of reasonable possible changes and assumptions remaining unchanged in a period of one year. Inflation is expected to be stable. The amounts shown under discount represent the value of the obligation after changing the assumption on the statement of financial position while the amounts under interest cost shown the value of expense after changing the assumption.

The sensitivity analysis may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur.

#### Membership statistics

	2022	2021
Active members <sup>9</sup>		
Headcount	246	251
Average age	43	42
Average future service	14	13
Average annual pensionable salary	33,633	31,556

The scheme has no retired or inactive members.

<sup>9</sup> Active members are mainly employees under the Collective Bargain Agreement

### 30. Other Statutory Payroll Remittances

Other statutory payroll remittances include Pay as You Earn (PAYE), Skills and Development Levy (SDL), and Workers Compensation Fund (WCF). PAYE, SDL, and WCF are payable by the Company to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act. The amounts charged to profit or loss in the year in respect of SDL and WCF remittances are:

<i>Figures in TZS '000'</i>	2022	2021
Skills and Development Levy	582,064	581,969
Workers' compensation fund	55,093	76,651

The amount deducted from employee's salaries and wages in the year in respect of PAYE is:

Pay As You Earn	5,199,093	4,389,624
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At year-end, the following amounts were outstanding and were payable to TRA. The amounts are included in trade and other payables as at year-end and were subsequently remitted after year-end.

<i>Figures in TZS '000'</i>	2022	2021
Skills and Development Levy	82,337	80,332
Pay As You Earn	791,693	788,674
Workers' compensation fund	6,718	6,838

### 31. Provision For Site Restoration

Provision for quarry site restoration is made annually based on the expected cost to be incurred to rehabilitate quarry sites. The provision is based on the expert costing of the expected costs. Any increase/ (decrease) in the provision is recognised in profit or loss.

<i>Figures in TZS '000'</i>	2022	2021
At 1 January	2,432,541	2,275,022
Provision for the year	1,833,770	157,519
Release of provision	-	-
At 31 December	4,266,311	2,432,541

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 30 years and the provision is made based on the discounted expected cost of closure at the end of this period.
- The cost will be incurred in USD.
- The estimated cost is USD 0.2 per ton of material mined from the quarry site.
- The applicable discount rate equals 12.56% (2021: 15.49%) which fairly approximates the market rate.
- Tanzania inflation rate used was 4.9% (2021: 4%)

The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 32. Income Tax

#### i. Income tax expense

<i>Figures in TZS '000'</i>	2022	2021
Current income tax charge	44,425,808	41,748,930
Deferred income tax credit - current year	(1,414,974)	(2,434,857)
Deferred income tax credit - prior period	(271,870)	241,530
	<b>42,738,964</b>	<b>39,555,603</b>

#### ii. Reconciliation of tax expense to tax based on accounting profit:

<i>Figures in TZS '000'</i>	2022	2021
Accounting profit before taxation	<b>140,097,566</b>	<b>128,037,189</b>
Tax applicable rate of 30% (2019: 30%)	42,029,270	38,411,156
Tax effect on non-taxable/non-deductible items		
Disallowable expenses for tax purposes <sup>10</sup>	981,564	902,9117
Prior year deferred tax adjustment	(271,870)	241,530
Income tax expense	<b>42,738,964</b>	<b>39,555,603</b>

#### iii. Deferred income tax

<i>Figures in TZS '000'</i>	2022	2021
Accelerated depreciation for tax purposes	78,310,016	84,117,584
Provisions for post-employment benefits	(1,786,620)	(1,303,386)
Write-down of inventory to net realisable value	(17,080,305)	(16,108,647)
Actuarial losses on employee benefits obligation	(3,554,358)	(4,003,191)
Provision for impairment of receivables	(1,840,237)	(2,180,231)
Provision for quarry site restoration	(4,266,311)	(2,432,541)
Unrealised exchange loss	(644,260)	(1,141,049)
Unrealised exchange gain	1,513,963	(51,272)
IFRS 16 (lease) fair value adjustment	(1,544,390)	(1,516,115)
Other temporary differences	(15,551,947)	(16,651,619)
	<b>33,555,551</b>	<b>38,729,533</b>
Deferred income tax liability thereon at 30%	10,066,665	11,618,859
Less: Opening deferred tax liability	(11,618,859)	(14,273,690)
Deferred income tax charge	<b>(1,552,194)</b>	<b>(2,654,831)</b>
Deferred income tax charge/(credit) to profit	(1,414,974)	(2,434,857)
Deferred income tax credit - prior period	(271,870)	241,530
Deferred income tax (charge)/credit to other comprehensive income	134,650	(461,504)
	<b>(1,552,194)</b>	<b>(2,654,831)</b>

<sup>10</sup> Disallowable expenses for tax purposes include donations, entertainment

#### iv. Current income tax payable

<i>Figures in TZS '000'</i>		2022	2021
Tax payable brought forward		28,859	1,013,768
Tax charge for the year		44,425,808	41,748,930
Tax payments during the year		(43,932,977)	(42,733,839)
<b>Current income tax (recoverable)/payable</b>		<b>521,690</b>	<b>28,859</b>

### 33. Trade Payables And Provisions

#### a. Trade And Other Payables

Trade payables are non-interest bearing and are normally settled between 15 to 60 days after the invoice date.

- The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.
- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 38

<i>Figures in TZS '000</i>		2022	2021
Trade payables - third parties		59,557,027	51,116,820
Trade payables - intercompany	38 (iii)	3,968,080	825,230
Accruals		6,556,518	9,815,956
Contract liabilities	34	4,141,365	5,439,634
Short-term operating payables		1,367,462	184,280
Payables for payroll and related costs		2,803,943	2,899,801
		<b>78,394,395</b>	<b>70,281,721</b>

#### b. Provisions

<i>Figures in TZS '000</i>		2022	2021
At 01 January		13,329,879	10,414,064
Net movement during the year		(280,104)	2,915,814
At 31 December		<b>13,049,775</b>	<b>13,329,878</b>

The amount above includes provisions for pending tax matters at different stages of appeals

### 34. Contract Liabilities

<i>Figures in TZS '000</i>		2022	2021
At 01 January		5,439,634	6,482,896
Advances for cement Sales		4,141,365	5,439,634
Recognised as revenue during the year		(5,439,634)	(6,482,896)
At 31 December		<b>4,141,365</b>	<b>5,439,634</b>

The performance obligation is satisfied when cement trucks are weighed at Tanzania Portland Cement Plc's weighbridge and a delivery note is generated. Contract liabilities will be realised within an estimate of one month period after the year-end.

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 35. Net Financial Debt

As at 31 December 2022, the Company did not have any bank overdrafts.

<i>Figures in TZS '000'</i>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents (excluding restricted cash)	105,512,644	114,278,364
Lease liabilities	(4,610,947)	(1,231,163)
<b>Net Cash/(debt)</b>	<b>100,901,697</b>	<b>113,047,201</b>
Cash and liquid investments	105,512,644	114,278,364
Gross debt - variable interest rates	(4,610,947)	(1,231,163)
<b>Net Cash/(debt)</b>	<b>100,901,697</b>	<b>113,047,201</b>

### 36. Dividend Proposed And Approved

Dividend approved during the year:

<i>Figures in TZS '000'</i>	<b>2022</b>	<b>2021</b>
Final dividend 2022: TZS 390 per share (2021: TZS 390 per share)	70,170,014	70,170,009
Total	<b>70,170,014</b>	<b>70,170,009</b>

Dividends paid are subject to withholding tax which is payable to Tanzania Revenue Authority.

During the period under review, there was no interim dividend declared.

Subsequent to year-end, the Board proposed a final dividend for 2022 totalling TZS 70.17 billion (2021: TZS 70.17 billion) being TZS 390 per share (2021: TZS 390 per share).

### 37. Dividend Payable

<i>Figures in TZS '000'</i>	<b>2022</b>	<b>2021</b>
At 01 January	2,848,470	2,856,463
Dividend approved	70,170,014	70,170,009
Dividend paid	(70,113,111)	(70,178,004)
At 31 December	<b>2,905,373</b>	<b>2,848,468</b>
Dividend payable as at year end comprises of:		
<i>Figures in TZS '000'</i>	<b>2022</b>	<b>2021</b>
Scancem International DA	-	-
Other Shareholders	2,905,373	2,848,468
	<b>2,905,373</b>	<b>2,848,468</b>



## 38. Related Party Transactions And Balances

The Company's Ultimate Holding Company is HeidelbergMaterials incorporated in Germany and the immediate holding Company is Scancem International DA incorporated in Norway.

During the year, TPCPLC entered into transactions with HeidelbergMaterials, which is the Ultimate Holding Company, HC Trading Malta, HC Green Trading Limited, and SA Cimenteries CBR Cementbedrijven which are sister companies to TPCPLC. TPCPLC imports raw materials, machinery, spare parts, and services from/through the holding and sister companies. As well TPCPLC sold coal to sister company HC Trading GMBH.

### (i) Sales to related parties

The Company sells materials and spare parts to related companies. During the year TPCPLC made the following sales to related parties.

<i>Figure in TZS '000'</i>		2022	2021
Related party	Relationship		
HC Trading GMBH	Sister Company	6,652,824	-
		<b>6,652,824</b>	<b>-</b>

### (ii) Purchases from related parties

The Company purchases raw materials, spare parts, consumables, and services from related party companies as follows:

<i>Figure in TZS '000'</i>		2022	2021
Related party	Relationship		
HeidelbergMaterials	Ultimate parent Company	6,247,825	5,415,473
HC Trading Asia and Pacific PTE Limited	Sister Company	6,927,596	-
SA Cimenteries CBR Cementbedrijven	Sister Company	1,035,769	1,222,897
Heidelberg Cement France	Sister Company	369,481	-
HC Trading Malta Limited	Sister Company	-	6,706,478
HC Green Trading Limited	Sister Company	-	317,708
		<b>14,580,671</b>	<b>13,662,556</b>

### (iii) Amounts due to/from related parties

Trade payables outstanding balances to related companies at the end of the year are as follows:

<i>Figure in TZS '000'</i>		2022	2021
HeidelbergMaterials		3,474,386	825,230
SA Cimenteries CBR Cementbedrijven		124,213	-
Heidelberg Cement France		369,481	-
		<b>3,968,080</b>	<b>825,230</b>

Trade receivables outstanding balances from related companies at the end of the year are as follows:

<i>Figure in TZS '000'</i>		2022	2021
HC Trading GMBH		3,859,153	-
		<b>3,859,153</b>	<b>-</b>

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 38. Related Party Transactions And Balances *Continued*

#### Terms and conditions of transactions with related parties:

The balances are due on demand. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related parties operate.

#### (iv) Key Management Personnel and Directors

##### a) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

<i>Figures in TZS '000'</i>	2022	2021
Short-term employee benefits (Salaries and allowances)	5,116,530	5,175,125
Post-employment benefits (defined contribution plans)	765,580	597,260
	<b>5,882,110</b>	<b>5,772,385</b>

##### b) Key Management Personnel *Continued*

- No long-term terminal benefits were paid to key management personnel during the year (2021: TZS 326 million),
- As at year-end, there was no outstanding amount with key management personnel,
- The amounts disclosed in the table above are the amounts recognised as an expense during the period related to key management personnel.

##### c) Directors' Remuneration

<i>Figures in TZS '000'</i>	2022	2021
Non-executive Chairman	10,393	19,213
Non-executive Directors	88,952	76,854
Executive Director	9,993	19,213
	<b>109,338</b>	<b>115,280</b>

A schedule detailing the remuneration of each board of directors will be annexed to these financial statements for presentation at the annual general meeting.

##### d) Balances with Directors

No outstanding balances with the directors during the year (2021: Nil).

### 39. Commitments And Contingencies

#### Capital commitment

No major capital commitment during the year.

#### Guarantees and other financial facilities

The Company had the contractual amounts of bank financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

<i>Figure in TZS '000'</i>	2022	2021
Guarantees and standby letters of credit received from banks	39,357,842	41,086,002
	<b>39,357,842</b>	<b>41,086,002</b>

### Legal claims

Contingent liabilities relate to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 5 billion (2020: TZS 5 billion). The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

### Contingent asset

The court ruled in favour of TPCPLC on one of the decided civil cases and the Company is due to receive TZS 250 million. The settlement will be through TPCPLC realising assets pledged as collateral. The asset selling process is expected to be completed in 2023.

### Tax assessment

The Company's future tax charge, effective tax rate, and profit before tax could be affected by several factors including tax reform introduced in Tanzania and the resolution of open tax disputes with the TRA. As at 31 December 2022, the Company had unresolved tax assessments (VAT, WHT, and PAYE) and appealed the matter to the Appeal Board.

All major tax positions taken are subject to review by executive management and reported to the Board of Directors. The Company has assessments from external advisors supporting the positions taken in respect of significant tax matters which corroborates the application and interpretation of the tax legislation. The Company has considered all matters in dispute with the TRA and has accounted for any exposure identified if required.

## 40. Earnings Per Share

<i>Figures in TZS</i>	<b>2022</b>	<b>2021</b>
Profit attributable to ordinary equity holders	97,358,602,339	88,481,584,569
Weighted average number of ordinary shares	179,923,100	179,923,100
Basic and diluted earnings per share	<b>541</b>	<b>492</b>

- Basic earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- Diluted earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.
- The basic and diluted earnings per share are the same as there are no convertible instruments or other dilutive shares.

## 41. Segment Reporting

The Company's main product currently is cement. Most of the revenue is therefore derived from the sale of cement (as disclosed in note 7) and the Board of Directors relies primarily on revenue from the sale of cement to assess the performance.

The Company is organised into one single business unit for management purposes. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

The revenue from external parties is measured in a manner consistent with that in the Statement of Profit or Loss and Other Comprehensive Income. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

The Company's operations and tangible non-current assets are located in Tanzania. The Company's cement sales are both in domestic and export markets.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 42. Financial Risk Management

The Company’s principal financial liabilities comprise of trade and other payables. The main purpose of these financial instruments is to raise finance for the Company’s operations. The Company has various financial assets such as trade receivables, short-term deposits, and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Company’s financial instruments are liquidity risk, foreign currency risk, and credit risk. The board reviews and agrees on policies for managing each of these risks as summarised below.

#### a. Treasury risk management

The Company operates a treasury function to provide competitive funding costs, invest, and monitor financial risk. The Company does not use derivative financial instruments for speculative purposes and for managing financial risk.

#### b. Foreign currency risk

Foreign currency (FX) risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk is managed at an operational level and monitored by the Finance Director.

The following table shows the hypothetical impact on the financial result assuming a 10% increase or decrease in the value of the foreign currency (mainly USD and EUR have been considered) against our functional currency, the Tanzanian shillings, whereby the positive values represent income and the negative values an expense in the income statement.

<i>Figure in TZS '000'</i>	10% Increase in the value of TZS vs. Foreign currency		10% Decrease in the value of TZS vs. Foreign currency	
	2022	2021	2022	2021
Net effect on profit before tax				
TZS/USD	8,625,408	7,789,384	(8,625,408)	(7,789,384)
TZS/EUR	155,946	254,224	(155,946)	(254,224)

The sensitivity analysis has been determined based on the net exposure as at 31 December 2022. The change of 10% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

Below is a summary of the financial assets and liabilities held in different foreign currencies by the company as of December 31, 2022, indicating the overall level of exposure:

<i>Figure in TZS '000'</i>	<b>Exposure in EURO translated to TZS</b>	<b>Exposure in USD Translated to TZS</b>	<b>Total in function currency</b>
<b>At 31 December 2022</b>			
<b>Financial assets</b>			
Trade and other receivables	-	5,709,371	5,709,371
Cash and cash equivalents	1,998,727	89,836,871	91,835,598
	<b>1,998,727</b>	<b>95,546,242</b>	<b>97,544,969</b>
<b>Financial liabilities</b>			
Trade and other payables	439,271	9,292,162	9,731,433
<b>Net exposure</b>	<b>1,559,456</b>	<b>86,254,079</b>	<b>87,813,536</b>

<i>Figure in TZS '000'</i>	<b>Exposure in EURO translated to TZS</b>	<b>Exposure in USD Translated to TZS</b>	<b>Total in function currency</b>
<b>At 31 December 2021</b>			
<b>Financial assets</b>			
Trade and other receivables	-	4,169,967	4,169,967
Cash and cash equivalents	3,290,536	80,262,634	83,553,170
	<b>3,290,536</b>	<b>84,432,600</b>	<b>87,723,136</b>
<b>Financial liabilities</b>			
Trade and other payables	748,300	6,538,761	7,287,061
<b>Net exposure</b>	<b>2,542,236</b>	<b>77,893,839</b>	<b>80,436,075</b>

Exchange rates applicable were as follows:

	<b>TZS:EURO</b>	<b>TZS:USD</b>
On 1 January 2022	2,650	2,328
On 31 December 2022	2,561	2,372
On 1 January 2021	2,915	2,337
On 31 December 2021	2,642	2,323

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 42. Financial Risk Management Continued

#### c. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

#### Trade Receivables

Customer credit risk is managed by the finance department subject to the Company’s established policy, procedures, and control relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and any sales to major customers are generally covered by guarantee letters obtained from reputable banks and other financial institutions. For the majority of customers, including export clients, full upfront payment is demanded.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. Customer type and rating and coverage by bank guarantee). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information

that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historically observed default rates forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future.

Generally, trade receivables are not written-off if past due for more than one year and are subject to enforcement activity. The Company does not hold collateral as security. The letters of guarantee are considered an integral part of trade receivables and are considered in the calculation of impairment. At 31 December 2022, 78% (2021: 83%) of the Company’s trade receivables are covered by letters of guarantee. For this matter, the Company evaluates the concentration of credit risk with respect to trade receivable as low.

Set out below is the information about the credit risk exposure on the Company’s trade receivables and contract assets using a provision matrix:

	Days past due				Total
	Current	31-90days	91 - 180 days	181 - 360 days	
<b>31 December 2022</b>					
Expected credit loss rate	0.000%	0.114%	4.35%	91.25%	
Estimated total receivables gross carrying amount	29,777,952	22,544,193	1,266,905	602,340	<b>54,191,390</b>
<b>Expected credit loss</b>	<b>-</b>	<b>25,605</b>	<b>55,060</b>	<b>549,611</b>	<b>630,276</b>
<b>31 December 2021</b>					
Expected credit loss rate	0.197%	0.022%	0.07%	85.77%	
Estimated total receivables gross carrying amount	28,572,853	16,038,572	1,576,048	1,060,064	<b>47,247,537</b>
<b>Expected credit loss</b>	<b>56,373</b>	<b>3,465</b>	<b>1,182</b>	<b>909,200</b>	<b>970,220</b>



## Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The Company deposits short term cash surpluses only with banks of high credit standing.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 2021 is the carrying amounts as illustrated in the table below:

### Maximum exposure to credit risk

<i>Figures in TZS '000'</i>	Notes	2022	2021
Trade receivables	23	53,561,114	46,277,317
Other short-term financial assets (staff loans and advances)	24	272,347	348,577
Other financial assets	25	1,174,000	1,396,000
Bank balances	26	105,512,644	114,278,364
		<b>160,520,105</b>	<b>162,300,258</b>

As at year-end, the credit risk arising from trade receivables is mitigated by bank guarantees issued by the bank in respect of customers as presented in Note 39.

### Analysis of credit risk mitigation:

Trade receivables	23	53,561,114	46,277,317
Bank guarantees		(39,357,842)	(41,086,002)
Unguaranteed trade receivables	39	<b>14,203,272</b>	<b>5,191,315</b>

## d. Liquidity risk

The company mitigates its liquidity risk by generating adequate revenue that can effectively address its working capital requirements in the near future.

At 31 December 2022	On demand	Less than 3 months	4-12 months	1 to 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Trade payables - third parties	11,911,405	47,645,622	-	-	-	59,557,027
Trade payables - intercompany	793,616	3,174,464	-	-	-	3,968,080
Accruals	-	4,071,598	2,484,920	-	-	6,556,518
Lease Liabilities	361,410	1,084,231	2,891,372	164,027	1,971,142	6,472,182
	<b>361,410</b>	<b>55,975,914</b>	<b>5,376,292</b>	<b>164,027</b>	<b>1,971,142</b>	<b>76,553,807</b>

### At 31 December 2021

<b>Financial liabilities</b>						
Trade payables - third parties	10,223,364	40,893,456	-	-	-	51,116,820
Trade payables - intercompany	165,046	660,184	-	-	-	825,230
Accruals		6,095,708	3,720,247	-	-	9,815,955
Lease Liabilities	370,164	680,757	22,492	167,999	2,018,883	3,260,295
	<b>10,758,574</b>	<b>48,330,105</b>	<b>3,742,739</b>	<b>167,999</b>	<b>2,018,883</b>	<b>65,018,300</b>

## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 42. Financial Risk Management *Continued*

#### d. Liquidity risk *Continued*

The Company monitors its risk of shortage of funds using a recurring liquidity planning tool.

The Company’s objective is to maintain a balance between continuity of funding and flexibility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing creditors.

#### e. Fair value measurements

Except for the Company’s other financial assets (current and non-current portions), the fair value of the Company’s financial assets and liabilities reasonably approximates the carrying amounts as demonstrated below:

- Trade and other receivables and payables, and bank balances: Due to the short-term nature of the financial instruments.
- Interest bearing loan: The interest rate charged on the loan is in line with market interest rates charged on similar loans and the Company’s default risk is remote.

Typically, the fair value of financial instruments that are traded publicly is determined based on market prices quoted at the end of the reporting period.

For the Company’s other financial assets (current and non-current portions), IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Below describes the impact of changes in the fair value measurement in comparison to carrying amounts at amortised costs, due to the possible shift of significant observable inputs.

There were no movements in the fair value hierarchy during the year.

The Company specifies a hierarchy of fair values based on whether the inputs to the underlying valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company’s market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.
- Level 2 - the fair value is determined using a discounted cash flow model on the basis of input data that does not involve quoted prices classified in level 1, and which is directly or indirectly observable.
- Level 3 - are calculated using measurement models that include factors that cannot be observed on the active market.

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis as at 31 December 2022 except for the other financial assets (current and non-current portions) disclosed in Note 22.

#### Fair value hierarchy

The other financial assets (current and non-current portions) presented in Note 22 is classified under Level 2 for the purpose of the fair value hierarchy. The Company does not have other items measured at fair value as at year-end for which the fair value hierarchy disclosures are required.

SONIA interest rates have been used in replacement of previously used LIBOR interest rates in the fair value valuation. The weighted average rate for 2020 is 3.1779% (2021: 0.1141%).

<i>Figures in TZS'000</i>	Carrying Amount (by measurement basis)			
	Amortised Cost	Fair Value Level 1	Fair Value Level 2	Total
<b>Fair values as of 31 December 2022</b>				
<b>Current financial assets</b>				
Cash and cash equivalents	105,512,644	-	-	105,512,644
Trade receivables	53,561,114	-	-	53,561,114
Other current financial assets	600,000	-	-	600,000
<b>Non-current financial assets</b>				
Other non-current financial assets	-	-	556,321	556,321
<b>Current financial liabilities</b>				
Trade payables - third parties	59,557,027	-	-	59,557,027
Trade payables - intercompany	3,968,080	-	-	3,968,080
Accruals	6,556,518	-	-	6,556,518
<b>Non-current financial liabilities</b>				
Non-current liabilities at amortised cost	20,821,790	-	-	20,821,790
<b>Fair values as of 31 December 2021</b>				
<b>Current financial assets</b>				
Cash and cash equivalents	114,278,364	-	-	114,278,364
Trade receivables	46,277,317	-	-	46,277,317
Other current financial assets	600,000	-	-	600,000
<b>Non-current financial assets</b>				
Other non-current financial assets	-	-	795,093	795,093
<b>Current financial liabilities</b>				
Trade payables - third parties	51,116,820	-	-	51,116,820
Trade payables - intercompany	825,230	-	-	825,230
Accruals	9,815,956	-	-	9,815,956
<b>Non-current financial liabilities</b>				
Non-current liabilities at amortised cost	19,545,101	-	-	19,545,101



## Notes to the Financial Statements for the Year Ended 31 December 2022 *Continued*

### 42. Financial Risk Management Continued

#### f. Capital management

The primary objective of the Company’s capital management is to maximise shareholder value. In order to achieve this overall objective, the Company’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company’s policy is to keep the gearing ratio below 35%. The Company includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash, and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2022 and 31 December 2021 and there are no externally imposed capital requirements.

The gearing ratio remained the same at 0% as of 31 December 2022 (2021: 0%), as the Company does not have any debt.

### 43. War In Ukraine

The war in Ukraine started in February 2022. Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals; and a number of businesses that operated in Russia until the start of the war have since pulled out from the country.

Other than the human toll and direct financial and operational impact on entities operating in Russia, Ukraine or in the neighbouring countries, or otherwise having significant business links there, the war also has, and continues to, negatively affect businesses in various parts of the world. This includes restrictions to imports and exports, disruptions in global and regional supply chains, increased commodity prices, and fluctuations in foreign exchange rates.

As it is for other businesses, the war in Ukraine and its direct and indirect consequences could indirectly impact the Company, for instance, as a result of exposure to fluctuations in commodity prices.

As the war continues and new sanctions are introduced the overall impact remains fluid. Whilst the Company does not have operations in either Russia or Ukraine, a review was undertaken by management to assess any consequences on the financial statements arising from the conflict or from the resulting sanctions imposed on Russia and Belarus. It was concluded that, so far, there is no material impact on the financial statements for the year ended 31 December 2022 as the Company does not trade with Russia or Ukraine; and there were no substantial changes in management’s significant assumptions and judgements. The Company will continue to monitor the situation and frequently assess and evaluate the effect of the increased sanctions or other consequences of the war, and design the most appropriate ways and means to reduce its impact.

### 44. Events After The Reporting Date

There were no other events after the reporting date which require adjustment to or disclosure in the financial statements.

### 45. Approval Of Financial Statements

The financial statements were authorised for issue by the Board of Directors on the date shown on the statement of financial position on page 100. They are subject to approval by the shareholders during the Annual General Meeting.

## COMPANY INFORMATION

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

#### Tanzania Portland Cement Public Limited Company

Tegeta, Wazo Hill  
P.O. Box 1950  
Dar es Salaam, Tanzania

### GROUP COMPANY NAME

#### HeidelbergMaterials

Berliner Straße 6  
69120 Heidelberg P.O. Box 268  
Germany

### COMPANY SECRETARY

#### Mr Brian Kangetta

Ngara Area, Parklands  
P.O. Box 76491 - 00508  
Nairobi, Kenya

### BANKERS

#### Citibank (T) Limited

Plot 1962, Toure Drive, Oysterbay  
P.O. Box 71625  
Dar es Salaam, Tanzania

#### CRDB Bank PLC

PPF Tower  
P.O. Box 268  
Dar es Salaam, Tanzania

#### Ecobank Tanzania

84, Acacia Building, Kinondoni Road,  
P.O. Box 20500  
Dar es Salaam, Tanzania

#### NMB Bank PLC

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P.O. Box 9213,  
Dar es Salaam, Tanzania

### LEGAL ADVISORS

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### AUDITOR

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**TANZANIA PORTLAND CEMENT PUBLIC  
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