

CEMENT

Lafarge *Silo Scheme*





Silo Scheme

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Bulk Cement Storage Silos for Lafarge Customers

At Lafarge Cement we focus on the needs of our customers and continually develop better products and added-value services:

- Innovation is one of Lafarge Cement's key drivers
- Innovation in packaging is one of the development avenues Lafarge Cement is pursuing this year
- We view bulk cement storage silos as a sophisticated, environmentally friendly, packaging medium

This document outlines the provisional arrangements for our storage silo project.

Objectives

- Add value to our quality products to benefit our customers' businesses
- Focus on the needs of our customers in a growing market sector
- Build long-term customer relationships

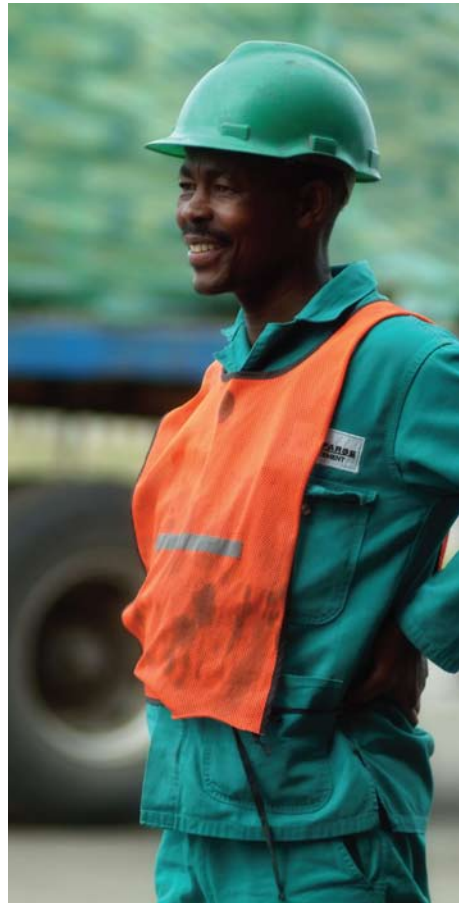
The Silos

For the project, we have purchased silos in two different sizes:

- A 15ton capacity mini-bulk silo that will be installed full of cement and, when empty, replaced by a full mini-bulk silo
- A 34ton capacity silo that will be installed empty and filled on site by one of our road tankers

Area Of Operation

Initially, the silo scheme will only be available to customers in the contractor and precast segment in the Gauteng area.



Your 3 Points of Contact

1. Lafarge Cement Call Centre

We invite you to contact our Call Centre (Tel: 011 257 3080) to discuss our silo scheme further. The following is an outline of the project and its requirements:

- Your proposed site must be within the area being serviced by our silo project
- Acceptable minimum monthly cement usage and period for which the silo will be required
- Size of silo: if you would like to have a 34ton silo, it will require your agreement to purchase a minimum of 1400tons per month of cement from us
- To have a 15ton silo, requires your agreement to purchase a minimum of 45tons per month, with a maximum requirement for 60tons per month
- As a base for the 34ton silo, you must have, or agree to cast at your expense, a concrete slab that conforms to Lafarge Cement specifications
- A slab is not required for a 15ton silo but provision of a silo is subject to the ground at your site being suitably stable to carry the weight of the full silo
- You will need to allow up to 15 days from submitting a written application for silo for our Sales team to carry out an inspection of your job site. The Sales team will approve or reject your application within 15 days of the inspection. After approval and obtaining your signature on the Lafarge silo contract, we will install the silo without undue delay
- We require your agreement to comply with Lafarge safety and environmental protection procedures when operating the silo
- Customers accept that the lead time for refilling a 34ton silo on site is a minimum of 24 hours from the time an order is received by our Call Centre. The lead time for replacement of a 15ton silos will normally be 7 days from the time our Call Centre receives an order (based on a maximum of 4 silo replacement loads a month)
- The provision of a Lafarge silo does not alter in any way the customer's responsibility for accepting cement deliveries. Delivery seals and product tags must be checked to ensure the correct product is in a silo

If you are able to meet the basic requirements of the silo scheme, the Call Centre will send you an application form.

Customers on the silo scheme will send their cement orders to our Call Centre in the normal way.



2. CELIA Customer Services Department

The completed silo application form must be faxed back to our CELIA Customer Services Department on 011 257 3025.

The CELIA team is responsible for:

- Checking your silo application meets the requirements of the scheme
- Requesting the Sales team to inspect and approve your site

The CELIA team is available to assist you with any problems

Tel: 0860 109 275

3. Cement Sales Department

On receipt of the service request from CELIA, your Lafarge Cement Bulk Channel Manager will take over the processing of your silo application and ensure that:

- Within 15 days of receipt of a formal application, an inspection of your site will be carried out by members of our Sales Team together with our transporter
- There is suitable access for trucks and space for installing a silo
- Ground conditions are checked. (Provision of a 15ton silo is subject to the ground on your job site being suitably stable)
- The suitability of an existing slab as the base for a 34ton silo is checked. (If a suitable slab does not exist, our Sales team will provide the Lafarge specifications for casting a non-reinforced 300mm thick concrete slab) (Ref: Annexure A for specification drawing of slabs)
- If a slab has to be cast, a follow up inspection will be carried out by Lafarge to approve the slab
- If you require a 15ton silo and do not have a silo of your own on site, it is recommended that two 15ton Lafarge silos are installed to ensure continuity of working stock (subject to availability of silos)



- Your operating procedures for dealing with aspects such as cement spillage comply with Lafarge requirements
- Your safety procedures comply with Lafarge standards
- You will be advised if your application has been successful within 15 days of the site visit
- An Agreement is signed covering the provision of a Lafarge silo to store your Lafarge cement requirements
- Once silos have been positioned on site, the onus is on the customer to check the sealing tags before signing a delivery/installation note to signify acceptance of either a newly installed empty 34ton silo, or, a bulk load of cement or, receipt of a preloaded 15ton silo

The Silo Agreement

Some other conditions spelt out in the contract that should be noted are:

- No credit will be given for leftover cement – this includes cement returned in 15ton silos
- The customer is responsible for ensuring that a silo is empty prior to its collection by Lafarge. If it is not empty, Lafarge is entitled to charge the customer for the collection, cleaning out and disposal of the contents
- Customers must ensure that there is good access to the silo for the duration of the contract e.g. customers must not build around the silo in any way that obstructs refilling or replacement of the silo
- Silos remain, at all times, the property of Lafarge Cement and any damage incurred on a customer's site will be for the customer's account. Normal wear and tear will be covered by Lafarge
- Customers agree to use the silos solely for Lafarge products
- The Silo Agreement will continue for as long as the customer purchases the agreed minimum volumes of cement
- Lafarge may terminate the Agreement by giving 7 days notice if the customer fails to comply with the relevant terms and conditions of the Agreement
- The silo must not be relocated without Lafarge's written approval. If approval is given, Lafarge will assist the customer by moving an empty silo free of charge

N.B: When the customer has no further need for the silo, they should contact Kaalfontein Depot (Caroline Kramm) without delay so that arrangements can be made to collect the silo and:

- ensure that the silo is empty before the arrival of the transporter
- sign the Lafarge transporter's Silo Collection Form before the silo leaves the site



Caroline Kramm:

Tel: 011 972 6146

Fax: 011 972 6098

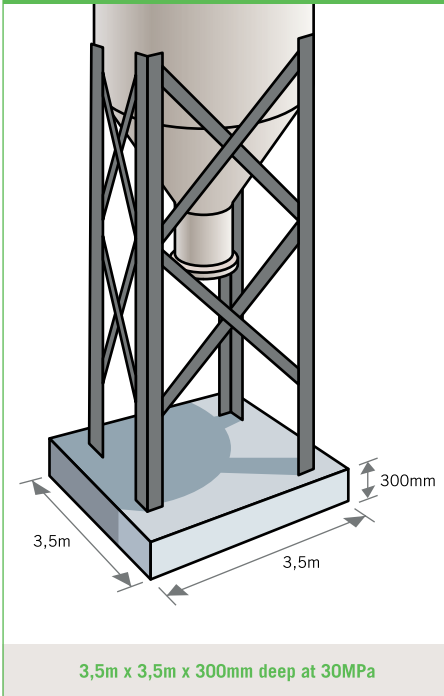
We would like to thank you for the interest shown in our silo scheme and look forward to a mutually beneficial ongoing relationship.

This outline of our silo project is for general information purposes only and is not intended to replace or contradict any terms or conditions in the formal Lafarge Agreement covering "The Installation of Product Storage Silos at Construction Sites".

Annexure A

Specifications of the concrete slab base

Sketch for slab for 34Ton Silo



Silo Placement for 34ton and 15ton silos

- 34ton Silos to be placed centrally on the slab
- Space needed for truck movement for safe installation, re-filling and removal of all silos:
 - 20 408mm between kerbs
 - 22 056mm between walls
- No trenches to be dug within two metres of silo
- There should be no drain, water pipeline or water tap within five metres from where the silo is placed.





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