



Centre for Environmental Rights

Advancing Environmental Rights in South Africa

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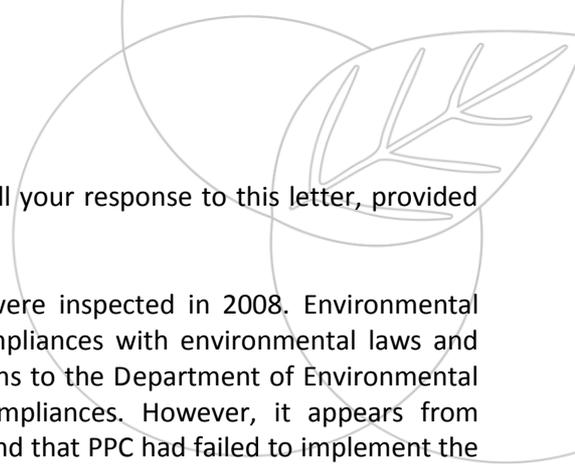
21 July 2015

Dear Mr Castle

Centre for Environmental Rights' baseline assessment of corporate environmental compliance

1. The Centre for Environmental Rights (CER) is a non-profit company and law clinic based in Cape Town. The CER's vision is a South Africa where every person's Constitutional right to an environment that is not harmful to health or well-being, and to have the environment protected for future generations, is fully realised. Our mission is to advance the realisation of environmental rights as guaranteed in the South African Constitution by providing support and legal representation to civil society organisations and communities who wish to protect their environmental rights, and by engaging in legal research, advocacy and litigation to achieve strategic change.
2. The CER has conducted a baseline assessment of listed South African companies with significant environmental impacts that have regularly appeared on the JSE's Socially Responsible Investment Index (SRI Index). The purpose of the assessment was to ascertain the extent of compliance by these companies with environmental laws, and the extent to which non-compliance with environmental laws is disclosed by these companies to their shareholders. PPC appeared on the SRI Index every year from its inception in 2004 to 2014 (with the exception of 2005), and featured in the Best Performers category in 2009, 2010, 2011 and 2012. PPC is one of the companies that we assessed.
3. All of the information used in conducting the assessment is publicly available. We studied, where applicable, the Department of Environmental Affairs' National Environmental Compliance and Enforcement Reports (NECERs) for the period 2008 – 2014, as well as PPC's annual reports, integrated reports and sustainable development reports for those years and various other sources of publicly available information.
4. We will be publishing the results of our assessment online. Before we do so, we write to you to afford you an opportunity to respond to our findings (attached to this letter), and to provide us with additional information should you deem this relevant.

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5. This letter will be published together with our research results, as will your response to this letter, provided we receive your response before Tuesday 18 August 2015.
 6. It is apparent from the NECERs that a number of PPC's facilities were inspected in 2008. Environmental Management Inspectors (EMIs) discovered multiple serious non-compliances with environmental laws and permits at all of the PPC facilities inspected. PPC made representations to the Department of Environmental Affairs in which it made commitments to address these non-compliances. However, it appears from subsequent NECER reports that follow-up inspections by the EMIs found that PPC had failed to implement the improvements, and that in many instances PPC was still committing the same breaches of environmental laws and permits that were discovered at the initial inspections.
 7. We note with concern the number and nature of non-compliances with environmental laws and permits discovered by the EMIs at PPC facilities. Our assessment has also revealed that in many instances, details of these findings are not disclosed in PPC's reports to its shareholders.
 8. We would be interested to know how PPC reconciles these findings with the following statement in its Environmental Policy: *"In line with our environmental policy commitments, PPC is committed to environmental compliance across the group"*.¹

We look forward to hearing from you.

Yours faithfully

CENTRE FOR ENVIRONMENTAL RIGHTS

per:



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¹ <http://www.ppc.co.za/sustainability/environment.aspx#VPtabs1-html>