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17 August 2015

Attn: Tracey Davies

**RE: CENTRE FOR ENVIRONMENTAL RIGHTS' BASELINE ASSESSMENT OF CORPORATE ENVIRONMENTAL COMPLIANCE**

Your letter dated 21 July 2015 refers.

PPC Ltd. (PPC) understands that managing sustainable business requires the balanced integration of performance, corporate governance, social, economic and environmental factors into the strategy and operation of our business. Equally, we understand that a range of stakeholders are likely to be impacted and affected by our business.

Having said this, PPC takes its engagements with authorities and other stakeholders extremely seriously and strives to address concerns and findings raised during informal and formal engagements and certainly the outcomes of compliance inspections.

PPC initiated a robust environmental management programme in 2006 with the establishment of a dedicated environmental management department followed by the appointment of environmental managers and specialists across the PPC operations. At this time, an assessment was undertaken of PPC operations to determine the status quo and action plans established in order to proactively, and often ahead of calls from regulators, obtain all necessary permits and licences. In many instances PPC operations commenced prior to a requirement for a permit of licence and hence many activities were considered "existing lawful uses".

Prior to the establishment of the environmental team, there were a few instances where activities commenced without having all necessary permits in place and these were duly rectified and the appropriate penalties paid. These processes were all finalised by the end of 2010.

PPC as an organisation and through industry bodies has actively participated in the transition from the old Atmospheric Pollution Prevent Act regime to the National Environmental Management: Air Quality Act. Often this participation resulted in unintended consequences e.g. participation in the APPA review process resulted in PPC plants being immediately migrated to the 2015 emission limits in the then draft minimum emission standards (published in terms of s21 of the NEM:AQA). The result of this was that PPC, at some sites, was permitted into non-compliance at the time that Green Scorpion inspections were being conducted across the PPC group. The audits resulted in a number of findings against these permits including emission limits and stack heights. With substantial effort on the part of PPC, most of these issues were remedied.

In 2006, waste permitting was also identified as a concern and a programme was put into place to comply with the s20 permitting requirements related to storage of waste. Through the transitional arrangements in the National Environmental Management: Waste Act, PPC was issued with waste licences for all storage and disposal facilities on the PPC properties. During the Green Scorpion inspections, there were a number of findings that related to the PPC waste disposal facilities. The result is that PPC has closed 2 waste disposal facilities and a further 2 have been issued with waste licences that are more appropriate to the nature and scale of the operations and there has been a significant improvement in management practices at these sites.

In terms of water use licencing, all of PPC's operations predate the National Water Act, 1998 and the vast majority of sites also predate the Water Act of 1956. Water uses within PPC facilities were either registered or existing lawful uses. Again, ahead of calls from the regulator, PPC proceeded to apply for integrated water use licences for all sites in order to eliminate any regulatory uncertainty. These were submitted as early as 2008. Comprehensive monitoring programmes were established well prior to this and continue to date. Unfortunately, due to backlogs in the department the issuing of some of these licences took longer than expected. PPC has received all other water use licences except for one operation which we believe is imminent.

Additionally PPC has upgraded emission control equipment at the following operations:

- De Hoek – All 6 emission points upgraded at a cost of approx. R 130 million;
- Slurry – 2 filters on the finishing mills upgraded (approx. R 25 million) and kiln 7 upgraded at a cost of R 21 million. Unfortunately kiln 7 was unable to achieve performance guarantees;
- Jupiter – Finishing mill filter upgrade at a cost of R 3 million;
- Port Elizabeth – Raw mill filter upgraded at a cost of R 16 million;
- Hercules – Finishing mill filter upgraded at a cost of R 9.5 million; and
- Lime – Kilns 6, 7 & 9 upgraded at a cost of R 77 million.

In total, approximately R280 million has been spent on abatement technology upgrades.

Other improvements arising as a result of the Green Scorpion inspections were made at the following plants:

- Upgrades to stormwater management systems at Hercules and Riebeeck;
- Improvements to management controls for waste at Riebeeck, De Hoek, Slurry and Dwaalboom;
- Fugitive emission plans developed and implemented for all sites;

PPC through its environmental policy is committed to maintaining legal compliance and balanced and transparent reporting. PPC has and will continue to report performance in terms of environment in its integrated report. Where there are sanctions these are captured as such in the integrated report.

PPC engages actively with stakeholders through site specific forums and is open to engaging on issues of concern. We will continuously identify opportunities to continuously improve our environmental performance through our certified ISO 14001 management systems.

Regards



**Darryll Castle**  
**CEO**