



Centre for Environmental Rights

Advancing Environmental Rights in South Africa

Mr Niël Pretorius
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By email: penny.mason@drdgold.com

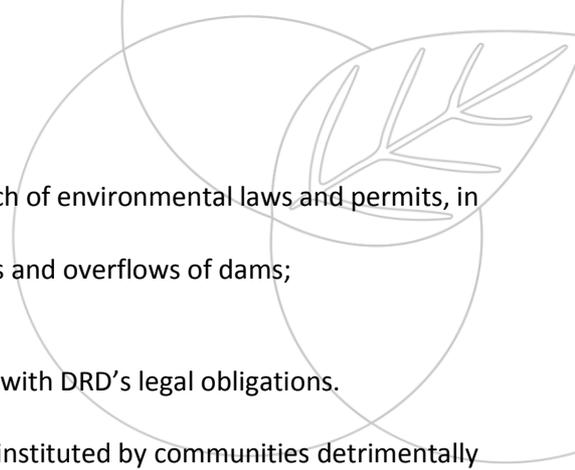
27 July 2015

Dear Mr Pretorius

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 those companies with environmental laws, and the extent to which non-compliance with environmental laws is disclosed by those companies to their shareholders. DRDGOLD Limited (DRD) appeared on the SRI Index every year between 2009 and 2013, and is one of the companies that we assessed.
3. All of the information used to conduct 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, DRD's integrated, annual and sustainability reports, as well as various other sources of publicly available information.
4. We will publish 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.
5. This letter will be published together with our research results, as will your response to this letter, provided we receive your response before Monday 24 August 2015.

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6. Our assessment indicates that DRD operations are frequently in breach of environmental laws and permits, in particular in relation to:
- spills and water pollution caused by burst pipes and breaches and overflows of dams;
 - exceedances of permitted dust emissions;
 - conducting operations without water use licences; and
 - failures to rehabilitate environmental damage in accordance with DRD's legal obligations.
7. DRD is also the subject of multiple complaints and legal proceedings instituted by communities detrimentally affected by the company's operations.
8. Furthermore, DRD's company reports contain no information on environmental compliance monitoring and enforcement activities. The only reference to regulatory activity appears to be in the 2014 Integrated Report. DRD refers to an audit carried out by the Department of Water and Sanitation in June 2014 and states that some "*minor findings were established*".¹ Taking into the account the multiple problems with spills and water pollution referred to by DRD in its reports, it is reasonable to assume that DRD's shareholders would be interested in the details of the findings made by the Department, but no further information is provided.
9. We would be interested to know how DRD reconciles these findings with the statement in its Sustainable Development Policy that: "*DRDGOLD shall endorse and actively pursue best practical environmental practice for each activity that may potentially negatively affect the environment and concerned communities and shall continuously evaluate, through a process of monitoring and management review, the success of the management and mitigation measures applied.*"²

We look forward to hearing from you.

Yours faithfully

CENTRE FOR ENVIRONMENTAL RIGHTS

per:



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¹ DRDGold Integrated Report 2014, at p69.

² <http://www.drd.co.za/sustainability/DRDGOLD-sustainable-policy-2014.pdf>