



**DIRECTORS**

ILLOVO SUGAR PARK,  
1 MONTGOMERY DRIVE, MOUNT EDGECOMBE,  
SOUTH AFRICA

P.O Box 194, DURBAN, 4000

TELEPHONE: +27 31 508 4300

FAX: +27 31 508 4525

CRIMELINE: 0800 ILLOVO

WEBSITE: [www.illovosugar.com](http://www.illovosugar.com)

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Ms Tracey Davies  
Programme Head: Corporate Accountability & Transparency  
Centre for Environmental Rights  
2<sup>nd</sup> Floor, Springtime Studios  
1 Scott Road  
Observatory, Cape Town  
7925

By email: [tdavies@cer.org.za](mailto:tdavies@cer.org.za);  
[creddell@cer.org.za](mailto:creddell@cer.org.za)

Dear Ms Davies

**RESPONSE: CENTRE FOR ENVIRONMENTAL RIGHTS' BASELINE ASSESSMENT OF ILLOVO SUGAR LIMITED'S CORPORATE ENVIRONMENTAL COMPLIANCE**

I refer to your letter dated 21 July 2015 and subsequent communications with Mr Xolani Magojo of our offices and thank you for the courtesy of affording us an opportunity to respond to your assessment of our company.

We understand that your assessment is based on information which you have found in the public domain. However, we note that you have not made reference to our 2015 Integrated Annual Report, and the ancillary reports (ie, Human Capital Report, Climate Change and Environmental Impacts Report and Socio-Economic Impact Report), all of which may be found on our website at [www.illovosugar.com](http://www.illovosugar.com), and for your ease of reference, we annex hereto the Climate Change and Environmental Impacts Report.

We also refer you to the environmental impact section of the independent Socio-Economic Impact Assessment carried out by Corporate Citizenship during 2013, which may also be found on our website. As recorded therein, Illovo follows local legislation and international environmental best practices. It applies standards such as NOSA and ISO14001, and all new developments undergo a comprehensive Environmental Impact Assessment. Illovo has also adopted sustainable farming guidelines based on those of the South African Sugarcane Research Institute (SASRI), and is working to ensure compliance across all of its operations.

From your letter and annexure thereto, we understand that the salient issues to be addressed are the following, and we respond to each hereinbelow.

**1. Has any Illovo Sugar Limited operation ever been inspected by Environmental Management Inspectors or other environmental regulators?**

- Save for the Gledhow sugar mill, owned by Gledhow Sugar Company Limited, in which we hold a 30% shareholding, none of Illovo's operations have been subject to inspections by Environmental Management Inspectors. The inspection of the Gledhow operation took place in June 2015 and the relevant report has not yet been received.
- However, in relation to your query regarding inspections by other environmental regulators, our sites are visited on a regular basis by the relevant authorities to ensure compliance with our current registrations and permits. Any discrepancies that may be noted during these visits are dealt with proactively.

**2. Have Illovo's facilities ever been the subject of any compliance monitoring enforcement action by the authorities? If so, what were the findings and what steps, if any, did Illovo have to take?**

- From our Mr Magojo's telephone discussion with you, we understand that your enquiry relates only to the period from 2008 onwards, and not from the company's inception.
- During this period, contravention notices were received in respect of the effluent pipeline leak at our Merebank facility in 2013, to which reference is made in your report and elaborated upon hereinbelow, as well as in relation to pipeline leaks during 2010/11 at the Glendale distillery in which we own a 50% share. These were remedied expeditiously and no enforcement action was taken.
- From a procedural perspective, kindly note that if an accidental spillage or other environmental incident arises, Illovo does not wait for the authorities to issue a compliance notice or take other steps. In the event of such an incident, Illovo notifies the authorities, whose personnel are then involved in relation to the remedial action, timing, etc.

**3. How effective were the preventative measures put in place at Merebank after the 5000 litre effluent spillage in 2013?**

- The corrective and preventative measures taken in relation to this incident have proved to be a sustainable solution.
- The measures taken included improved planned maintenance of the effluent lines, line replacement in critical areas with stainless steel, daily physical inspection of the discharge line route and a telemetry system, which provides an early warning system through monitoring for any potential leaks and line breakage which would result in spillage.

**4. What is the feedback regarding the breach of the environmental licence in Sezela reported in 2013, particularly given that the measures taken were reported as temporary?**

- This incident resulted from a once-off operational breach due to infrastructure deficiency, which was remedied.
- Temporary measures were taken while the factory was operational during the crushing season, with permanent repairs being undertaken during the 2013/14 off-crop (ie, the period when shut down maintenance is carried out).

**5. South Coast Sun article – “Nothing sweet about sugar cane ash” (A resident of Umgababa complaining about sugar cane ash)**

- It should be noted that while Illovo Sugar Limited does have some agricultural estates, the bulk of the sugar cane (95%) is delivered to its factories by private sugar cane farmers. It is therefore possible that the ash/smut that the reader complained about might have been from the burning of sugar cane from a private farm not owned by Illovo. We do however, appreciate that sugar cane farmers who supply our mills do so because of the existence of those sugar mills and we therefore bear some responsibility to ensure that our supply chain is monitored.
- Illovo therefore participates in the South African sugar industry body SASA (the South African Sugar Association), in which both sugar cane farmers and milling companies participate. SASA has developed Codes of Burning Practice in the South African Sugar Industry which all sugar cane growers comply with and whose objectives include minimising atmospheric pollution caused by the burning of cane. A copy of these Codes is annexed hereto.
- Local Environment Committees (LECs) established in terms of these codes have adopted strict controls in relation to burning to minimise the movement of smoke across residential areas and public roads and review these on an annual basis. LECs have also established channels of communication to receive complaints, institute follow-ups with farmers concerned and report back to the complainants.
- The complaint referred to in the South Coast Sun was addressed at the relevant time. The Sezela Cane Growers Association sent a detailed response to the newspaper which included information on the areas in which, and circumstances under which, cane burning could lawfully occur, the precautions taken, the lines of communication for lodging complaints, how complaints are addressed and the sanctions applied should sugar cane farmers violate the sugar cane burning codes.

We thank you once again for the courtesy for allowing us to respond to your assessment. If you require any further information, please do not hesitate to contact us.

Yours faithfully

**ILLOVO SUGAR LIMITED**

**J A KUNST**  
**COMPANY SECRETARY**

