PPC Ltd

SUSTAINABILITY - THE KEY FOR FUTURE DEVELOPMENT

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Operating in some of Africa's most important developing nations, PPC Ltd is well on its way to becoming a leading emerging-market business, and a responsible, sustainable one at that

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Increased concern and focus on global warming has no doubt made it necessary for countries, industries and businesses to look for growth and development opportunities in a more sustainable manner. One particular example would be the global cement industry which has historically suffered from having a high carbon footprint due to the energy requirements and chemical process involved in cement manufacturing technology.

PPC Ltd, a pioneer in the southern African cement industry, remains committed to the integration of environmental and sustainability issues into its business strategy. The cement supplier recognises that the impacts of climate change, management of water resources and energy security are among the greatest challenges facing society today.

"PPC cannot ignore the need for sustainable development as we believe we have a responsibility towards future generations. We aim to minimise the impact of our environmental footprint and create more positive outcomes in the long term," explains Tshilidzi Dlamini, Group Sustainability and Environmental Manager for PPC. "The strategic steps we have taken in reducing our environmental footprint, as an integral part of our sustainable development measures, will allow PPC to achieve its long term goals and targets."

Sustainability has been a big part of PPC's agenda for many years, and all of their cement plants were ISO 14001 certified in 2001. The company also has a stringent environmental policy, which received a stamp of approval by the then CEO, in 1997, and is reviewed on an annual basis.

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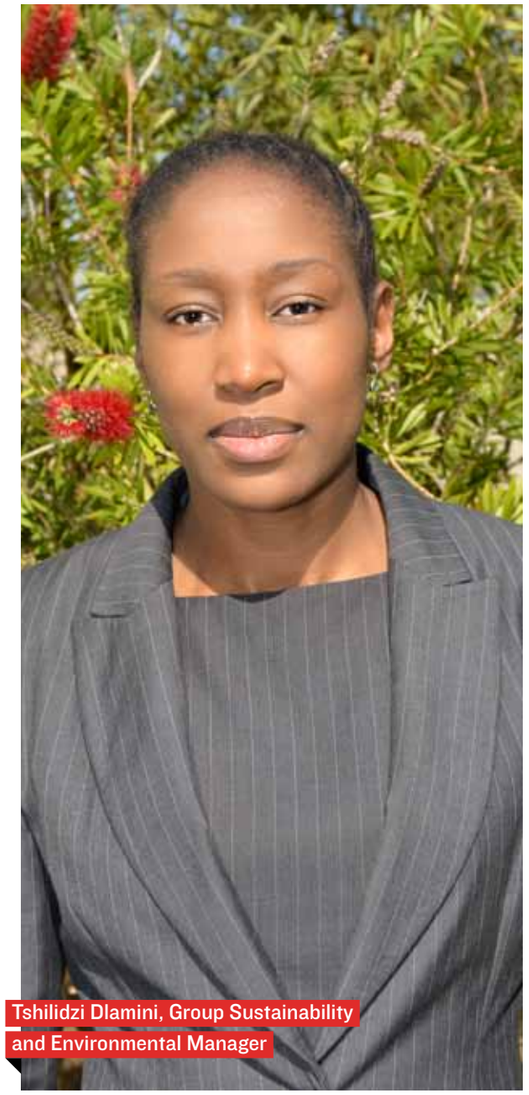
In October 2011 PPC set out to improve electrical efficiency by ten percent, thermal efficiency by five percent and ultimately reducing its specific carbon footprint by five percent by 2017. Coupled with this, PPC aims to source ten percent of its electrical energy from renewable and/or alternative energy sources. PPC has also carried out significant work on its procurement policies, which now encourage the use of sustainable material and resources. The business is engaging its top six suppliers by spend to assess their sustainability in 2014 and the business aims to expand this further to other suppliers.

"When it comes to water, while we are not a major consumer, we can't ignore its importance, given the scarcity of water in this country," Dlamini continues. "As such we are working on improving water monitoring systems to understand the areas of potential saving while also continuing to make huge savings through various upgrades."

PPC is of the opinion that changing legislation is one of the biggest stumbling blocks for corporates to increase its drive for sustainable development. "The regulatory



Tshilidzi Dlamini, Group Sustainability and Environmental Manager

process is prohibitive due to the increasing number of licences that one needs to hold to operate business and the processes associated with acquiring this licences. This almost hinders a company's ability to innovate as its focus turns to licensing," Dlamini states.

The relationship between environmental requirements and production demands has also, at times, made it challenging to address environmental requirements such as upgrading plants to meet certain standards. Over the last couple of years, PPC has received the ISO 14001 certification for all of its cement operations in South Africa. "These systems assisted the business in being able to manage its legal requirements, while also being able to identify key aspects and impacts associated with our operation," Dlamini says. "As this requires the commitment from PPC's top management, it created awareness and also availability of resources to address environmental impacts."

Another major achievement for PPC comes in the form of a four star rating for its new headquarters by The Green Building Council of South Africa (GBCSA), an independent, non-profit company formed in 2007 to lead the greening of South Africa's built environment. Located in the middle of the hustle and bustle of the Northern Johannesburg business centre, Eastgate 20 on Katherine Street in Sandton, South Africa now houses one of the largest cement suppliers in southern Africa. The new building is strategically designed to efficiently reduce energy and water. The Green Star rating system from the GBCSA was designed to provide the commercial property industry with an objective measurement for green buildings and to create and reward environmental leadership in the property industry. A four-star rating recognises a building for its "Best Practices".

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To consume less energy, Eastgate 20 has been designed to utilise efficient lighting which is only activated when an area is occupied. Further to this, the design has enabled the building to take advantage of natural light, reducing the building's electricity demands during office hours. "We have also made considerable progress through our new air conditioning system," Dlamini states. "It uses inverter technology for the compressors, meaning that the speed is controlled so that only as much cooling is provided as needed, and the motors do not just stop and start."

Did you know?

2001
The year that all of PPC's cement plants became ISO 14001 certified

40%
The amount of revenue PPC hopes to generate from outside of southern Africa by 2017

Eastgate 20 is also expected to make a significant reduction in the usage of potable water through the installation of water efficient fittings for taps, urinals and toilets. Furthermore, Eastgate 20 has also increased the quality of the water in the adjacent environments. PPC has a storm water treatment site, adjacent to Eastgate 20, where it treats all the water from its premises and that of the neighbouring sites to ensure that it is clean before it flows into the river.

"Normally during a storm event, rainwater runs off hard surfaces into storm water drains and is directed into the nearest river to avert flooding," Dlamini highlights. "In built up

areas, the abnormally amplified increase in water flow during storm events disrupts the natural balance of the ecosystem and the river's ability to function as part of a healthy ecosystem."

PPC has further boosted its green credentials by investing in the wind energy sector. Construction of the Grassridge Wind Energy Facility in Nelson Mandela Bay officially began with project representatives from the Department of Energy (DoE), InnoWind (Pty) Ltd, PPC Ltd and community representatives from Motherwell turning the first soil of the R 1.2 billion wind farm.

The Grassridge wind farm forms part of the DoE's Renewable Energy Independent Power Producer Procurement Programme and is being established at PPC's Grassridge Quarry. It is one of the first renewable energy projects to be developed within an operating quarry in South Africa.

InnoWind, a local wind energy developer owned by EDF Energies Nouvelles has developed the project. The wind farm is owned by Grassridge Wind Power, a project company which comprises InnoWind, the Industrial Development Corporation and the Grassridge Winds of Change Community Trust. This

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facility will consist of 20 Vestas V-112 3MW wind turbines, with an installed capacity of 61.5 MW, delivering electricity equivalent to the annual consumption of approximately 40,000 households. The development is the first phase of possible future wind farm expansions in its vicinity.

"We have come a long way in bringing this project to fruition, and are all very excited to reach this milestone that is the start the construction of InnoWind's first wind farm in South Africa," said Kevin Minkoff, Project Manager at InnoWind.

According to Egmont Ottermann, Group Energy Manager at PPC Ltd, the wind farm forms part of the cement company's long-term rehabilitation plans for the mine. "PPC is committed to becoming a more sustainable company. This project is the first step in procuring power from renewable sources."

Indeed, PPC and InnoWind are today in the midst of discussions for a second phase, 24 MW wind farm under a bilateral power purchase agreement. When commissioned, this farm will supply ten percent of PPC's electrical energy requirements in South Africa.

In a report by the European Cement Association, a safe environment is essential for protecting people from changing weather conditions, such as long periods of drought and a significant level of rainfall. "Concrete can be used to provide comprehensive fire and flood protection including protection of people, animals, goods, property and the environment. It also plays a key role in guaranteeing a safe, secure supply of drinking water and power," the report said.

The report indicates that the high thermal mass of concrete enhanced thermal comfort by minimising or avoiding overheating during heat waves especially when combined with natural ventilation and appropriate building

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architecture. This also reduces the need for air conditioning, thereby reducing carbon dioxide emissions from energy consumption.

"Cement is incredibly important in addressing the issues posed by climate change," Dlamini enthuses. "Buildings are getting smarter by utilising wind and minimising water usage. Buildings are also much more adaptable to harsh weather conditions or events. We encourage all of our clients to keep that in mind in the design process of their new structures and urge them all to apply sustainable measures during the construction process."

Apart from their operations in their historic territories in southern Africa, the cement supplier has undertaken an African expansion strategy which aims to see PPC generate 40 percent of its revenue from outside of southern Africa by 2017.

To achieve this, PPC has been increasing its footprint in Africa. It increased its stake to 30 percent in Ethiopian company Habesha Cement with construction of a 1.4mtpa plant due to start this year. It also acquired a 51 percent stake in CIMERWA of Rwanda, with construction of a 600,000tpa plant currently under way. Meanwhile, the construction of its 1.0mtpa plant in Democratic Republic of Congo is expected to start this year and PPC is also currently concluding a feasibility study for the construction of a 700,000tpa milling plant to service northern Zimbabwe and Mozambique.

PPC is determined to align its sustainability strategies to all of its new operations on the African continent and in committed to making sure that all its operations adhere to international best practices. BE

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