

Sustainability Review

Environmental report



- Group sustainability policy -

Sustainability encompasses the balanced integration of social, ethical, economic, environmental, health and safety factors in all planning, implementation and decision making of the business. PPC exercises due diligence in all areas of its business to promote sustainable development of the company, employees, the environment and the communities within which it operates.

PPC commits to delivering stakeholder value in all its endeavours:

- **Board accountability**
Directors are accountable for PPC's sustainability performance.
- **Aligning values and principles with sustainable development**
PPC aligns all decisions pertaining to the company's financial sustainability – and that of the fundamental rights of all stakeholders (employees, customers, shareholders, suppliers and the community in which it operates) – within an established framework of values and ethical principles.
- **Assessing risks and opportunities**
By identifying and effectively responding to sustainability risks and opportunities, the company continues to enhance long-term shareholder value, whilst simultaneously fulfilling its broader economic, social and environmental responsibilities to society.
- **Management systems**
Regular audits of management systems and programmes are conducted to provide assurance that the company's sustainability policy is being implemented and remains effective. The ISO and ASPASA (Aggregate and Sand Producer Association South Africa) systems are externally audited. The ISO management systems are internationally recognised for performance and quality requirements. PPC is committed to the deployment of these systems and programmes that meet or exceed applicable legal and regulatory standards.

“Our environmental vision is to minimise the impact of PPC’s environmental footprint by providing energy and resource efficient products emanating from an organisation driven by sustainable development.”

- **Performance monitoring and reporting**
The organisation’s sustainability performance is reported publicly to stakeholders; and PPC is committed to monitoring the organisation’s use of natural resources and the development of indicators to assess progress against recognised standards.
- **Engaging stakeholders**
PPC establishes and maintains constructive relationships with all stakeholder groups.
- **Minimising environmental impacts**
The group is committed to identifying, assessing and reducing the environmental impacts of activities performed by employees, contractors and suppliers.
- **Training and research**
PPC promotes innovative research, training and technology co-operation in the search for environmentally sensitive solutions to minimise the organisation’s environmental impacts.

The company openly embraces principles of social justice and fairness to achieve optimal wellbeing and prosperity for all stakeholders.

- Environmental vision -

To minimise the impact of PPC’s environmental footprint by providing energy and resource efficient products emanating from an organisation that is driven by sustainable development.

- Environmental performance summary 2007 -

Environmental highlights for 2007 include:

- **Emission control upgrade**
 - During the year, the cement operation completed a R7 million upgrade to the kiln electrostatic precipitator (ESP) at its Port Elizabeth operation. The ESP is now more efficient in reducing dust emissions.
 - Lime operation successfully converted its Lime Acres kiln 9 (LK 9) from an electrostatic precipitator system to a bag-house operation in order to reduce dust emissions.

- **Stakeholder engagement**
 - The Jupiter factory instituted an environmental stakeholder forum as a platform for improved stakeholder communication.
 - PPC appointed an independent contractor to identify the needs and issues of key environmental stakeholders.
- **Mine closure**
 - All the requirements for mine closure at the Port Elizabeth clay quarry were concluded as per the closure certificate received on 26 February 2004. The mine closure certificate was not subject to additional conditions of reporting to the DME. The mining surface was leased from the council; upon receiving the closure certificate the land was returned to the council.
- **Energy efficiency**
 - PPC has received approval from the Department of Agriculture, Conservation and Environment for a new clinker grinding plant, currently under construction at the Hercules factory. PPC has selected a vertical roller mill (VRM) in place of a ball mill system which has previously been PPC’s standard. The energy consumption of a VRM is 25 – 35% lower than that of a typical ball mill used for grinding clinker to the same product fineness. The VRM also generates significantly less noise than a ball mill and also requires less process cooling water.
- **Environment and sustainability specialist appointment at cement and lime operations**
 - PPC has recognised the need for specialist knowledge in the area of environmental management and has initiated recruitment of environmental specialists at each cement and lime operation.

- Environmental challenges -

South Africa has a transformation imperative geared towards developing infrastructure and improving the quality of life of all people. PPC is committed to meeting the demands of its market in a sustainable manner. During the year, challenges inherent to PPC's business included:

- The dependence on limited coal resources and the challenges associated with using alternative materials for energy;
- Reducing emissions per unit of product whilst restarting older, previously decommissioned kilns (due to high cement demand), in the interim period before commissioning new more efficient operations;
- Finalising the backlog of rehabilitation plans; and
- Managing the impacts of PPC's activities on air quality.

- Environmental commitments -

PPC's business has the potential to impact the environment and the lives of communities surrounding its operations. Whilst PPC's environmental framework supports the company's growth objectives by focusing on process efficiencies and resource optimisation, it also considers the importance of the wellbeing and safety of employees, impacted communities and the environment at large. PPC is committed to minimising negative impacts by implementing the following environmental management measures:

- Optimising the use of non-renewable resources;
- Optimising the consumption of indirect and direct energy;
- Reducing greenhouse gas emissions per ton of product produced;
- Managing the impacts on land and biodiversity;
- Controlling, managing and minimising the footprint of the overburden waste;
- Optimising water consumption;
- Raising internal awareness of significant direct and indirect impacts;

- Complying with legal and regulatory requirements; and
- Improving transparency, understanding and engagement between the company, industry and other stakeholders.

- Environmental management systems -

PPC's environmental management system (EMS) enables the company to monitor and manage environmental performance throughout the business. The EMS is designed to monitor environmental aspects that are both directly within a factory's control as well as those external to its control but within its sphere of influence. The organisation strives to continually enhance its systems to improve overall environmental performance in line with the company's sustainability policy. Regular EMS audits enable PPC to determine conformance with ISO 14001 specifications. All findings identified during the annual audit are addressed by developing action plans. Corrective actions, as required, are implemented to ensure ongoing compliance with all regulatory requirements.

All of PPC's South African cement operations, with the exception of Jupiter, have achieved full ISO 14001:2004 certification. The Jupiter operation is currently undergoing a phased assessment in preparation for ISO 14001, and is set to receive formal certification in early 2008. The sales and marketing offices and depots have a single ISO 14001 umbrella listing for all operations. PPC's lime operation is ISO 14001 certified while the aggregate and readymix quarries are all managed using the ASPASA system.

PPC is a member of ASPASA and has embraced an ethos of responsible environmental management. ASPASA has initiated the 'About Face RSA' programme, which is orientated towards the overall management of sound environmental performance, with a particular focus on quarries' working environment. At the end of their life cycle, the quarry areas will be rehabilitated back into the

environment without the necessity for complex maintenance programmes.

- Environmental accountability -

Responsibility for monitoring sustainability issues is assigned to designated managers who advise on necessary actions to be taken, as per the reporting structure shown alongside. Ultimate responsibility for sustainability issues resides with the board of directors. Designated managers receive assistance from the Association of Cementitious Materials Producers (ACMP), the umbrella industry association in South Africa dealing with common interests affecting the cement industry. PPC managers serve on those committees that deal with sustainability issues. Designated managers include respective on-site environmental specialists and risk managers, reporting to the general manager of the factory.

- Reporting structure for environmental accountability -

Management is responsible for the following environmental issues:

- Advising the board on the development and implementation of the environmental policy;
- Monitoring and evaluating the environmental performance of PPC's operations, contractors, suppliers and employees;
- Implementing procedures to ensure that the required permits, licences and other regulatory approvals are identified during the project development process;
- Addressing environmental issues throughout PPC's planning and management processes and setting targets and goals for sustainability;
- Ensuring that environmental risks are identified and mitigated or minimised;
- Identifying environmental aspects, and those that have the potential to significantly impact the environment;
- Setting and monitoring the results of environmental objectives, targets and programmes;



- Ensuring practical actions are taken on stakeholder feedback;
- Identifying the required environmental training needs;
- Maintaining and developing PPC's environmental framework; and
- Ensuring legal compliance with relevant legislation.

- Environmental performance -

- Climate change -

PPC is cognisant of the scientific evidence pointing to adverse impacts of human activity on the planet, particularly with respect to climate change. In an effort to address those factors contributing to climate change that are within the business' sphere of control, PPC is committed to:

- Understanding how manufacturing activities may contribute towards climate change;
- Continually monitoring and managing air pollution and greenhouse gas emissions;
- Monitoring the consumption of non-renewable energy and fossil fuels; and
- Maintaining PPC's value-based management philosophy which aims to evaluate and curb the company's contribution to climate change.

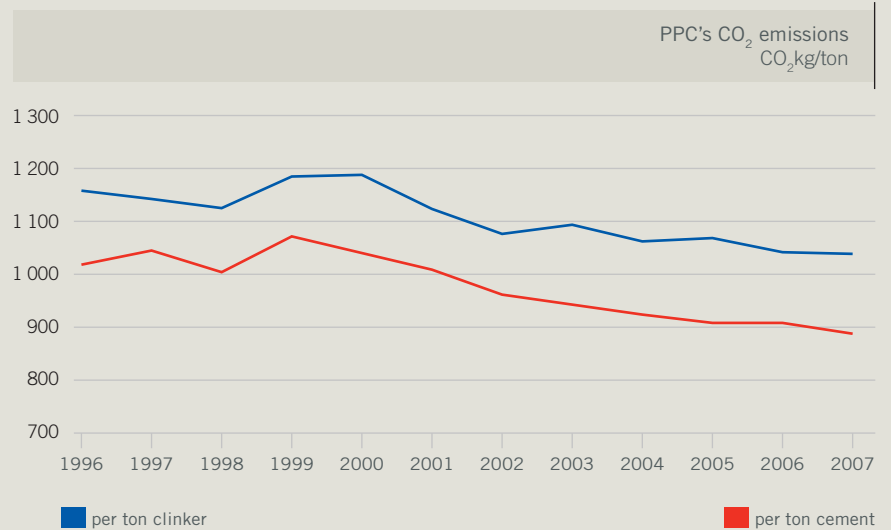
- Carbon footprint -

An essential consideration in addressing climate change is an understanding of an organisation's carbon footprint. The geographic dispersion of PPC's factories and operations pose numerous challenges in determining this footprint. However, PPC has successfully overcome these challenges by working in line with the World Business Council for Sustainable Development (WBCSD) initiative on carbon dioxide Emission Inventory Protocol Version 2.0. This protocol serves as a carbon monitoring and reporting tool for companies worldwide and provides a common methodology for calculating carbon dioxide emissions, with a view to more accurate reporting. It addresses all direct and the main indirect sources of carbon dioxide emissions related to the cement-manufacturing process.

This protocol has been designed as a flexible tool that facilitates reporting under various schemes, such as:

- The European Greenhouse Gas Emissions Trading Scheme;
- The Climate Leaders Programme of the United States Environmental Protection Agency;
- The draft greenhouse gas reporting guidelines of the Japanese Government; and
- The Greenhouse Challenge Programme of the Australian Greenhouse Office.

The organisational boundary for PPC's carbon footprint includes PPC's seven cement factories, its lime factory and the slag milling facility at Saldanha. The carbon dioxide emitted from the calcination of the limestone, from the combustion of coal and from consumption of diesel is included (as per WBCSD guidelines). The base year is 1996. The carbon dioxide is measured per ton of cement and lime sold. PPC restricted the carbon footprint boundary in 2007 to include the South African operations only. However, in future the company intends



to extend this boundary beyond South African borders to include Botswana and Zimbabwe.

- Management of carbon dioxide -

In previous years, PPC has commented on the emission of carbon dioxide arising from the combustion of coal in the manufacture of cement clinker, burnt lime and burnt dolomite. The emission of carbon dioxide varies with production, which is in turn dependent on economic growth. Therefore, the reporting of absolute tons of carbon dioxide does not automatically enable the company to measure efficiencies. Therefore, the absolute tons of carbon dioxide are divided by the tons of product (cement + burnt lime + burnt dolomite) to establish a 'relative efficiency', which can be compared from year to year.

The target for carbon dioxide per ton (of cement) for 2008 is 900 kg/ton.

The reduction trend displayed in the carbon dioxide performance graph above is as a result of reduced clinker content in the cement produced in the periods (1996 – 2007). The levelling out in 2005 and 2006 was due to market

PPC is a signatory to the Energy Efficiency Accord



PPC

demand for products that contain more clinker. This was coupled with the re-commissioning of old technology kilns necessitating higher coal consumption.

The commissioning of a new technology kiln in 2008 at Dwaalboom will reduce carbon dioxide from coal consumption by approximately 4%. Similarly, the planned expansion of clinker capacity in the Western Cape should reduce carbon dioxide from coal combustion by a further 4% in three to five years.

PPC is committed to reducing clinker content in its cement in future. This reduction will become evident in reported figures for 2008 and 2009. However, PPC is also committed to supplying products that satisfy consumer needs, which typically involves increased clinker contents. The company is therefore cognisant of the fine balance between delivering on market demand whilst operating in an environmentally responsible way.

- Clean development mechanisms -

PPC recognises that climate change poses a serious threat to sustainable development. The company values the importance of the United Nations' Framework Convention on Climate Change Kyoto protocol. This protocol aims to stabilise atmospheric concentrations of greenhouse gases (GHGs) by committing signatory countries to reduce their GHG emissions. The clean development mechanism (CDM) is a flexible mechanism, from the Kyoto Protocol, used to stabilise GHG atmospheric concentrations. PPC is committed to supporting the development of CDM projects in South Africa and is currently reviewing the viability of CDM projects within its own operations.



- Energy efficiency and supply -

- Energy efficiency -

The cement and lime production processes are energy intensive and use significant quantities of 'direct' energy in the form of coal, to a lesser extent, diesel oil in the winning of limestone and 'indirect' energy in the form of electricity. PPC is dedicated to evaluating and deploying new technology to improve energy efficiency. Electrical energy efficiency forms an integral part of the planning and selection of plant and equipment for the company's planned expansion and upgrade projects. These are the Dwaalboom (designated Batsweledi), Hercules (designated Ntshafatso) and Western Cape (designated Se Kika) expansion projects. These have included energy efficient features, which will reduce the demand for electrical energy.

CASE STUDY

The vertical roller mill which is currently being constructed at the Hercules operation will result in improved energy efficiency, noise reduction and reduced water consumption. The power consumption of these mills is 25 – 35% less than that of a conventional ball mill. The grinding efficiency of the vertical roller mill, combined with its capability to dry, grind and classify within a single unit gives it an advantage over the ball mill system.

- Energy Efficiency Accord -

PPC is a signatory to the Energy Efficiency Accord as an organisation, as well as under the banner of the ACMP. PPC embraces the voluntary initiatives required by the membership, to improve energy efficiency. The purpose of the accord is to encourage investments in clean development mechanism (CDM) projects and promote efficient energy use – specifying a 15% reduction by 2015 (using 2000 as the base year). The company has been an active participant in the Energy Efficiency Technical Committee and has been tracking its own energy use per ton of cement. The well-publicised capacity expansion programme of Batsweledi, Se Kika and Ntshafatso projects will help reduce PPC's energy consumption through improved milling efficiency and reduced coal consumption per unit produced to the Energy Efficiency Accord targets.

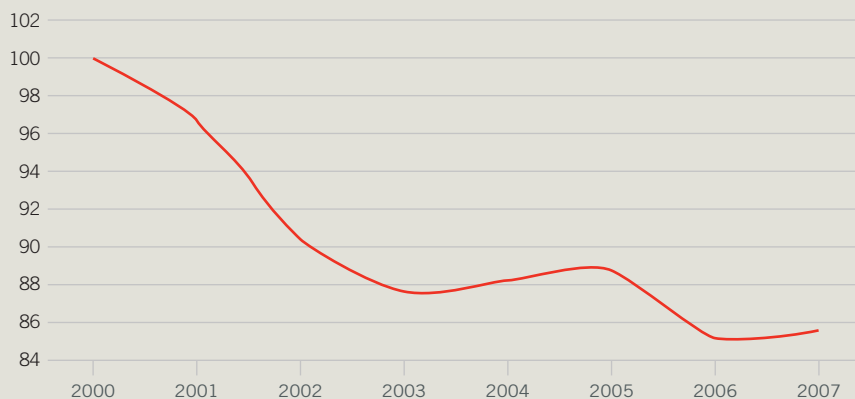
Alongside is the progress since 2000, where coal, diesel, electricity and secondary materials have been used.

- Energy demand-side management programme -

During the year, PPC voluntarily participated in Eskom's demand market participation project (DMP) in the Western Cape. As from April 2006, Riebeeck and De Hoek contractually agreed to voluntarily shed electricity load during peak periods, allowing reduced energy consumption. Riebeeck sheds at least 1MW in this way and De Hoek 2MW when requested by Eskom.

In the year ahead, the major focus will be on energy efficiency rather than load shedding, based on the current high demand for cement production and supply. By way of example, PPC Dwaalboom implemented lighting efficiency in February 2006, which resulted in a 177 kW reduction in energy consumption to August.

PPC energy consumption per ton of cement vs 2000 base year = 100 %



- Alternate energy (secondary materials) -

PPC's environmental footprint is shaped in part by its choice of available energy sources. The company is currently considering a varied supply of energy resources, thereby minimising, as far as possible, its impact on the environment. To this end, Hercules, Slurry, Dwaalboom, Port Elizabeth and De Hoek have submitted Environmental Impact Assessments (EIA's) for use of alternative materials to the relevant authorities and are awaiting the Records of Decision. PPC is also waiting for the relevant legislation to be enacted which will allow burning of used tyres as alternative fuel. The consumption of fossil fuels is a major source of greenhouse gas emissions and energy consumption is directly linked to these emissions. Replacing fossil fuel with renewable sources is essential for combating climate change and other environmental impacts. PPC will report on the secondary material co-processing targets and achievements in future reporting.

- Diesel consumption -

Diesel is used primarily in the winning of limestone from its quarries. Haul roads at several operations have been redesigned to improve gradients and reduce distances. Mine

PPC continues to pursue the reduction of particulate emissions



PPC

planning has been adapted so that waste material is back-filled into existing mines, which minimises the movement of the same material a second time during rehabilitation. In addition, in some areas the crusher has been strategically placed to reduce travel distance, resulting in lower diesel consumption.

- Emissions control and mitigation -

PPC continues to pursue the reduction of particulate emissions and the quantification of the gases emitted during the cement and lime manufacturing processes. The company is currently refining its stack emission monitoring and reporting systems to improve overall air quality management of stack emissions at all factories. Further improvements are achieved by increasing the knowledge and awareness of stack performance beyond dust monitoring. PPC is committed to implementing a sustainable system for monitoring and reporting emissions, with trained personnel and qualified service providers.

The following projects and initiatives will be implemented in 2008 – 2010:

- Air quality pilot project at Hercules using the mass balance approach;
- Performing a baseline analysis of dust, NO_x and SO₂ to determine the baseline for future monitoring;
- Drafting a monitoring proposal for analysing dust, NO_x and SO₂;
- Structuring a complete stack emissions profile;
- Developing a long-term compliance plan for managing emissions; and
- Developing a training and awareness module for air quality monitoring and reporting.

- Point source (stack) emissions management -

Electrostatic precipitator (ESP): PPC's electrostatic precipitators use electric power to separate dust particles from gases, enabling plants to operate with very low dust emissions. The ESP is typically 99,5% efficient.



CASE STUDY

PPC recently completed a R7 million upgrade of the kiln ESP at its Port Elizabeth operation. The upgrade has significantly improved the efficiency of the unit, mainly by increasing dust collection. The ESP is not only more efficient in reducing ambient dust but it also aids in returning dust to the manufacturing process where it is re-processed.

CASE STUDY

In a move to enhance its environmental performance, PPC Lime has successfully converted Lime Acres kiln 9 (LK9) from an ESP system to a bag-house operation. This R20 million project will significantly reduce the facility's overall dust emissions to be well within permit stipulations and to meet international standards. In addition, the increased fan capacity will improve the kiln efficiency.

When kilns 6 to 9 were constructed between 1977 to 1983, it was standard industry practice to use electrostatic precipitators to remove dust from the kiln off-gas. However, the results were not comparable with modern international benchmarks. In 2002, PPC Lime embarked on a programme to reduce dust emissions when it converted its first electrostatic precipitator to a bag-house on LK7, a kiln with a capacity of 1 150 tons per day. Following the success of this conversion, and after a suitable evaluation period, PPC converted the LK9 electrostatic precipitator to a bag-house in 2006.

Of the four rotary kilns operated at Lime Acres, LK9 is the largest, with a capacity of 1 450 tons per day. The latest conversion has reduced the total amount of dust released from all kilns into the atmosphere by at least 50% from pre-2002 levels.



- Innovation for dust suppression initiative -

At PPC Slurry, members of PPC's engineering and production teams are collaborating to develop new ways to assist with dust reduction. The team has installed two kiln back-end water injection systems to reduce dust emissions. The systems spray a fine water mist that changes the resistivity of the dust, so that the electrostatic filter works more efficiently, thereby further restricting emissions.

- Fugitive emissions management -

PPC continues its efforts to minimise dust arising from the use of haul roads, conveyor belts, stockpiling and related activities. High standards of plant housekeeping and the use of dust suppression mechanisms are essential to controlling the level of dust emissions. Fugitive emissions are of critical concern to the ambient plant environment and PPC is continually assessing the best ways to manage, control and suppress the impact of these emissions. Currently PPC controls ambient fugitive emissions with bag-house filter systems, paving programmes, covered conveyor systems and water dosing programmes.

Bag-house filtering system: An alternative to ESPs for dust collection is the use of bag filters, where gas is cleaned similarly to the operation of a vacuum cleaner. PPC's bag filters are extremely efficient, with the dust concentration in the cleaned gas seldom exceeding 20 mg per cubic metre.

Water spraying: Wet dust suppression systems moisten transported material or road systems so that less dust is generated. Water is also used in some crushing plants (Dwaalboom and De Hoek) to reduce dust.

Paved areas: Certain plant areas have been paved and grassed, contributing significantly to dust control. Mechanical sweeping of paved

areas has also contributed to dust reduction in the plant environments.

Conveyor belt: Significant dust is caused by wind and material handling at transfer points. One solution has been to enclose PPC's belt conveyors where necessary. This resulted in a reduction in dust emissions during the Jupiter refurbishment, when several belt conveyors were enclosed and transfer chutes were refurbished or replaced.

CASE STUDY

The Jupiter factory was commissioned in 1938. It was since decommissioned in 1998 due to reduced demand for cement and subsequently transformed into a despatch facility, supplying cement. The increased market demand for cement in the previous year resulted in the re-commissioning of the factory in 2006. The Jupiter plant is currently operating with improved air quality emissions and has instituted an environmental stakeholder forum as a platform for improved stakeholder communication. Environmental improvements include improving the air quality mitigation equipment by:

- *Upgrading the kiln ESP;*
- *Replacing the existing raw mill ESP with a new bag filter;*
- *Introducing additional dust control measures on the conveyors;*
- *Having contracts in place for the maintenance of the dust collectors; and*
- *Overhauling of bag filters.*

- Remediation and rehabilitation of land -

PPC manages the environmental footprint of its mines by ensuring that the programme of concurrent rehabilitation is adhered to. Annual targets are set for each operation and progress on concurrent rehabilitation is measured annually by means of aerial photography.

PPC has ensured adequate planning and provision for the closure of its mines



PPC has ensured adequate planning and provision for the closure of its mines and has incorporated the end-use objectives into all concurrent rehabilitation programmes. Concurrent rehabilitation is defined as rehabilitation activities, as specified in the approved environmental management programmes, that can occur concurrently with the mining activities required for the production of raw materials. Mine closure plans are continually monitored, managed and regularly reviewed in conjunction with allocated financial provisions for their closure.



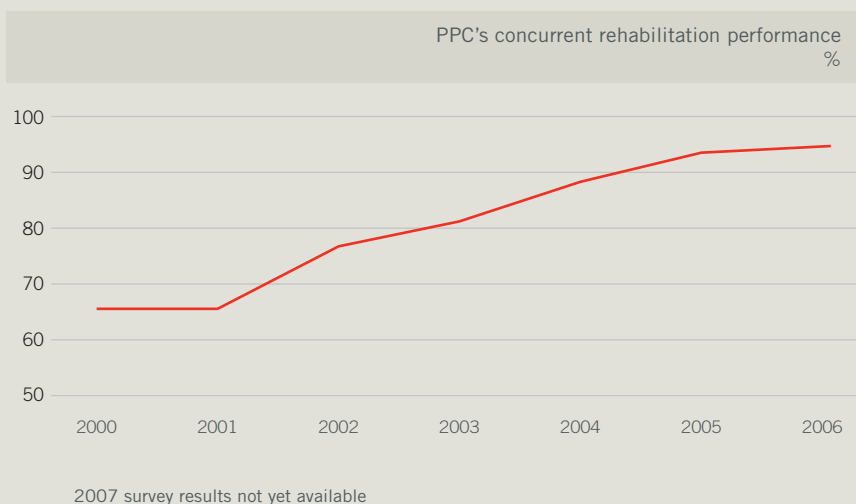
CASE STUDY

Following many years of mining the clay quarry in Port Elizabeth, PPC elected to close it in 2003. PPC engaged in extensive consultation with all stakeholders, including the municipality, surrounding communities and the Department of Minerals and Energy. As a prerequisite for its closure, PPC had to rehabilitate the area as follows:

- Shaping back-filled areas by means of dozing and covering these areas with topsoil;
- Dozing material that was unsuitable for cement manufacturing in the pit against the sidewall and levelling it off to the satisfaction of the City Engineer;
- Adjusting a culvert below the railway line and grading the floor of the quarry to the correct drainage angle;
- Tidying up the working faces and leaving them at an angle agreed to by the City Engineer; and
- Constructing perimeter beams to prevent illegal tipping and access.

This has been completed to the satisfaction of all stakeholders confirming that all the requirements for permanent closure have been met.

During September 2000, PPC identified that a backlog in concurrent rehabilitation had occurred over a number of years. At that stage, only 65% of the concurrent rehabilitation, which was feasible at all PPC operations, had actually



been completed. As reflected in the diagram above, PPC's concurrent rehabilitation has increased to 95% in the past six years. This translates to a decrease in the backlog from about 600ha to 48ha.

The calculation is based on findings from the annual aerial survey and the overall mining and infrastructural areas are classified as follows:

- Resources optimisation -

At the Jupiter factory, the requirement for natural sand is replaced by sand recovered from old mine dumps. This not only preserves natural resources but also provides a solution

for sand removal from a gold mining operation located in the vicinity of the factory. In the year under review, PPC recovered 22 000 tons of sand for use at Jupiter.

The volumes of raw materials consumed by all PPC operations for the period 2006/07 are as follows:

- Shale: 234 000 tons
- Limestone: 9,8 million tons
- Synthetic gypsum: 29 790 tons

PPC intends to report the above consumptions in future annual reports with 2006/07 as the base year.

- Water optimisation -

- Water usage -

Whilst the process of cement and lime production is not water intensive, all PPC factories take a responsible approach towards water management. The cement operations draw water from various water sources such as utility water, boreholes, dams and the Berg River in the Western Cape. Lime Acres in the Northern Cape draws water from underground aquifers for both operational usage and the requirements of local residential communities. No water is discharged from the cement manufacturing process. PPC has continued with the installation of necessary infrastructure to measure water usage adequately.

- Water recycling -

At Dwaalboom the sewage is treated and recycled for garden maintenance. The Batsweledi project has included the recycling of water as an integral part of its planning and all new plant designs consider the use of equipment that requires relatively low quantities of water for gas cooling.

- Water optimisation programme -

PPC is working on water optimisation programmes at each of its operations; lessons learnt from these programmes will be reported in the next annual report.

- Waste minimisation -

PPC does not generate any solid waste from the cement process. All off-specification material is re-worked or re-processed. However, any waste that is generated on site is managed through PPC's ISO 14001:2004 certified environmental management systems.

PPC, in collaboration with the ACMP has developed a decision matrix to support the Exemption from Waste Applications, in terms of section 20 of the Environmental Conservation Act. This will assist in fast tracking authorisations for the storage of waste at cement plants, submitted for approval to the National Department of Environmental Affairs and Tourism.

- Waste recycling and re-use -

All operations are endeavouring to re-use or recycle waste. At some operations, waste materials from older waste dumps that were previously considered non-reusable, are being analysed for re-use. In this way PPC further reduces its reliance on non-renewable resources.

De Hoek and Riebeeck have optimised the recovery of screenings from the crushing process, thereby achieving significant synergies in resource usage. A portion of the screening material is transported from De Hoek to Riebeeck to be blended with the limestone from the Riebeeck quarry, producing the correct material mix for cement production, whilst simultaneously achieving PPC's resource conservation objectives. At Mooiplaas the fine material recovered from the evaporation ponds is sold as agricultural lime. At Lime Acres the fine material is processed into briquettes and sold as usable product.

PPC generates waste oil and lubricants from maintenance activities. Much of this waste is internalised in the manufacturing process, and where this is not possible, the waste is disposed of at an external waste facility, using a registered

“Thousands of hectares of sensitive and endangered flora is protected by PPC’s conservation programme.”

waste disposal service provider. General waste from operations located in urban areas is disposed of at municipal general landfill sites by a contracted waste service provider. At the rural-based operations including the PPC villages, the general waste is disposed of in small domestic self-managed waste disposal sites.

Paper from PPC is recycled at the urban facilities and metal waste is sold to scrap metal merchants for recovery and re-use. PPC takes a responsible and proactive view on the disposal of used cement bags and provides clear and concise instructions to consumers on the best means to dispose of the bags.

PPC has a firm contract in place with an external service provider to manage all electronic waste as per the national waste management hierarchy of reduce, reuse, recycle, recover and disposal.

- Biodiversity management -

PPC carefully monitors and manages the ecological footprint surrounding its mining areas through its ISO 14001:2004 environmental management system and individual EMPs.

- Flora -

Approximately 1 330 hectares of land utilised by PPC is classified as sensitive Loerie Fynbos. The Grassridge operation in the Eastern Cape includes 16 000 hectares of Bontveld and at Riebeeck, two hectares are covered by the endangered Cape Rhenosterveld. A further three hectares of Rhenosterveld have been identified at De Hoek, and a conservation programme has been incorporated into the existing ISO 14001:2004 environmental management system.

The rehabilitation process at Loerie includes the management of invasive plant species. Originally, PPC planned to eradicate all invasive plant species from Loerie but this proved an impossible task given the long-term development of the seed bank. Alternative

measures were adopted to manage the invasive plants, with affected areas being divided into zones defined by the variety and degree of vegetation encroachment.

- Fauna -

Grassridge Albany Adder protection programme

There have been seven sightings of Albany Adders at PPC Grassridge Limestone mine to date. The Albany Adder meets all the criteria for inclusion as “Endangered” in the International Red Data List.

PPC has concluded an agreement with a herpetological specialist of the Bayworld Snake Park to conduct formal surveys and research into the preservation of this species. For the first two years all four Albany Adders located at Grassridge were taken to the Bayworld Snake Park in Port Elizabeth. Thereafter all Albany Adders located at Grassridge are translocated to the nearest rehabilitated areas. Sightings of the Albany Adder are now formally recorded and reported. Moreover, PPC runs environmental educational programmes with all operating and contractor personnel on the general identification and preservation of the reptile population.

Parrot Beaked Tortoise (*Homopus Areolatus*)

The endangered Parrot Beak Tortoise is found only in certain areas of the Eastern Cape. To protect the tortoises from being electrocuted by the electric fencing surrounding PPC’s Grassridge plant and workshop, a non-electrified low-rise fence has been erected directly adjacent to the electrified fence. This low-rise fence was constructed 20cm away from the electric fence and 10cm above the ground. This special fence has proved highly effective in keeping the tortoises away from the electric fencing. Road signs have also been erected along the haul roads at Grassridge near Addo, warning motorists to avoid tortoises crossing the roads.

As an additional precaution to avoid the accidental harming of tortoises through its operational activities, PPC collaborates with a team of experts from the Nelson Mandela University to survey the area on foot and to relocate any Parrot Beaked tortoises to undisturbed areas before top soil is stripped over the mining areas.

A herpetological specialist was assigned to educate PPC personnel about the preservation and translocation of the tortoise population in mining areas. Follow-up education is done on a regular basis to all PPC personnel and contractors to ensure the long-term protection of these tortoises.

- Enhancing stakeholder engagement -

PPC recognises that ongoing transparent communication with stakeholders is essential for successful business operations. To obtain and retain robust community support, PPC is committed to engaging stakeholders for constructive feedback and to include their considerations in plant operation decisions. Stakeholder involvement and environmental awareness among staff and communities lead to greater trust between all interested and impacted parties.

PPC has established an environmental stakeholder forum at the Jupiter plant to create a platform for open and transparent communication between the company and the community. This forum enables plant personnel to understand and address stakeholder requirements and to jointly ensure sustainable protection of human safety and the environment. The objectives of the stakeholder forum include:

- Creating a platform for discussing environmental initiatives at the plant;
- Building additional capacity within the community to enhance environmental management;

- Disseminating applicable information to stakeholders;
- Establishing and maintaining a database of issues raised and management requirements;
- Managing expectations of communities in a constructive and transparent manner; and
- Strengthening the relationship between Jupiter and the surrounding community.

PPC is in the process of implementing and tailoring the environmental stakeholder forum for all PPC operations.

- Material environmental stakeholders -

In June 2007, PPC conducted a stakeholder engagement assessment to identify key environmental stakeholders and their core issues with regards to the company's operations. The following key environmental stakeholders were identified by PPC's leadership team:

- Local, regional and national government
- Non-government organisations
- Neighbouring communities
- Cement association
- Employees
- Customers
- Suppliers
- Contractors
- Labour unions
- Investors
- Environmental consultants

PPC will continue to work with the stakeholders to improve environmental management at all operations.

- Environmental education -

Competence through knowledge and training forms the cornerstone of achieving sound environmental commitment and performance among PPC employees. The company has always strived to be globally competitive. Inherent in this aspiration is the standard of skills passed on to our people that not only

PPC recognises ongoing transparent communication with stakeholders



PPC

renders them highly employable, but enriches their lives and ultimately enables PPC to play a broader role in nation building. To accomplish this, PPC places much emphasis on:

- Including environmental awareness training in induction programmes;
- Performing task-specific competency training based on skills needs analyses; and
- Building environmental management competence at managerial level to ensure that environmental management systems are implemented and measured through effective auditing, monitoring and reporting.



Each person and function within PPC can play a positive role in environmental management, if they are aware of PPC's operational impacts on the environment. For this reason, PPC encourages all personnel to understand the significant environmental impacts of their work activities. The company also ensures employees are familiar with PPC's sustainability policy and relevant procedures through the induction process and that they understand key roles and responsibilities associated with PPC's environmental management system (EMS).

PPC's environmental training programme is centred on the requirements set out in the company's ISO 14001 management system and monitoring of training requirements are managed through the system. A critical first step in developing a training programme is to assess the training and skills requirements of personnel. During the year, the programme helped to identify the need for additional environmental specialists at strategic sites to assist in effective environmental management. The company has also developed internal training programmes to refine air pollution control techniques and to increase awareness among staff on newly improved cement technology.

PPC's ongoing programme to train and develop employees corresponds with the company's

modernisation and expansion objectives. PPC strives to align the education and growth of its people with national and global perspectives on sustainability management and ongoing monitoring of environmental and sustainability issues impacting the company's stakeholders – particularly the environment.

- Sustaining quality standards as cement demand grows -

PPC is recognised for providing consistent product quality and services and will continue to do so under the challenge of the continuous high utilisation levels of its plants. Cement products remain subject to stringent testing during the manufacturing process, in accordance with the relevant South African National Standards (SANS) specifications. Imported cement is also tested according to SANS requirements during the manufacturing process. Additional testing is performed on the imported product once offloaded in South Africa, which ensures that the cement has not degraded while in transit. This process enables PPC to guarantee the quality of both locally produced and imported products. PPC's burnt lime and dolomite products continue to be successfully manufactured according to strict customer requirements.

In line with PPC's stated corporate value to supply quality products and services, the company has retained its ISO 9001:2000 certification for quality management systems as well as the SABS 1841 certification or "e-mark" for assuring consistency in terms of bag mass. PPC's Group Laboratory Services division has also retained its ISO 17025 accreditation through the South African National Accreditation System.

During the year, PPC's laboratories were audited by the Cement and Concrete Institute and a 'zero findings' report was received for the fourth consecutive year. This is a remarkable achievement as PPC is the only company in the domestic cement industry to have achieved zero findings for all its cement testing laboratories.

- Environmental compliance -

PPC regards legal compliance as the first step to environmental management. Compliance principles and parameters identify the priorities and standards for maintaining a sound relationship with the environment and all stakeholders. However, going beyond compliance, PPC recognises the importance of being a responsible corporate citizen and taking a leadership role to ensure potentially harmful mining activities are balanced with sincere rehabilitation and environmental stewardship objectives.

PPC's ISO 14001 EMS includes a process for identifying applicable legal and applicable regulatory requirements and ensures that these requirements are factored into the organisation's business activities. All major plant upgrades and expansions at PPC are authorised by the relevant government department. Moreover, the company obtains the requisite approval for mining activities from the Department of Minerals and Energy as well as the Department of Environmental Affairs and Tourism.

During the year, Slurry's provisional air quality registration certificate was converted to final

registration certificate. Jupiter's provisional registration certificate was extended to December 2008. Once authorities are confident that the rest of PPC's operations comply with all relevant ambient air quality legislation, including the comprehensive implementation of an air quality management plan, the provisional registrations can be converted to final emission licences in terms of the Air Quality Act. PPC is currently developing emission inventories and demonstrating conformity to the conditions of the provisional registrations.

PPC has responded to the provincial environment departments' requirements for the section 24G (post facto) applications submitted for the Slurry and Dwaalboom operations. It has demonstrated that at no point during the post facto activity was there any potential to detrimentally impact on the environment.

The organisation is presently planning mining authorisation conversions and has drafted social and labour plans in preparation for the relevant mining authorisations in terms of the Mineral and Petroleum Resources Development Act.

- Environmentally conscious suppliers -

PPC endeavours to support suppliers who are environmentally conscious. The certification to ISO 14001 is encouraged through supplier accreditation process by the procurement department.

- Awards and achievements/recognition -

PPC operations won DEKRA awards for their sustainability and corporate governance. Lime Acres won the Silver Award for implementing and being certified for ISO 9001, ISO 14001, ISO 18001 and AMS 16001 (an HIV/AIDS management system). Slurry, Port Elizabeth, George depot, Saldanha, Riebeeck all received bronze for implementing and being certified for ISO 9001, ISO 14001 and ISO 18001.

“PPC takes a leadership role in rehabilitation and environmental stewardship.”

The performance of the Mooiplaas and Laezonia quarries has improved during the last four years from a score of 4 (Health and Safety: 80 – 89% audit score) and score of 4 Fish Eagles (Environmental: 80 – 89% audit score) respectively, to Showplace Awards in 2006/07. This is the highest possible award within ASPASA and represents a score of >95% for each of the audits.

– Way forward –

PPC will focus on the following priority areas in the next financial year in line with the recommendations of the environmental framework document:

- People capacity building including investigating options around education and training in line with recommendations;
- Developing targets for meeting the requirements of the Energy Efficiency Accord as part of the Just Cool It Project Team initiatives;
- Further formalised stakeholder engagement with key role players; and
- Entrenching the environmental framework objectives and recommendations into business.

Should you require information on environmental matters within PPC

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Sustainability Review

Risk report



The protection of employee's health and safety and the prevention of incidents continue to be a major focus for the company.

With this in mind the company re-committed itself to safety improvement by launching a 'behaviour based safety' programme with a bill of safety rights (which also includes duties) and a number of processes to increase health and safety awareness. Employees and the executive signed commitment posters which are prominently displayed at the sites.

Yellow and orange armbands were issued for employees to wear to show their commitment to the ideals of the bill of safety rights. Systems were developed that help team members identify unsafe behaviours and situations in such a way that resulted in a learning experience for the person involved and their colleagues and to recognise safe behaviour.

Despite greatly increased activity at all of our factories, the trend for the Lost Time Injury Frequency Rate since the launch of the initiative is showing a decline. These trends are analysed and discussed at monthly executive meetings and the statistics are distributed widely across the company.

All factories have maintained their OHSAS 18001 certifications which ensures that PPC complies with the International Labour Organisation (ILO) standards for Health and Safety in the work place. All sites have been audited by DEKRA, an independent European Certification body to ensure compliance with recognised standards. All sites achieved five shield status during 2007 with the exception of the Jupiter factory which earned four shields. Health and safety management committees are functional at all operations, again in accordance with, and beyond, the legal requirements. Through these committees equal representation of employees and the employer is guaranteed. Stakeholder engagement continues to take place concerning all matters relating to health and safety.



“PPC committed to a new safety initiative that includes a bill of rights.”

PPC



*We the members of TEAM PPC,
pledge to abide by the following*

Bill of Safety Rights

- 1. Every PPC team member has the RIGHT and DUTY to work safely and ensure that all members of their team work safely.**
- 2. Every PPC team member has the RIGHT and DUTY to be supplied with, and use, the proper safety equipment.**
- 3. Every PPC team member has the RIGHT and DUTY to participate in Risk Assessments related to their work practices and conditions.**
- 4. Every PPC team member has the RIGHT and DUTY to ensure that they receive adequate safety training related to their role.**
- 5. Every PPC team member has the RIGHT and DUTY to STOP any work which could be unsafe. STOP AND THINK! IF IN DOUBT, STAY OUT!**



Sustainability Review

Social report



- People highlights -

- Best manufacturing company to work for – the fifth consecutive year
- Achieved a positive index rating of almost 90% in the individual perception monitor
- Introduction of the Kambuku enrichment programme
- Launched the PPC coaching and mentoring programme
- Invocoms® functioning at above the standard level of effectiveness
- Over 4 000 value-adding suggestions generated through Invocoms®
- Employment equity designated persons in management increased by 16%
- Over 95% of PPC employees in South Africa know their HIV status
- Learnerships accelerated in 2007
- Launch of the PPC academies
- Group training centre expansion
- ABET is accelerated

- Growth and transformation through empowered employees -

It is the passion and determination of the PPC people that form the company's heartbeat. It is evident that the workforce is aligned with, and focused on, achieving the organisation's objectives, which is the basis for the group's success in achieving its growth and transformation targets towards Vision 2010 and beyond.

- PPC way of life -

The success and sustainability of PPC is reliant on its people, who are integral to the Kambuku value based management (VBM) philosophy. It is through this PPC way of life that a climate is created that ensures a healthy, rewarding and satisfying working environment. Here everyone is given access to opportunities to contribute to the success of the organisation, to achieve growth through learning and receive recognition for excellence.

- A growing workforce -

In line with PPC's strategic objectives, there was an increase in the staff complement during the 2007 financial year.

PPC's workforce, including Zimbabwe (592), increased to 3 097 employees (2006: 3 025).

The annual average employee turnover in 2007 was 7,8% in South Africa (2006: 11%), 7,8% in Botswana (2006: 15%) and 6,3% in Zimbabwe (2006: 5%).

- Analysis of the workforce (South Africa) -

Significant changes were achieved in the employment equity (EE) position at senior management, middle management and skilled/upper technical levels, as well as the semi-skilled/learner level.

In line with EE targets, preference in recruitment and internal promotions was afforded to black candidates.

- Equal opportunities for growth -

All PPC employees have equal opportunities for employment and advancement. This is in line with the company's policies and practices on employment equity and succession planning.

- EE composition of management -

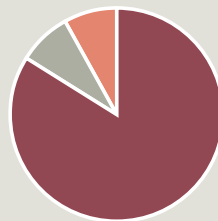
EE level used (Scorecard compliance)

	2007 %	2006 %	2005 %	2004 %
Management manning levels (Africans, Indians and Coloureds & White females)	44	27	25	21
Females in management (Africans, Indians and Coloureds & White females)	46	53	17	10

Analysis of the workforce (South Africa)

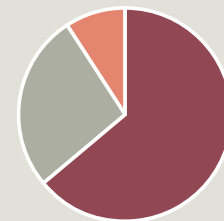
	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Board	1	2			1		6		10
Senior management							6		6
Middle management/professional	30	10	22	4	21	9	163	38	297
Skilled upper/technical	130	32	109	32	7	8	277	67	662
Semi-skilled, apprentices/trainee	682	43	216	38	1	4	37	53	1 074
Labourers/unskilled	276	8	27	1			7		319
Job grouping	1 119	95	374	75	30	21	496	158	2 368

Directors by race 2006



84% White
8% African
8% Indian

Directors by race 2007



60% White
30% African
10% Indian

PPC remains committed to improving the composition of previously disadvantaged individuals (as determined by the Employment Equity Act) at management and senior management levels.

- Maintaining open dialogue -

The company believes in maintaining open and honest dialogue with its employees, with an emphasis on engaging and consulting with staff when the business needs restructuring due to operational issues. The percentage of employees recognised as members of a trade union is 44% in South Africa, 67% in Botswana and 73% in Zimbabwe. PPC acknowledges the freedom of association, and acknowledgement agreements exist between the company and relevant unions.

- Kambuku – Going for Gold -

- Building on a strong foundation -

At the heart of PPC's growth and improvement lies the Kambuku process: encapsulating the spirit of continual improvement, shared values, effective communication and doing things the 'best' way – the PPC way.

Since the birth in 2000 of PPC's Kambuku process as the preferred methodology of executing the principles of the VBM model, the company has grown from strength to strength. While the Kambuku process is well entrenched and underpins the way things are done at PPC, it is important to continually set a clear direction for the business and ensure that its processes are aligned to support this strategic direction, and meet its objectives.

For the past seven years, PPC has embraced the Kambuku processes and principles, with the aim of ensuring the organisation is a world class operation in all respects. Building on the foundation that has been created with passion, commitment, innovation and teamwork, PPC continues to record significant achievements. These include being voted the

"Best Manufacturing Company to Work For", for the fifth consecutive year, in the annual Deloitte "Best Company to Work For" survey. In 2007 PPC was ranked fourth in the medium-sized company category, and eighth overall. PPC has achieved a top 10 position in all of the years that it has entered the competition.

As part of the Kambuku process, an organisational performance model was developed. Known as 'the vital elements of a performing organisation', this model sets the benchmark for the internal standards, systems and processes that facilitate employee engagement and participation.

- Learning for growth -

- A culture of improving knowledge and skills -
Recognising that the future growth and success of the company are inextricably linked to its ability to grow and nurture the requisite skills, PPC has introduced a sixth vital element to the 'vital elements model'. Under the mantra, Learning for Growth, the company has introduced individual development plans, workplace skills plans, an operations academy, an academy for sales & marketing, and other training-related activities and programmes.

- Kambuku enrichment -

- Enriching Kambuku through empowerment, transformation and learning -

As PPC moves forward in pursuit of the 2010 vision to Go for Gold, the Kambuku Enrichment programme has been introduced, primarily to enhance the existing Kambuku process by identifying gaps in the business and highlighting opportunities for improvement. Among the opportunities that form an integral part of the Kambuku Enrichment initiative are empowerment, transformation and a broad-based skills development programme.

The Kambuku Enrichment programme was launched across all sites within PPC, and reinforced through multi-media presentations, road shows and other internal communication

“Coaching and mentorship programmes aimed at empowering tomorrow’s leaders.”

methods, to secure understanding, generate excitement and buy-in, and commence implementation.

“It is important to note that this is not a new initiative: we are building on the foundation that we have already created and will continue to reinforce our Kambuku principles, embrace transformation, create value, drive productivity, and focus on the actions we need to take to create a better life for all.”

Orrie Fenn, chief operating officer

– Coaching and mentoring –

- Empowering tomorrow’s leaders, today -

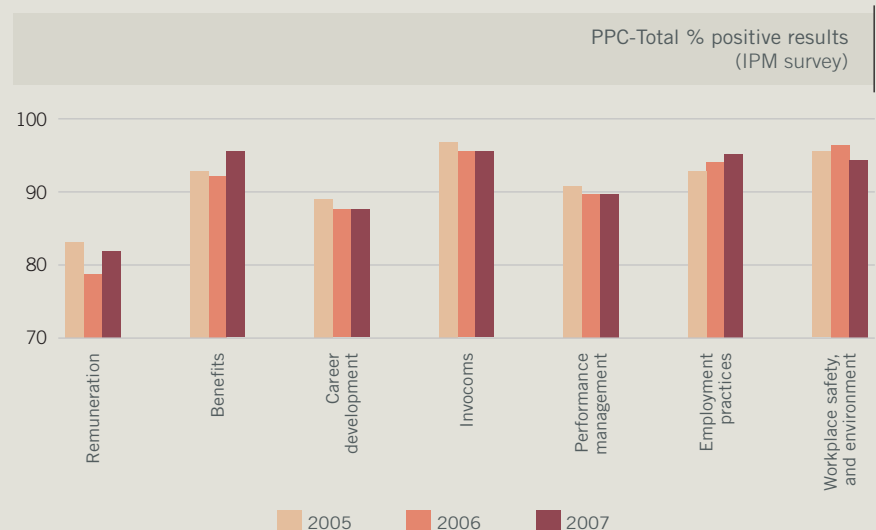
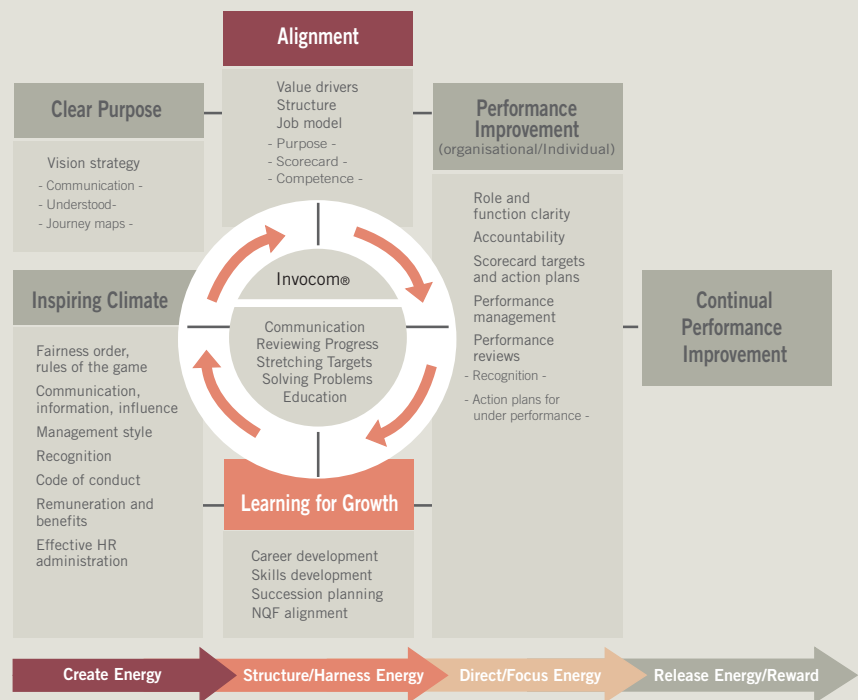
As part of PPC’s efforts to improve and sustain superior business results, the company has introduced a multi-level coaching and mentoring initiative, the coaching advance performance (CAP) programme. Over the past year PPC has revised and introduced the CAP programme as a broad-based skill to the PPC management team. As a point of reference, coaching refers to the transfer of operational theory and core skills into practice; mentoring refers to the transfer of leadership skills, knowledge and attributes.

– Individual perception monitor (IPM) –

- Listening, learning and continually improving -

For the past six years, PPC’s annual IPM survey has given all employees the opportunity to express their views and rate the organisation on critical processes, including understanding the PPC vision, employee benefits, leadership behaviour, remuneration, training, coaching and communication. Participation in the survey is confidential. Importantly, the results of the survey are analysed by each site and by management on a centralised basis, with the purpose of identifying and addressing areas of concern and reinforcing positive trends.

The vital elements of a performing organisation



– Engaging hearts and minds –

- Employee participation and activation -

PPC believes that positive results are achievable only when employees across all levels are engaged, empowered and held accountable. Accordingly, active involvement and communication takes place frequently and across the organisation, with entrenched organisational systems and processes in place to facilitate this. Participation and communication efforts are encapsulated in PPC's Kambuku process, which has various components. Two key elements are:

Key leader summits: These are regular gatherings held per plant or site throughout the organisation, involving all appointed, elected and informal leaders. Employees meet to discuss plant or site performance, strategic initiatives, challenges and opportunities.

Invocoms®: These are team-based discussions which take place on a daily basis for teams at shop floor level, on a weekly basis at sectional supervisory level, and monthly at departmental level. Invocoms are held throughout PPC at all levels and across all functions of the business. There are 350 Invocoms in operation in PPC and, based on the annual Invocom audit results for 2007, it is evident that all Invocoms are functioning at an 'above the standard' level of effectiveness.

– Employment equity forums –

- Going beyond targets and numbers -

PPC's vision is to be a world-class company while remaining truly South African in terms of race, gender and organisational culture. Entrenched in this process is a commitment to transformation, and creating an organisation where diversity is valued and harnessed in the spirited drive towards achieving workplace equity.

For PPC, achieving compliance with the Employment Equity (EE) Act and related legislation is just one dimension of employment

equity. Equally important is the pursuit of compliance with the letter and spirit of the Act, which has seen PPC initiate various programmes and processes.

To add the 'action' to the strategy, PPC employment equity forums have been established, comprising representatives of all levels and categories of employees for cross-functional input, consultation, planning and the co-ordination of various employment equity implementation activities – including the preparation of reports to the Director General of The Department of Labour.

The objectives of the forums are to facilitate the consultative process across all constituencies within PPC, and enable the effective implementation of employment equity and aspects relating to the Act.

The forum represents the interests of all groups as listed in the Act, being the designated groups (African, Indian and Coloured employees, female employees and employees with a disability), non-designated employees (White males) and employees at all levels and in all occupational categories.

– Succession planning –

- Standing on the shoulders of others -

PPC's succession strategy is designed to secure the continual, readily available supply of talent to key positions in the organisation. The company's succession planning policy model outlines succession plans at group level and at each site, and details the succession guidelines to be followed in terms of the total number of succession candidates, fast tracking, readiness programme, requirements for mobility within PPC, key positions, mentorship and qualifications.

PPC's succession plan is aligned with the company's EE targets and plans. In 2007, the succession plan for senior management

Creation of “my benefits, my better life” campaign



comprised 64% EE candidates; in all, the company has 71% EE representation across the business and 36% of general managers (operations and sales & marketing) is made up of EE candidates. Of these, 60% were internal promotions and 40% represented EE designated women.

- Benefits -

PPC provides benefits in line with best practice in the market. Medical aid and retirement funds were redressed in 2007.

- Retirement -

This year, due to the unbundling of PPC from Barloworld, all PPC employees that were on the Barloworld Retirement Fund were successfully transferred to the PPC Retirement Fund.

- Medical aid -

All PPC members of the Barloworld medical aid were successfully transferred to PPC selected market medical aids. This resulted in contribution savings.

- Branding -

A benefit branding intervention was conducted through the creation of a “My Benefits, My Better Life” campaign.

Through this campaign communication was improved via regular benefits bulletins, member booklets for retirement and medical aid and other branding kits and aids.

- Learning for Growth -

Regular Learning for Growth sessions were held around the country to improve key learnings on benefits.

- Results -

PPC’s individual perception monitor (IPM) score for benefits increased from 90% to 93%.

To ensure a better life for everyone at PPC, the company provides benefits to all



employees beyond the mandatory framework. These benefits include healthcare, disability, education and retirement. The cost of benefits for South Africa totalled over R85 million and Pula 790 000 for Botswana.

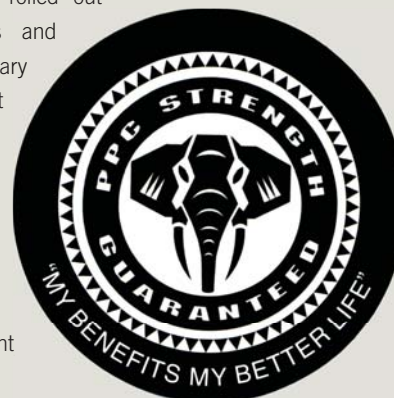
- Employee wellness -

Various types of tests, including blood pressure, eye, cholesterol and glucose, were conducted for interested employees. PPC also offers primary care and occupational healthcare to employees via an on-site clinic system at the manufacturing sites. These services are offered free of charge to all employees, irrespective of whether they are on a permanent or temporary contract.

- HIV and Aids -

The HIV/Aids support programme continues at all sites, especially for employees not on medical aid. In 2007 PPC rolled out further awareness sessions and opportunities for voluntary counselling and testing. Just over 95% of PPC South African employees know their HIV status.

PPC conducted audits of the Aids management system at four sites and an improvement plan of action was adopted.



Anti-retroviral treatment is accessed through the medical aid programme to all employees on medical aid. Confidentiality is maintained at all times.

PPC partnered with organisations such as NOAH to provide care, education and support to orphans of HIV/Aids in the community through contribution to the Barloworld CSI programme and through other CSI initiatives.

- Adult Basic Education & Training (ABET) Skills for life, window to success -

If PPC is to grow the potential of every person on its team through its academy, then every person needs an equal and fair start on the ladder of learning. That start is ABET – Adult Basic Education & Training. “*ABET is very close to our hearts – we have a passion for developing our people to read and write – but greater still, to witness the moment that our learners truly understand the words they read and write,*” is the sentiment of PPC’s Learning for Growth team. It echoes the genuine national commitment of ABET trainers at regional centres throughout PPC.

‘Speed of learning’ is cited internally as one of PPC’s key competitive advantages. With 64% of the workforce currently assessed for ABET training, PPC is well on its way to achieving the target of ‘all employees attaining minimum ABET Level 4 in communication and numeracy by 2010’.

Focus combined with quality training is the true key to the speed of learning at PPC. A third of PPC’s workforce has either completed training, or are active learners – a progressive milestone when considering that ABET was first identified as a learning for growth priority only 24 months ago, in late 2005.

To date, 1 468 employees were profiled against ABET and 348 employees were placed on

various ABET programmes across the company – 93% of these being EE candidates. The ABET programmes have proven highly successful with a current pass rate of 95%.

Level	Number profiled	Number on training
Pre ABET	207	12
ABET Level 1	266	151
ABET Level 2	358	95
ABET Level 3	293	50
ABET Level 4	166	32
> ABET Level 4	178	Nil
<i>Total</i>	<i>1 468</i>	<i>348</i>

Success stories abound, with many PPC employees achieving life-long dreams through the programme.



ABET CASE STUDY

Life changing achievement ...

In August 2007, Samuel Legotsa took his daughter to hospital and his spirits sank when he saw the queues of people waiting for assistance.

He was surprised to discover that he could bypass the crowd waiting for hospital staff to complete their forms for them.

For the first time in his life, Samuel, age 50, walked to the front desk for a form, which he filled out on his own. His pride and sense of achievement were life changing as he realised the power of his new-found ability to read and write.

“PPC is committed to life-long learning and skills upliftment for employees.”

- Skilled people – PPC’s most powerful asset -

- Engineering learnerships & artisan training -
PPC’s approach to sustainable performance as a nation-building company has always been to invest in its people. The company has been training artisans for 36 years – the work these men and women perform is critical to the ongoing maintenance and operation of factories. This year PPC has trained 66 learners in various trade fields; of these 51 were black learners.



CASE STUDY

- Electrical engineer of the future – a role model in the making -

Having trained at the Group Training Centre over a period of two years, 26 year old Thandi Minyuku from PPC Hercules successfully completed her learnership to qualify as an electrician in May 2007. Thandi joined the team as a learner electrician in 2005. Her dedication to learning will enable her to continue to work her way up – to achieve her aspiration of one day becoming an electrical engineer.

Learners per skills field

	2007 %	2006 %	2005 %	2004 %
Electricians	38	37	36	41
Fitters and turners	27	37	40	38
Platers/welders	23	18	14	9
Diesel mechanics	12	8	10	12

The group training centre (GTC), situated at the Slurry factory in Mafikeng has seen over 30 years of training and skills development undertaken. GTC hosts fully accredited learnerships and skills programmes for all trades. Teams are motivated to achieve the highest qualification throughout their careers, and PPC offers learnerships from fitting and turning, electrical, plater/welder, and millwright, to diesel mechanic.

In order to enhance careers and lives, the company has achieved full accreditation as a service provider with the Mining Qualifications Authority (MQA) – Engineering, as well as ISO 9001:2000 certification. PPC has complemented this with programme approval and a subsequent secondary accreditation as a service provider with the Manufacturing, Engineering and Related SETA (MERSETA). The outcome is a National Certificate which gives full recognition of qualifications throughout South Africa. GTC also offers a number of short courses to enhance skills.

- Growing technical capacity -

- GTC expansion project -

Qualified artisans are increasingly difficult to recruit and retain due to a national shortage of people with skills in this area. Meeting the requirements of the skills development area of the Codes of Good Practice is a very important target for PPC, and black learnerships need to be increased. This is in line with PPC’s own modernisation and expansion drive, requiring increased numbers of artisans well into the future. A decision was made by the PPC board of directors to expand GTC’s facilities to meet the future required number of artisan learners, and to accommodate the growing number of female learners anticipated over the next five years.

The GTC expansion project was officially unveiled in July 2007 by cement operations executive, Pepe Meijer, at the launch of the Operations Academy in Slurry. This R12 million expansion will include a training hall to accommodate

80 delegates (including disabled learners), as well as 40 new rooms (10 housing units).

The expanded GTC conveys a powerful message about PPC's commitment to life-long learning and skills upliftment for employees, a message that will work positively towards attracting future black talent to the company.

- Hands-on learnerships -

- Empowerment plan for unemployed local communities -

As part of the company's realigned corporate social investment (CSI) strategy, there is a focus on long-term sustainable community projects that contribute to the upliftment of skills within the cement and construction sectors. The GTC expansion project presented the ideal opportunity and infrastructure to include and develop local communities from settlements in and around Slurry and Mafikeng. PPC is currently training eleven black unemployed, unskilled learners: 10 in the wet trades and one electrical learner.

In recent years, PPC has had increasing numbers of women qualifying as artisans, and the expansion project team was no exception.

CASE STUDY

Twenty-one year old, local resident, Boitumelo Naledi joined the project team as a learner bricklayer in April 2007. She will be trained at GTC, completing her initial experiential training through the expansion project. This is followed by hands on work at the Slurry factory, and finally her trade test. This young mother would like to pursue a career in land surveying "tendering for the big companies and government – even having my own construction company some day." Her enthusiasm to carve a path towards her dreams is an inspiration.

- Building leaders through the PPC Academy -

PPC has given a bold and determined commitment to building leaders for the future through the PPC Academy. Already, the academy is transforming the company and its people through life-long learning and skills development. By 2010, a total of 430 people will be trained through one of the academy's three specialist faculties – sales & marketing, operations and mining.

- Ladders of learning -

The ladders of learning within PPC have the potential to take employees from ABET to a bridging programme, then on to various nationally recognised qualifications in the sales & marketing; operations as well as the mining aspects of the business.

- Bridging -

- Entrance to the academy -

A vital bridging programme was successfully launched in April 2007 as an accredited preparation programme to assist employees to obtain the relevant entry requirements for the academy programmes.

The bridging programme is a registered skills programme with PPC's accredited service provider, Optimum Learning Technologies, and is offered as a three week block release programme that will take four to six months for learners to complete.

- Academies on track -

- Launch of the Sales & Marketing Academy -

PPC launched the Sales & Marketing Academy in March 2007. Focused on developing a new breed of sales and marketing personnel, it is a first for the cement and mining industry aimed to meet the growing infrastructural development demands of South Africa.

Building leaders for the future through the PPC Academy



PPC

The academy was officially opened by PPC chief operating officer, Dr Orrie Fenn and chief executive officer of Barloworld Coatings, Andre Lambrecht. The CEO of the Service SETA, Ivor Blumenthal, also attended.

The Sales & Marketing Academy is an innovative joint venture between PPC, Plascon (a division of Barloworld Coatings) and the Services SETA.

The first group of 11 PPC learners and 20 from Plascon led the way by being selected to study for the internationally recognised National Certificate: Customer Management (NQF 4). This existing qualification, hosted by the Services SETA was enhanced and customised to PPC and Plascon's needs within the rules of the qualification. A further 20 learners are scheduled to enter the academy in 2008, 30 in 2009 and 30 in 2010.

- Launch of the Operations Academy -

The opening of the Operations Academy in July 2007 represents the next level in PPC's goal of sustained success through the development of its people. The significance of the launch at the Slurry factory in Mafikeng, was highlighted by the attendance of Labour Minister Membathisi Mdladlana who said, "PPC's timing could not have been more appropriate given the economic boom that we are experiencing especially in the construction sector, and the high demands and responsibilities placed on us in preparation for 2010."

PPC has researched the ideal job profiles for the future of cement manufacturing and identified operations as one of the critical areas to be developed. At the end of an 18-month learnership, the select group of 21 learners will be the first in South Africa to receive the Further Education and Training Certificate in



Carbonate Materials Manufacturing Processes on NQF level 4. The qualification has only recently been formalised and was registered with the South African Qualifications Authority in 2006, and is hosted by the Mining Qualifications Authority (MQA).

A further 40 learners are scheduled to enter the Operations Academy in 2008, 60 in 2009 and 60 in 2010.

- The Mining Academy -

PPC is gearing up for the launch of the Mining faculty of the academy in 2008. In preparation for the mining operator programme, 15 employees are currently on, or have completed, the bridging programme. The first qualification will be the National Certificate in rock breaking.

- Life-long learning takes root -



Mxolisi Anderson Khakwe paves the way on PPC's ladder of learning, showing how careers are propelled through the academy.

- Joined PPC at the Port Elizabeth factory as a grade 16 operator support
- Successfully completed ABET 4 Literacy and Numeracy, and was promoted to shift supervisor at grade 10 level
- Currently one of the 20 learners in the Operations Academy working towards a qualification in cement manufacturing



An inspiration to young women – 22 year old achiever, Serati Modesani

- National Diploma Chemical Engineering (Johannesburg University)
- Started at PPC's Dwaalboom factory in March 2007 to complete her in-service training for national diploma
- Currently employed at PPC as a process operator
- Gives motivation speeches to matriculants at Holfontein High where she completed her schooling



Determined single mother of two, 32 year old Lydia Marumo

- Studied at the Northern Cape Technical College in Kimberley and completed her N3 study in 1999
- Started her working career subcontracting on civil contracts for the local government
- Started at PPC as a learner burner with Lime Acres factory in June 2003
- Promoted to process operator as an experienced and valued member of the PPC production team
- A peer educator in the production department, and actively involved in the community
- Completed the bridging programme
- Enrolled in the PPC Operations Academy for FET Certificate in Carbonate Materials Manufacturing Processes (NQF 4)

- Graduate development programme (GDP) -

- At PPC there are no limits -

2007 saw the launch of a two-year graduate development programme (GDP), designed and established to attract new talent from tertiary institutions across the country, in the five key disciplines critical to PPC.

- Engineering
- Production/Process Services
- Mining
- Quality
- Environment & sustainability

The end result on successful completion of a two-year programme is the channelling of professional

new talent into PPC's succession pipeline. Graduates will be site based and will learn through modules developed by PPC specialists. The GDP is an initiative that will fast-track each graduate's career development exponentially. Continued growth and learning with PPC is guaranteed.

The universities of the Witwatersrand and Pretoria were part of a successful recruitment drive in May 2007 which was well received by students.

Further launches will be held at universities in Cape Town and Stellenbosch, the Nelson Mandela Metropolitan University, and the University of KwaZulu-Natal by the end of this year.

“Over 95% of PPC employees know their HIV status.”

- Leadership development -

- Strength guaranteed -

The ‘PPC Strength Guaranteed’ applies to every facet of the business, particularly to the development of its leaders from within. A significant investment has been made, with initiatives ranging from leadership principles training, to emotional intelligence profiling and coaching. Mentoring and coaching programmes have been implemented across all levels of the company, and a total of 138 managers from middle management upwards have benefited in 2007.

- Learning for growth investment -

- Skills development – creating value for all stakeholders -

As a globally competitive company, the excellent skills levels passed on to its people not only make PPC more competitive and enrich lives, they enable the business to play a part in building the nation.

The entire PPC team is focused on creating value for all stakeholders, and 549 PPC staff are currently on learnerships or skills programmes with 89% of learners (486 people) being EE employees.

- EE profile of learners -

EE profile of learners on all training programmes

African		Coloured		Indian		White	
Male	Female	Male	Female	Male	Female	Male	Female
1 022	80	352	68	19	11	424	110

Total cost of training (Rm)

2007	2006	2005	2004
14,3	11,5	9,3	9,2

Skills development is a passion and commitment that is reflected through the Kambuku philosophy and approach to people empowerment. In this financial year, PPC spent almost 4% of payroll on skills development. This is an increase of 24% in Learning for Growth investment. Of this, 74% was spent on EE employees at a total cost of R10,7 million.

- Learnerships for learning practitioners -

In order for PPC to be most effective at focusing on life-long learning for its employees, the company is also developing the capability of its learning specialists to enable them to facilitate organisation learning at a globally competitive level. Six of PPC’s top performance development practitioners recently commenced a year long education, training and development practitioner’s (ETDP) pilot learnership.

- Transformation in action -

- Highlights -

- BEE/transformation committee reporting at board level operationalised
- BBBEE transaction in final stages
- 48% increase in preferential procurement
- Transformation structure, processes and systems re-aligned
- Significant progress towards the 40% previously disadvantaged individuals in management target



- 8,7% increase of women in management
- Local community projects in line with the social and labour plans bear fruit

- Building on a solid foundation -

PPC prides itself on its long-standing track record of good corporate governance that espouses principles of building sustainable communities, building solid business partnerships and supporting South African legislation over many years.

PPC subscribes to the initiative of driving transformation in a meaningful and sustainable manner; and remains committed to these principles and to the objectives of BBBEE as set out in the Department of Trade and Industry's (DTI) BBBEE scorecard.

The company also subscribes to the successful alignment and achievement of both the Mining Charter scorecard of the Department of Minerals and Energy and the DTI scorecard on BBBEE guidelines.

- Sustainability through transformation -

PPC is committed to the transformation of its business in order to more than double the value of the company to all stakeholders by 2010.

- BEE strategy -

PPC's BEE strategy encompasses its transformation goals and philosophy and is characterised by the following principles:

- Creating a shareholder base with a significant level of broad-based black ownership;
- Achieving a meaningful level of black directors and management;
- Achieving an employee complement that reflects the diversity of South Africa;
- Developing and empowering employees through skills development programmes;
- Developing and empowering previously disadvantaged communities in South Africa through social development programmes;

- A procurement policy that recognises BEE; and
- Developing and empowering small and medium enterprises through enterprise development programmes.

- Transformation policy -

The transformation initiative within PPC aims to achieve the objectives expressed in what is called the transformation wheel. During 2007 this transformation model was adopted as the blueprint of the PPC transformation journey.

To execute transformation with excellence PPC will focus on five clear strategic BBBEE goals and align the focus of every initiative to these goals.

- Creating business opportunities for black partners -

PPC is firmly committed to black economic empowerment in South Africa and recognises that meaningful participation by black people in the mainstream economy is essential to sustaining the country's successful economic and democratic structures.

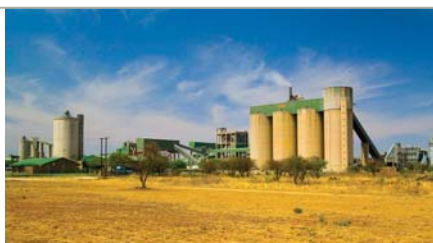
The company is committed to realigning its shareholding to include broad-based groupings of black shareholders, including employees, their families and communities.

- Creating future black leaders -

PPC implemented measures including skills development, mentorship, employment equity and recruitment to create a pool of black leaders for the future as follows:

- 100% of learners participating in engineering learnerships and artisan training were black;
- 11 unemployed black learners are participating in learnerships;
- 74% of learners participating in the academy bridging programme were black;
- 64% of learners participating in the Sales & Marketing Academy were black;
- 65% of learners participating in the Operations Academy programme are black;

Firmly committed to black economic empowerment in South Africa



PPC

- 75% of participants on skills development initiatives were black; and
- 68% of recruitment opportunities were filled by black candidates.

- Dinaledi bursaries -

- Building the educational capacity of black communities

PPC believes that strengthening the educational capacity of previously disadvantaged communities is the key for sustainable development. By investing in and supporting a variety of education programmes the company intends to facilitate the empowerment of young people, thereby enabling them to participate in economic activity.

This year PPC supported nine Dinaledi bursars selected from disadvantaged communities throughout South Africa to study at various universities.

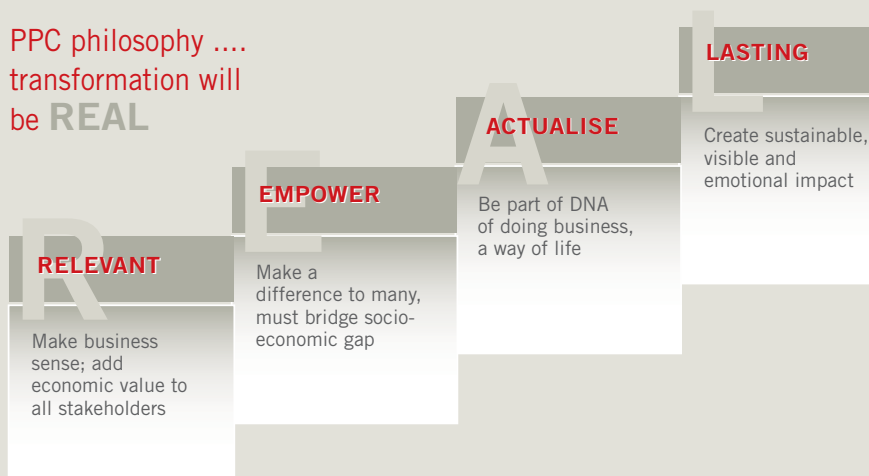
Nine further community bursars, currently in their final school year, were interviewed and selected for the programme during 2007 to increase the number of bursars to 18 in 2008 to the total value of just over R1 million.

- Investing in and developing black businesses -

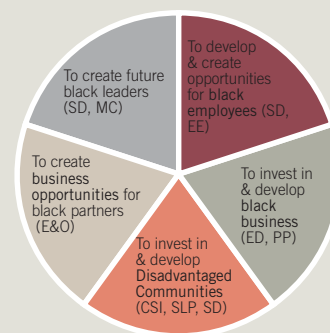
The challenges facing small businesses
The enterprise development component of the Department of Trade and Industry's Codes of Good Practice for BBBEE aims to address certain key challenges facing black small and micro enterprises. These enterprises struggle to grow their businesses into bigger and more sustainable enterprises and often fail due to a lack of access to funding and a lack of business acumen, training and experience.

Fundamentals of the group's transformation strategy

PPC philosophy transformation will be **REAL**



MC – Management control	SD – Skills development
E&O – Equity and ownership	EE – Employment equity
ED – Enterprise development	CSI – Corporate social investment
PP – Preferential procurement	SLP – Social and labour plan



Sustainability Review

Financial Review

- **Sponsored assistance**

In response to these challenges, PPC sponsored several training programmes for construction groups, including workshops on practical building skills, leadership development and concrete technology for Women for Housing (WFH). The company also sponsored a tendering, pricing and costing module for members of the National African Federation for the Building Industry (NAFBI).

PPC also sponsored an international conference for South African Women in Construction (SAWiC) as well as an advertorial for the National African Black Contractors and Allied Trades Forum (NABCAT) annual report.

- **New company to drive enterprise development**

PPC has established a new company to manage its enterprise development initiatives. This company, wholly owned by PPC, will trade under the name of "PPC Ntsika Fund (Pty) Limited". The fund will focus primarily on developing black qualifying small enterprises (QSE's) and exempted micro enterprises (EME's) which are strategic to PPC. The underlying philosophy of

the fund will be to establish solid partnerships with these businesses and grow them to reach and maintain operational and financial independence.

"Ntsika" is an Nguni word meaning pillar and is commonly used to refer to a 'pillar of strength'. The term is also used to describe people or objects that one regards as the strongest source of support and inspiration.

In order to meet the challenges faced by small enterprises, the fund will invest in and develop small and micro black enterprises and entrepreneurs. PPC will maximise the compliance target of 3% of net profit after taxation for enterprise development. This will be achieved by developing QSE and EME strategic enterprises and supplying capital (equity and loans), sharing risk and building their capacity in terms of the provision of professional services and training.

The fund is governed by a board of directors consisting of a chairperson, a managing director and two PPC directors.



“Ntsika Fund focuses primarily on developing black qualifying small enterprises.”

CASE STUDY

- Cement plays crucial part in Bulembo Road face lift -

More than 3 600 tons of PPC Surebuild cement will be used to give one of South Africa's most scenic roads a face lift. Construction has started on the R134 million project to upgrade and tar the 28km Bulembo Road in Mpumalanga, linking Barberton with Swaziland.

Barberton-based company Above Average Investments Corporation will supply 3 265 tons of PPC's 32.5R Surebuild cement over the next 18 months to the project's main contractor, Africscan Construction. The agreement forms part of the Bulembo Road tender requirements to award 25% of the contract value to enterprises representing the local community.

Formerly a dirt road, a large percentage of the cement will be used to stabilise and provide strength to the road. The remainder of the cement will be used in project-related civil works such as bridge work, water drainage and road barriers.

Apart from short-term jobs created as part of the construction project, the upgrade is expected to have a significant impact on the local economy by bringing new tourism and business opportunities to the Barberton area.

Once completed the road linking Barberton in Mpumalanga to the Bulembo border post in Swaziland will form part of the shortest route from Nelspruit to KwaZulu-Natal and from KwaZulu-Natal to the Kruger National Park.

Winding through several valleys the upgraded mountainous road will provide tourists with safe and comfortable access to the breathtaking views of the Lomati and Mlumati valley as well as the south-western section of Songimvelo.

The Bulembo Road upgrade forms part of a regional investment of more than R300 million which includes the upgrade of the R40 from Nelspruit to Barberton.

Getaway magazine selected the Bulembo Road as one of the top 10 most scenic routes in South Africa.

Completion of the Bulembo Road project is expected in January 2009.

- About Above Average Investments -

Above Average Investments Corporation is a business enterprise aimed at stimulating growth within the building and civil construction sector.

- Growth and transformation through preferential procurement -

PPC has acted upon the recently gazetted “Codes of Good Practice on Broad-Based Black Economic Empowerment” which has not only brought the much-needed clarity but also provided the framework in which the transformation imperative can be realised.

The company's preferential procurement strategy has been aligned to the requirements of the BBBEE scorecard, which allows for the measurement and support of BEE suppliers. In addition thereto, PPC has embarked on an educational drive by means of supplier information sessions to increase the awareness and requirements on the supply base.

For 2007, a preferential procurement target of R700 million with BEE suppliers had been set. This target was achieved by spending in excess of R900 million, a substantial increase of 48% from last year.

- Investing in and developing disadvantaged communities -

- Facilitating growth and transformation -

As a committed corporate citizen, PPC embraces the principles of corporate social responsibility (CSR) and corporate social investment (CSI). PPC made progress in finalising the group CSI policy which upholds the socio-economic tenets of the Mining Charter and the BBBEE scorecard. CSR addresses the overall response to economic, social and environmental consideration. CSI addresses the contribution to the communities in which PPC operates and sources labour.

- CSI spend -

The company has concentrated its efforts on empowering communities through skills development and training in order to build sustainable projects and achieve a better life for all.

Through the CSI initiatives, PPC is making a significant contribution to the lives of thousands of needy South Africans, particularly children.

PPC spent R10 million in support of various projects across the country.

As in previous years, preference was given to projects and initiatives that promote:

- Education and training;
- Health and welfare;
- Infrastructure development;
- Poverty alleviation;
- Sport; and
- Job creation.

CASE STUDY

- The Time for Change bakers -

"Words fail to express how much this bakery has changed the lives of these street children and sex workers. PPC's donation has provided them not only with dignity but with a reason to live."

Barbara Hill, centre manager, Time for Change

- PPC's support enables Time for Change to care for the most vulnerable members of society -

In line with its policy of investing in CSI projects that empower people with the means to be self-sustaining, PPC has partnered with the street child centre, Time for Change, to establish a commercially viable bakery. This project provides street children and commercial sex workers with a sustainable alternative to life on the street

- Establishing a business case -

In the quest for sustainability, PPC's vision is to help traditional CSI projects migrate over time into SMME initiatives and for this reason the company emphasises the importance of a strong business case in many of its CSI interventions. Realising that the commercial success of the Time for Change bakery lay in a sound business foundation, PPC enlisted the assistance of the Small Enterprise Development Agency (SEDA) to conduct relevant market research and impart the knowledge and skills required to set up a successful small enterprise. SEDA addressed issues such as target markets, product testing, pricing, cash flow and customer relations, enabling Time for Change to formulate a full business plan and funding proposal for the project.

Following SEDA's conclusion that proper training, capacity building and support from partners would ensure the success of the Time for Change bakery, PPC purchased industrial bakery equipment to kick-start production. The quality of the bakery's products is all-important and will ensure its commercial viability. Its initial customers include other children's homes and NPOs in the inner city and it has already been approached by shops and supermarkets in the city who are interested in purchasing the bakery's products.

Investing in communities and sustainable upliftment projects



- Multiple benefits -

A total of 22 street children from the Time for Change centre are employed on a shift basis at the bakery, giving them the incentive they need to stay off the streets. But the project's benefits extend beyond these individuals. Other youngsters at the centre are involved in small arts and crafts projects that include dress-making, jewellery-making and fine art, but without the funds to purchase raw materials and the access to markets where they can sell their goods, these small enterprises have not generated enough income to be sustainable.

The commercial success of the bakery has offered a lifeline to these other grassroots businesses, providing them with the much-needed capital to ensure their profitability. Beverage company, SAB, has donated sewing machines for the dress-making business and PPC will partner with various experts to provide training and skills development to these budding entrepreneurs. The company also plans to host quarterly market days that will provide Time for Change residents with the opportunity to sell their goods to PPC staff.

- Social and labour plans implementation -

PPC made progress in the implementation of the local economic development projects of the five year social and labour plans (SLP). These SLP projects have been included into the local municipalities' integrated development plans. Interaction forums are in place at all sites to consult with municipalities on the implementation of these projects. Some of the projects implemented:

- PPC spent R400 000 on the upgrading and renovations of Danielskuil school, Lime Acres Primary School and Lime Acres Library in the Lime Acres community. A further R50 000 was spent on community ABET training.
- Over R200 000 was spent on the renovations of Motsaalore Primary School, the installation of water and electricity at Onkgopotse Tiro High School and various other community upliftment projects at Slurry.

- The company is involved with the Beestekraal community, the municipality and the Department of Education to build a school at Ramokoka village and has already spent R100 000 for the foundation phase.
- PPC continues to be involved with sponsoring the beach clean up campaign in the Port Elizabeth area in order to ensure a clean environment.
- PPC spent R85 000 on equipment for a computer centre at the Riebeeck West Primary School in the Western Cape and the planning phase of the crèche expansion.

- Legislative compliance -

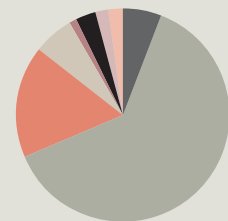
PPC has made significant progress in its journey to meet the requirements of the broad-based socio-economic charter for the mining industry and the Minerals and Petroleum Resources Development Act. PPC's old order mineral rights conversion applications are ready for submission to the Department of Minerals and Energy. Through the social and labour plans, PPC committed to accelerate the implementation of the Mining Charter.

PPC social and labour plans will accelerate the broad-based socio-economic transformation journey that PPC has undertaken in the past few years.

- Mining Charter scorecard -

Details of PPC's progress in accordance with the scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry are itemised on pages 80 to 82.

CSI spend distribution (%)



Requirement

Progress

Human resources development

<ul style="list-style-type: none"> • Has the company offered every employee the opportunity to be functionally literate and numerate and are employees being trained? 	<ul style="list-style-type: none"> • Yes. The opportunity to become functionally literate and numerate is offered at all sites. • 348 employees were trained in ABET.
<ul style="list-style-type: none"> • Has the company implemented career paths for Historically Disadvantaged South African (HDSA) employees including skills development plans? 	<ul style="list-style-type: none"> • Yes. Workplace skills development plans were formulated and submitted to the relevant SETA in accordance with legislation. • 549 employees benefited from skills development interventions of which 89% were HDSA's. • Individual development plans, linked to career paths have been formulated and are being implemented in accordance with the WSP's. • Succession plan for senior management is comprised of 64% EE candidates.
<ul style="list-style-type: none"> • Has the company developed systems through which empowerment groups can be mentored? 	<ul style="list-style-type: none"> • Yes. PPC established the enterprise development unit through which empowerment groups will be developed, supported and mentored.

Employment equity

<ul style="list-style-type: none"> • Has the company published its employment equity plan and reported on its annual progress in that plan? 	<ul style="list-style-type: none"> • Yes. The employment equity reports for all sites were submitted to the department of labour. • Progress on the plan is published annually in this report and communicated to stakeholders through the EE forums in accordance with the employment equity legislation.
<ul style="list-style-type: none"> • Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years of implementing its plan? 	<ul style="list-style-type: none"> • Yes. Significant progress has been made towards the 40% in management target across the group. • Currently at 31% from 27% in 2006 in accordance with the Mining Charter definition of management levels.
<ul style="list-style-type: none"> • Has the company identified a talent pool and is it fast-tracking it? 	<ul style="list-style-type: none"> • Yes. One-on-one performance reviews, intellectual capital reviews and succession plan processes across all levels are used to identify talent pools for fast-tracking development and promotion.
<ul style="list-style-type: none"> • Has the company established a plan to achieve the target for women participation in mining of 10% within five years and is it implementing the plan? 	<ul style="list-style-type: none"> • Yes. PPC has prioritised the recruitment of women to increase their participation beyond 2009. • PPC prioritised the recruitment of women, especially black females, into management positions. • Women participation into learnerships, bursaries and development initiatives increased significantly in line with this plan. • Currently 14,5% women are employed across PPC.

Requirement

Progress

Foreign migrant labour

<ul style="list-style-type: none"> • Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour? 	<ul style="list-style-type: none"> • Yes. PPC subscribes to government and industry agreements to ensure non-discrimination against foreign migrant labour. • No foreign migrant labour is employed at PPC. • A non-discriminatory recruitment policy is in place and being implemented.
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Local economic development

<ul style="list-style-type: none"> • Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour sending areas? 	<ul style="list-style-type: none"> • Yes. All social and labour plans have been aligned with the integrated development plans of local municipalities and engagement on identification of projects for implementation completed.
<ul style="list-style-type: none"> • Has there been an effort on the side of the company to engage the local mine community and major labour sending area communities? 	<ul style="list-style-type: none"> • Yes. Arrangements are in place to engage with the development and implementation of host and labour source municipality IDP's. • Continual interaction and engagement takes place in established bilateral forums.

Housing and living conditions

<ul style="list-style-type: none"> • For company-provided housing, has the company, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading of hostels, conversions of hostels to family units and promoted home ownership options for mine employees? • Companies will be required to indicate what they have done to improve housing and show a plan to progress the issue over time and show it is implementing the plan. 	<ul style="list-style-type: none"> • PPC prioritises sourcing labour from host and neighbouring communities. • Company housing is provided at most of the remote operations. • PPC promotes home ownership through facilitating opportunities for employees to secure housing loans where required.
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<i>Requirement</i>	<i>Progress</i>
Procurement	
<ul style="list-style-type: none"> Has the company given HDSA's preferred supplier status? 	<ul style="list-style-type: none"> Yes. PPC procurement policy gives preferred supplier status to HDSA's.
<ul style="list-style-type: none"> Has the company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and services? 	<ul style="list-style-type: none"> Yes. All the PPC sites have completed Form T's to identify current levels of procurement in their social and labour plans.
<ul style="list-style-type: none"> Has the company indicated a commitment to a progression of procurement from HDSA companies over a three to five-year time frame in terms of capital goods, consumables, and to what extent the commitment has been implemented? 	<ul style="list-style-type: none"> Yes. PPC intends to increase HDSA procurement to 50% by 2014. Currently the procurement spend on HDSA companies is 40%. Total procurement spend on HDSA companies was R910 million (2006: R615 million).
Ownership and joint venture	
<ul style="list-style-type: none"> Has the company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% in 10 years? 	<ul style="list-style-type: none"> No. PPC is in the process of finalising a 15% equity ownership transaction.
Beneficiation	
<ul style="list-style-type: none"> Has the mining company identified its current levels of beneficiation? 	<ul style="list-style-type: none"> Guidelines for the industry in which PPC operates are still to be published. PPC beneficiates all limestone mined into cement or lime. This equates to 30 times that of the mined mineral.
<ul style="list-style-type: none"> Has the mining company established its baseline level of beneficiation and indicated the extent that this will have to grow in order to qualify for an offset? 	<ul style="list-style-type: none"> PPC beneficiation has reached its limit. The final product is cement, which is utilised in the building and construction industry.
Reporting	
<ul style="list-style-type: none"> Has the company reported, on an annual basis, its progress towards achieving its commitments in its annual report? 	<ul style="list-style-type: none"> Yes. Progress on the Mining Charter scorecard and the implementation of social and labour plan commitments is a permanent feature of the annual report. Independently verified annual reports on the implementation of social and labour plans will be submitted to the Department of Minerals and Energy in accordance with legislative requirements. Extensive reporting on sustainability and social performance indicators are included in the annual report.

Making a difference to needy South Africans, especially children



PPC

- Broad-based black economic empowerment (BBBEE) audit -

In line with the requirements of the codes, PPC engages the services of Empowerlogic, a recognised rating agency, to conduct its third broad-based black economic empowerment generic scorecard audit.

PPC's objective is to obtain a recognition level 4 by 2009, resulting in 100% of spend claimable by customers.

PPC's skills development scored a considerable 9.64 points out of the allocated 15 points – achieving 64,3% on the BBBEE scorecard. This was according to an interim audit conducted by Empowerlogic (October 2006 – May 2007).

This positive scorecard rating was a major achievement for Learning for Growth at PPC. The key contributors to achieving this score are the number of learnerships run at PPC in Engineering, Sales & Marketing, and Operations, as well as the structured Learning & Development departments at site and group level; and the company's drive to provide nationally recognised learning interventions.

- Customer health and safety -

Just as the company focuses on employees' health and safety, it is equally important to focus on ensuring the health and safety of our customers. Information on the safe use of PPC products is printed on the bags, delivery notes, silos and tankers; providing clear instructions and information to prevent any health or safety related incidents. Detailed product safety data sheets are made available and a toll-free telephone number is published extensively to further assist PPC's customers during their time of need. Quality assurance and technical experts, employees of the company, are

available to engage continually with customers as part of PPC's customer service ethos.

There were no instances of non-compliance with regulations concerning customer health and safety, nor any penalties or fines imposed for any breach recorded in the past year. Similarly no complaints were upheld by regulatory or official organisations with regard to health and safety in respect of PPC products and services.

Procedures to deal with product quality non-conformances form part of the integrated SHEQ (safety, health, environment and quality) management systems. Customer focus groups are held regularly enabling the company to address issues relating to product information. There were no instances of non-compliance with any regulations concerning packaging and product information and labelling, nor were any fines or penalties for breaches recorded.

The company's strategic approach to marketing related or company-specific advertising, is in accordance with the guidelines of the National Advertising Standards Authority. Accredited and noteworthy service providers are employed to manage the design and placement of the adverts on behalf of PPC. As such, no breaches of advertising or market regulations were reported in the 2007 financial year.

Furthermore, information security policies and procedures have been implemented throughout PPC to ensure the confidentiality and privacy of all customers.

- Achieving Excellence in PPC -

At the very core of PPC's Kambuku culture is the recognition and rewarding of employees who have, through their efforts, innovation and passion, made an extraordinary contribution to the company during the financial year.

The PPC Achiever Awards is an annual event where 18 achiever 'nominees', and their partners, chosen from all of the company's sites, are treated to a gala event where they are feted and recognised for their individual input. Of the 18 nominees, ten achievers are selected with an overall winner, second and third place acknowledgment and reward.



overall winner

Ashleigh Montgomery is an exceptional employee. She is a benefits specialist in the organisational performance department at PPC's head office in Sandton. Following the unbundling of PPC from Barloworld in January this year, Ashleigh quickly realised the effect that it would have on benefits for Team PPC. She worked long and tirelessly in finding a suitable alternative medical aid scheme which would be the closest fit to the PPC employee profile. She was responsible for communicating to all employees and pensioners the conditions and implications of the change-over to the new scheme – going to the extent of personally visiting pensioners in their homes, some as far afield as Margate.

In addition, Ashleigh played an integral role in streamlining procedures in the PPC Retirement and PPC Negotiated funds. As a result all queries and turn-around times on retirement funding and risk benefits have improved to above-average levels in the industry.

The outcome of her recommendations and changes, is that the company will save as much as R4 million a year. Ashleigh brings the slogan 'My benefits, my better life' to bear in everything that she does and has contributed significantly to the success of the 'new dawn' of PPC.



second place

Kingsley Kaars, a shift operator at PPC's Lime Acres plant is going places. He loves a challenge and has proved his worth time and time again. He and his team have successfully reduced both production and engineering unplanned kiln stops by their attention to detail and focus on addressing any issues on hand. Some of their successes achieved include a 40% reduction in kiln stops, a 4% improvement in kiln heat consumption while maintaining consistent quality, a 15% improvement in output and a reduction of 35% in refractory consumption. Through his enthusiastic leadership and innovation Kingsley has developed a highly motivated team which has risen from being the weakest team to be the best performing team this year. A great role model, Kingsley loves sharing his knowledge with others and encourages his team to grow and develop themselves.

“Central to PPC’s Kambuku culture is the recognition and rewarding of employees.”



joint third place

Florence Phaswana, information technology manager from PPC Zimbabwe is a highly motivated, efficient and dedicated member of staff. Because the Zimbabwe operation’s ERP system became obsolete in May 2007, due to a Julian date issue, it was essential to implement an appropriate alternative. Florence project managed the successful delivery and implementation of SAP within four months and within budget. She united a diverse project team and met all business requirements during the implementation. This project took huge effort and many additional hours over and above her normal responsibilities. This has been one of the most successful IT projects in the group. Florence is always eager to share her knowledge and skills with team members and is a patient and committed coach to them. Passionate about Invocom, Florence has led her team to winning the best Invocom award two years in a row.



Torsten Fjastad, organisational performance manager, takes his responsibilities for operational performance on the huge Batswedi construction project at the Dwaalboom site very seriously. ‘Tosh’ as he is affectionately known, has achieved the project’s vision of ensuring that wherever possible the labour and skills from the local communities would be employed on the project. He set up a forum

representing the local villages, now known as Ward 29, to facilitate the recruitment of local labour. A register of over 2 000 names was compiled from which contractors could make their selections. The forum has maintained local labour employment levels at almost 40%, well in excess of the project’s target of 25%. Tosh’s efforts have empowered local people and avoided PPC having to construct an additional 60% of the current accommodation space and the provision of all the associated services and meals that go with this.

Adopting a policy of ‘management by walk-around’ Tosh ensures that any HR issues are promptly resolved. Proudly African, Tosh is in tune with the drumbeat of Kambuku, putting people first, always.



the six achiever finalists

Andre van Niekerk, SHE (Safety, Health & Environment) practitioner trainee is responsible for the full risk function at the Saldanha operation. His dedication towards creating a safe working place is evident to everyone at the plant. Under Andre’s control the number of findings on the ISO and JAP (Joint Audit Process) systems audits was reduced by 55% within the first six months. His general knowledge of the plant helps him create practical solutions to risk problems which all employees can easily relate to. He was instrumental in the project to sell dolomite fines, generated as a waste product at Saldanha, to a third party. Because of his knowledge of the product all possible SHE risks could be resolved. Without the resolution of these risks, the saving of R750 000 per annum on this project could not be realised. Andre is an excellent communicator and an energetic and enthusiastic member of Team PPC.



Anne-Marie Mostert is a cement sales consultant for Mpumalanga, based at the Nelspruit offices. She maintains excellent customer relationships, establishes new contacts with key stakeholders in local government and the surrounding municipalities and still manages to contribute enormously to the overall running of the Nelspruit branch. Anne-Marie is an excellent team player and a true brand ambassador for PPC Cement. Her attitude of giving wherever she can, led her to train and develop two black entrepreneurs to tender in order to procure and supply cement on two major construction projects with stringent BEE requirements. Through her contacts in local government and municipalities she familiarised herself with finer details of these contracts and dedicated her time and energy into finding persons with the necessary drive and potential to fulfill these contracts. The successful development and management of these two little businesses secured sales for PPC and strengthened our brand image with local stakeholders and surrounding communities. PPC's reputation as a 'Nation Building Company' has been enhanced by her.



Enoch Magxala is a shift supervisor mining at Riebeeck's quarry and crusher operation. From humble beginnings as a contract worker in 1972 Enoch has made a huge impression on both the De Hoek and Riebeeck plants and on members of these operations over the past

35 years. He has grown and developed from being a construction worker, to Cat operator, assistant quarry foreman and then quarry foreman to his present position. His wealth of mining experience makes him an ideal coach and a pillar of strength to his colleagues. He took over the day-to-day running of the quarry for almost a year during 2006 when PPC was recruiting a mining manager. Enoch has played a major part in most CBF (cheaper, better, faster) ideas at the quarry – one example is the 'Grizzly' project involving the grids at the primary crusher which were closed due to damage to the conveyor belt. Later, when blasting practices changed, Enoch questioned the reasons for closing the 'Grizzly'. His innovative suggestions resulted in reopening the Grizzly, the upshot of which has been an increase of 40% in the total output of the primary crusher operation, improved productivity and a cost saving of about R1 million a year. Enoch has walked many 'extra miles' for PPC, not only during the past year, but for more than 30 years.



Petrus de Bruyn is a fitter and turner working on general maintenance of mechanical equipment at the Slurry operation. A dedicated and committed employee, Petrus regularly stands in for the mechanical foreman when he is not on site, and not only maintains the status quo, but continually focuses on how to improve performance. He is acknowledged as one of the best coaches Slurry has ever had, not confining his efforts to coaching his own team members, but extending it to contractors on a regular basis. There are many examples of Petrus' valuable contribution to the company. One is during the recent shutdown of kiln SK8 when, with his usual insistence on work done to the highest standard, he was adamant that certain compensators in the gas handling section of the plant be stripped. This was against the advice of the supplier who deemed

Best manufacturing company to work for, for the fifth consecutive year



PPC

them in good order. Upon dismantling it was discovered that the inside steel sections had almost torn loose which would have resulted in a catastrophic failure of the fan. Through his persistence several million rand in potential equipment damage was saved. Other innovative suggestions range from the overall optimisation of the crusher screen gearboxes, resulting in major cost savings; idler modifications at the palletiser, resulting in great reliability increases; changes to bulk loading to prevent equipment damage by trucks, the list is endless.



KD Sibanda is an instrument technician at Colleen Bawn cement factory in Zimbabwe. KD has proved himself time and time again, winning in all categories for 'cheaper, better, faster' suggestions. A recent value add came about through the design and implementation of an alternative way to monitor the ESP (electrostatic precipitator) fan-breaker's 'no voltage state', virtually cost free. A programme was implemented in the programmable logic controller system that monitored the level of current to the fan motor to warn the operator of any malfunction. If an ESP 'fan trip' occurred without being noticed by the operator the damage to the plant control could be expensive with estimated downtime of five days leading to a loss of revenue of over R3 million (excluding the cost of repair to the equipment). Consistently coming up with cost saving innovations, teaching his colleagues and constantly finding solutions, KD is a great team player.



Manny da Silva, from Group Laboratory Services (situated at Jupiter factory) is responsible for technical support and the design and manufacture of specialised instrumentation and laboratory equipment to all PPC sites' laboratories. Manny is a diligent, committed manager and is always looking for new and improved ideas or alternative solutions. He and his team work continually towards improved service delivery and sharing of knowledge and expertise. Manny's contribution to 'cheaper, better, faster' is considerable, a few examples being: the design and manufacture of 15 mortar mixers for PPC laboratories, saving the company more than R1,2 million; the implementation of a custom-designed humidification system in all PPC laboratories at a saving of half a million rand; the manufacture of homogenising mixers for Group Laboratory Services, Port Elizabeth and Dwaalboom at a cost saving of R50 000. Manny has continually improved critical equipment, culminating in the total redesign and manufacture of some of the equipment used by PPC. The redesigned equipment was found to be significantly more accurate and reliable than the original or commercially available models. Manny is a man constantly 'in search of excellence', and a worthy achiever.