

ENFORCEABLE UNDERTAKING

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Environment Protection Act 1970 (Vic)

Section 67D

The commitments in this undertaking are offered to the Environment Protection Authority (EPA) by:

PZ Cussons Australia Pty Ltd

1. DEFINITIONS

In addition to terms defined elsewhere in this undertaking, the following definitions are used:

Act means the *Environment Protection Act 1970 (Vic)*.

Auditor means an independent auditor appointed under section 53S of the Act.

Bulk CAPB Tank means a 50m³ storage tank, connected by pipe to the manufacturing area of the Company's site, that allows CAPB to be delivered by road tanker.

CAPB means cocamidopropylbetaine, which is a key surfactant used to produce dishwash liquids, shower-gel and handwash.

Cities as Water Supply Catchments Project has the meaning given in Schedule 2 to this Enforceable Undertaking.

Company means PZ Cussons Australia Pty Ltd.

Company's site means the premises owned by the Company at 282-300 Hammond Road, Dandenong, Victoria.

EPA means the Environment Protection Authority.

IBC means Intermediate Bulk Container (also known as Bulk Boxes or Schütz containers), a pallet sized 1000 litre container for the handling and storage of liquids for industrial use.

South East Business Networks has the meaning given in Schedule 3 to this Enforceable Undertaking.

Stormwater system means the system for managing stormwater flows located at the Company's site and comprising drains that collect rain from roofs, roads and other areas which is transmitted to a storm water pit, fitted with pumps and a sluice gate.

Note: From the storm water pit, water can be pumped into the trade waste system or onto vacant land at the back of the factory. The sluice gate is physically capable of being opened to release water from the system.

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Trade waste system means the system located on the Company's site for managing trade waste flows from the Company's site and comprising drains from the production and banded chemical storage areas throughout the factory.

Undertaking means Enforceable Undertaking made pursuant to section 67D of the Act.

2. BACKGROUND

2.1 EPA's role

EPA is a statutory body created by the Act, which has primary responsibility for the administration and enforcement of that Act.

2.2 Details of conduct / incident

At approximately 4:30 to 5:00pm on Thursday 15 October 2009 a very short and heavy downfall of rain caused flooding of the Company's site. This downpour also resulted in a loss of containment of stormwater from the stormwater system, the water levels of which had already risen due to rainfall from the previous few days' rain. Stormwater overflowed into the site easement and into one of the neighbouring properties. As evidenced by the presence of foam, the stormwater was contaminated to some degree with detergent from the PZ Cussons manufacturing processes. In order to avoid more serious flooding to its site, the Company opened the sluice gate to the stormwater system, releasing foaming water into storm water drains leading to neighbouring waterways.

It is estimated that approximately 10mm of rain fell in less than 30 minutes on the Company's site, equating to greater than 300kL of water within the site catchment.

2.3 Alleged Contraventions

EPA alleges the following:

On 15 October 2009 the Company discharged stormwater in breach of Condition 1.12 of the Company's Licence (No. EA5519), contrary to section 27(2) of the Act.

3. KEY OBJECTIVES OF THIS UNDERTAKING

This Undertaking is a binding agreement that aims to:

- Deliver benefits beyond compliance;
- Deliver benefits to the environment and to local communities that have been affected by the alleged contravention;
- Improve the Company's environmental performance by implementing systemic changes that will reduce the likelihood of a similar incident occurring in the future.

4. UNDERTAKINGS

Under section 67D of the Act, the Company has offered, and EPA has agreed to accept as an alternative to taking Court proceedings, the following undertakings.

- 4.1 To reduce the risk of flooding on the Company's site, the risk of loss of containment of stormwater from the Company's site and the risk that the Company's trade waste will contaminate stormwater on the Company's site, the Company will upgrade its stormwater and trade waste systems. Specifically, the Company will implement the actions corresponding to Item 1 of Schedule 1 to this Undertaking within the timeframe and at the estimated cost to be incurred by the Company as specified in that Item.

Note #1: by the time of formal entry into this Undertaking, the Company had already completed the first 5 of the 6 actions listed in item 1 of Schedule 1.

Note #2: The Company estimates that the site stormwater system can hold more than 800KL before reaching the defined "high level" (equivalent to more than 20mm of rain). The completed stormwater upgrade has seen a single submersible pump (Davey D15VA or DV40VA: ~1.5-2 l/sec) replaced with two larger Flygt pumps. These pumps currently operate at 4 l/sec to trade waste as limited by the site Trade Waste Agreement with South East Water. However, the pumps are capable of higher rates of up to 10 l/sec should the company obtain agreement from South East Water to allow a higher discharge rate. The reliability of the system has been improved by having two pumps in operation. The increased pump capacity empties the stormwater system more quickly, thereby reducing the risk posed by consecutive days of heavy rain.

Note #3: This stormwater upgrade has taken account of the potential increased intensity of rainfall on extreme rainfall days projected for Melbourne as a result of climate change, notwithstanding that the Bureau of Meteorology's climate change model predicts reduced average rainfall for Victoria by 2030. PZ Cussons continues to monitor weather and rainfall forecasts regularly and distributes this information to employees and some neighbours.

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- 4.2 In order to reduce the risk that the Company's trade waste will contaminate stormwater collected on the Company's site, the Company will conduct an extensive subterranean camera survey, conduct leak testing of the trade waste pipe work, and repair or re-line the existing, cracked trade waste pipework. Specifically, the Company will implement the actions corresponding to Item 2 of Schedule 1 to this Undertaking within the timeframe and at the estimated cost to be incurred by the Company as specified in that Item.

Note: by the time of formal entry into this Undertaking, the Company had already completed these actions.

- 4.3 In order to reduce the volume of its trade waste (and therefore reduce pressure on its trade waste system during times of heavy rainfall), the Company undertakes to install a Bulk CAPB Tank to reduce

- the volume of trade waste, and
- the risk of CAPB spillage

associated with the handling and cleaning of IBCs. Specifically, the Company will implement the actions corresponding to Item 3 of Schedule 1 to this Undertaking within the timeframe and at the estimated cost to be incurred by the Company as specified in that Item.

Note: by the time of formal entry into this Undertaking, the Company had already completed these actions.

- 4.4 The Company undertakes to participate in the Cities as Water Supply Catchments Project or an alternative project as agreed with the EPA. Specifically, the Company will implement the actions corresponding to Item 4 of Schedule 1 to this Undertaking within the timeframe and at the estimated cost to be incurred by the Company as specified in that Item.

Note: The outcomes of the Cities as Water Supply Catchments Project are expected to be applicable to the treatment of detergent-contaminated stormwater in the urban environment, and are also expected to be relevant to stormwater generated in a detergents manufacturing facility. The outcomes may also be applicable to the treatment of domestic greywater.

- 4.5 The Company undertakes to participate in the South East Business Networks to share information and experiences and to highlight and resolve problems relating to environmental issues, including the designing and implementation of improvements to stormwater systems. The Company also undertakes to consult with relevant stakeholders in the local community on the implications of its actions pursuant to this Undertaking. Specifically, the Company will implement the actions corresponding to Item 5 of Schedule 1 to this Undertaking within the timeframe and at the estimated cost to be incurred by the Company as specified in that Item.

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- 4.6 The Company undertakes to engage, at its own cost, an Auditor of its choosing to conduct an audit of the actions taken by the Company to upgrade its stormwater and trade waste systems and associated operational procedures, as identified in Item 1 of Schedule 1, pursuant to clause 4.1 of Part 4 of this Undertaking (referred to in this clause as *the upgrade*) and provide the Company with a written report on how the upgrade conforms to industry best practice. If applicable, the report will include recommended actions that would ensure the upgrade conforms to industry best practice. The Company undertakes to provide EPA with a copy of the Auditor's written report by 31 May 2011 and to implement all reasonable actions recommended by the Auditor to ensure that the upgrade conforms to industry best practice.
- 4.7 The Company undertakes to provide a written progress report to the EPA 3 months after this Undertaking is accepted and signed by EPA outlining progress on the implementation of clauses 4.1-4.6 of Part 4 of this Undertaking. In addition, the Company will supply all documents and information reasonably requested by EPA from time to time for the purpose of assessing the Company's compliance with the terms of this Undertaking.
- 4.8 The Company undertakes to engage, at its own cost, an Auditor of its choosing. The Auditor will examine the content of this Undertaking and will review the Company's compliance with its terms. The Auditor will provide written assurance to the EPA by 31 July 2011 that the implementation of clauses 4.1-4.6 of Part 4 of this Undertaking has been satisfactorily completed.
- 4.9 The Company undertakes that any public reference to the actions contained within this Undertaking shall also make reference to the Undertaking.
- 4.10 The Company undertakes that it will pay the costs of its compliance with this Undertaking.
- 4.11 The Company has estimated the total cost of its compliance with this Undertaking to be up to approximately \$595,000, including \$543,452 spent on actions already completed as at the date of entry into this Undertaking. The Company undertakes to provide to the EPA a detailed costing of compliance expenditure at the completion of the Undertaking.

5. ACKNOWLEDGMENTS

- 5.1 The Company acknowledges that EPA has alleged the Company has contravened section 27(2) of the Act. This allegation is considered very serious and the Company has taken and will continue to take actions, including those actions that the Company has undertaken to implement pursuant to this Undertaking, to reduce the likelihood of a similar incident occurring at the Company's site.
- 5.2 The Company acknowledges that EPA:

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- (a) may issue a media release on execution of this Undertaking referring to its terms and to the concerns of EPA which led to its execution;
- (b) may from time to time publicly refer to this Undertaking; and
- (c) will make this Undertaking available for public inspection on a register of undertakings, in accordance with section 67G of the Act and that this Undertaking will remain on the register upon completion of all undertakings contained within.

5.3 Further, the Company acknowledges that:

- (a) as provided in section 67D(4) of the Act, EPA's acceptance of this Undertaking means that proceedings may not be brought by EPA against the Company for the offences constituted by the contraventions alleged in clause 2.3 of this Undertaking;
- (b) as provided in section 67D(5) of the Act, if the Company withdraws this Undertaking before it has been fulfilled, proceedings may be brought for the offences constituted by the contravention alleged in clause 2.3 of this Undertaking;
- (c) EPA's acceptance of this Undertaking does not affect EPA's power to bring proceedings against the Company, to issue penalty infringement notices or instigate any other enforcement action against the Company in relation to any contravention or alleged contravention of the Act that is not the subject of this Undertaking, whether or not the contravention or alleged contravention involves a provision of the Act that is referred to in clause 2.3;
- (d) this undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this Undertaking or arising from subsequent conduct.

5.4 The Company acknowledges that EPA had reason to be concerned as to the alleged facts and has offered an Undertaking in the terms of Part 4.

5.5 The Company acknowledges that this Undertaking has no operative force until accepted and signed by EPA, and the Company and EPA acknowledge that the date of the Undertaking is the date on which it is accepted and signed by EPA.

6. STATEMENT OF REGRET

6.1 The Company regrets that its conduct contributed to the incident described in clause 2.2 of this Undertaking and regrets any damage or inconvenience that occurred as a result of that incident.

7. ASSURANCE ABOUT FUTURE BEHAVIOUR

7.1 The Company assures the EPA that since the date of the incident described in clause 2.2 of this Undertaking the Company has not discharged any contaminated stormwater from the Company's site and

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that the specific actions the Company has undertaken to implement pursuant to clauses 4.1–4.6 of Part 4 of this Undertaking are directed to reducing the likelihood of a similar incident occurring at the Company's site.


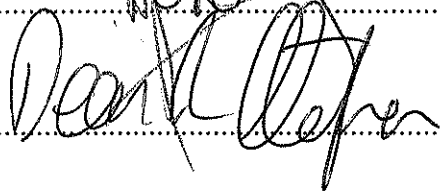
8. EFFECT OF NON-COMPLIANCE

8.1 The Company acknowledges that failure to comply with this Undertaking may result in the EPA seeking to enforce the Undertaking in the Magistrates' Court.

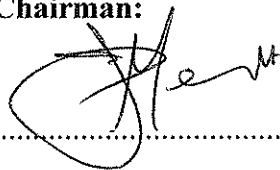
9. TERMINATION OF ENFORCEABLE UNDERTAKING

This Undertaking will terminate one month from the date on which the Auditor submits his or her written assurance to EPA pursuant to clause 4.8 of Part 4 of this Undertaking.

THE COMMON SEAL of THE)
COMPANY was affixed in accordance with)
the Corporations Act 2001 in the presence of:)


..... Director (Mangky Disedi)

..... Director/Company Secretary
(S-ply Chai Disedi)

Accepted by the Environment Protection Authority under section 67D of the Environment Protection Act 1970 by its CEO and Deputy Chairman:


.....

JOHN MERRITT

CEO and Deputy Chairman of the Environment Protection Authority:

[date] (0.2.11)

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Schedule 1: Specific Undertakings by the Company

<u>Item Number</u>	<u>Action</u>	<u>Timeline</u>	<u>Estimated Cost (\$AU)</u>
1	<p>Install higher capacity storm water pumps in the Company's stormwater system to increase the processing capacity of the stormwater system.</p> <p>Install totalising flow meters and pH meters, with data logging, into the Company's stormwater system and trade waste system to improve monitoring, understanding and awareness and drive continuous improvement of water quality and management.</p> <p>Implement an automated logic system to control the flow of trade waste and stormwater on the Company's site to improve processing rate and control and reduce reliance on human intervention, particularly when the site is unattended.</p> <p>Install large capacity acid dosing pump to the trade waste neutralising system to remove a bottle neck in the treatment of trade waste.</p> <p>Develop and implement the procedure ENV-PRO-0017 Site Stormwater Management as a supplementary administrative control in respect of the stormwater system and provide training in this procedure to personnel with direct responsibility for stormwater/trade waste management.</p> <p>Expand training in ENV-PRO-0017 Site Stormwater Management to all site operators.</p>	Already completed (31 March 2010)	222,966
2	<p>Conduct an extensive subterranean camera survey, conduct leak testing of the trade waste pipe work, and repair or re-line damaged or cracked trade waste pipes running into the Company's trade waste system to eliminate sources of contamination as they are identified.</p>	Already completed	58,280
3	<p>Install a Bulk CAPB Tank at the Company's site to reduce the volume of trade waste and the risk of spillage associated with the handling and cleaning of IBCs.</p>	Completed 30 November 2010	262,206
4	<p>Commit \$50,000 to support either:</p>	To be completed by 31 March 2011	50,000

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	<p>(i) if the Company arranges to participate in the Cities as Water Supply Catchments Project with the project proponents, pursuant to which the Company will provide funding of \$50 000 to that project, by 28 February 2011 — the Cities as Water Supply Catchments Project; or</p> <p><i>Note: as at the date of this Enforceable Undertaking the Company and the project proponents have reached agreement in principle that the Company will participate in the project.</i></p>	<p>Arrangement to be formalised and \$50 000 to be paid to project proponents by 28 February 2011</p>	
	<p>(ii) if the Company cannot come to an arrangement as per paragraph (i) — an alternative project to be agreed between the EPA and the Company.</p>	<p>To be completed by 31 March 2011</p>	
<p>5</p>	<p>Participate in the South East Business Networks (<i>SEBN</i>) to share information and experiences, and to highlight and resolve problems, relating to environmental issues, including the designing and implementation of improvements to stormwater systems. Engagement by the Company will focus on the environmental challenges it faces, the lessons it has learnt in relation to those challenges, how it has engaged relevant stakeholders, the technologies it has applied to address those environmental challenges, and the associated business and community benefits of addressing those environmental challenges. Engagement by the Company in these respects will include making two presentations at SEBN meetings.</p>	<p>Attendance at and participation in meetings between 1 February 2011 and 31 May 2011; Delivery of two presentations at meetings before 31 May 2011</p>	<p>n/a</p>
	<p>Participate in at least one community forum identified by, facilitated by, or agreed in consultation with the EPA to share information and experiences and to highlight problems and solutions pertaining to the Company's stormwater system.</p> <p><i>Note: for the avoidance of doubt, this commitment is in addition to participation in the SEBN.</i></p>	<p>To be completed by 31 May 2011.</p>	

Schedule 2: Cities as Water Supply Catchments Project Description

The Cities as Water Supply Catchments Project is a project operated by Monash University that aims to harness the full potential of stormwater in urban areas to achieve multiple benefits. The Project will use smart and effective Water Sensitive Urban Design (*WSUD*) systems to reduce potable water supply by utilising urban stormwater for potable and non-potable water uses, improving stream health by improving stream flow regimes and water quality, improving urban amenity and the liveability of urban areas, and reducing urban temperatures. These WSUD are largely based on biofilters – vegetated sandy-soil based filtration systems.

In particular, the Sustainable Technologies aspect of the study will optimise and improve existing WSUD treatment. Much of the research will focus on the treatment of urban stormwater pollutants, which pose a risk to human health and which have not been adequately researched in previous literature. For example, the removal of pathogens in WSUD systems and the removal of detergent ingredients are major aims within this proposal.

The outcomes of this project are expected to be applicable to the treatment of detergent-contaminated stormwater in the urban environment, and are also expected to be relevant to stormwater generated in a detergents manufacturing facility. The outcomes may also be applicable to the treatment of domestic greywater.

At the conclusion of the Project, the research findings will be published in the open domain and will be presented and/or published in an industry-relevant forum by PZ Cussons Australia.

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Schedule 3: South East Business Networks

South East Business Networks (SEBN) bring together businesses within the City of Greater Dandenong. Their role is to improve the competitiveness and profitability of companies by sharing information and experiences; highlighting and resolving problems; transferring new technologies; developing alliances; sourcing local goods; and encouraging partnerships in the import replacement/export area.

More information on SEBN is available at the following website:
<http://www.greaterdandenong.com/Documents.asp?ID=5714&Title=Business+Networking+%26+Support&Type=d>.

