

The well-being of AECI's employees and contractors, customers and the community at large is of great importance. Furthermore, AECI sees it as essential that the Group protects the environment in which it operates.

AECI's management of SHE-related issues is guided by a formal SHE policy, and performance is measured in the context of supporting SHE standards. The policy and standards are agreed to and approved by the Group chief executive. They are reviewed periodically, and most recently during 2008, by the corporate citizenship committee on behalf of the Board to ensure that they remain appropriate to AECI's diverse businesses and changing operating environment.

At the beginning of each year, the chief executives of AECI's businesses are required to submit a Letter of Assurance, with respect to SHE-related issues, to the Group chief executive. This, *inter alia*, provides confirmation that the particular business complies in all material respects with AECI's SHE standards. In the event that such confirmation cannot be given, the Letter details the nature of the deviation and what will be done to correct the situation.

AECI comprises a broad spectrum of businesses. These range from large manufacturing plants producing chemicals and explosives, to small operations on customer sites providing application services, to property leasing and the development activities. Consequently, their SHE-related issues are very different. It is inevitable therefore, that a certain degree of generalisation occurs when commenting on such diverse activities within a single report.

#### Achievements

After several years of rising injury rates, it is very pleasing to report a 27 per cent reduction in the Group's Total Recordable Incident Rate (TRIR) for employees. At year-end, this indicator stood at 0,83 as result of deliberate efforts by the operating companies.

The wellness programme, described in more detail elsewhere in this report, has met with real acceptance from employees. Buy-in by unions has been particularly gratifying.

Many of AECI's operations have the potential to impact significantly on the environment. Consequently, the management of environmental issues is very important. The ISO 14001 environmental management standard is the most widely recognised, externally verifiable standard in use internationally. AEL has implemented the standard at its main South African manufacturing operations, and at most of its international sites. Most of Chemserve's manufacturing facilities that can have a significant environmental impact have the standard in place, and, in the property segment, Heartland Leasing has implemented ISO 14001 at its Umbogintwini site.

AECI has registered two projects under the Clean Development Mechanism (CDM). The second project, a nitrous oxide reduction installation at No. 11 nitric acid plant, has reduced emissions of this potent greenhouse gas by 80 per cent.

#### Disappointments

Regrettably, the Group recorded two work-related employee fatalities during the year:

- in March, a temporary employee doing work at a KwaZulu-Natal Chemserve subsidiary site, died in a storage vessel that was being cleaned; and
- in March, a fire occurred in an explosives manufacturing building at AEL's Modderfontein site. An employee suffered serious burns in the incident and subsequently died.

Equally regrettable were the two contractor fatalities:

- in January, an employee of a garden services company contracted to AEL took shelter beneath a tree at Modderfontein during a storm. The tree was struck by lightning resulting in the man being killed; and
- in December, a driver working for a logistics company contracted to AEL was crushed to death by his vehicle.