

REVIEW OF OPERATIONS

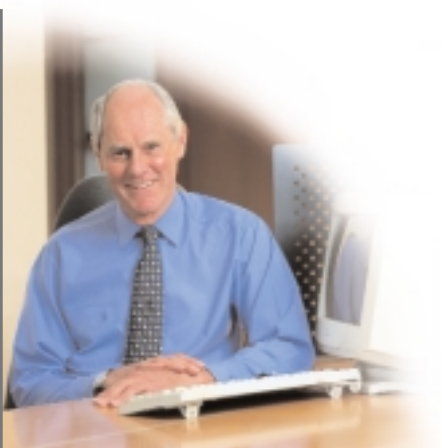
AECI has set itself **demanding performance targets** to match international best practice.

In future, US-based standards will form the **basis for safety and occupational** health risk management.

Attention has shifted towards **waste minimisation**. **Programmes** for this are in place **in most parts of the AECI Group**.

Safety, health and environment

AECI's objective remains for its core businesses to be internationally competitive and for the Group as a whole to achieve a corresponding world-class performance in Safety, Health and Environmental (SHE) matters. It is recognised that SHE responsibilities can no longer be met exclusively by ensuring compliance with laws and ordinances. Staying within the law is a necessary but not a sufficient condition in ensuring international competitiveness. Shareholders, to an increasing extent, are expecting sustainability and corporate responsibility as a part of the culture of companies in which they invest.



Lincoln Partridge

With the Transformation of AECI, extensive changes have been made to the business portfolio since 1998. In line with this, the SHE Policy and SHE Standards (see page 72) have been modified to reflect the move away from commodity chemicals towards performance and specialty products. All Group companies are required to report to the AECI Chief Executive annually regarding performance against these standards.

Safety

Our goal is to ensure that our activities do not harm anyone – our employees, contractors, neighbours, customers and the general public.

AECI has set demanding goals for "maximum tolerable levels" for classified and disabling injuries, based on levels achieved by international chemical companies that are leaders in terms of safety performance.

Regrettably, there were three work-related fatalities in 2000. A rail worker was killed in a train accident at Modderfontein. Also at Modderfontein, a driver died when a tractor overturned during grass-cutting operations. A delivery driver's assistant was killed in a road accident in Johannesburg.

The Group did not progress at the intended rate towards the standards set for accident incidence rates. The implementation of the USA-based Occupational Safety and Health Act

(OSHA) guidelines in 2001 is expected to provide new impetus to improvements.

Occupational health

We aim to eliminate all work-related allergies and illnesses.

An increase was recorded in occupational illness cases, including noise-related hearing loss, dermatitis and exposure to chemicals. To some extent, this increase reflects better awareness and vigilance in the occupational health area and points to the need for more intense efforts to ensure improvements.

OSHA guidelines

The Occupational Safety and Health Act of the USA provides comprehensive guidelines on the management of safety and occupational health in manufacturing industries. The use of these guidelines is increasing internationally and, in future, will form the basis for safety and occupational health risk management in AECI businesses. Use of these guidelines should provide renewed impetus to the Group's safety and occupational health programmes, and will facilitate comparison of AECI's performance with that of other chemical companies.

Compliance with legislation

A survey of compliance with the provisions of the Occupational Health and Safety Act of South Africa was completed in 2000 and did not reveal any shortcomings in the Group's businesses. In compliance with the South African Major Hazardous Installation Regulations, quantified risk assessments have been done for all AECI Group operations. In specific cases, the risks associated with interactions of businesses on a particular site, and with communities, have been determined.

Environmental performance

As a result of Transformation, AECI is now focused on three, specialty-based core clusters. Consumption of energy and water in these sectors is relatively low. Attention, therefore, has shifted towards waste minimisation. Programmes for this are in place in most parts of the AECI Group and improvements in performance will continue to be sought.

Land remediation

Over the past five years about R27 million has been spent in characterising the extent of soil and groundwater contamination of AECI land, especially

at older sites (Modderfontein, Somerset West and Umbogintwini).

At the end of 2000 the estimated environmental legacy liability was R170 million, expressed in money of the year. This amount includes further characterisation activities and subsequent remedial work on land and groundwater. AECI's policy is to take immediate remedial action if there is migration of contaminated groundwater off its property, or if there is any immediate human health or environmental risk from any of its legacy sites. In practice the timing of expenditure on land remediation, from an existing provision, is dictated mainly by the rate at which the land is required for property development or alternative uses. Thus, in 2001, expenditure of R15 million is anticipated.



Lincoln Partridge
Group Manager, Technology

