



safety
health
environment
and social

report 2004





This is the tenth report on Tarmac's safety, health, environmental and social performance. It represents the progress, achievements and performance through 2004. This report covers all of the wholly owned Tarmac operations worldwide.



In 2004 we, in Tarmac, made good progress in terms of both our safety, health and environmental performance, and also our community engagement. This was marred by a fatal injury on one of our UK road surfacing operations. It is totally unacceptable to me and my management team that anyone should die as a result of an accident at work. Our aim is that no one should be harmed in any way while they are working with Tarmac. Consequently we are striving to eradicate all injuries, and at the same time to focus particularly on the areas where the highest risks to life and limb may arise.

The first strand of our strategy on safety and health is to eliminate all lost time injuries, by which we mean injuries giving rise to one lost shift or more. Significant progress was made in 2004 with a reduction of 24% in the lost time injury frequency rate. In 2000 we set the target of zero lost time injuries by 2005. All Tarmac sites are therefore now working to a target of zero lost time injuries. 89% of our sites were free of such injuries in 2004. We are aiming to get this as close as possible to 100% in 2005, and to achieve at least 94%. I am convinced that setting and committing to ambitious targets has been a material factor in our achievements over the last four years. Since 2000 we have improved our lost time injury frequency rate by a factor of five and in 2004 we were four fifths of the way to the zero target. This gives us encouragement, confidence and determination to achieve the ultimate result.

The second strand of our strategy on safety and health is the Golden Rules. These Rules are aimed at guiding our behaviour and conditions in the nine areas where our experience shows that the greatest risk arises. The fatal injury that occurred in 2004 involved breaches of the Golden Rules, and it is our goal to achieve 100% compliance of the Rules this year.

The third strand of our strategy on safety and health is to eliminate, by the end of 2005, conditions or behaviours that may give rise to industrial disease. I do not want to see our employees suffering from ill health caused by their employment, any more than suffering an injury, and this will guide our focus on health.

Binding together the three strands of our strategy is Visible Felt Leadership, by which we

mean clear demonstration by management, from the top down, of the importance of safety and health. As an example, my senior team and I each commit to devote at least one day a month to task auditing. This involves us personally verifying that conditions and behaviours on a site are safe, taking corrective action where appropriate.

Caring for the environment will remain an important part of our commitment to ensuring a sustainable future in the areas where we operate. Having introduced effective environmental management systems, we have successfully achieved ISO 14001 certification at 470 or 73% of our industrial sites and we are aiming for 100% by the end of 2006. We have also set targets for reducing energy and water consumption, minimising waste and promoting biodiversity at a local level, with the implementation of local Biodiversity Action Plans.

In the community we will continue not only to communicate openly but also to engage all interested groups and to support valuable community initiatives.

Tarmac is determined to offer the products which society needs, in a manner that does not prejudice future generations. We strive to offer the best product quality, to be reliable, understanding and responsive to our customers' needs, and to be straightforward to deal with. These same values guide our attitudes towards safety, health, the environment, and the communities in which we operate.

I am determined that Tarmac's leading position in our industry is in all aspects of its performance, not least those which are the focus of this report. Equally I am determined that we strive to match or exceed the best in industry generally, not just the construction materials industry. We look forward to the future with confidence that the progress made to date is a sound foundation on which to build.

Robbie Robertson
Chief Executive Officer
Tarmac Group

about Tarmac	2
our growth strategy	3
safety	4
health	10
special report: benefits for all at Buxton	12
environment	14
social	22
special report: good neighbours at Nosterfield	26
contact us	28

About Tarmac

Tarmac is the UK's leading provider of materials, products and services to the construction industry and is growing these activities in continental Europe, the Middle East and the Far East.

Having invented the modern road surface – 'tarmacadam' – more than 100 years ago, Tarmac has evolved and diversified. Today, its materials and products can be found all around us – in our road and rail infrastructure, homes, hospitals, schools and commercial buildings and in a variety of processed products too from animal feed to toothpaste.

Tarmac is owned by Anglo American plc, one of the world's largest mining and natural resources companies and forms part of the company's industrial minerals division.

Products and services

Aggregates

Tarmac extracts aggregates from more than 200 quarries producing crushed rock, sand and gravel. These products are used in road construction and in the construction of other foundations, as well as in producing a wide range of concrete, asphalt and other downstream products. A range of recycled aggregates and secondary aggregates such as slag, which is a by-product of iron and steel production, also provide a sustainable alternative to newly-quarried materials.

Asphalt

Heavy duty and high performance asphalts are produced and supplied for a variety of applications from driveways and car parks to motorway road construction, airport runways and sporting arenas.

Ready-mixed concrete

Tarmac's range of conventional and specialist ready-mixed concretes are produced in bulk from the company's nationwide network of plants and are delivered to major construction sites in truck-mixers.

Concrete products

Concrete products are produced from extracted materials and are used in a variety of forms. Concrete blocks are used for walling, structural flooring and decorative paving. Specialist pre-cast products are used in a wide range of tunnel, rail and civil engineering projects.

Mortar and screeds

As the UK leader in the supply of mortar, Tarmac's strategically placed plants provide a complete range of ready-to-use, coloured and dry silo mortar. With the ability to deliver consistently mixed, factory-produced products, Tarmac is able to cater for a wide variety of applications from small-scale, brick-laying projects to major UK house building schemes.

Lime and cement products

Tarmac supplies lime and cement products. Cement is typically used in the production of concrete and concrete products for the construction industry. Lime is used in land remediation and water treatment projects and is also used to make a diverse range of everyday products and materials including fibreglass, toothpaste, sugar, glass, leather and iron and steel.

Contracting services

Tarmac carries out and project manages a wide range of construction contracts for public and private sector customers, including providing a bespoke service for major contracts from design through to fulfilment. Projects include the construction of footpaths and cycleways, road repair and construction, the development of industrial or business parks, multi-storey car parks and commercial driveways. In addition, Tarmac provides fencing, signing, lighting and traffic management services.

Recycling

Tarmac has developed a wide range of recycled products and services for the construction industry – recycling waste materials, mixing them with quarry by-products, to produce a range of recycled aggregates and blended materials.



Our growth strategy

Tarmac is growing its business in the UK and, especially, in continental Europe and is also developing opportunities in the Middle East, India and China. Our growth will focus on both aggregates and more downstream activities.

Significant progress has been made in growing Tarmac's business in 2004, in almost all areas of activity. The highlight in the UK was undoubtedly completion of the new cement plant in Buxton, Derbyshire which is capable of producing up to 800,000 tonnes a year of dry process cement.

Other major milestones including the acquisition of Wisniowka, a well-located, high quality sandstone quarry in central Poland. In Spain and France further acquisitions were made in aggregates and concrete products, while in China the Yang Quarry, near Shanghai, was completed. This new facility will go into full production in 2005, operating to the highest standards of safety, health, environment, and community engagement.

Tarmac operates in the following countries in Europe and around the world:

- UK
- France
- Belgium
- Germany
- Spain
- Poland
- Czech Republic
- United Arab Emirates
- Oman
- India
- China.

about Tarmac

our growth strategy

Our policy

Tarmac will strive to achieve and maintain the highest standards of safety and health for all employees, contractors and members of the public and will seek to eliminate injury or ill health resulting from its activities.

At Tarmac, safety and health are line management responsibilities of prime importance. The management of each business is responsible for ensuring that appropriate arrangements are made for the fulfilment of this policy and monitoring its implementation and effectiveness.

As part of its commitment to safety, Tarmac aims to:

- Ensure the visible commitment of all line managers, carrying out regular safety audits
- Adopt a behavioural approach to the management of safety and health
- Seek to eliminate at-risk behaviour
- Achieve and maintain conditions of work, which are healthy and safe
- Provide adequate welfare facilities for employees
- Seek to eliminate dangerous occurrences
- Carry out regular health screening of employees
- Provide effective instruction, training and supervision
- Ensure that people employed are both physically and mentally fit and competent for their duties
- Ensure that all employees are fully aware of their responsibilities regarding safety, health and welfare
- Identify hazards and assess risks and eliminate where practicable
- Involve employees at all levels by establishing local SHE Committees
- Provide and maintain safe plant and equipment
- Continuously review and revise company policies and guidance notes
- Provide adequate numbers of competent persons to advise on all aspects of safety, health and welfare
- Allocate adequate resources to fulfil this policy.



safety

How we work

Tarmac places a top priority on safety and health. This is integral to the way the company carries out its business and its commitment to good citizenship. The business is striving to eradicate all injuries and unsafe behaviour through the development and widespread implementation of the Golden Rules.

Zero tolerance target zero

Tarmac operates a zero tolerance approach to workplace injuries, which is known as Zero Tolerance Target Zero. This policy has set a target for the reduction of lost time injuries to zero by 2005, to be achieved by a 50% year on year reduction in lost time injuries.

This zero tolerance policy has also set targets for the elimination of conditions which may give rise to occupational health disorders and diseases including noise induced hearing loss, hand arm vibration syndrome, dermatitis and occupational lung disease.

Tarmac employees and contractors are encouraged to take action to ensure the safety of themselves and those around them by stopping any activity which may be unsafe. The principles of Zero Tolerance Target Zero are:

- Always take appropriate action if you see an unsafe situation
- If you see someone behaving in an unsafe manner, ask them to stop
- Don't allow a colleague to work in unsafe conditions.

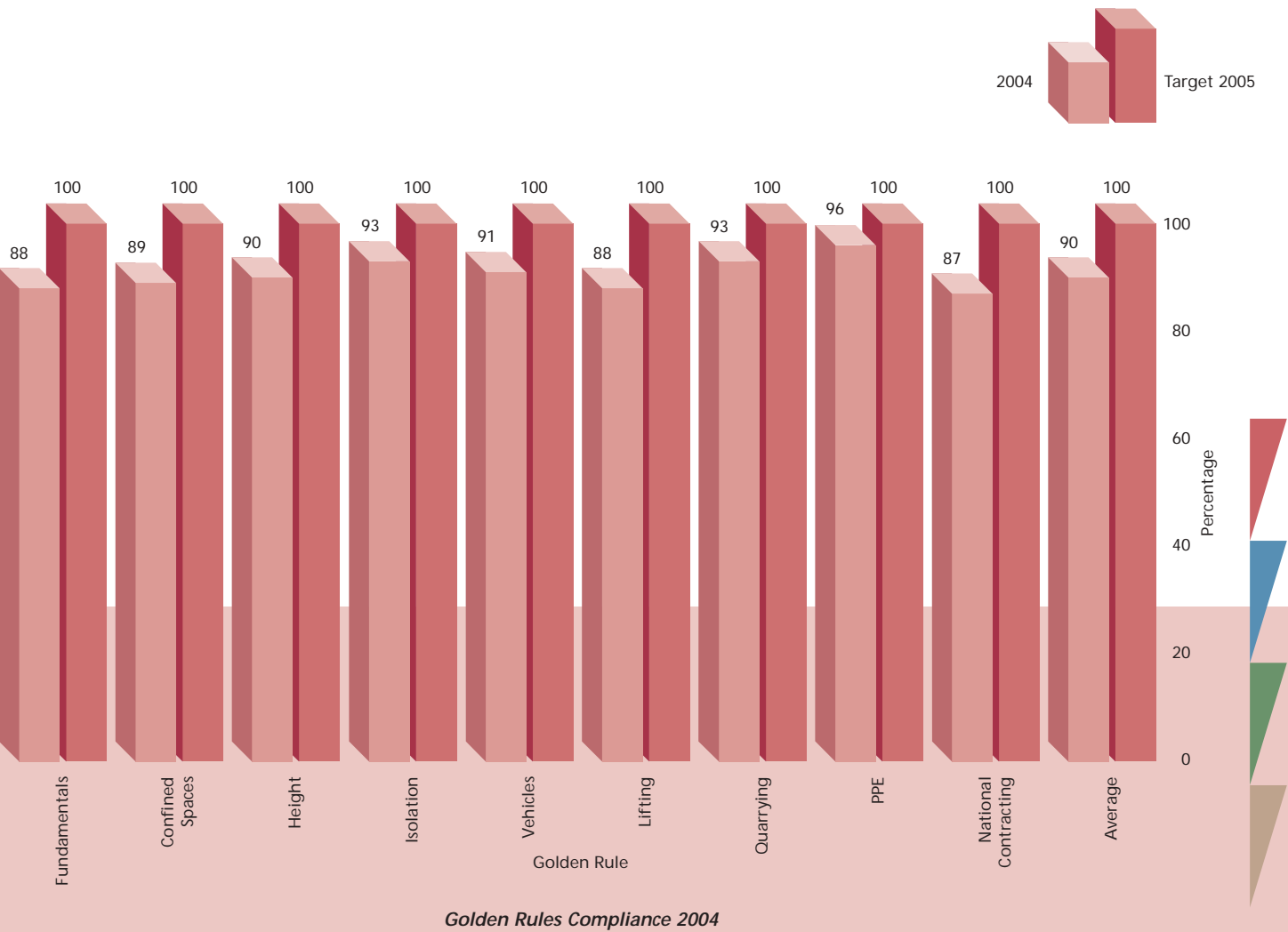
Putting safety first

Tarmac's Golden Rules are fundamental safety principles, designed to eliminate known safety risks associated with every aspect of the business's operations. These rules are communicated to all employees and contractors and they have been a key factor in improving the company's safety performance. Employees are encouraged to suggest how to improve safety on their site, so helping to ensure everyone stays alert to safety risks.

The Golden Rules highlight safety risks associated with the following:

- Confined spaces
- Working at height
- Energy and machinery isolation
- Surface vehicles
- Quarrying operations
- Lifting and material handling
- Personal protective equipment
- National contracting operations.

Tarmac monitors and measures adherence to the Golden Rules and is aiming to achieve 100% compliance in 2005.



Reporting workplace injuries

All employees and contractors are encouraged to report workplace injuries and this information is used to measure the safety performance of individual plants, operations and businesses.

A key performance measure used by Tarmac is the lost time injury, or any injury which results in a person losing one or more full shifts from work. In order to compare the safety performance of businesses or plants, a lost time injury frequency rate (LTIFR) is also calculated. Other key performance measures are also used to prevent and eradicate lost time injuries. These include monitoring non-lost time injuries, near-hits and the Unsafe Act Index, which is designed to highlight where there are significant rises or falls in behaviour which may put employees at risk.

Our Performance

Our achievements – the facts and figures

2004 has been another year of achievement and progress in terms of Tarmac's safety performance. The company has continued to report a significant reduction in lost time injuries since the Zero Tolerance Target Zero initiative began in 2000 and reported a 24% reduction in the LTIFR in 2004.

In fact, 89% of Tarmac's sites were free from lost time injuries during 2004 and the business is aiming to get as close to 100% as possible during 2005, and to achieve at least 94%.

Another indication of Tarmac's impressive safety performance is the reduction in injuries reported to the Health and Safety Executive. Tarmac reported 12 injuries in UK quarries to the Health and Safety Executive in 2004, compared with 92 in 2000. This is an 87% improvement and compares favourably with the 46% improvement reported by the industry as a whole to 31 March 2004.

Tarmac's business in France has made exemplary safety progress in 2004. The LTIFR reduced by more than half in 2004 (compared with 2003) and since 2000, a 94% overall improvement has been achieved. This highly successful turnaround in safety performance has positioned Tarmac France, alongside other Tarmac businesses, as a leader in safety.

On a smaller, but no less significant scale, individual sites are encouraged to monitor and report their own safety performance. In 2004, Tarmac's concrete product plant at Henlade in Somerset has proudly reported its third successive year with zero lost time injuries.

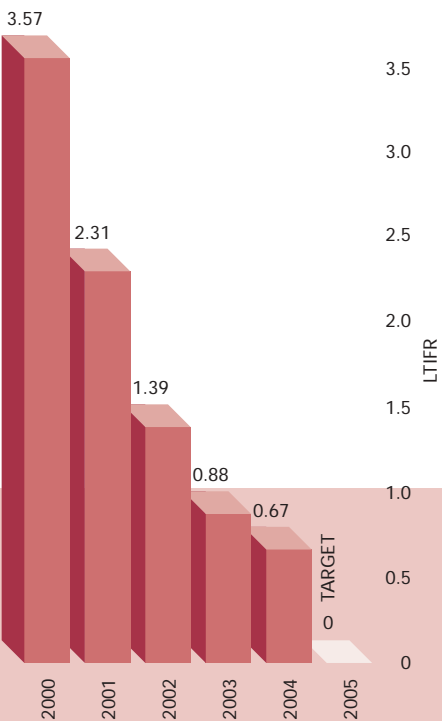
As part of its commitment to safety, Tarmac carried out no fewer than 33,000 individual task audits during 2004, monitoring the application of safety standards and in particular, the Golden Rules. In addition, more than 1,200 employees have now been trained to carry out safety task auditing. The data collected by these task audits is collated in the Unsafe Act Index, which provides an invaluable early-warning indicator of safety performance. A lower Unsafe Act Index is a sign that unsafe practices are being tackled and prevented at source.

Despite the successes, Tarmac recognises that there is always room for improvement. Regrettably, in December 2004, Tarmac UK reported one workplace fatality. A detailed investigation has been carried out and learning points will be established and applied across the business as a whole.

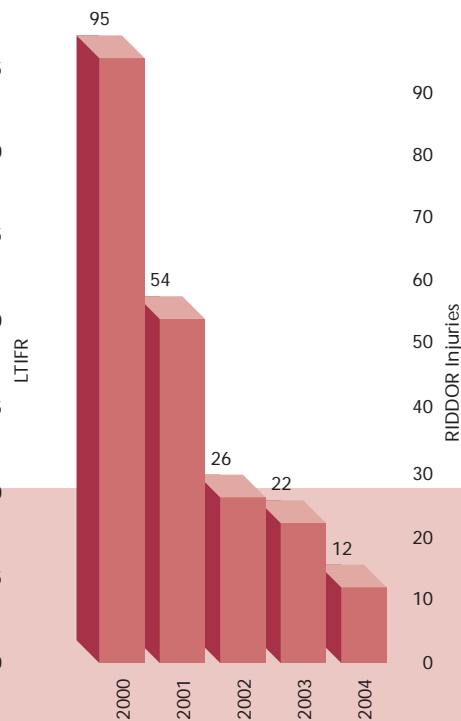
Tarmac is also focussing efforts in order to improve safety standards in those areas where it is most needed. For example, operations in Spain continued to perform poorly against safety performance targets, particularly with regard to the lost time injury frequency rate. In order to turn this performance around, the management team will be gaining an insight into world-class health and safety best practice and learning from the success of Tarmac France. They will be challenged to introduce these standards and management approaches locally. In particular, managers will also be responsible for raising awareness of the Golden Rules and ensuring they are adhered to in the year ahead.

Enforcement action

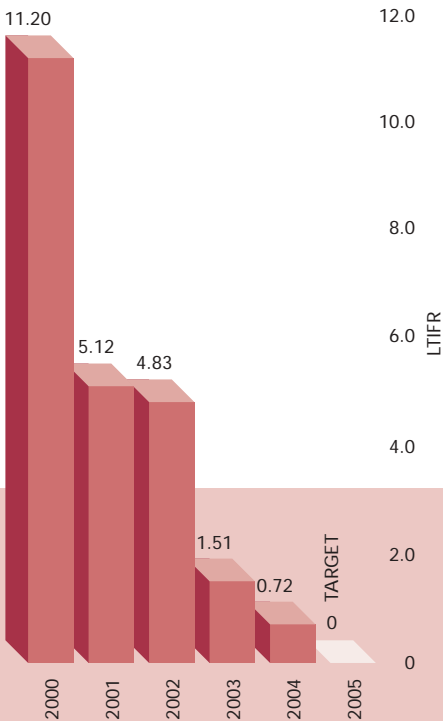
There were no prosecutions for breaches of health or safety during 2004. There were four enforcement notices served by the Health and Safety Executive in 2004 and these have been fully complied with.



Tarmac Group LTIFR 2000 – 2004



Injuries in UK Quarries 2000 – 2004



Tarmac France LTIFR 2000 – 2004



Tarmac Henlade

Achieving recognition

QPA Safety Awards

In recognition of Tarmac's contribution to raising safety standards, the company won a number of top industry awards at the Quarry Product Association's Health, Safety and Best Practice Awards 2004. Tarmac was winner in four out of the five categories which the business was eligible to enter and also achieved the prestigious overall award for outstanding performance in health and safety.

Spreading safety best practice

To reward safety performance, Tarmac has also established its own Innovation and Best Practice Awards scheme. The awards are made quarterly to employees who have identified a new way to improve safety performance and an overall award winner is nominated annually.

Many of the ideas produced by the entrants are solutions to operational problems and go on to be incorporated into Tarmac's safety, health and environment policies and standards.

Some of the ideas generated by the SHE Innovation and Best Practice Awards 2004 include:

- A new lightweight safety barrier was developed for use with mobile drilling machines at the Lausitzer Grauwacke quarry in Germany as part of an innovative solution to prevent falls.
- Employees at a concrete plant in Westbury in Wiltshire developed a simple handle, allowing the driver to stand to the side when positioning the chute to discharge concrete. The device is to be fitted to all of Tarmac's truck-mixers.
- One of Tarmac Central's contract hauliers developed a frame and conveyor roller system for adjusting the easy sheet. The system is used to lift the webbing strap and sheet over the load more safely.
- Tarmac's asphalt plant in Hong Kong developed a simple, lightweight platform used to access mobile plant. The working platform is secure with rubber floor pads to prevent slipping and allows safe access at heights up to two metres.

- There were four overall Innovation and Best Practice Award winners in 2004. Tarmac Southern's team at Westbury achieved first place for the mixer chute safety handle and second place for the safety platform, designed to help drivers access the drums of truck-mixers safely. Tarmac Central achieved an award for the technician working platform, to prevent injuries caused by bending to compact concrete into moulds. Lausitzer Grauwacke quarry in Germany achieved the best runners up award for their design of a drill rig safety barrier.



Tarmac Central – technician working platform



Lausitzer Grauwacke – drill rig safety barrier



Tarmac Central – sheeting frame



Tarmac Hong Kong – working platform



Tarmac Southern – truck-mixer safety handle and access platform

Driver training and road safety

Safety on the road is just as important as safety within the workplace and for many workers, driving is part of their day to day business activity.

Tarmac introduced a new, comprehensive road safety policy in 2004, addressing everything from car selection to journey times.

In implementing the new policy, Tarmac requires all employees to present their driving licence as part of their annual appraisal and highlights driver safety risks, including mobile phone use. In addition, Tarmac UK has appointed a specialist training provider to train all drivers, including delivery drivers, to avoid causing or becoming involved in road traffic incidents.



Driver Training and Road Safety Instruction

The way forward

Looking ahead to 2005, Tarmac will continue to seek to eradicate all injuries, to focus on reducing risk and to set safety targets for achievement.

The business is aiming to ensure that 100% of sites report zero injuries in 2005, and to achieve at least 94%.

By setting and committing to these ambitious targets, year on year, the business aims to build on its reputation for excellence in safety best practice in the construction industry and in other industry sectors.

As part of this endeavour, Tarmac will continue to strive to ensure that fundamental safety principles are adhered to by all employees and contractors and that everyone is responsible for ensuring unsafe practices are eliminated.

Our policy

Tarmac aims to ensure a workplace environment that is safe and poses minimal risk to health for all employees and contractors, wherever they may be and whatever job they do. For this reason, the business places a top priority on health issues.

How we work

Tarmac has made significant progress during 2004 to strengthen its health policy, developing a new occupational health strategy for the benefit of all employees.

The strategy is based on the Anglo American Occupational Health guidelines and sets out to eliminate the conditions and behaviours that cause health risks.

For the following workplace related illnesses and disabilities, new performance targets have been set to eliminate, by the end of 2005, new cases or the progression of any existing cases of:

- Noise induced hearing loss
- Hand arm vibration syndrome
- Dermatitis
- Occupational lung disease.

The strategy was launched in 2004 and will be fully implemented in 2005. As part of this process Tarmac is encouraging employees to take health matters more seriously and senior level commitment is being used to help prioritise health issues, through an approach called Visible Felt Leadership. This involves regular face to face meetings between managers and employees to discuss health and other

safety, environment and social issues as well as regular reporting of health Key Performance Indicators.

In implementing the new strategy, the first stages will include establishing a new occupational health benchmark for the business and an educational awareness campaign designed to highlight workplace related health issues along with more general health advice on matters such as nutrition and exercise.



health

Each business in the Tarmac Group will develop its own occupational health management action plan based on a model designed to ensure continuous improvement. This model will start by identifying possible health hazards before establishing who is potentially at risk and assessing the extent of the risk. It will go on to carry out risk-based health monitoring before recommending an action plan, which can be monitored and reviewed.

In particular, the strategy involves a more targeted approach to employee health monitoring, identifying workers who are at high, medium or low risk.

Employees are also encouraged to carry out regular self-assessment and report health problems as soon as they arise and the company has updated the Tarmac Guide to Good Health – a publication introduced in 1994.

Managing stress and more

As part of the new occupational health strategy, Tarmac is seeking to raise awareness of the importance of mental as well as physical health issues and the impact these illnesses can have on individuals at work.

Mental health problems can have many causes, including stresses associated with both work and home life. While a controllable level of stress is healthy and leads to improved motivation, job satisfaction and performance, excessive stress can be harmful. Tarmac operates a preventative policy designed to avoid excessive stress and to encourage employees to report stress at an early stage.

To encourage employees and their families to be open about stress, Tarmac is extending its Employee Assistance Programme to include round-the-clock access to confidential counselling to help employees manage work-related stress and to provide life management assistance in a range of legal, financial and other non-work related issues.

The way forward

Tarmac will implement the occupational health management strategy during 2005 by setting a new occupational health benchmark for the business and initiating a campaign to promote the importance of health and well-being in the workplace.

All businesses will complete an occupational health risk assessment to identify and, where possible, eliminate the level of risk for all employees. In addition, regular reviews of occupational hygiene, risk and health monitoring data will create a new benchmark against which improvement can be measured in the future.

Once the risk exposure of each business has been assessed, targets will be set to eliminate or, where elimination is not possible, reduce the number of workers exposed to high or medium risk.



Occupational Health Continuous Improvement Cycle

Special Report – Benefits for all at Buxton

Recent changes at Tarmac’s site in Buxton in the Peak District show how investment and working in partnership with the local community have delivered a cleaner, greener, safer and more efficient cement plant, fit for the 21st century.

After 40 years of operation, Buxton’s old cement plant, operating alongside Tunstead Quarry, could no longer meet modern energy consumption and emissions standards. To address this, Tarmac decided to invest £115 million to create a new state-of-the-art cement plant on the same site. The new plant would provide increased production capacity, while delivering important environmental benefits.

The new plant would also bring benefits by securing up to 60 jobs and creating skills development opportunities, including an apprenticeship programme. In order to achieve this, Tarmac needed to win the support of and work closely with a wide range of local authority, regulatory and community stakeholders.

Efficiency and the environment

Tunstead Quarry is one of the largest quarries in Europe with an output of six million tonnes per year and is one of the UK’s primary sources of limestone. The new dry process cement plant produces 800,000 tonnes per year of cement and has brought significant efficiency benefits. Since starting operations in the spring of 2004, carbon dioxide emissions at the plant have been reduced by 26% per tonne of cement. Emissions of oxides of nitrogen have decreased by 61% and oxides of sulphur have decreased by 96%. Particulate emissions have reduced by 99.7% and have almost been eliminated. Energy consumption per tonne of cement has also been reduced by 35%.

In addition, the new cement plant has been designed to produce zero process waste and will also provide a beneficial outlet for process wastes arising from the lime production operations on site.

Clive James, managing director of Tarmac Central Ltd, comments on the success of the new plant:

“We are delighted with the efficiency and environmental benefits that have been achieved in the construction of this new plant and this has been made possible by a combination of Tarmac’s investment-backed vision and community and regulatory support. The new plant will provide much-needed resources for the construction industry as well securing jobs for local people.”

As well as ensuring enhanced efficiency, Tarmac was also sensitive to the natural beauty of the site and its surroundings. Tunstead is situated in the High Peak area of Derbyshire, adjacent to the Peak District National Park. The area is particularly noted for its rich flora and fauna and is also a popular tourist spot.

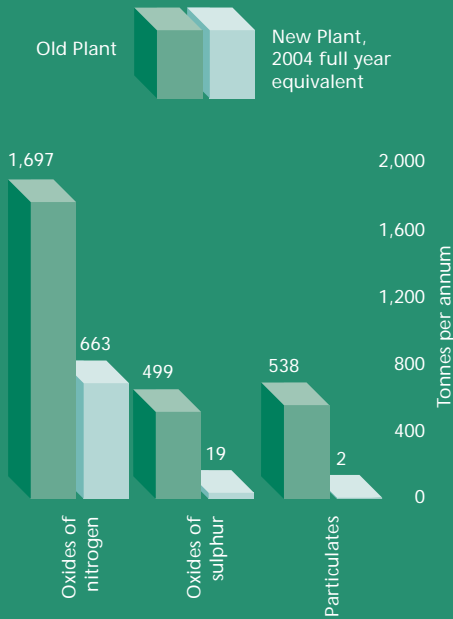
While developing plans for the new cement plant, Tarmac consulted with relevant regulatory and statutory authorities in order to ensure the new plant was sited in a way that would minimise its visual impact on the environment. While the old cement plant had been visible at the northern edge of

the site, the new plant has been sensitively sited more centrally, 35 metres below the rim of the quarry. The old cement plant is to be demolished and the site will be fully restored during 2005.

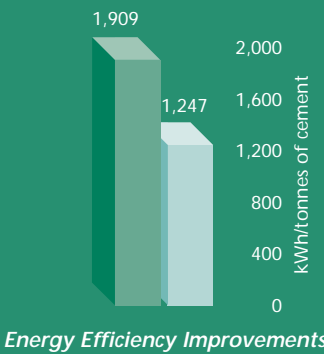
Also, three new rail link depots in London, Birmingham and Leeds will allow up to 300,000 tonnes per year of cement to be distributed to customers farther afield and will minimise the impact of road traffic on the local communities in Derbyshire.

Working with the community

Tunstead Quarry and its new cement plant has an active, ongoing community engagement programme, which ensures that all interested people are aware of and consulted on developments at the site and have the opportunity to contribute. Many local events and initiatives are supported each year and a wide range of local groups are invited to visit Tunstead to learn more about the processes on site.



Emissions Comparison



Energy Efficiency Improvements

Buxton's New Cement Plant



Natural beauty of the site and its surroundings

special report

Our policy

Tarmac aims to achieve world-class performance in environmental practice and minimise the environmental impact of all its operations, preventing pollution and striving for continual improvement in its environmental performance while working towards more sustainable operating practices.

At Tarmac, protection of the environment is a line management responsibility of prime importance. The management of each business is responsible for ensuring that appropriate arrangements are made for the fulfilment of this policy and monitoring its implementation and effectiveness.

The following targets have been set:

- To complete ISO 14001 certification by 2007
 - Reduce energy consumption by 15% by 2014 based on 2004 usage
 - Reduce potable water consumption by 4.3% by 2010 for concrete and mortar and concrete products based on 2002 usage
 - Reduce waste sent for licensed disposal by 25% by 2010 based on 2004 quantities
 - Implement Biodiversity Action Plans at all active mineral operations by 2008.
- Identify, assess and manage environmental risk
 - Make a positive contribution to biodiversity by active stewardship of land
 - Contribute to people's culture and heritage through archaeological exploration
 - Work in partnership with local communities and be a responsible neighbour
 - Work to improve the standards of the sectors in which the company operates
 - Enhancing environmental awareness of employees through structured training
 - Encourage the adoption of sound environmental principles amongst contractors, suppliers and customers alike
 - Respond positively to the environmental developments in each business area by working with all stakeholders
 - Report and review the environmental impact of the businesses operations and progress in achieving targets
 - Allocate adequate resources to fulfil this policy.
- In order to achieve these aims and targets the company will:**

 - Meet and, where possible, exceed applicable legal requirements, regulations and standards of the country of operation
 - Minimise adverse environmental impacts on air, water, land and people, arising from our operations and products throughout their life cycle
 - Identify, assess and manage environmental risk
 - Demonstrate efficient use of natural resources, seeking opportunities to minimise waste and to re-use or recycle materials



environment

How we work

Tarmac recognises that quarrying and associated operations, by their very nature, can have a significant impact on the environment and the company takes all aspects of its environmental management seriously.

The environmental policy statement was reviewed in 2004 and revised in order to bring it up to date and in line with current issues facing the business. As part of this process, the business has established new environmental performance targets to reduce energy, potable water consumption and waste and to implement local Biodiversity Action Plans.

Environmental management systems

Tarmac is introducing effective environmental management systems (EMS) across all its businesses, which meet the recognised international standard of ISO 14001.

These systems help Tarmac to manage its impact on the environment in a responsible and proactive way, ensuring a consistent approach across a geographically diverse group.

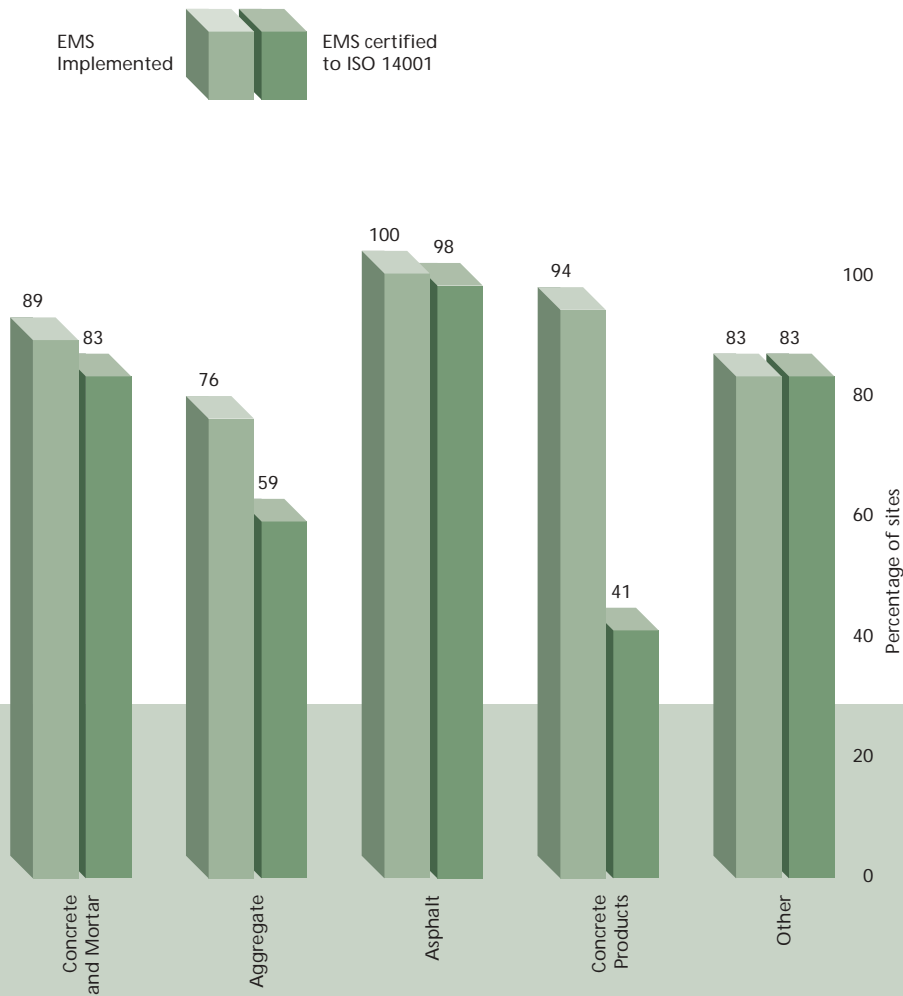
During 2004 Tarmac has largely completed the implementation of its environmental management systems business-wide and significant progress has been made in achieving ISO 14001 certification. At the end of 2004, more than 470 sites had achieved third party certification.

Environmental management in practice

All of Tarmac's overseas operations have now introduced environmental management systems. As a result there has been a notable increase in employees' awareness of environmental issues, including improved waste management and oil and fuel storage.

Our Hong Kong asphalt operations have recently implemented an integrated safety, environment and quality management system, which has achieved certification to the Occupational Health and Safety Assessment Series OHSAS 18001 in 2004. The system is already bringing benefits to the business, ensuring resources are effectively aligned, resulting in increased efficiency.

In the Middle East, Dhahira Quarry has been nominated for a prestigious award for the third consecutive year in the finals of the Oman environmental awards scheme.



Tarmac EMS ISO 14001 Implementation and Certification

Our Performance

Enforcement action

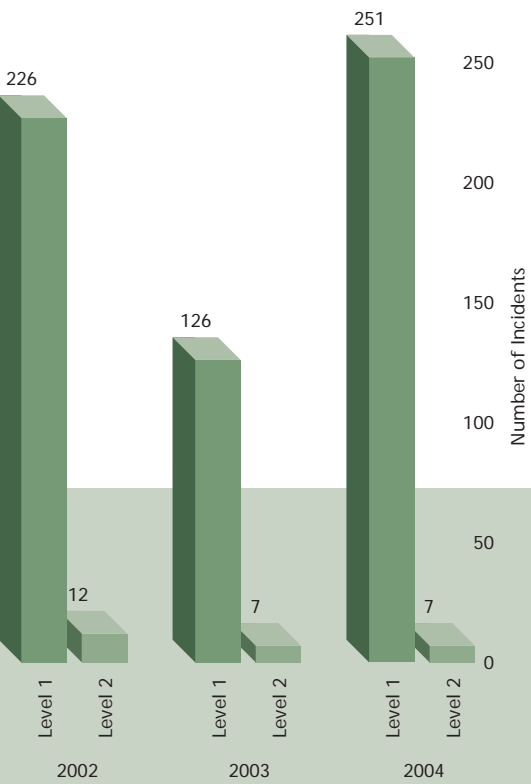
In terms of enforcement action, regrettably, breaches in environmental best practice led to three prosecutions being brought against the company in Spain and all of the offending sites have ceased operation or will soon do so. The company is taking steps to improve its environmental performance in Spain and elsewhere with the implementation of environmental management systems certified to ISO 14001.

Overall performance

There has been a significant increase in the number of reported minor Level 1 incidents during 2004. This is mainly due to better reporting as a result of employee training and awareness-raising. Level 1 incidents include minor oil leaks from machinery or spillages of dusty raw materials. Reporting and reviewing incidents helps Tarmac to identify persistent problem areas and better manage the impacts of its operations in the future. There have been 7 Level 2 incidents, the same as in 2003. Tarmac has never experienced a Level 3 incident.

Incident Level	Brief Description*
Level 1	Minor impact, short term effect.
Level 2	Moderate impact, medium term effect; enforcement action or prosecutions below \$100,000.
Level 3	Significant impact, extensive or long term effect; prosecutions with fines more than \$100,000.

*Anglo American Group definition



Environmental Incidents 2002 – 2004

Energy Policy

Tarmac's materials are essential to our daily life. Our products are used in a wide range of construction and some processing applications. Tarmac aims to provide these essential products in a responsible manner, helping to ensure a sustainable resource base for future generations.

Target

Our target is to reduce our specific energy consumption by 15% by 2014.

We are committed to:

- Increasing our energy efficiency
- Investing in clean, energy efficient technologies
- Reducing the environmental impact arising from our consumption target.

In order to achieve this target, the company will:

- Establish formal energy saving targets that are quantifiable and measurable
- Establish a measurement and targeting system
- Increase awareness of energy efficiency amongst all employees
- Ensure that all relevant employees receive training in energy awareness and efficiency improvement techniques
- Conduct site energy audits to identify opportunities for efficiency improvements
- Implement all cost effective energy efficiency measures
- Ensure that energy efficiency and carbon emissions are considered in business decisions
- Invest in cost effective, clean technology
- Use alternative fuels and renewable energy where cost effective.

Introducing the SavE campaign

At the start of 2004, Tarmac UK participated in Anglo American's Energy Technology Pilot Project, to produce an overview of the current energy profile of the business, a review of current technologies in use and an assessment of energy saving opportunities.

The findings of this project led to the launch of Tarmac's SavE campaign to drive energy efficiency improvements. A new performance target has been set – to achieve a 15% saving in specific energy consumption over 10 years to 2014 (based on 2004 usage).

A new energy policy has been introduced along with an awareness-raising programme to encourage employees to think more about saving energy. To highlight the campaign and communicate its importance, Tarmac has developed a series of posters and booklets and each of the UK businesses has appointed its own energy champion to help drive the initiative locally, encouraging employees to identify and implement energy reduction measures.



Kiln Energy Usage

Tarmac also supports the Carbon Trust's Action Energy Programme in the UK, which has been successful in helping sites to identify opportunities for saving energy and reducing carbon emissions levels.

Saving energy in practice

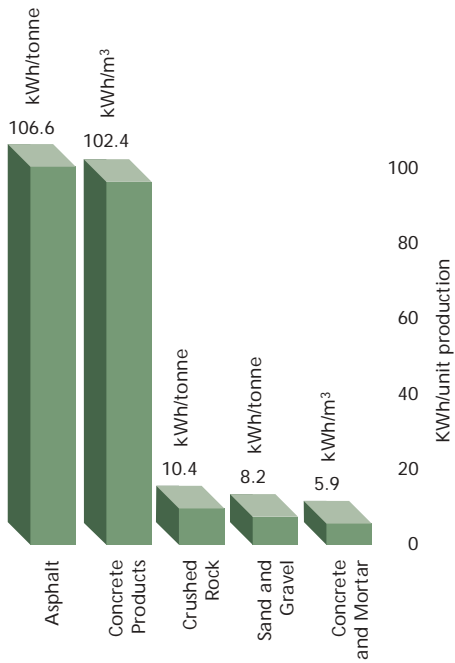
A number of significant energy reduction initiatives have already been successfully implemented by individual plants. For example, at Hayes asphalt plant in Greater London, a local energy saving audit identified how substantial energy savings could be made by making changes to the main extractor fan, an essential part of the production process. Variable speed drives were installed on the two motors used to operate the fan and this has resulted in a 62% reduction in energy consumption.

Reducing emissions in practice

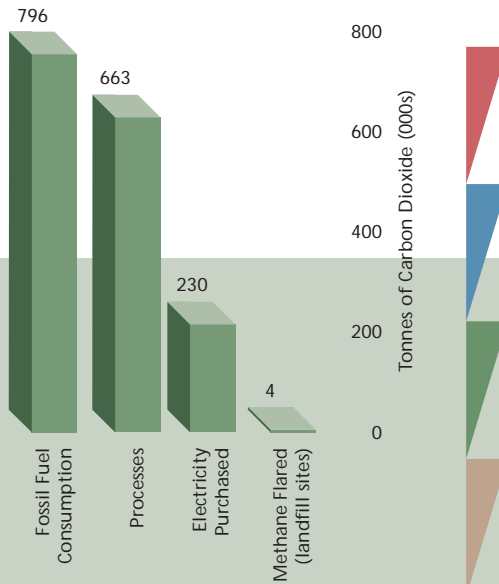
As well as seeking to reduce greenhouse gas emissions, Tarmac is investing in technology to enhance dust abatement and reduce particulate emissions to levels well below those specified by the Integrated Pollution Prevention and Control (IPPC) regime. In 2004, the company invested £2.2 million to fit reverse jet filters at Tunstead Shaft Lime Kilns, which have significantly reduced particulate emissions levels and brought thermal efficiency benefits too.

Saving energy, reducing emissions

Tarmac is seeking to reduce energy consumption in order to conserve global fossil fuels and reduce greenhouse gas emissions.



Specific Energy Consumption 2004



CO2 Emissions from Tarmac 2004

Waste management

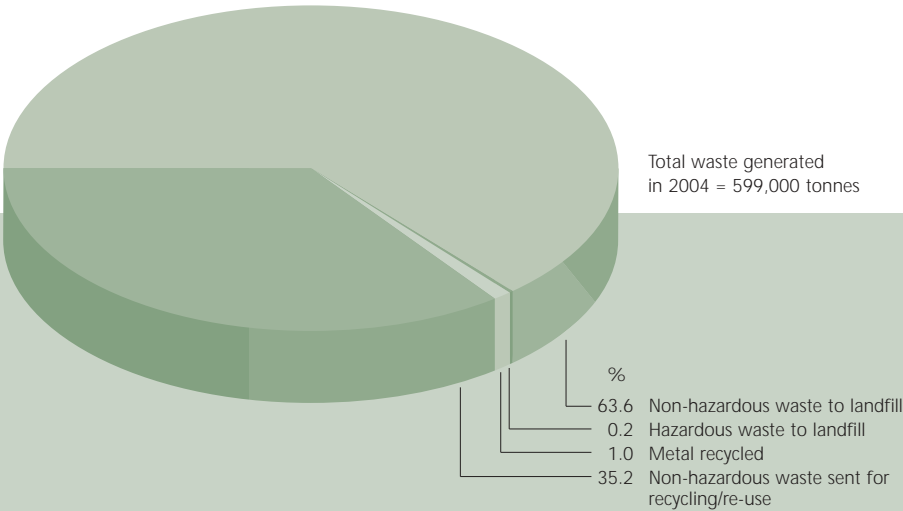
As part of its commitment to the environment, Tarmac is seeking to minimise waste in all areas of its operation and in particular, reduce waste requiring off-site disposal.

Tarmac's operations, whether quarrying, asphalt or concrete production, do not produce large amounts of waste. Relatively little waste is disposed of off-site and most is inert aggregate waste. Less than 1% of the total waste produced is hazardous and consists mainly of waste oil from plant and machinery, which is sent to recycling facilities.

Tarmac has set a new target for the reduction of waste sent for licensed disposal of 25% by 2010 (based on 2004 usage).

Recycling

In order to make use of waste materials produced by the construction industry, Tarmac has invested in its own recycling business, which produced more than one million tonnes of recycled aggregates in 2004. Most waste materials come from demolition projects or regeneration schemes. These recycled aggregates make use of materials that would otherwise require disposal and can be used in place of primary aggregates in the construction of roads.



Tarmac Group Waste Generation – 2004

Waste reduction in practice

Tarmac's businesses are encouraged to look for new ways to minimise waste.

In 2004, a Tarmac concrete plant teamed up with the company's waste management contractor to trial a new way to reduce waste. At concrete plants, waste is produced when washing out truck mixers and a new system has been introduced to recover the waste concrete and return it to the production process.

The system involves two stages: firstly coarse aggregate is recovered and returned to the production process. Secondly the remaining slurry is fed through a plate press process that separates out the clean water and produces a cake of the fine aggregates and powders. Both the cake and water can then be reused in the process.

It is hoped that the trial will significantly reduce the amount of waste requiring disposal to landfill and has reduced waste transportation and disposal costs too.



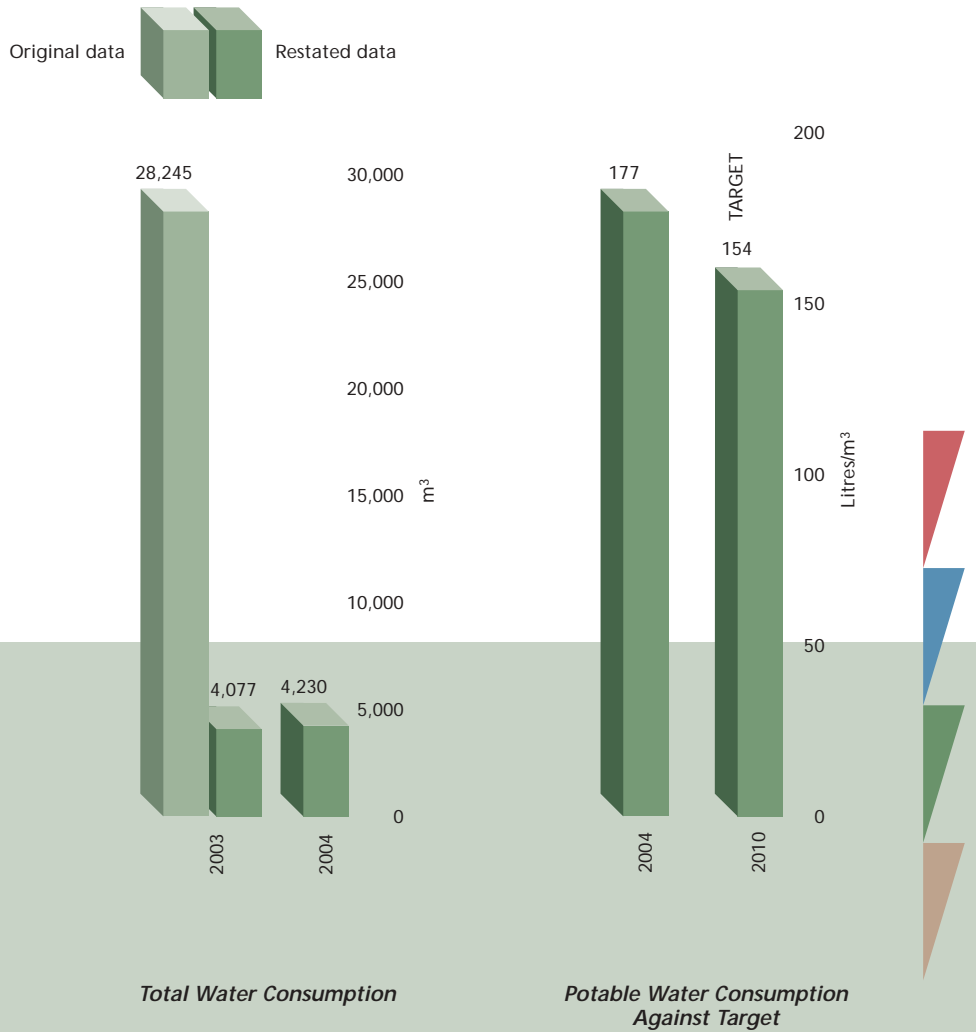
Concrete Waste Recycling

Saving water

Most of the water used in Tarmac's quarries is abstracted from untreated ground or surface water sources and is stored in lagoons, from where it is pumped and circulated on site for product washing and dust suppression. Very little water is lost from the environment and the vast majority is returned to ground or surface water.

Because of this, Tarmac has changed the way it reports water usage. Total water consumed will be calculated as percentage moisture content of the end product that leaves the site. Previously, all water that passed through the site was reported even if it was returned to the same source.

Only very small amounts of water are actually consumed – between 1.5 - 6% of the Tarmac's total water usage leaves the site in hard rock, sand and gravel products. Approximately 18% leaves Tarmac's sites in concrete and mortar and an average 12.5% is used to produce concrete products.



Promoting biodiversity

With more than 200 active quarries covering around 10,300 hectares, the land area operated by Tarmac encompasses a wide variety of wildlife species and habitats.

In order to ensure that Tarmac is managing the land it occupies and protecting its rich biodiversity, the company is aiming to introduce site-specific Biodiversity Action Plans at all active mineral extraction sites by 2008. These local action plans are recommended as part of a UK-wide conservation initiative, supported by English Nature.

In 2004, UK quarry managers completed the first stage of implementation of the local Biodiversity Action Plans, carrying out detailed on-site audits. A series of specialist assessments will follow during 2005, drawing input from Tarmac's own estates managers and relevant ecological surveys of the land area. Where necessary, specialist independent ecological advice will be sought before priorities are identified and local action plans developed.

Once completed, the implementation of the site-specific Biodiversity Action Plans will be managed as part of Tarmac's ongoing environmental management system.

STAGE 1
Initial site self audit

2004

STAGE 2
Detailed site assessment

STAGE 3
Prioritisation

STAGE 4
Further evaluation

STAGE 5
Produce BAPs

2008

Biodiversity Five-Stage Approach

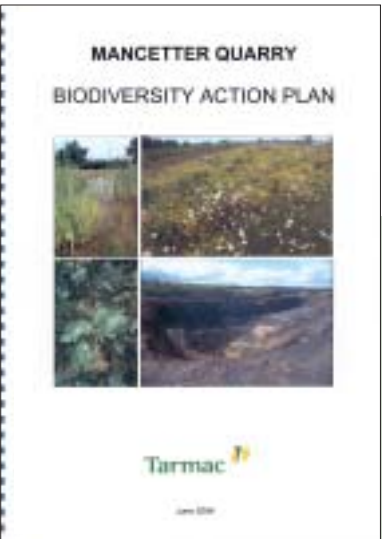
Biodiversity Action Plan at Mancetter Quarry

Mancetter Quarry is set within an area of farmland and mixed woodland at Hartshill Ridge in north Warwickshire. Parts of the surrounding area have been designated as Sites of Special Scientific Interest (SSSIs) in recognition of its rich biodiversity, which includes a wide range of plant, bird and wildlife.

The Biodiversity Action Plan for Mancetter Quarry provides a framework of detailed ecological information and analysis. This analysis has enabled us to develop targets and an action plan to protect and maintain the environment.

In particular, the action plan sets out a series of five-year programmes for the progressive restoration of the quarry, which will include the development of additional oak/hazel woodland, acidic herb-rich grassland, alder carr, reed beds, ponds, lowland heath and scrub.

The site regularly employs the British Trust for Conservation Volunteers to control scrub and to erect and maintain amphibian fencing. Of particular note has been a project to grow cuttings from a single rare Wild Service Tree found within the quarry. Over fifty saplings have now been grown and planted out as part of the Biodiversity Action Plan.



Biodiversity Action Plan



Mancetter Quarry – Wetland Area



Broad Bodied Chaser – *Libellula compressa*



Cowslip – *Primula veris*



Wild Service Tree – *Sorbus terminalis*

The way forward

In 2005 Tarmac will be working towards its new environmental performance targets:

- To complete ISO 14001 certification by 2007
- To reduce specific energy consumption by 15% by 2014 (based on 2004 usage)
- To reduce potable water consumption in the production of mortar and concrete products by 4.3% by 2010 (based on 2002 usage)
- To reduce waste sent for licensed disposal by 25% by 2010 (based on 2004 quantities)
- To implement Biodiversity Action Plans at all active mineral operations by 2008.

Tarmac has already achieved a great deal in terms of raising awareness of environmental matters in all areas of its operations and will be building on this during 2005 and beyond. The company will aim to minimise the environmental impact of its operations in a sustainable way.

Our policy

Tarmac seeks to promote and maintain open and constructive dialogue and good working relationships with employees, local communities, regulatory agencies, business organisations and other affected and interested groups.

Our performance

Tarmac takes pride in its open and honest communication with all stakeholder groups, not least the communities in which it operates and its customer and supplier relationships.

Embracing Anglo American's policy, Tarmac has adopted a series of Business Principles based on good citizenship which include developing strong links with all stakeholders, ensuring they know as much as possible about all aspects of our business operations.

These Business Principles are part of the company's commitment to sustainable development and to achieving recognition as a good employer, a good supplier and a good neighbour.

Partners in local communities

Wherever it operates, Tarmac works in partnership with local communities and believes that establishing and maintaining open and honest communications with local stakeholders brings benefits for everyone.

Prior to starting operations at Yang Quarry in Eastern China in 2004, Tarmac sought to create an understanding of quarrying among the local community. A local employee training manager is helping to establish safety best practice and a community liaison officer is working in partnership with local stakeholders.

Tarmac's quarries also support a programme of educational days and tours for schoolchildren designed to introduce them to the world of quarrying and provide information about the earth and its minerals. During 2004, Tarmac launched a new educational resource for teachers based on a town called Quarryville which can be accessed through this website: www.tarmac.co.uk/quarryville



Visitors at Tarmac Open Days



Our Business Principles

social

Partners in people development

Tarmac aims to develop its people to improve organisational, team and individual performance, ensuring everyone has an opportunity to achieve professional and personal growth.

In 2004, the company established a new Talent Management Forum focused on enhancing the knowledge and performance of individual employees. The company also initiated a new Senior Management Development programme, in conjunction with Cranfield University, providing an insight into modern management practices.

Building on its successful National Vocational Qualification (NVQ) programme, 53 managers are currently working towards an NVQ in safety, health and environment management and the future plan is that they will all obtain a SHE NVQ by 2010. During 2005 the programme will be extended to include managers in non-quarrying operations.

In 2000, the Quarry Products Association set a target for the aggregates industry to get 50% of its employees to a minimum NVQ Level 2 (or equivalent) standard by the end of 2004. Overall, Tarmac's businesses have either met or exceeded this target.

Tarmac also operates its own online intranet learning system called T-Learn, which helps employees to continually develop their skills. Further enhancements are planned for this system in 2005.

Partners in industry

Tarmac takes a proactive approach to raising awareness of important safety, health and environment issues at an industry level by hosting events to share best practice.

Colchester Quarry hosted a safety awareness day, organised by the Health and Safety Executive in partnership with the South East Quarries Liaison Group. Foremen and quarry supervisors from different companies around the Anglia region were able to share best practice at the event. Similarly, Clitheroe Quarry in Lancashire hosted a safety day with its neighbouring cement plant for operatives from across the north of England.

Partners in supply

Tarmac aims to establish effective partnerships with suppliers, which support the company's Business Principles.

In this way, suppliers become active supporters of the company's safety, health and environment targets and in some cases can even develop new products and services to help Tarmac to meet its goals.

When planning for the introduction of Tarmac's new occupational health strategy, several suppliers of personal protective equipment and other service providers, were invited to join Tarmac in launching the strategy. The suppliers provided sponsorship and a number of training sessions for managers.

Partners in archaeology

Archaeological finds, unearthed as a result of quarrying activities, occur regularly.

Every time a new land area is to be excavated, detailed assessments are carried out, to meet the requirements of relevant statutory authorities, and where necessary, archaeologists are appointed to carry out a thorough programme of investigations.

During 2004 a wide range of interesting archaeological artefacts has been discovered:

- Excavations at Broom Quarry in Bedfordshire have uncovered the upper skulls and horns of seven aurochs – a predecessor of the modern domestic cow. These creatures were thought to have become extinct around the beginning of the Bronze Age.
- Excavations at Planany Quarry in the Czech Republic have discovered relics of ancient civilisations including Paleolithic and Roman artefacts, nine graves and skeletal remains.

Partners in charity

As well as supporting the interests of the communities in which it operates, Tarmac also supports a number of selected charities.

Tarmac has renewed its sponsorship of a three-year research fellowship in environmental change at Jesus College, Oxford. The research student sponsored under the former fellowship has been leading research in the field of water management and is attached to the College's Environmental Change Institute, which is a world-class centre in the study of the environment.

Tarmac also supported the Prince of Wales XL Programme – an initiative providing support to young people facing difficulties at school or at work to help with their development and empower them to make positive decisions about their future.

In addition, Tarmac has provided wide-ranging support in terms of employee resource, materials and fund-raising activities to numerous regional charities and initiatives.

The way forward

Tarmac will continue to work closely with stakeholders to help raise awareness of the business's activities and the economic benefits they bring. The business will continue to do this through proactive, open dialogue with all stakeholders and other interested groups.



Training at Yang Quarry, Eastern China



Safety Awareness Day at Colchester Quarry



Excavations at Broom Quarry



Prince's Trust

Prince of Wales XL Programme Logo

Special Report – Good neighbours at Nosterfield

Successful quarries need the support of the communities in which they operate. Nosterfield Quarry is demonstrating that being a good neighbour means using open and honest dialogue to help address misconceptions and to consider local issues, while securing future operations for the benefit of the region.

Nosterfield Quarry has been operated by Tarmac for 14 years. During that time it has become an integral part of the local community, excavating and producing much-needed materials for use in the region's construction industry. The quarry itself lies adjacent to North Yorkshire moorland, close to the villages of Nosterfield, Well, Thornborough and West Tanfield. Since operations began, the quarry has placed much emphasis on communicating with local people, schools, interest groups and other organisations.

Liaising with local people

Like most of Tarmac's quarries, Nosterfield has established a local liaison committee, made up of parish councillors, representatives of local groups and residents. This committee provides a regular forum where Tarmac can meet with local people to update them about any plans or events at the quarry and involve them in any relevant decision-making.

After consulting with the local community and the local authority in the 1990s, Tarmac introduced a new haulage route to the quarry, ensuring hauliers use a specified route to minimise any potential disturbance in nearby villages.

Tarmac also produces a quarterly newsletter called Neighbourhood News, which is delivered to local homes.



The New Hauliers Approved Route

Managing issues

While discussing initial plans to extend the quarry, some local people and interest groups raised concerns about the possible impact on archaeology in the area. The quarry is some half a mile from the first series of three Neolithic structures known as the Thornborough Henges – a scheduled ancient monument that lies within a protected zone.

Since these concerns were raised, statutory agencies and local authorities have been leading a study to assess the archaeological significance of the Thornborough Moor site. Tarmac has agreed not to go ahead with any planning application for Thornborough Moor until the outcome of the study is known.

In order to gain a better understanding of the archaeology in the area in and around the quarry, Tarmac has commissioned a specialist archaeologist to carry out an intensive archaeological investigation including geophysical surveys, field walking, test pitting and trial excavations. Any artefacts found by him are carbon dated and recorded on a web site which can be accessed by the public. Recent finds include the skeletal remains of four Iron Age horses and flint arrowheads from the Neolithic period. For information visit: www.archaeologicalplanningconsultancy.co.uk/mga/projects/noster/

An integral part of the community

As well as addressing concerns, the quarry tries to provide tangible benefits for the local community. While making plans for the restoration of a small area of the quarry that is no longer in use, it was established that local people would welcome access rights for a public footpath. Tarmac was able to provide a 1,500 metre footpath, which was completed in spring 2004.

Similarly, as part of the same restoration scheme, there are plans to open a new information and education centre at the quarry for use by the local community, schoolchildren and other visitors. The new centre will have a car parking area and a screened wildlife viewing platform.

Listening to local wildlife campaigners has also led Tarmac to take action to help replace the lost wetland landscape of the north of England. A major new reed bed has been developed at the quarry, to attract birds like the Bittern and other species back to the area.

Each of Tarmac's quarries has an important role to play within the local community and the wider region. Regular supplies of good quality aggregates are vital to the region's construction industry. But delivering these supplies is just part of the story, by being a good neighbour and working closely with local communities, Tarmac can deliver lasting benefits in other ways too.



Public Footpath



Information and Education Centre

special
report

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This report is also available on the Tarmac website: **www.tarmac.co.uk**



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