Tarmac

CONSTRUCTIVE THINKING

REPORT TO SOCIETY 2006

A member of the Anglo American plc group

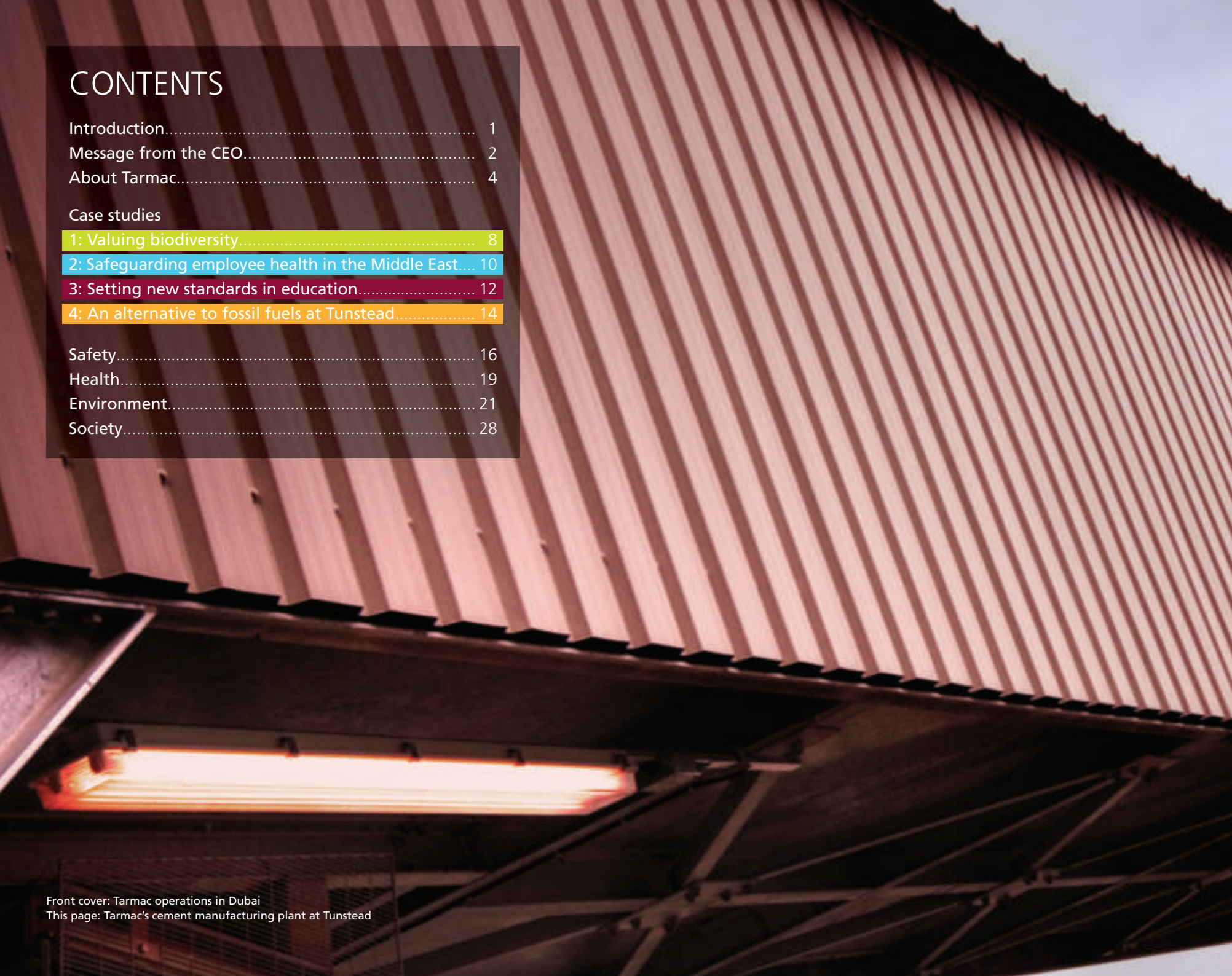
CONTENTS

Introduction 1
Message from the CEO 2
About Tarmac 4

Case studies

1: Valuing biodiversity 8
2: Safeguarding employee health in the Middle East 10
3: Setting new standards in education 12
4: An alternative to fossil fuels at Tunstead 14

Safety 16
Health 19
Environment 21
Society 28



Front cover: Tarmac operations in Dubai
This page: Tarmac's cement manufacturing plant at Tunstead

INTRODUCTION

Welcome to the Tarmac Report to Society 2006. As an international business, we believe that we have a responsibility to act positively and responsibly with regard to all our different impacts on society. In short, you could call it thinking – and behaving – constructively.

This report details our performance in 2006 in four key areas: safety, health, environment and the community. We've also provided more in-depth case studies of some of the most exciting achievements and recent developments in these different areas and across some of our diverse locations.

We hope you'll find this year's Report to Society interesting and informative. If you have any feedback, we'd certainly like to hear from you – please email us at: **reporttosociety@tarmac.co.uk**

David Weston, Chief Executive Officer,
Tarmac Group

"We are committed to understanding the different impacts we have on society and to improving our performance in such areas on a continuous basis."

MESSAGE FROM THE CEO

It is a privilege to welcome you to our Report to Society 2006. This is the first such report I've been involved with as Chief Executive Officer for Tarmac, but it's actually the 12th of its kind we have produced over the last decade and beyond.

Such a history of reporting is evidence of how seriously we take the different issues you'll find addressed inside. I hope it demonstrates how committed we are to understanding the different effects we have on society and to improving our performance in such areas on a continuous basis. We believe in the open and honest communication of both our successes and those areas in which we still have work to do.

In 2006, we continued to make significant progress towards a variety of important targets in areas such as health, safety and environmental performance.

Protecting the health and safety of our workforce remains a priority in everything we do. It is therefore with great regret that we must report a fatal injury which occurred in our business in Oman during 2006. Additionally, while our overall safety performance has improved by 76% since 2000, in 2006 we did not achieve the high performance levels of the previous year.

We take these safety issues very seriously and have put in place measures to ensure that such a fatality cannot occur again and our safety performance resumes its overall trend of improvement. In 2006, we relaunched our Golden Rules which form the fundamental basis for safe behaviour across all our operations. We are also working hard to ensure that safety leadership is an issue championed by senior and middle management, helping to realise important behavioural changes right across our organisation.

Alongside safety, employee health is an area in which we continue to invest significant resources to achieve industry-leading performance. In the Middle East, for example, we've recently implemented an Occupational Health Strategy which is the first of its kind in the region outside the petrochemicals industry – our Case Study on page 10 provides more details. We've also continued to introduce a wide range of innovative engineering solutions to reduce exposure to potential health risks.

In 2006, climate change and related environmental issues moved to the forefront of political and social agendas as never before, and it is widely recognised that big business has an important role to play. At Tarmac, we are committed to behaving responsibly and minimising our impact on the environment both locally and globally.

We have therefore set ourselves challenging environmental targets against which we have made good progress in 2006. Through increased efficiency, the Tarmac Group has achieved important reductions in specific energy consumption in the production of crushed rock, asphalt, concrete, concrete products, cement and lime in comparison with our 2004 baseline. This has resulted in significant reductions of our CO_2 intensity.

Our Recycling business continues to grow, helping to preserve valuable natural resources and reduce wastage across different industry areas. In 2006, we also made important progress in our efforts to reduce the amount of waste we produce and water we use, as well as continuing to preserve and promote the biodiversity of the natural environments in which we work.

I'm also very excited to share with you some of the diverse and valuable ways in which Tarmac is helping to play a proactive and responsible role in society. We believe wholeheartedly that enabling our employees to realise their full potential is essential to our ongoing success, and so we have continued to invest heavily in training and development opportunities for our workforce.

We aim to conduct our business in a straightforward and fair manner, believing that we can create value in the many different communities in which we work. This report provides an insight into some of the many local success stories in which Tarmac has played a crucial role.

Although proud of what we achieved in 2006, we are not complacent. We'll continue through 2007 and beyond to respond to the many challenges that we face. This report provides more detail on what's been an exciting journey so far – I hope to be able to share more of our progress with you next year.

ABOUT TARMAC

Tarmac is one of the world's leading providers of building materials and construction solutions, helping to create and sustain a better quality of life for millions of people.

Our products can be found in almost every aspect of our lives: the roads we travel on; the buildings we live and work in; the schools, hospitals and colleges we visit; even the toothpaste we use to clean our teeth and the sports pitches we play on.

PRODUCT USAGE

AGGREGATES

ASPHALT

READY-MIXED CONCRETE

CONCRETE PRODUCTS

RECYCLING SERVICES

CEMENT

LIME

CONSTRUCTION AND CONTRACTING SERVICES

MORTAR AND SCREEDS

AGGREGATES
(crushed rock, sand and gravel)
- Road construction
- Building and infrastructure foundations
- Production of concrete and asphalt

ASPHALT
- Motorway construction
- Airport runways
- Sporting arenas
- Car parks and driveways

READY-MIXED CONCRETE
- Construction projects
- Foundations

CONCRETE PRODUCTS
- Concrete blocks for walling, structural flooring and decorative paving
- Specialist pre-cast products for tunnel, rail and civil engineering products

RECYCLING SERVICES
- Recycling waste materials from the construction industry
- Producing a range of recycled aggregates and blended materials for re-use

CEMENT
- Production of concrete and concrete products for the construction industry

LIME
- Land remediation
- Water treatment projects
- Production of fibreglass, toothpaste, sugar, glass, leather, iron and steel

CONSTRUCTION AND CONTRACTING SERVICES
- Roads
- Footpaths and cycleways
- Industrial or business parks
- Multi-storey car parks and commercial driveways
- Fencing, signing, lighting and traffic management

MORTAR AND SCREEDS
- Small-scale brick-laying projects
- Major house-building schemes

WHO WE ARE

Tarmac's history stretches back more than 100 years as the original inventor of the modern road surface 'tarmacadam'. We have expanded and diversified our business over the course of a century and in 2000, we became a wholly owned subsidiary of Anglo American plc – a global leader in mining and natural resources.

We employ more than 12,500 people worldwide and our turnover was over £2 billion in 2006. We are the leading supplier of heavy building materials in the UK, where we employ more than 8,000 people and operate in excess of 750 sites.

We also have a significant international presence and we are currently working in Belgium, the Czech Republic, Eire, France, Germany, Oman, Poland, Romania, Spain, Turkey and the United Arab Emirates.

WHAT WE DO

Our name derives from the road-surfacing material that was the origin of our business more than 100 years ago. Tarmac provides a wide range of products and services that are in use in every part of our lives and across diverse industry sectors. A comprehensive list of what we do can be seen in the left-hand column.

WHAT WE BELIEVE

We know that our products and services play an essential role in the world we live in; we also realise that our activities have an impact on people, communities and environments.

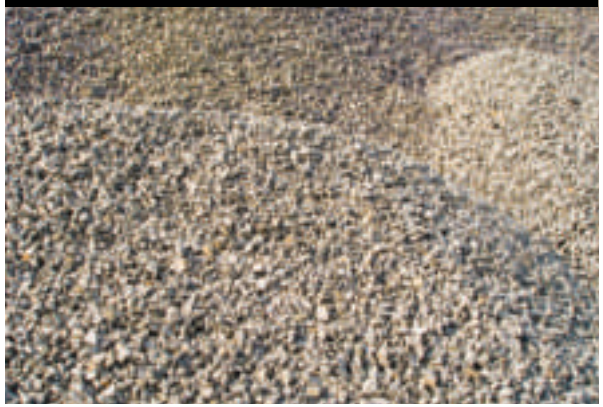
We are committed to delivering the highest possible level of service to our customers right across the world. We also believe in conducting our business affairs in an open and transparent manner that complies with all regulatory requirements.

We place the highest importance on the health and safety of our employees and promote a culture of continuous improvement in these areas. We invest heavily in our employees to allow them to realise their full potential.

We seek to grow our business in a sustainable and responsible manner, providing our shareholders with a strong return on their investment. We aim to achieve the best possible performance in environmental practice and minimise the environmental impact of all our operations. We also believe we have a responsibility to play a positive role in the communities in which we work, building strong and open relationships with our neighbours and stakeholder groups.

RAW MATERIALS

AGGREGATES



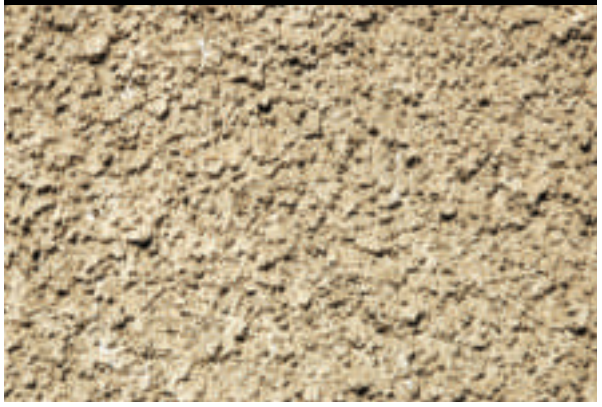
ASPHALT

READY-MIXED CONCRETE

CONCRETE PRODUCTS

RECYCLING SERVICES

CEMENT



LIME

CONSTRUCTION AND CONTRACTING SERVICES

MORTAR AND SCREEDS

We continue to maintain a strong interest in promoting biodiversity at our sites, even when we are no longer actively using them.

Sand martin nests are left undisturbed at a Tarmac site in the Czech Republic to enable the birds to rear their young

As the examples opposite show, we continue to maintain a strong interest in promoting biodiversity at our sites even when we are no longer actively using them. This is evident again at our dormant Baraize Quarry in France, where a national study by aggregate producers in France discovered the presence of the aquatic *cistude d'Europe* tortoise on this unused site.

Although the restoration process had already been completed at the quarry, Tarmac was keen to see what more could be done to help protect this important species. As a result, inert materials on the site have been refilled with water to provide an aquatic milieu that can support a variety of different species – including the *cistude* tortoise.

CASE STUDY 2:
SAFEGUARDING EMPLOYEE HEALTH IN THE MIDDLE EAST

Tarmac takes the health and safety of its employees very seriously, regardless of where they work or what role they are employed in. In the Middle East, for example, this commitment has resulted in the implementation of a comprehensive Occupational Health Strategy (OHS) throughout 2006 and beyond – the first of its kind in the region outside the petrochemicals industry.

In the United Arab Emirates and Oman, Tarmac operates eight asphalt plants, two quarries and 15 contracting gangs, with a total workforce of more than 800 employees. However, the implementation of an OHS for this group was by no means a straightforward task. Firstly, the operations are spread over a wide geographic area; secondly, there was a lack of knowledge and medical infrastructure in the region which could provide effective occupational health screening.

"To my knowledge, other than the petrochemical companies, no other employers in the region implement this kind of occupational screening," explained Craig Streak, Regional Sustainable Development Manager." So our biggest challenge in implementing the OHS was to find service providers willing to learn from us and work with us to carry out health screening to Tarmac's standards and establish our baseline data. This, in turn, could be used to understand issues and analyse the effectiveness of control measures, preventing further exposure to risk in the future."

Tarmac identified two hospitals in the United Arab Emirates which would be able to offer the required level of service: the NMC Specialist Hospital in Dubai, and its sister hospital in Abu Dhabi. In the more remote operations in Oman, the challenge was even greater, but still Tarmac identified two local clinics which could be used for this ongoing process.

"We put a lot of effort into finding the right service providers who could meet our long-term needs," said Craig. "With these providers, we've worked hard to establish a partnership approach, providing guidance and examples on how to implement and administer occupational health schemes so that they can use this knowledge in different contexts."

Not all the providers had all the relevant equipment to implement the scheme, so Tarmac has assisted in the purchase of audiometers (used to assess hearing) and spirometers (used to measure lung function) at two of the service provider sites – facilities which are now benefiting local people as well as Tarmac employees.

Baseline data for occupational health was completed across our operations in Oman and the United Arab Emirates in 2006 and has been recorded using reporting formats similar to Tarmac UK's. It has been established that there is generally a good level of health among our employees in the region, although a significant prevalence of diabetes has been noted. This is likely to be the result of diet, and Tarmac is

A Tarmac employee in the Middle East undergoing an eye examination as part of our Occupational Health Strategy for the region

working on the introduction of an educational programme to alert employees as to how they can minimise the risk of contracting this condition.

Assessments for dust and noise at our different sites in the region are also ongoing. Due to the lack of local equipment, instruments to measure noise and dust have been hired or bought from the UK in order to achieve the most effective monitoring and evaluation processes.

"It's been really exciting to be involved in this groundbreaking initiative here in the Middle East," added Craig. "We're introducing a level of occupational health monitoring that is unprecedented in our industry sector in this region. In 2007, we'll be looking to hold a series of workshops for all our employees to raise awareness of occupational health issues and to minimise risk – I think we'll see the benefits of this work for years to come."

"We're introducing a level of occupational health monitoring that is unprecedented in our industry sector in this region."

CRAIG STREAK
Regional Sustainable Development Manager

CASE STUDY 3:
SETTING NEW STANDARDS IN EDUCATION

For more than 15 years, Tarmac has helped to support the incredible success story of Thomas Telford School in the West Midlands, where outstanding GCSE examination results have put it at the top of the Government's league tables for comprehensive schools in England over the past eight years.

"The involvement of senior personnel from Tarmac at board level has encouraged a business approach to education, which has led to the school becoming highly focused, especially in terms of the needs of its students."

SIR KEVIN SATCHWELL
Headmaster, Thomas Telford School, West Midlands

Thomas Telford School was originally founded in 1991 as one of 15 City Technology Colleges established by the Government – independent of Local Education Authorities and accountable directly to the Department for Education and Skills. These specialist schools charge no fees and have no academic selection procedure. Nevertheless, they are notable for their particular emphasis on science, maths and technology, as well as for their close links with business and industry.

Tarmac contributed £1 million to the original building costs of the school and has since maintained a highly active role in its development. It has helped with a wide variety of building extensions through the provision of construction materials on a discounted or no-cost basis. Projects undertaken in this way include a sports pavilion, a swimming pool, new nursery and administration facilities, a theatre extension and, currently, an extension to the sports hall.

Another significant contribution has been the involvement of Tarmac management in helping to run the school; since its inception, Tarmac has maintained a presence of at least four governors on the school board, all drawn from senior levels in the company.

For the last eight years, Tarmac has also regularly accepted post-GCSE students from the school on work placements. Spending up to two weeks working across different departments, the placements provide students with valuable experience for both their future academic and professional careers. Also helping students in their decision-making processes, two retired Tarmac personnel have become actively involved in careers advice at the school.

Thomas Telford School has built its extraordinary success through a combination of fantastic facilities, superb teaching, strong leadership and the development of a positive school atmosphere.

The school day at Thomas Telford is a long one, starting at 8am and running through to 5pm; nevertheless, only two subjects are taught per day, allowing teachers to develop ideas and skills without unnecessary interruptions. It's an inclusive environment with no separate staff common room, and high standards in behaviour and dress help to establish an atmosphere of support and respect. Its achievement as the highest-performing comprehensive school in the country is particularly impressive when it is considered that the school accepts students of all abilities from economically deprived catchment areas around Wolverhampton and Telford.

Headmaster Sir Kevin Satchwell said: "It is the involvement of senior personnel from Tarmac at board level that has had the greatest impact on Thomas Telford School and, in particular, their personal influence in encouraging the school to think and work differently. They have encouraged a business approach to education which has led to the school becoming highly focused, especially in terms of the needs of its students.

"Tarmac governors were instrumental in helping to establish the business arm of the school – Thomas Telford School Online Ltd – which provides online courses for other schools via the Internet. Profits from the company have been used to help build two new schools (Academies) in deprived areas of Sandwell and Walsall.

"Altogether, including other educational projects, this has enabled Thomas Telford School to attract over £100 million in matched funding for the West Midlands from the Department for Education and Skills. This would not have been possible without the guidance and influence of the governors."

School blazers hung up at the Thomas Telford School in the West Midlands

CASE STUDY 4:
AN ALTERNATIVE TO FOSSIL FUELS AT TUNSTEAD

More than 50 million tyres are removed from vehicles in the UK each year. Some of these can be re-used or retreaded, but a significant number cannot be recycled. In addition, as of 2006, it is no longer permitted to send tyres to landfill, so finding a use for this unwanted resource is clearly a benefit to the environment and to society as a whole.

Storage of tyre chips at the Tunstead cement manufacturing plant

"This is the first step in our ongoing programme to reduce fossil fuel use at our plants."

DR MARTYN KENNY
Technical and Environmental Director, Buxton Lime Industries

As part of its commitment to further improve the sustainability of its operations, Buxton Lime Industries, part of the Tarmac Group, has been trialling the use of worn-out tyres as a replacement for some of the fossil fuel used in its new cement manufacturing plant at Tunstead.

With the possibility of tyres replacing 25% of the thermal requirement of the cement plant, using waste tyres as an alternative fuel not only means a reduction in the use of fossil fuels but also helps society to find an environmentally beneficial way of dealing with a waste problem.

The whole trial has been conducted within the context of an open and ongoing consultation process with the local community. As part of an extensive communication campaign, employees, contractors, residents, councillors, MEPs and others received information on the trial through a community newsletter and community briefings and were also invited to a two-day exhibition held in November 2005 to ensure they could find out everything they wanted to know about the proposed trial.

In accordance with strict regulatory requirements, throughout July and August 2006, the Tunstead Cement Plant collected a broad range of data relating to emissions and other criteria in order to establish a performance baseline using only fossil fuels. With the go-ahead for the trial received from the Environment Agency in September 2006, a new £2.3 million tyre reception, storage and delivery system was then commissioned.

The use of tyres as an alternative fuel began on 6 November 2006. The trial is being carried out in accordance with the Environment Agency's Substitute Fuels Protocol, which prescribes a range of key requirements with regard to the duration, management, control and monitoring of the trial.

The tyres themselves come from a specialist company in Yorkshire, which sorts and 'chips' them in order to optimise their use as a replacement for fossil fuels. The tyre chips are then transported from Yorkshire to Tunstead by lorry – but as one tonne of tyre chips replaces one tonne of coal, the total lorry movements to the site remains the same.

After delivery to Tunstead, the tyre chips are held in a new storage area for safe handling before they are metered into the kiln as fuel – helping to produce temperatures of approximately 1,450°C which are required for cement production. The tyre chips are completely combusted in the process, meaning there is no smoke or odour produced as a waste product.

At the end of the trial period, a detailed report, including a comparison of emissions during the trial with the baseline, will be submitted to the Environment Agency for assessment – we'll report on the results of this assessment in next year's report.

Dr Martyn Kenny, Technical and Environmental Director for Buxton Lime Industries, said: "We're very optimistic that this trial will be a success and that tyre chips will continue to be used as a fuel at Tunstead. This is the first step in our ongoing programme to reduce fossil fuel use at our plants over the coming years."

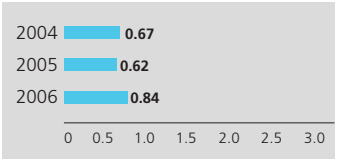
SAFETY

It is Tarmac's aim to achieve and maintain the highest standards of safety for all employees, contractors and third parties at all times. We work in potentially hazardous environments that present risks associated with large vehicles, rock faces, heavy machinery, explosives and more; in this context, we position safety at the heart of everything we do.

IN THIS SECTION:

- PERFORMANCE IN 2006
- SAFETY STRATEGY
- GOLDEN RULES
- SUPERBOOT
- LOOKING FORWARD: 2007 AND BEYOND

TARMAC GROUP LTIFR 2004 – 2006
(Lost Time Injury Frequency Rate)

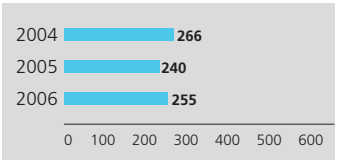


Lost Time Injury
Any injury that results in someone losing more than one full shift following an incident but which does not include any time lost on the day of the incident itself.

Lost Time Injury Frequency Rate:

$$\frac{\text{Lost Time Injuries (LTIs) x 200,000}}{\text{Man hours worked}}$$

TARMAC GROUP LTISR 2004 – 2006
(Lost Time Injury Severity Rate)



Lost Time Injury Severity Rate:

$$\frac{\text{Days lost due to Lost Time Injuries (LTIs) x 200,000}}{\text{Man hours worked}}$$

PERFORMANCE IN 2006

In 2006, we suffered the tragic fatality of an employee in Oman due to a collision with a vehicle on site. We are of course extremely concerned about this major breach of safety standards, and the incident has been formally investigated to fully establish the causes and lessons to be learnt. In order to ensure that such an incident cannot occur again, we have since adapted one of our Safety Golden Rules to specify that nobody approaches a manned vehicle without first making eye contact with the driver.

Across the period 2000 to 2005, we were able to reduce our Lost Time Injury Frequency Rate (LTIFR) from 3.57 to 0.62 – a performance improvement of 83%. In 2006, however, our LTIFR increased to 0.84. Alongside our LTIFR, our Lost Time Injury Severity Rate (LTISR) has also seen an increase in 2006.

We are disappointed by both these increases and are taking steps to ensure they are not repeated, including the relaunch of our Golden Rules (see opposite for details).

SAFETY STRATEGY

In 2005, we developed a comprehensive new safety strategy in collaboration with Anglo American, which built on our areas of strength and addressed areas for improvement. In 2006, this strategy has been approved and rolled out across our operations, and is the vehicle through which we aim to achieve our target of zero injuries in the workplace.

In essence, we look to create and maintain an interdependent safety culture, which is based on the principle that each individual is responsible not only for his or her own safety, but also the safety of others.

To support our safety strategy, more than 300 line managers and 650 supervisors completed Behavioural Safety Leadership training in 2006. Training for the remaining 55 managers and 110 supervisors will be completed in the first quarter of 2007.

Also in 2006, our National Contracting business in the UK achieved the internationally recognised OHSAS 18001 accreditation for health and safety management after a detailed audit by the British Standards Institute in May and June.

Preparing for and shooting different scenes to be used in our new Golden Rules film

GOLDEN RULES

Since 2000, we have seen a dramatic overall improvement in safety performance at Tarmac as evidenced by a reduction in Lost Time Injury Frequency Rate (LTIFR) from 3.57 in 2000 to 0.84 in 2006. Nevertheless, we are also aware that this reduction in LTIFR has also resulted in a slow down in the rate of performance improvement in recent years – a trend that we are determined to challenge and reverse.

To support us in this aim, in 2006 we simplified and revised our Safety Golden Rules and relaunched them across our UK businesses. The Golden Rules provide fundamental guidelines for safe behaviour in and around the workplace, and were revised to make them easier to remember and clearer to follow.

The importance of this relaunch was reflected in a major communications campaign across the different businesses. The launch took place in September 2006, with all employees getting to see a brand new film which has been specially made to support the key messages of the revised Golden Rules.

In the film, employees are taken through each Golden Rule in turn by seeing their importance in practical everyday examples. Crucially, two alternative sets of behaviour are presented: Mr Right, who follows the Golden Rules, and Mr Quick, who cuts corners to finish the job sooner. By seeing the consequences of Mr Quick's safety shortcuts, employees are reminded that it is their personal choices that are crucial to their own safety and the safety of others. Available in two versions (one for our fixed sites and one for our National Contracting business), this film is now an integral part of our safety induction for anyone working on a Tarmac site.

Alongside the film, all employees have been encouraged to sign pledge posters displayed on site, acknowledging their commitment to the Golden Rules.

If only Wayne Rooney had worn these: the new protective SuperBoot, designed by Bacou-Dalloz in partnership with Tarmac

SUPERBOOT

Boots with steel toe caps have been worn as standard on industrial work sites for many years, but at Tarmac, we were concerned that these were simply not providing the level of protection we require for our employees. Although toes were protected from impact, the frequent recurrence of metatarsal injuries was proof that the rest of the foot was insufficiently protected.

As a result, we began working in partnership with French company Bacou-Dalloz, manufacturers of personal protective equipment, to develop a boot which sets new standards in footwear safety. The result is the so-called SuperBoot, made from the same material as combat flak jackets, which combines flexibility, lightness and strong protection right across the foot and ankle.

In a timely reference to England footballer Wayne Rooney's own metatarsal troubles, this revolutionary new boot was rolled out across our National Contracting business during the 2006 World Cup. It is being trialled across our Building Products and Aggregate Products businesses in 2007.

LOOKING FORWARD: 2007 AND BEYOND

Throughout 2007, we will be investing in the leadership of safety committees across Tarmac by providing training for our supervisors and managers. The importance of these committees will also be demonstrated by an increased involvement of senior management, who will be attending and supporting on a regular basis.

The revised Golden Rules will be relaunched across our international businesses in 2007, with the full range of communications materials translated into 12 languages. To support and reinforce the relaunch of the revised Golden Rules, a computer-based training programme will be rolled out in 2007. In it, employees will be introduced to different scenarios using scenes from the film and then asked to make decisions as to what is the safe way to proceed. This innovative tool will also be introduced across our international businesses in due course.

HEALTH

We are committed to safeguarding the health of our employees and contractors in the workplace through the careful assessment of risk, detailed screening programmes and a wide range of preventative measures across all aspects of our business.

IN THIS SECTION:

- OCCUPATIONAL HEALTH STRATEGY
- HEALTH SCREENING
- COMBATING HAVS
- LOOKING FORWARD: 2007 AND BEYOND

OCCUPATIONAL HEALTH STRATEGY

We seek to prevent any occurrence of ill-health arising from being in the workplace, or the progression of any existing health condition as a result of working conditions.

Tarmac works in heavy industries and across a range of different environments – as a result, we are faced with a range of potential health hazards including noise, dust, vibrations and skin irritants. Our aim is to eliminate exposure to such hazards or, where this is not possible, to control exposure at levels which will not cause harm.

We have a rigorous Occupational Health Strategy which is in place across our different businesses, allowing us to assess, monitor and respond to potential health risks faced by our workforce. Each of our businesses has completed an occupational health risk assessment to identify and, where possible, eliminate health risks for all employees.

In 2006, we implemented our Occupational Health Strategy for operations in the Middle East.

We also continue to introduce a wide variety of engineering solutions that are helping to reduce employees' exposure to potential risks, including:

- Removal of control cabins from noisy and dusty environments to remote locations
- Installation of automated pigment delivery systems in asphalt production plants
- Installation of automated greasing systems to reduce exposure to grease
- Dust suppression systems on mobile plant sites
- Improved shower and welfare facilities for employees exposed to cement
- Better soundproofing on mobile plant sites.

HEALTH SCREENING

In the UK, we have a rolling three-year health screening programme, which allows us to identify and monitor health risks across our workforce, evaluate the effectiveness of risk prevention measures, and modify behaviours and working practices where appropriate.

In early 2006, we completed a rating exercise for each employee to assess their potential exposure to different kinds of risk. The establishment of 'red', 'amber' and 'green' ratings enables us to develop preventative strategies focused on individual employees.

In particular, we monitor very closely four conditions which have historically been associated with the type of work we do: noise-induced hearing loss (NIHL); hand-arm vibration syndrome (HAVS); dermatitis and silicosis/COAD. In 2006, we recorded the following occurrences of these conditions:

Number of cases

	2005	**2006**
NIHL	2,538	**2,688**
Silicosis/COAD	4	**3**
HAVS	446	**381**
Dermatitis	12	**4**
Total	3,000	**3,076**

Employees with these conditions have not necessarily acquired them at Tarmac – they are often the result of years working in this industry sector for a variety of employers. We have had preventative measures in place for many years to help avoid occurrences of these conditions, and our health screening programme helps us to monitor our performance in this area.

To ensure the accuracy and effectiveness of our health screening programme, in 2006 we have been rechecking our results and re-testing for NIHL. This has been particularly important in the Middle East and Spain, where improved accuracy of assessment is the major reason for the overall increase in cases of NIHL reported in 2006.

A more focused screening system to monitor existing cases of HAVS has been introduced, and as a result, the number of cases has reduced significantly since 2005. In 2006, we introduced a lung function test for employees who may have been exposed to silica, helping to monitor and reduce the potential for contracting silicosis/COAD.

COMBATING HAVS

In the construction industry, the use of hand-held vibrating tools is commonplace. Without proper controls, excessive use of such tools can lead to hand-arm vibration syndrome (HAVS). This condition is probably caused by slight but repeated injury to the small nerves and blood vessels in the fingers, and can result in numbness, poor circulation, reduced dexterity and chronic pain.

We take the issue of HAVS very seriously indeed, and we have strict guidelines in place to avoid dangerous exposure levels. Last year, we reported on the introduction of a tool tagging system, which would allow more effective control of vibration exposure, and the trialling of a new version of the JCB 2CX Streetmaster by Tarmac National Contracting over the last two years.

Contractors and health and safety specialists at Tarmac have teamed up with JCB to develop a modified mini-excavator which uses a cabin-operated back-hoe to reduce the need for hand-held jack hammers. To date, Tarmac has invested around £500,000 in working with JCB to acquire 15 such vehicles. Ken Bradley, Tarmac's Sustainable Development Manager, said: "This is a great example of Tarmac partnering with its suppliers to develop one-off solutions that work for our industry."

In another example of our proactive approach to eliminating HAVS in the workplace, in 2006 we began working with Reactec, an Edinburgh-based company that specialises in vibration control. In collaboration with Reactec, we have developed an innovative vibration measurement system which will help to protect our workforce against this unnecessary condition.

The measurement system is roughly the size of a matchbox, and contains a swipe card reader which the employee uses to identify him- or herself before beginning any 'at risk' task. The Reactec system is then attached to the tool itself and begins to measure the length and intensity of any vibrations.

The real strength of this system is that when a particular task is finished, it can then be transferred to a different piece of equipment and continue to measure the cumulative exposure to vibration by a given employee on a particular day. A system of lights alerts the user to their exposure status: green denotes safe working; amber indicates that it is time to stop using the machinery; and red warns of 'at risk' working conditions.

When the working session is completed, the Reactec system is then connected to a comprehensive database which stores all the data related to vibration exposure. As well as providing legally required data on each employee's exposure, it also offers the ability to monitor overall trends and assess the effectiveness of our strategies to eliminate HAVS from the workplace. Trials commenced in Scotland in December 2006. The Reactec system will be operational in 2007 and if successful, will be rolled out across the rest of the business in due course.

LOOKING FORWARD: 2007 AND BEYOND

Our aim is to eradicate any new incidences of work-related health problems and to prevent the progression of existing cases; we work continuously towards achieving this aim. We're looking to build on many of the exciting developments that have taken place over the last year and to extend these into 2007 and beyond.

This includes investing a planned further £2 million to continue the roll-out of the modified JCB 2CX Streetmaster in 2007. If successful, the Reactec vibration monitoring system will be introduced across our National Contracting business.

A Tarmac employee in the Middle East wearing Personal Protective Equipment

ENVIRONMENT

As a major international business, we strive continuously to operate in an environmentally responsible manner by understanding and controlling the full range of our impacts both locally and globally.

IN THIS SECTION:

- ENVIRONMENTAL MANAGEMENT
- RESOURCE USE
- FOAMMASTER
- CLIMATE CHANGE
- WASTE MANAGEMENT
- BIODIVERSITY
- WATER USE
- PRESERVATION AND RESTORATION
- LOOKING FORWARD: 2007 AND BEYOND

ENVIRONMENTAL MANAGEMENT

Working in the quarrying, construction and related industries, we are very aware of the actual and potential impact our operations can have on the environment in both the short and long term. That's why a strategic approach to environmental management is built in to the way in which we run our business, aimed at reducing any potentially negative impacts and delivering tangible positive results where possible.

By the end of 2006, we had introduced site-specific environmental management systems at 710 of our 735 industrial sites worldwide.

We've also continued to make progress towards our aim of achieving accreditation to ISO 14001 – the international standard for environmental management systems – across all our industrial locations by the end of 2007. By the end of 2006, we achieved ISO 14001 certification at 576 sites worldwide.

RESOURCE USE

Because of the nature of the industries we work in and the products and services we provide, we are very aware of the importance of managing the long-term lifecycle of our operations and the need for a consistent and sustainable approach to resource usage.

While geological resources are finite, Tarmac's products are not simply 'consumed' when used in construction – they retain the potential to be recycled and used in the ongoing sustainable development of our communities.

Tarmac Recycling is at the forefront of its sector, providing quality recycled aggregate products and waste management services to a wide variety of clients across the UK. We operate our own recycling sites and also work in partnership with local authorities and waste producers to develop sustainable solutions that meet both environmental and commercial criteria.

In 2006, Tarmac Group recycled a total of 416,916 tonnes of waste – an increase of 92% on our 2004 recycled waste total. Making use of waste from both our own businesses and external sources, Tarmac Recycling has significantly expanded the scope of its operations in 2006: total production (of recycled aggregates and managed waste) has increased by nearly 40% from 2005 to 2.8 million tonnes.

We also secured a major new contract in 2006 with Network Rail to recycle spent rail ballast; work began in September at sites in Crewe, Walsall and South Wales. In a further addition to our diverse range of recycling services, we also began working with utilities providers in 2006 to take waste products derived from trench building and convert them into materials that can be used to refill trenches – we hope to develop this new service area further in 2007.

FOAMMASTER – TURNING OLD ROADS INTO NEW

In 2006, Tarmac acquired a mobile recycling system which it has used successfully in major road construction projects across the UK. Known as FoamMaster, this highly adaptable system takes the waste arisings gathered at the start of a road resurfacing project and combines them with other recycled aggregates to produce materials that are then used to form part of a new road surface.

FoamMaster is a mobile 'in situ' system, so as well as helping to conserve primary aggregate resources, it also helps to minimise vehicle movements carrying waste and materials to and from the site. Smokeless, odourless and quiet, it provides a quality, cost-effective and environmentally friendly alternative to hot asphalt materials.

It has already proven a success in a variety of projects, including the UK's largest foamed asphalt contract on the A38 carriageway renewal in Devon and in work for Coventry City Council.

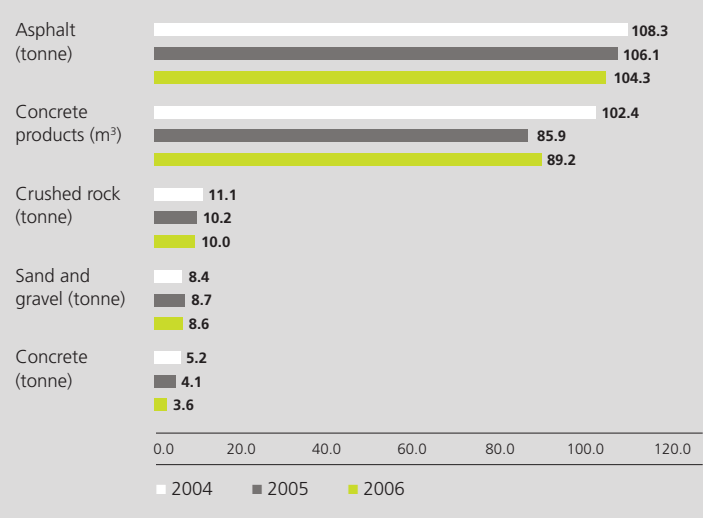
Alex Brown, Area Services Manager at Coventry City Council, said: "We were delighted to discover that Tarmac could provide a complete road recycling service and we are looking forward to applying this more widely. Driven by our Local Agenda 21, we are constantly looking for more sustainable construction methods and by limiting the use of virgin aggregates in this way, we are protecting much-needed environmental resources for the benefit of future generations."

"We are protecting much-needed environmental resources for the benefit of future generations."

ALEX BROWN
Area Services Manager,
Coventry City Council

Tarmac employees at work during a FoamMaster project

TARMAC GROUP SPECIFIC ENERGY CONSUMPTION (SEC) BY PRODUCT TYPE
2004 – 2006
kWh/unit production



TARMAC GROUP TOTAL CO_2 EMISSIONS (INCLUDES CO_2 FROM PROCESS)
2004 – 2006
Thousand tonnes of CO_2

CLIMATE CHANGE

Target: to reduce specific energy consumption by 15% (based on 2004 usage) by 2014

Climate change is now widely accepted as a global issue of major importance, with the release of carbon emissions resulting from the use of fossil fuels seen as a contributory factor in its development. At Tarmac, we believe that we have a duty as a business to play a role in combating this threat through a proactive and responsible approach to energy consumption.

In 2004, we conducted a major energy policy review, which led to the establishment of our 10-year target to reduce specific energy consumption per unit of production by 15% by 2014; by the end of 2006, we are well ahead of our schedule to meet this target.

Across all our businesses, we have been working hard to improve the quality of the data we collect in relation to energy consumption, which in turn is allowing us to drive greater energy efficiency improvements. Benchmarking has enabled the identification of the best-performing sites and those most in need of improvement. We have also been looking closely at our procurement processes to ensure that we work closely with suppliers to deliver the most energy-efficient solutions to our business needs.

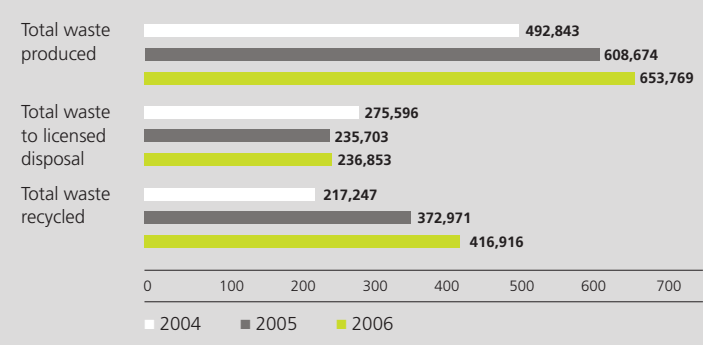
The 'Save Energy' (SavE) campaign is a major initiative throughout Tarmac UK aimed at promoting energy efficiency across our different businesses, and has now been rolled out across more than 500 sites in the UK to raise awareness and change behaviours. Information booklets have been produced and more than 200 people have been trained in energy management.

Each site has an Action Plan for reducing its energy consumption, and the appointment of energy managers and a network of energy champions across the business helps to ensure that projects are implemented.

The following are just some of the many initiatives currently in progress or recently completed:

- Commissioned in 2004, the new £110 million cement plant at Buxton utilises best available technology and has resulted in an overall reduction of 22.7% in Specific Energy Consumption for our cement production activities
- The first step in a programme to reduce the use of fossil fuels in our plants has been the introduction of chipped waste tyre as a fuel in the Buxton cement plant, replacing 25% of fossil fuel (see our Case Study on page 14 for more details)
- A UK-wide programme to improve the efficiency of compressed air systems by 20% is underway
- The programme to insulate aggregate dryers and boilers is almost complete, significantly reducing heat loss and energy requirements
- The implementation of a motor management policy whereby only high-efficiency motors are fitted to our equipment
- A sophisticated transport system is being developed to minimise the traffic movements of our delivery vehicles, thereby reducing the level of carbon emissions to atmosphere
- A new company car policy was introduced in 2006 which states that all new company cars need to be diesel or hybrid powered – this will reduce CO_2 emissions from Tarmac's car fleet by 2,832 tonnes over the next four years.

TARMAC GROUP WASTE DATA (EXCLUDING TARMAC RECYCLING)
2004 – 2006
Thousand tonnes



WASTE MANAGEMENT

Target: to reduce waste sent for licensed disposal by 25% by 2010 based on 2004 totals

Tarmac seeks to minimise waste in all areas of our business and this forms a key element of our environmental policy. The majority of waste produced in our operations, whether quarrying, asphalt or concrete production, can be recycled and relatively little is disposed of off-site. We therefore use waste sent to landfill as our key performance indicator, and we have set ourselves the target of reducing this total by 25% by 2010 (based on our 2004 baseline).

From 2006, we have been able to calculate our progress more accurately as a result of the inclusion of waste data from our operations in the Middle East for the first time – our baseline has been adjusted accordingly to reflect this additional information. As a result of the expansion of our business, total waste for the Tarmac Group has increased by 32.7% since 2004; however, waste sent for licensed disposal has decreased by 14.1% over the same period while the amount of waste sent to recycling has increased by 92%.

This important shift has been achieved through ongoing efforts to reduce waste right across our business and the continued growth of Tarmac Recycling (see page 21 for more details) – we will continue to work towards our 2010 target throughout 2007 and beyond.

BIODIVERSITY

Target: to introduce site-specific Biodiversity Action Plans (BAPs) at all active mineral extraction sites by 2008

Working in quarrying, we are aware that our operations have the potential to impact on the environment and the wildlife that lives within it. We therefore believe that we have a responsibility to understand and protect the natural biodiversity in and around our many active mineral extraction sites; once the quarry is no longer in active use, we then work hard in the restoration process to recreate and even enhance the natural biodiversity of a particular habitat. To help us achieve our goal, Tarmac has set itself the target of introducing Biodiversity Action Plans (BAPs) at all active mineral extraction sites by 2008. See the table opposite for details on our progress.

In the UK, Tarmac has established its first county-wide BAP in Northumberland that includes seven separate sites, each with their own biodiversity targets.

At a launch on 31 January 2007, Tarmac formally acknowledged its commitment to biodiversity in Northumberland by gaining BAP status across its quarry sites located at Barrasford, Belford, Broadoak, Harden, Howick, Lanton and Woodbridge.

Working in partnership with key stakeholders, including the Northumberland County Council,

Young Peregrine Falcons found nesting at one of our Northumberland quarries

CASE STUDY 1:
VALUING BIODIVERSITY

Tarmac believes it has an important role to play as a guardian of the natural habitats in which we work; we work continuously with authorities and environmental specialists to understand, protect and promote the rich biodiversity in and around our sites for this and future generations.

In 2005, we committed ourselves to implementing Biodiversity Action Plans (BAPs) for all our mineral extraction sites by the end of 2007. By biodiversity, we mean every living thing that exists now, has existed, or will exist in the future.

BAPs are drawn up in partnership with local stakeholders and environmental experts, taking into account local environmental features and issues. After a consultation and investigation process has been completed, a detailed site-specific plan is devised, which focuses on the protection and enhancement of biodiversity at a particular site and how Tarmac can help to promote this.

In the Czech Republic, Tarmac has taken an industry-leading approach to the process of implementing BAPs at our 26 active sites in the region. Biodiversity planning is a relatively new field in this area, and Tarmac has worked hard to find suitable partners to carry out detailed environmental research and also to provide relevant and effective biodiversity training for quarry managers.

Having begun the process in June 2005, BAPs have now been implemented across eight sites in the Czech Republic, with a further 18 due to be in place by the end of 2007. These plans have provided strategies to safeguard protected species, to resettle species where appropriate and to help ensure the long-term sustainability of these natural habitats.

In France, Tarmac has 25 active quarries and 10 dormant sites at which the protection and promotion of biodiversity is an important element of their ongoing management. One example is the Creuzeval Quarry near Lyon – a site which is home to a variety of protected species including a particular type of crayfish. Working with a specialist local environmental association, Tarmac has been involved in a study to count the number of crayfish on the site and to assess the feasibility of moving these fish into a similar nearby stream in order to minimise any disturbance to their natural lifecycle; these studies are currently being assessed by local authorities and a decision is expected in 2007.

At LaSalle in southern France, a local environmental association found a protected species of vegetation on the site of a former quarry that lies within our modern limestone quarry. As a result, Tarmac has made studies resulting in two key proposals: firstly, to create a conservation area within the site to ensure the preservation of the protected species; and secondly, to create an ecological garden during the restoration process (due to take place in 15 years' time), which will protect the long-term future of this important natural habitat.

Tarmac has helped to devise site-specific targets, which seek to protect biodiversity across the county and positively reintroduce former species back to the area.

Surveys conducted by ecologists have revealed that the quarry sites support a wide range of wildlife, including species of conservation concern such as skylarks, red squirrels and bats.

Tarmac is committed to leaving a positive legacy after extraction work has been completed. Where appropriate, the Northumberland BAP will also involve the creation of wetlands and moorlands, which will provide a sustainable habitat for the animal species that they support. Local school pupils have also taken part in field trips to the different sites, helping to support key areas of the national curriculum such as science, geography and citizenship.

Biodiversity Action Plans

Sites requiring BAPs	211
UK	
Fully implemented	11
Nearing completion	19
Work commenced on	67
International	
Work commenced on	22

Reported figures above correct at time of going to press.

Operational pond with species-rich marginal vegetation at Woodbridge Quarry in Northumberland

WATER USE

Target: to reduce potable water consumption (per unit of production) by 4.3% for concrete and mortar and concrete products by 2010 (based on 2002 usage)

The varied nature of our business means that the water we use comes from different sources and is used in different ways. In the production of aggregates, most of the water is collected on site; this untreated water is used for product washing or dust suppression and the vast majority is returned to source.

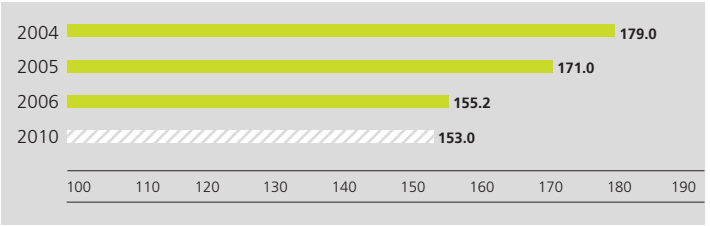
In contrast, the production of ready-mixed concrete, mortar and concrete products requires significant amounts of potable water, which has been treated to remove impurities and is therefore a much more valuable and energy-intensive resource.

For this reason, we have set ourselves a target of reducing our consumption of potable water by 4.3% by 2010 (see above) and in 2006, we have continued to make progress towards this goal.

Within our ready-mixed concrete, mortar and concrete businesses, there has been a reduction of 3% in the specific potable water consumption for 2006 compared to the 2002 baseline. This continues a trend of year-on-year reduction in specific potable water consumption since 2004, and our 2006 consumption falls only marginally short of the target set for 2010.

TARMAC GROUP SPECIFIC POTABLE WATER CONSUMPTION (SWC)

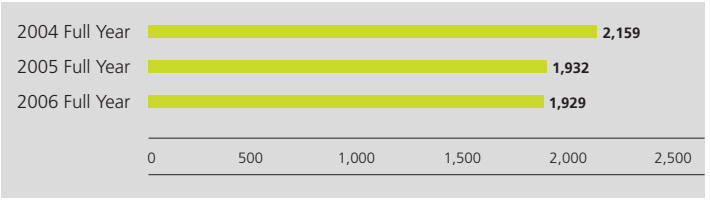
Litres/m^3



2002 baseline 160.0

TARMAC GROUP TOTAL POTABLE WATER CONSUMPTION

Thousand m^3



PRESERVATION AND RESTORATION

Some of our quarries contain important archaeological features, which we make considerable efforts to ensure are protected and preserved as a part of our shared heritage. In 2006, we undertook the restoration of an Engine House at our Hendre Quarry in North East Wales – a Grade 2-listed building constructed in approximately 1870 to serve a lead mine on the site. Because the Engine House had become unstable due to natural deterioration, Tarmac restored the building to a safe condition using materials that would have been used in the original construction.

Elsewhere, Tarmac has been involved in an ambitious ecological restoration project which is encouraging the growth of rare flowers and plants in an area of limestone grassland. Swanworth Quarry is located in the Dorset countryside, within a designated area of Outstanding Natural Beauty. Following reports that Britain's rarest flowers and plants are under threat, Tarmac is introducing rare grassland seeds to sow at the quarry to create a unique area of limestone grassland which will support a rich variety of species.

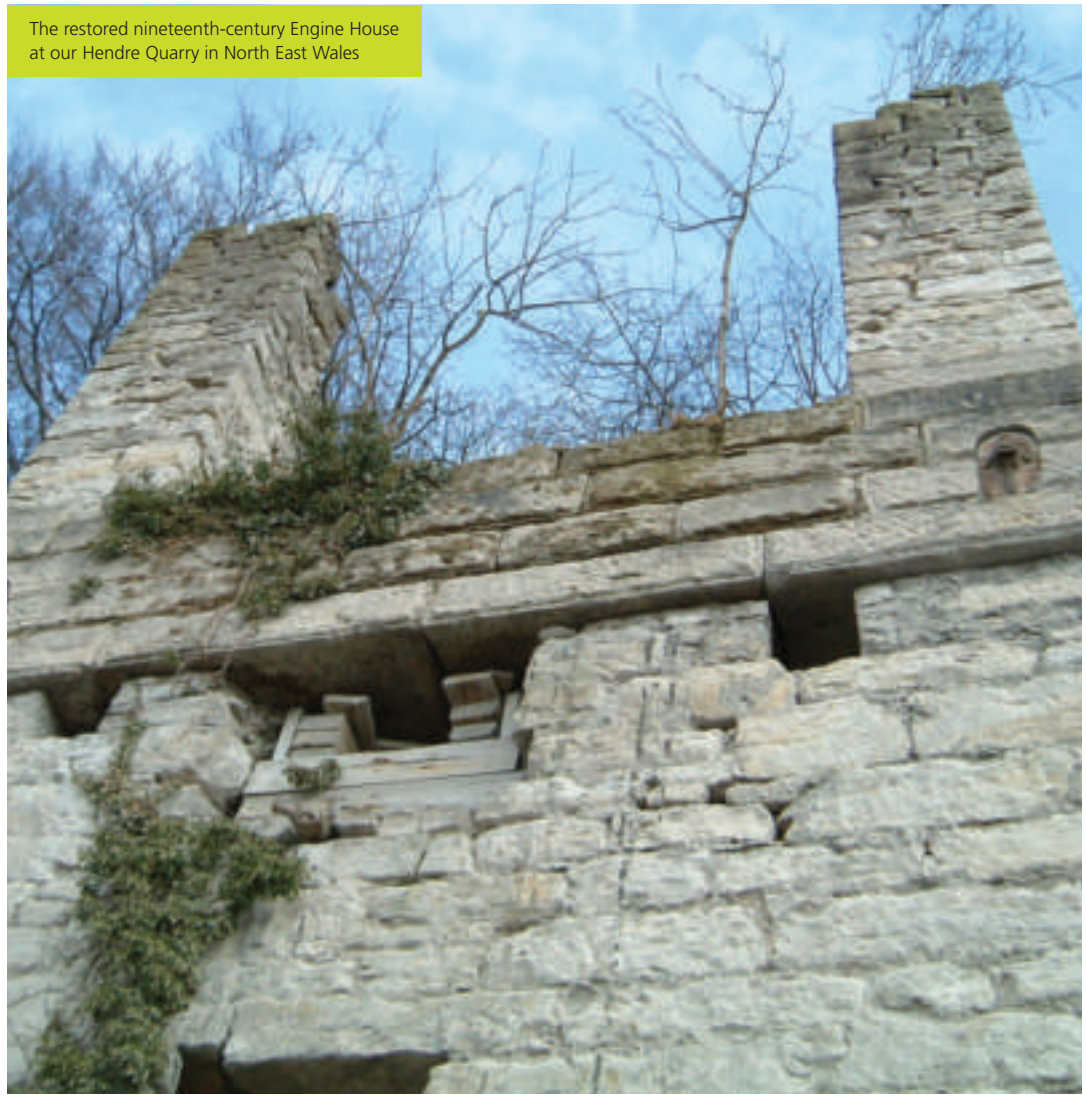
Derek Haden, quarry manager at Swanworth Quarry, said: "The land has provided society with valuable mineral supplies for decades and now is our chance to give something back by restoring the area to a species-rich limestone grassland. In the future, we hope to see the entire area of the quarry restored so it becomes one large unbroken area of limestone grassland, merging with the adjacent Sites of Special Scientific Interest."

LOOKING FORWARD: 2007 AND BEYOND

In 2007 we will begin the process of assessing and monitoring Tarmac's Carbon Footprint. A Carbon Footprint is a measure of the impact that a company's business activities have on the environment in terms of the amount of greenhouse gases produced, measured in units of carbon dioxide.

Assessment is only the first step towards our long-term goal of both minimising and eventually offsetting the production of greenhouse gases. We will report back on our progress in this respect in next year's report.

The restored nineteenth-century Engine House at our Hendre Quarry in North East Wales



"In the future, we hope to see the entire area of the quarry restored so it becomes one large unbroken area of limestone grassland."

DEREK HADEN
Quarry Manager, Swanworth

SOCIETY

As a business, we make an important contribution to society in the products and services we provide, the taxes we pay, and in our role as an employer. As a leader in our field and a forward-looking organisation, however, we believe that we also have a responsibility to conduct our affairs in an open and ethical manner, to treat our employees fairly and nurture their talents, and to play an active role in supporting and developing the many different communities in which we work.

IN THIS SECTION:

- BUSINESS PRINCIPLES
- INVESTING IN OUR WORKFORCE
- DIVERSITY IN THE WORKPLACE
- COMMUNITY
- LOOKING FORWARD: 2007 AND BEYOND

BUSINESS PRINCIPLES

At Tarmac, we aim to operate at all times in a way which embodies our core values of reliability, responsiveness, straightforwardness and understanding. Our values are not empty promises. They help us to carry out our work day in, day out; they guide us in our dealings with each other and with our customers and stakeholders.

With an annual spend in excess of £1 billion in the UK alone, Tarmac helps to generate significant employment indirectly within its supply chain as well as within its own business. We believe that our suppliers form an essential part of our business; because of our high standards, we strive to achieve exceptional standards of fairness in the way in which we select and work with suppliers, and also to develop strong, mutually beneficial relationships that add value to all parties.

In 2006, we've helped to strengthen our commitment to transparency and integrity in our dealings with suppliers through the inclusion for the first time of a dedicated section for suppliers on our UK website.

This section provides details on why we value our suppliers and the type of relationships that we like to develop, along with clear guidelines on our selection approach and criteria. It provides prospective suppliers with the opportunity to register an interest in working with us.

We've also introduced a 'Speak Up' section on our website through which suppliers can inform us anonymously of any concerns regarding our procurement and supply chain practices. In this way, we hope to give access to a safe way for our suppliers to help us in achieving the highest standards of professional and ethical conduct. The overall response to the new website content from suppliers has been positive.

In 2007, two initiatives are being piloted which should help us to continue strengthening the value and integrity of our relationships with suppliers. Firstly, a new tool will be introduced to evaluate the service standards of a range of suppliers, helping us to develop the most effective criteria and methodology for structured performance management. Secondly, we will also be conducting an in-depth review of our partnerships with our key suppliers, looking in detail at the ways in which performance can be measured and improved across different business areas.

In both these initiatives, we are keen to promote opportunities for suppliers to give us structured feedback on how we can help to improve our relationships with them, and to establish benchmarks that can be used to evaluate supplier performance in a more accurate and transparent manner across our business.

INVESTING IN OUR WORKFORCE

Our people are clearly the most important asset our organisation can draw upon; it is therefore a business imperative that we make the most of a resource which plays a defining role in our future performance and success.

We seek to promote a culture of learning and development right across Tarmac, helping to ensure that our people are challenged to expand their skills base and realise their professional potential. Our Graduate Programme and our Emerging Talent Development Programme are two key initiatives which play an important role in our long-term strategy of talent development.

We have been recruiting talented graduates to our Graduate Programme for 10 years, providing trainees with a year-long insight into our business before they take up their first management role. Trainees are assigned a mentor and buddy to provide advice and support, work with trained staff in all aspects of the business to gain an insight into how Tarmac works, and can also study towards a professional qualification such as the Chartered Managers Institute Diploma in Management.

Ben Green, a graduate from Portsmouth University, joined Tarmac in September 2005 as a graduate management trainee. "I found the graduate training course rewarding because there are new challenges all the time," he said. "It's an individual training programme that caters for your needs and isn't just a generalised graduate training scheme."

The Emerging Talent Development Programme (ETDP), run in conjunction with parent company Anglo American, illustrates how continuous learning can make an important impact at different stages in a career path. It is a programme that provides employees who demonstrate strong leadership potential with training and experience to further their careers.

Those who are selected to take part in the programme receive skills development programme training in areas such as leadership, negotiation and financial knowledge, culminating with a presentation being made to senior managers of both Tarmac and Anglo American.

Nick Beale is a Senior Estates Surveyor for Tarmac who took part in the ETDP in 2006. "I've acquired a lot of new skills and the opportunity to meet people from other parts of the business who I wouldn't normally meet," he said, "which helps give a greater understanding of the business as a whole. For the company to have shown both the financial and time commitment to us is very impressive, and a definite bonus of working for such a large company."

In 2006, Tarmac had 18 employees on its Graduate Training Programme and 19 on its Emerging Talent Development Programme.

Ben Green, Tarmac graduate trainee

"I found the graduate training course rewarding because there are new challenges all the time."

BEN GREEN
Graduate, Portsmouth University

DIVERSITY IN THE WORKPLACE

We believe that our business is enhanced by attracting, recruiting and operating with a workforce that reflects and respects the diversity of backgrounds and cultures in the communities in which we operate. We also believe it is our responsibility to create a workplace that is not only safe and healthy, but one in which each individual feels respected, valued and free from discrimination.

In 2006, we began working with Ethnic Britain, an organisation sponsored by the Commission for Racial Equality, which seeks to raise awareness on key diversity issues and to promote opportunities to ethnic minorities. By developing a strong relationship with Ethnic Britain, we are now able to target and attract job candidates from communities that may be underrepresented in our workplace – Tarmac is currently featured on the homepage of www.ethnicbritain.co.uk

This year, we've also worked to define and develop the range of core competencies against which we are able to assess candidates for roles. By ensuring that all candidates – both internal and external – are evaluated by the same clearly defined criteria, we are now better positioned to promote equality of opportunity and a meritocratic culture which recognises and rewards talent regardless of background. In 2006, we have also improved our monitoring processes for diversity in the workplace to help ensure we have a more accurate picture of the different groupings that make up our workforce.

Nevertheless, we recognise that achieving diversity in our organisation is an important and ongoing challenge. In the UK, for example, the male/female percentage split of our workforce in 2006 was 85.15% versus 14.85%; we are continuing to look at ways in which we can achieve greater diversity within our workforce.

COMMUNITY

We believe we have an important contribution to make to the different communities in which we work, communicating in a straightforward and honest way with our different stakeholders and helping to support community projects and initiatives.

We take pride in being a good neighbour and believe that an important element in this is helping local communities to understand what we do and why we do it. To achieve this goal, we hold a variety of open days and exhibitions at different sites, set up local liaison groups, take an active part in local events and also build strong links with local schools (see our Case Study on our work with Thomas Telford School on page 12).

Open to all at Crown Farm Quarry

In October 2006, more than 300 visitors of all ages enjoyed a fun day out and also gained an insight into our ecological approach in the area at an Open Day for our Crown Farm Quarry in Cheshire, where Tarmac is working in partnership with the Sandstone Ridge ECOnet Partnership (SREP) to help develop an interconnected network of woodlands, heathlands, wetlands and grasslands to promote and sustain wildlife.

Steve Wilkinson, Cheshire County Councillor and SREP Chairman, said: "The re-creation of heathland at Tarmac's Crown Farm Quarry will take shape over many years and have a lasting impact on everyone who lives in, works in or visits the area."

Partnering with The Prince's Trust

Tarmac is now the first corporate partner of The Prince's Trust in the Black Country – an area in the West Midlands to the north of Birmingham. As a result of this three-year partnership announced in September 2006, hundreds of young people from this area will receive practical help getting into employment, self-employment, training or further education.

Funding from Tarmac will help The Prince's Trust to support local 14- to 30-year-olds who have struggled at school, been in care, are long-term unemployed or have been in trouble with the law. Tony Milton, Area General Manager for The Prince's Trust in the Black Country, said: "We are delighted to welcome Tarmac on board as our first corporate partner and, thanks to its contribution, look forward to being able to change more young lives."

Back to work in Salford

As part of a five-year contract to repair and resurface roads in Salford, Tarmac is creating career opportunities for jobless people in the area. Tarmac joined the Salford Construction Partnership as a part of its tender process, and has made a commitment to recruit local unemployed people and support their development by providing access to training.

Having completed a construction course at Salford College, two local unemployed people were recruited by Tarmac and awarded six-month contracts; if the initial placements are successful, the workers will be offered permanent positions and comprehensive support with training and development.

Alfie Shandley, one of the newly recruited employees, said: "All I have been waiting for is an opportunity and Tarmac has given me this. I've had training on things like health and safety, and I'm really enjoying it so far and plan to work hard so I can stay with the company."

Working with the community in Poland

Poland is an area of growing strategic importance for the Tarmac Group. A former communist state which has now implemented a democratic system of government and a market economy, Poland still faces significant challenges relating to unemployment, infrastructure and investment.

As well as creating much-needed jobs and wealth, Tarmac's presence in Poland has resulted in an extensive programme of community activities and initiatives near to each of its sites in the region which are delivering significant positive benefits to local communities.

The Wisniowka Quarry in central Poland, for example, used to be state-owned and local infrastructure such as street lighting, sewage and water systems were under the control

A young visitor at our Crown Farm Quarry Open Day

Top-ranked wheelchair tennis player Agnieszka Bartczak in action, sponsored by Tarmac Poland

of the quarry rather than local residents. In 2005/6, after liaising with local authorities, Tarmac handed back control of these to the local community and supported the orphanage and youth sports club with a donation for the purchase of table-tennis equipment.

Elsewhere, at the Graniczna Quarry near the town of Strzegom in southwest Poland, Tarmac has provided sponsorship for the local boxing team to purchase much-needed sportswear and also made a donation to help fund equipment at a new gym. In the area surrounding the Czatolin, Rydwan and newly acquired Kalenice quarries in central Poland, Tarmac has supported the renovation of a communal road and made a donation to the local fire brigade to enable the purchase of modern equipment which is helping to save people's lives.

In Wroclaw, where its main site is located, Tarmac has been supporting Agnieszka Bartczak, an ambitious wheelchair tennis player, to develop her skills and make a significant climb up to 11th in the world ranking list.

"Tarmac Poland has worked hard to strengthen relations with local communities by organising open days in its quarries and by supporting individuals, groups and organisations that are playing an important role in the local areas," said Thomas Lehmann, Business Director Aggregate Products for Germany and Poland.

Keeping the noise down at Howick

We use a range of technological solutions to minimise any negative impact our operations may have on local communities.

At our Howick Quarry in Northumberland, our operation involves blasting into an open rock face to extract minerals, which may cause disturbance to nearby residents. However, by digging a trench 50 metres from the rock face, we have been able to create a natural 'shock absorber' which has significantly reduced the potential for any noise disturbance.

LOOKING FORWARD: 2007 AND BEYOND

In 2007, we are looking to strengthen our commitment to diversity and foster an international perspective across our workforce through the ongoing development of our HR strategies in this area. We are looking to introduce cross-cultural training to allow people from different regions to work more successfully across our international business, and also to offer more English language courses for non-native speakers.

We will continue to play a positive role in the many communities in which we work throughout 2007 via a wide range of projects and initiatives. On 26–28 June, Tarmac will also host Hillhead 2007 – a major international event for all those involved in the quarrying, recycling and heavy construction industries. Held at our Hillhead Quarry in Buxton, UK, this is the world's largest working quarry show and will feature 450 exhibitors – see www.hillhead.com

Tarmac

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Print by ISO14001-certified Beacon Press
Design and production by Flag Communication

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