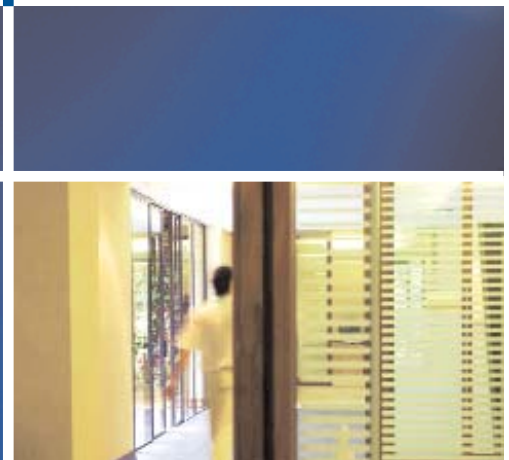


CORPORATE CITIZENSHIP REPORT

The goodwill of our customers, principals, employees, intermediaries, and other stakeholders surrounding them, was vital to our past success and will remain so



VISION – 2020

As 2003 moves towards its close, global economic and political patterns are assuming new profiles. These will reshape human affairs, including business and world trade, as well as various other interdependent relationships, over the next 10 to 20 years. The consequences of the underlying changes may open the way to exploration of new advantages or create vulnerabilities for citizens, corporate or otherwise, of many countries.

Even when acting together in terms of international treaties or alliances, nation states have limited outward influence. Individually, such states have even weaker external credentials. Internally they are becoming increasingly impotent regarding protection of their citizens and property rights and the provision of essential infrastructure and services to support adequate life prospects for the majority of citizens.

International frameworks of both public and private law were considerably strengthened in the second half of the twentieth century. This was the result of efforts of inspired people who, after the horrors of the Second World War, saw the upholding of human dignity as an imperative in the pursuit of peaceful progress. The principal document, since augmented by many complementary initiatives, is the United Nations Universal Declaration of Human Rights, adopted by the General Assembly in 1948.

As the Cold War ended, further progress was made in extending respect for basic human rights more extensively across the world. A substantial proportion of European countries,

formerly subject to Soviet domination, were transformed into democratic states with market economies.

Perhaps the most notable feature supporting wider recognition of human rights was the eloquent strength of humility in South Africa. This led to mutual public recognition of gross violations of human rights by the protagonists in many decades of conflict and struggle. It was followed by well structured negotiations at various levels of society and with participation by all interested parties. The climax was a peaceful transition of South Africa to a democratic constitution. The voting support of a vast majority of the total population was independently assessed and monitored through wide involvement of international observers.

Globalisation, once an idealistic dream, was becoming tangible. The General Agreement on Tariffs and Trade was dismantled. It was replaced by a new World Trade Organisation. Numerous bilateral and multilateral agreements and treaties between nation states regulate commerce all over the globe. In some cases, of which the European Union and the North American Free Trade Association are the most important, clusters of states have harmonised trade relations in treaties and agreements overlaying their historical national borders.

Two of these have made huge progress. The United States has been, for over two centuries, both a political and economic union





WE SUBSCRIBE TO THE PRINCIPLES OF THE GLOBAL COMPACT

with a population of some 292 million. It provides the critical mass for the North American Free Trade Association. The European Union is already a significant economic zone, with a population exceeding 368 million, and will soon be enlarged. It is also showing inclinations towards political unity.

The rest of the world, despite announcements of similar associations, has achieved little by comparison. However, Japan could revive its role as a major economy, while the rapid increase in the momentum of economic activity in China seems likely to transform that region into a major trading bloc, and Russia has increasing importance.

Globalisation is still evolving. International economic activity is rising but constrained political influence and lack of regulation beyond the power of sovereign states constitute a void, nourishing uncertainty and insecurity. It is highly desirable that, during this phase of human development, law abiding behaviour and observance of the principles of natural justice and human rights should guide the conduct of leaders at all levels around the world.

These leaders should also recognise that they and their organisations need mutually respectful relationships and self-discipline in order to survive and to succeed. These organisations have responsibilities towards those they serve, those dependent on them for a livelihood, outsiders affected by their activities and an obligation to preserve for

future generations the only planet known to support human life.

The initiative of the Secretary General of the United Nations, known as the Global Compact, seeks to engage large businesses with international influence in pursuit of these laudable aims. By so doing, it is believed that greater wealth can be created and shared more fairly among the world population. If this can be achieved, it could also become part of a solution aimed at easing the disruptive and depraved anti-social behaviour displayed by extremist and radical groupings in numerous countries around the world.

As an international brand management company, operating in 32 countries worldwide, Barloworld subscribes to the principles of the Global Compact and seeks to set a good example in corporate citizenship and governance, wherever it operates or has activities.

BOUNDARIES OF REPORT

As a responsible international operation, Barloworld seeks to conduct its affairs in a manner that harmonises with affected human needs or, at least, minimises adverse affects.

Most operations are undertaken in urban areas, where they form a small portion of the total commercial and manufacturing activity. Contact with surrounding communities, apart from customers, suppliers and numerous other business enterprises, is minimal.

Mining and manufacturing operations conducted in South Africa and Zimbabwe have a substantial influence on nearby communities. Considerable care is taken to cultivate sound interactive relationships with those communities. This is discussed in the section headed Cement & Lime on pages 64 to 73, inclusive. Similarly, but in a small way, impacts on communities in northern England are described under Barloworld Scientific on pages 75 to 80, inclusive.

A great deal of activity involves adding value for customers to the products of a number of reputable international industrial equipment and motor manufacturers. These activities are largely of a support and service nature. Their demand for electricity and water is relatively low. Accordingly, the effect on electricity and water suppliers, and on waste removal and disposal, is minimal within the context of the surrounding urban conurbations.

This annual report has been prepared in accordance with Global Reporting Initiative 2002 Sustainability Reporting Guidelines. It represents a balanced and reasonable presentation of the economic, environmental and social performance of Barloworld, as presently understood.

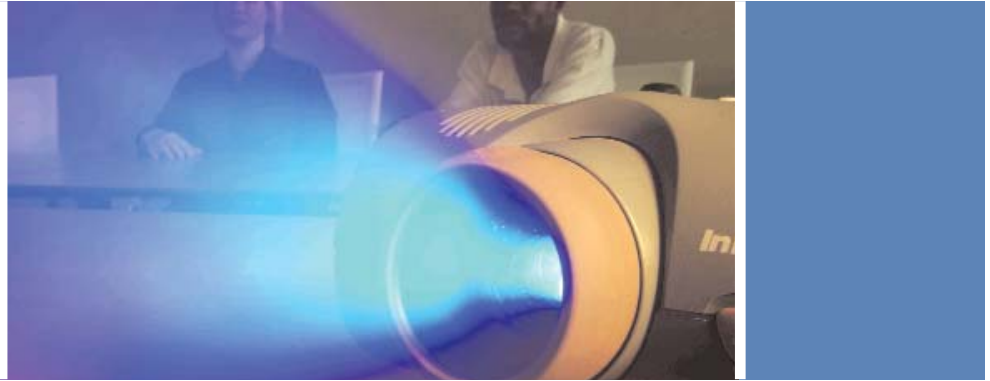
The Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance in South Africa 2002 contemplates an integrated approach in compiling annual reports, achieved gradually as understanding of the intricate relationships among stakeholders' interests becomes greater.

OVERVIEW

Strategic and operational re-alignment

Human resource policies

Training and education



This report deals with business principles and practices that can be verified by reference to board minutes, established policies (written and unwritten) and standards. It also discusses implementation of these principles and practices, as well as non-financial measurement mechanisms.

Except where specifically stated the information has not been externally verified.

STRATEGIC AND OPERATIONAL RE-ALIGNMENT

The executive directors also constitute the board of wholly-owned subsidiary, Barloworld Global Services (Proprietary) Limited. In this role, they met 11 times during the year, supported by professional staff, to review the operational performance against the current year's strategic plan and to consider the financial results up to the end of the most recent monthly accounting period prior to each meeting. They met on six other occasions to consider, inter alia, strategic ideas for the future and to accept business plans for the forthcoming financial year. The consolidated business plan and other matters of strategic significance are submitted to the board of Barloworld Limited for approval.

Development of strategic thinking and improved practice is ongoing. Increasingly, these activities will have to be expanded beyond the traditional scope of business to the consideration of complex commercial and trade issues that may impact operations in the future.

Task teams, led by executive directors, have made recommendations dealing with refinement of strategy for the period immediately ahead; marketing and customer relationships; human resources practices; and sharing of services within Barloworld – even across the world where this is feasible. Recommendations adopted are being implemented where short-term benefits can be obtained. In other cases, plans for implementation are being developed.

Across all operations, the adopted strategies and business plans are, wherever possible, being more accurately aligned to Barloworld's overall plans. Operational planning is put into effect, underpinned by significant attention to achieving or further raising cash flow returns on investment; numerous interchanges have taken place among employees aimed at creating better overall value; and incentives based on such achievement are being created with a view to extending additional rewards more widely among employees.

These activities assist the chief executive in guiding and controlling the overall direction of the business. They also facilitate communication and co-ordination between business units worldwide.

HUMAN RESOURCE POLICIES

The Universal Declaration of Human Rights was adopted by the General Assembly of the United Nations in 1948. In addition, the International Labour Organisation, originally

created in 1919 under the auspices of the League of Nations (with its original constitution being part of the Treaty of Versailles) and now an organ of the United Nations, has adopted eight Conventions dealing with human rights at work.

Of these, seven were classified as fundamental in 1995. Two cover prohibition of compulsory or forced labour. The others relate to the abolition of child labour, freedom of association, the right to collective bargaining, equal remuneration for work of equal value and the elimination of any discrimination in employment and occupation. In 1999, the Worst Forms of Child Labour Convention was added.

The International Labour Organisation also adopted the Declaration on Fundamental Principles and Rights of Work and its Follow-up which reinforce the core conventions. This declaration reaffirms acceptance of the organisation's constitution by member states and imposes an obligation to respect, promote, and realise in good faith the principles concerning the rights recognised as fundamental both inside and outside the organisation.

Flowing from this, inter alia, the following rights and guarantees arise:

- workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation;



WE ARE A HIGHLY ETHICAL COMPANY

- workers and employer organisations shall have the right to draw up their constitutions and rules, to elect their representatives and full freedom to organise their administration and activities and to formulate their programmes;
- adequate protection against anti-union discrimination in respect of employment; and
- adequate protection against any active interference by or in the establishment, functioning or administration of workers and employer organisations.

The Freedom of Association of the Right to Organise Convention encourages, subject to the existence of appropriate national conditions, voluntary negotiation between employers or employers' organisations and workers' organisations of the regulation of terms and conditions of employment by means of collective agreements.

The Discrimination in Employment and Occupation Convention deals with discrimination on grounds of race, colour, national extraction, gender, religion, social origin and political opinion. Inherent requirements for a job are not considered to form the basis for discrimination.

Although member states are required to set the minimum age for admission to work according to their own circumstances, the Minimum Age Convention contemplates 18 years as the age below which the worst forms of child labour must be eliminated.

Barloworld has developed employment, labour relations, health and safety, and training and development policies and guidelines that accord with the Universal Declaration of Human Rights, the Fundamental Human Rights Conventions and the provisions of the Constitution of the Republic of South Africa, one of the most human rights orientated constitutions in the world, with its complementary Bill of Rights.

Legal protection of human rights in the countries in which Barloworld operates varies. Where gaps exist between the company's policy or guideline and the law of the relevant country, the approach adopted is to follow fairness in principle and implementation, with applicable law as the minimum requirement.

All employees are engaged in terms of a contract which conforms with the labour standards of the relevant country.

Formal disciplinary procedures provide a framework for fair, systematic and uniform exercise of order in the workplace. The aim is usually to be educational and corrective. Accountability and responsibility for disciplinary action is vested in line management. An employee, who is subject to a formal hearing, may elect to be assisted by another employee from the same department.

In the case of dismissal, a formal appeal may be lodged with the head of the relevant department. Such appeal will be heard by the senior manager on site. If this is successful,

the employee will be re-instated retrospectively with no loss of basic employment benefits. Should an appeal fail, the dismissal will become effective in terms of the original notification.

Grievance procedures are a formal channel for resolving grievances at the earliest stage possible. Responsibility for settlement of a grievance vests in line management. In presentation of a grievance, an employee may not be placed at a disadvantage through lack of knowledge or skill. There is a facility for representation by any other permanent employee. An interpreter would not be classified as such a representative.

The employee and any representative have a guarantee that use of the grievance procedure will not jeopardise either their respective positions or the merits of the case.

In the event of a collective grievance being raised, management may decide to conduct proceedings with individual employees in order to minimise work disruption.

In terms of the company's practice, external providers must have a policy and procedures to protect the human rights of their employees. Services are contracted according to the legal compliance practices of the relevant country.

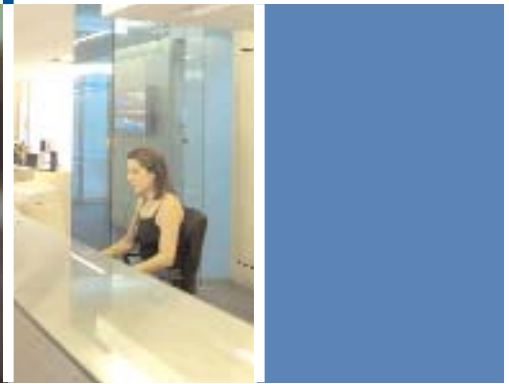
TRAINING AND EDUCATION

Barloworld has established executive and management development programmes with the Gordon Institute for Business Science in

OVERVIEW

Code of ethics and corporate conduct

HIV/Aids



Johannesburg. Delegates are drawn from Barloworld Group operations around the world.

It also supports the development of financial and accounting skills with portable qualifications through a Training Outside Professional Practice learnership programme.

Performance management programmes have been carried out across the whole Barloworld Group. Emphasis is placed on clear job roles, as well as objectives aligned with team, functional and business unit objectives. Reward schemes are linked to performance.

In addition to training costs mentioned elsewhere in this report, levies are paid in South Africa under the Skills Development Act. To the extent that a statutory skills development plan, including targets, has been updated and lodged with the authorities, and implemented through the adoption of learnerships on an annual basis, grants are claimed from the government.

The Value Based Management philosophy adopted by the company promotes employee participation. It acknowledges employees as key stakeholders in the business and also facilitates collective bargaining.

All employees participate in quarterly Building Barloworld briefing sessions. Many business units produce their own quarterly newsletters. Notice boards at all units are regularly updated.

An internal intranet is employed to keep staff abreast of news and other developments as they occur.

CODE OF ETHICS AND CORPORATE CONDUCT

Workplace behaviour of employees and visitors, and expectations of mutual interaction with customers, suppliers, civil society and communities, are governed by Barloworld's Code of Ethics and Corporate Conduct:

Obey the law

All legal requirements must be upheld.

Be fair

An equal opportunity policy framework is in force throughout the company. This is designed to achieve fairness in employment and employment practices where race, colour, nationality, religion, personal opinion, gender and disability are concerned.

Be honest

An independently operated hotline is available for use by anyone who wishes to divulge anonymously any information regarding any malpractice. Bribery or corruption are not tolerated and are cause for dismissal..

All advertising must be ethical.

Respect others

Freedom of association and related principles will be upheld and the use of child labour (persons under the age of 18 years) or

compulsory or forced labour are prohibited. All forms of discrimination will be avoided.

The company will engage customers, shareowners and all other stakeholders in efforts towards mutual advantage by providing regular opportunities for feedback and input.

Employees are encouraged to support the communities in which they operate by participating in socially responsible activities. Social responsibilities will not be sacrificed for the benefit of short-term economic gain.

Protect the environment

Protection of the environment for the benefit of present and future generations is not a choice but a necessity. Barloworld is committed to act responsibly with regard to the effects of its operations and products on air, soil and water, as well as the communities and ecosystems that depend on them. Environmental responsibilities will not be sacrificed for the benefit of short-term economic gain.

All Barloworld businesses are required to observe the Code of Ethics and Corporate Conduct in dealings with customers, employees, providers of capital, suppliers of goods and services and other stakeholders.

HIV/AIDS

Barloworld first formulated and implemented guidelines in regard to HIV/AIDS in 1990. These have been refined and developed over



WE PROTECT THE ENVIRONMENT

the years and are congruent with national and international codes of practice.

The policy in respect of HIV/Aids is that the condition should be managed in the same way as other chronic or life threatening conditions, having regard to the magnitude of the pandemic. Communication with all employees, especially in regions where the disease is known to be prevalent, is an essential element.

A strategy is being implemented to encourage employees to find out whether they are HIV positive or negative. Once they know, they are able to become key participants in the management of the condition. For instance, if an employee is HIV negative, he or she will be counselled and encouraged to continue or adopt behaviour that will maintain that status, thus ensuring that no new infection arises. Alternatively, an employee who has ascertained that he or she is HIV positive will be supported in gaining access to care and appropriate assistance. Treatment will be provided to employees and their families through one or more outside disease management organisations. This will maintain confidentiality, optimise treatment and uphold compliance levels. Psychosocial support will also be provided. Financial resources will be provided for this purpose.

Testing has been conducted in all cases with the consent of the employee. In many cases, it has also been anonymous – it is done by testing saliva which is not linked to the person concerned.

Over 60% of employees can access treatment including anti-retroviral medication through medical schemes. Most divisions have undertaken to fund anti-retroviral medication where this is not available through state facilities.

The cost of prevention, voluntary counselling and prevention, as well as treatment where employees are not members of a medical scheme is estimated to be R4,4 million in 2004, rising to R11,7 million by 2008.

Some 6 500 employees have access to 20 on-site clinics in South Africa. Statistics gathered at these clinics are more reliable than those available from smaller operations, widely dispersed throughout the country. During the past three years, the combined ill-health retirements and deaths due to Aids have been 0,4% per annum at such sites.

Of the ill-health retirements and deaths due to Aids during the past year, 38% were skilled employees, 46% semi-skilled, 16% unskilled, with no cases in the managerial or executive category.

As effective management of the condition requires positive interaction of many facets, anti-retrovirals are only one aspect of the overall strategy. Other aspects would include willingness on the part of the employee to pursue a solution, active involvement in the solution by his or her spouse or partner, sensitive mutual interaction between them and an independent counsellor within a support system, as well as the degree of

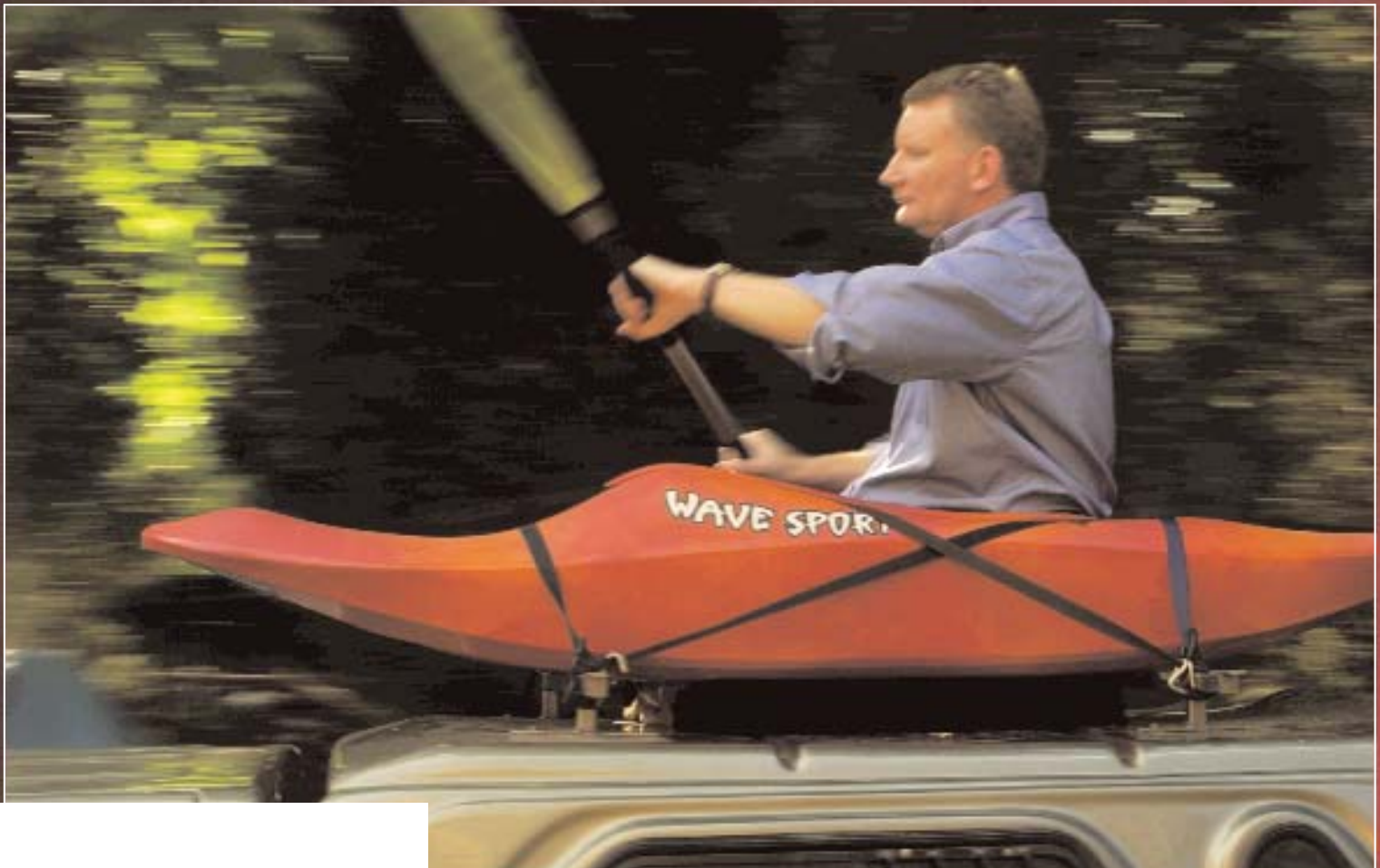
maturity of the disease and the type of treatment most suitable for that stage.

There have been no industrial relations issues around HIV/Aids during the year.

In addition, the combined ill-health retirements and mortality due to all causes (heart disease, cancer, Aids etc) has been less than 1% per annum for many years.

The Sick Absenteeism Rate for all health conditions in southern Africa is generally less than 1,5%.

In other regions of the world where Barloworld operates, and where the disease is known to have some prevalence, numbers of employees are not large and the level of exposure should be relatively small. Focus is mainly in southern Africa, without excluding anyone elsewhere who is in need of help. As with other chronic conditions and with proper treatment, the duration of life of people suffering from HIV/Aids can be extended so that they are able to remain part of a productive workforce.



2003 CEO'S AWARD
WINNER:
GAVIN KNIGHT,
BARLOWORLD
EQUIPMENT
SOUTHERN AFRICA

Four years ago, Gavin was posted to Angola, a country wracked by civil war and in desperate need of rehabilitation. The remoteness of the country meant that Gavin and his small team, which he selected from a labour pool which has suffered from three decades of war, had to virtually **"paddle their own canoe"** in a sea of turbulence to ensure value-based results. Gavin identified the skills of workers, trained them and constantly ensures that they feel motivated and inspired as a team. Gavin reduced the debtor's book by US\$2,5 million in 18 months. He implemented a cash-only system and cleaned out all the old debt, now running a completely transparent set of books. Apart from this, Gavin and his team tackled all aspects of business within Angola with great gusto. Gavin's passion is palpable. In 2003 the Angola team generated 20% of Barloworld Equipment's southern African operating profit. Diamond mines form the core of our customer base in Angola and we have maintained exceptional market share through Gavin's guidance developing a niche skill of disassembling, loading and reassembling large equipment the size of which was previously limited due to transport and accessibility problems. Machine Sales have taken off and the Angolan roads and bridges authority has purchased 240 machines through Gavin's encouragement to rebuild the crumbled road infrastructure. Gavin will fight for his people, his company and his environment.



**WE ARE
THE MARKET
LEADER IN
EARTHMOVING
EQUIPMENT IN
SOUTHERN AFRICA**

INTERNATIONAL OPERATIONS

Barloworld has operations in 32 countries.

AFRICA

Operations in Africa are conducted by Barloworld Equipment, Barloworld Coatings, Barloworld Motor, Barloworld Robor, Barloworld Logistics, all of which are wholly-owned, and Pretoria Portland Cement Company, a subsidiary of Barloworld Limited listed on the JSE Securities Exchange South Africa.

BARLOWORLD EQUIPMENT

Operations comprise Caterpillar dealerships in South Africa, Angola, Botswana, Guinea Bissau, Lesotho, Malawi, Mozambique, Namibia, Sao Tome and Principe, Swaziland and Zambia, trading as Barloworld Equipment. A 35% interest is owned in Barzem Enterprises (Pvt) Limited, which is the Caterpillar dealership representative in Zimbabwe.

Hyster dealerships operate in most of these countries and trade as Barloworld Equipment Handling. Dealerships in Massey Ferguson and Claas agricultural products in South Africa trade as Barloworld Equipment Agriculture.

Distribution of Caterpillar and Perkins engines in southern Africa is undertaken by Barloworld Equipment Energy.

Although additional interests are held in a few businesses involving outside parties, these are not material.

Customers

Products and services are provided to customers for mining, construction and marine applications; prime and stand-by electrical power generation; manufacturing and distribution; as well as transport and agricultural applications.

By market share, Caterpillar products have 26% of the market in South Africa. The next most significant product is Hyster with the remainder not having any particular dominance. Market shares in the other southern African territories range from 30 to 60%.

Products and services

Products in southern Africa include Caterpillar earthmoving and electrical power generation equipment, Hyster materials handling equipment, Perkins diesel engines, Ingersoll rotary blasthole mining drills, Dezzi articulated dump trucks, Bitelli vibratory compactors, Circon power systems, Massey Ferguson tractors, Claas harvesters and combines.

Services include maintenance contracts, service agreements, prime and stand-by power solutions.

As dealers in these products, which are sourced from original equipment manufacturers, full 24 hour back-up to the equipment is provided. There is little reliance on outsourced services.

The Barloworld Arena near Johannesburg International Airport is used for comparative machine demonstrations, machine hand-overs to customers, testing of new models and refurbished machines, operator training and customer open days. These activities impact positively on operational productivity and costs to the customers as well as safe operation of equipment.

Comprehensive hand-over procedures are followed on delivery of the equipment. Pre-delivery inspection and servicing ensure that customers receive reliable products. These are monitored and guaranteed by the respective manufacturers. Instruction manuals are supplied with each item of equipment. Training and assessment of operators is undertaken to ensure safe and proper use of the equipment. Technical staff are permanently based on mining properties and marine applications of some customers.

AFRICA

Barloworld Equipment continued



Informal contact with customers takes place daily. Customer satisfaction is measured through periodic surveys conducted by specialists such as Markinor. Although operations are geographically fragmented, any complaints are dealt with expeditiously and monitored by management. The handling operation has a toll free careline.

The customer satisfaction surveys covered parts, field technicians and customer service. Revealing both strengths and weaknesses, the top concerns were understanding of and responsiveness to customer needs and finding and fulfilling solutions.

Product information and labelling is the responsibility of the manufacturer.

Suppliers

The original manufacturers are mostly of international repute and comply with international standards and norms. Of these, the most significant is Caterpillar, a Fortune 100 company included in the Dow Jones Sustainability World Index.

Long-term relationships have been established with the original equipment manufacturers. In respect of more recently acquired distributorships, relationships are

maturing. Contractual terms are believed to be fair to the respective parties. Terms of payment vary but mostly suppliers are paid within 30 days after the month of the receipt of the invoice.

Regular meetings are held with major suppliers at various levels and dealer conferences are attended. Ongoing liaison with manufacturers assists with product improvement and development.

Employment and labour practices

Number of employees			
	P	FT	T
2003			
Executive	6		
Management	279		
Factory	1 880	137	16
Office	968	92	10
	3 133	229	26
2002			
Executive	6		
Management	238		
Factory	1 601	85	9
Office	826	56	6
	2 671	141	15
Change	+462	+88	+11

P: Permanent, FT: Fixed Term, T: Temporary



OUR PRINCIPAL CATERPILLAR INC. IS A ROLE MODEL COMPANY FOR MANY OF OUR PRACTICES

The workforce has increased by 19% in 2003, compared with 8% in 2002.

Benefits beyond those legally mandated include retirement and disability funding; better than average leave than in the industry; sick leave in excess of statutory requirements; and access to membership of a medical scheme which provides anti-retroviral treatment for HIV/Aids. For employees not on such a scheme, the employer provides anti-retroviral treatment for the employee and his family.

Some 250 union members are covered by collective bargaining agreements.

Participation of employees in decision making is through employee equity forums, shop stewards meetings and Aids forums, as well as performance ownership work teams.

Health and safety committees, comprising management and worker representatives, are active at all major operations, in accordance with the requirements of ISO 9002 and ISO 14001 standards. Several sites have received ISO 9002 accreditation. The Middelburg site has been accredited under ISO 9001. 2000, ISO 14001. 1996 and ISO 18001, thus achieving the target set last year. The regulations of the National Occupational Safety Association are also observed.

Occupational accidents and diseases are reported in terms of the law of each country in which operations are located.

Work related incidents:	2003
Fatalities	0
Man days lost	273
Lost time injuries – hours	2 184
Annualised injury rate	213
Compensation claims	18

In support of the company's guidelines on HIV/Aids, 30 employees have been trained as in-house counsellors to assist those affected. Advice on preventing infection and personal management of the condition is given to all employees. Anti-retroviral drugs are provided for the employee and the immediate family. Communication, advice and support in respect of HIV/Aids is updated and reinforced annually. In-house clinics provide supplementary treatment advice through a Wellness Programme.

On average, each employee receives about 37 hours of training annually.

Formal career and succession programmes are implemented.

For the past 50 years, technical and support training programmes for employees have been conducted. Following the promulgation of the Skills Development Act, such training activities have been converted into learnerships in conjunction with the relevant sectoral training authorities. In certain circumstances, for example, platinum mining expansion, joint venture training arrangements have been entered into in order to address specific skills shortages.

Employment Equity plans are submitted to the authorities and concerted efforts are made to achieve targets. A programme has been developed to assist emerging black contractors to obtain the equipment necessary for the successful execution of contracts.

Environment

Approximately 700 000 litres of oil are used annually in respect of products sold or serviced. Some 2,5 million litres of water is used annually for cleaning and domestic purposes. Most water is obtained from municipal or regional utilities, and at some sites from boreholes. Waste water is not recycled.

Although various products sold or serviced emit exhaust fumes when in operation, there are no significant discharges of greenhouse gases, ozone depleting substances nor nitrous- or sulphur-oxides at service facilities.

AFRICA

Barloworld Equipment
continued

Barloworld Coatings



Through the service function, used oil is received. This is disposed of to a registered oil disposal company. Sludge is removed to a designated waste dump by an outside transporter. Scrap metal is sold to dealers. Disposal of consumables, clothing and packing materials is also undertaken.

Since operations are conducted mostly in industrialised and urban areas, there is minimal impact on terrestrial, fresh water and marine environments, or biodiversity-rich areas.

Society

Communities with an interest in, or who might be affected by, operations are mainly in urban or mining areas.

Street children programmes are sponsored in KwaZulu-Natal and Malawi. Desktop computers have been distributed through the Nelson Mandela Children's Trust to schools for disadvantaged children. An additional 34 pupils have been trained in the Adult Basic English Training programme, bringing the total number trained to 80. There is also a programme for training as artisans and machine operators of dependants of employees.

Building materials valued at about R100 000 were given to Community Aids Response for the construction of a care facility.

Donations of maize for the benefit of the street children in Malawi, to customer related charities in Zambia, to the human rights group, Together Ensuring Children's Security, and to various beneficiaries in Angola were made, the combined value being approximately US\$40 000.

BARLOWORLD COATINGS

Customers

In southern Africa, the division is the leading supplier of decorative paint products to the homecare market, through chain stores and independent retailers, and the supply of etch primers, protective paints and coatings products to industrial and furniture manufacturing operations. The products distributed include the Plascon, Aerolak, Buffalo, Crown, Polycell, Professional and Woodcare brands.

In South Africa, the share of the architectural coatings market is 28%. In the furniture and industrial market, it is 26%. The market shares in Botswana, Namibia, and Zambia are approximately the same in smaller economies, while the market shares in Swaziland and Malawi are less.

The group is also a major supplier to the automotive industry and panelshops of solvents, primers, basecoats, topcoats, electrocoats, clearcoats, hardeners and thinners.

Pricing policy is regularly reviewed by management to ensure that transactions are fair and defensible. All trade discounts, rebates and/or settlement discounts are authorised by senior sales and financial staff. Trading terms and conditions are reviewed from time to time by attorneys and senior counsel.

Customer and consumer surveys are conducted bi-annually by an independent market survey company. The information obtained is used in planning future customer feed back on various attributes and marketing strategies.

No gifts are given to customers. A policy of making an annual donation of appropriate value to a charity nominated by a customer has been adopted.

All media advertising is conducted in accordance with the provisions set by the South African Advertising Standards Board. Any advertising agency is required to do likewise.

Subject to the law of the country, dealings with customers, consumers and suppliers are conducted in the strictest confidence.

Products and services

There are no known impacts of any products on the environment. Consumer warnings are displayed on all product packaging.

Material safety data sheets, in the format approved by the South African Bureau of Standards, are furnished with each product supplied to retailers and distributors. After any revision, new versions are provided. No new product is permitted to be launched without material safety data sheets having been compiled, approved by the technical director and issued. The technical director also approves label content and, where applicable, classifies for transport any products or material as dangerous goods under the Road Traffic Transport Act.

Suppliers

The cost of all goods materials and services purchased is R950 million.

By value some 85% of contracts were paid in accordance with the agreed terms.

WE ARE THE MARKET LEADER IN DECORATIVE PAINT IN SOUTHERN AFRICA



Purchases from Divpak amounted to 11% and from Huntsman Tioxide 13% of total annual purchases.

Employees and labour practices

	Number of employees			
	P	PT	FT	T
2003				
Executive	34			
Management	172	1		
Factory	1 140		60	
Office	335	1	3	1
Total	1 681	2	63	1
2002				
Executive	32			
Management	184			
Factory	1 046		318	
Office	281		16	22
Total*	1 543		334	22
Change	+138	+2	-271	-21

P: Permanent, PT: Part time, FT: Fixed Term, T: Temporary

* The number of employees in 2002 has been enhanced by including 196 employees in Africa outside South Africa. This information was not available for the 2002 annual report.

Average annual hours of training per employee:

Category	Hours
Senior officers and managers	24
Technical	40
Administrative and clerical	36
Sales and service	24
Craft workers	10
Plant machine assemblers and operators	40

Programmes supporting continued employability include:

- Careers in manufacturing and logistics embracing leadership skills, as well as skill and knowledge in technical and processing aspects;
- Access to study assistance;
- Competency based training and development, identifying needs after a comparison to fit specific competencies documented for every job;
- Injury management with emphasis on rehabilitation.

There is informal supportive preparation for retirement.

Subject to applicable legislation and the employment equity policy, employment equity and skills development forums ensure that discrimination is prevented. Employment equity audits review all policies and practices to ensure that standards are maintained or improved where necessary. These policies relate to recruitment and selection, training and development, performance management and harassment.

AFRICA

Barloworld Coatings continued



Progress is being made towards achieving employment equity targets as set for the period 2003 – 2007.

Research

An amount of R0,2 million was received in 2003 as part of the grant of R1,4 million (representing 50% of development costs) from the Department of Trade and Industry as part of their Support Programme for Industrial Innovation, on Vesiculated Beads Development.

Governance

Any gifts received may be only of a token nature. These are declared to the relevant head of department or executive depending on the level of the recipient.

Health and safety

In terms of the Occupational Health and Safety Act, all manufacturing sites have health and safety committees. All employees are covered.

Incident and investigation reports, based on the provisions of the Act referred to above and the Compensation for Occupational Injuries and Deaths Act, have been compiled. Monthly reports are submitted to the group occupational health manager at corporate office.

An internal health and safety policy with procedures and guidelines, ensures that safe processes and work practices are followed

and that a healthy working environment is maintained. Regular health and safety audits are conducted by independent parties.

Health and safety policies and procedures facilitate employee participation and provide forums for resolution of infringements of the rights of the employer and employees.

Regular training of managers, committees and employees is conducted. Every mission directed work team has health and safety on its agenda. A dedicated manager at each site ensures compliance with health and safety standards.

Employee representation on health and safety committees allows concerns to be raised and contributions to be made towards a safe working environment.

Recognition agreements with the trade unions include procedures for addressing health and safety in the workplace. Bargaining council agreements govern general principles of health and safety in the workplace.

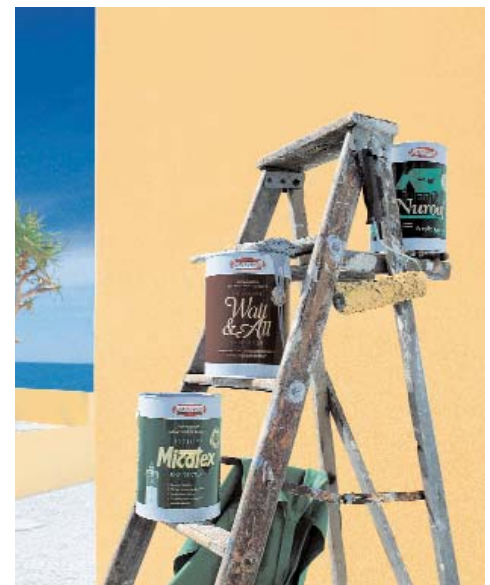
In terms of the Barloworld Guidelines on HIV/Aids, a national steering group and regional work groups have been established. The implementation plan has been agreed with all stakeholders. Knowledge, attitudes and practices studies in regard to HIV/Aids have been completed on an anonymous basis in all regions with 70% participation. Voluntary screening has been completed through the University of Natal. Peer groups

have been trained and an ongoing awareness campaign is in progress. Consultation with and the support of trade unions and employment equity committees have raised the level of success.

Environment

Annual consumption of materials used is typically:

	Metric tons
Emulsions and alkyd resins	21 221
Titanium dioxide	5 739
Extenders and fillers	17 081
Additives and colourants	2 908
Solvents	22 019
Packaging	46 million (units)





GOOD PROGRESS IS BEING MADE IN SOUTH AFRICA TOWARDS 2007 EMPLOYMENT EQUITY TARGETS

Waste in various forms is dealt with as follows:

Category	Quantity	Destination
Solvent	336 kilolitres	Recycled
Scrap metals and empty tins	259 tons	Recycled
Pallets	28 274 units	Re-used
Plastic containers	8 664 units	Recycled
Effluent	66 653 kilolitres	Recycled
Steel drums	20 559 units	Recycled
Sludge	363 500 litres	Landfill
Solids and general waste	2 247 tons	Landfill
Paint	52 131 litres	Oddment sales
Paper and plastic	88 tons	Recycled
Water	12 653 kilolitres	Discharged

An outside agency, Poltech, is used to monitor emissions into the atmosphere. All plants have filters in their extraction systems to minimise the effect of dangerous gas emissions during the manufacture of hazardous products.

Effluent pumped into the storm water system is monitored before discharge. Samples are taken weekly to ensure that it is within limits set by the Department of Water Affairs and the local authority.

Environmental assessments are carried out before any new process is introduced on a production site.

The primary source of energy is electricity. Annually, some 54 801 000 mega-joules is consumed. Control of unused lighting has been introduced. Indirect energy use in the production of electricity and fuel use for deliveries are not known. Energy consumed by the use of gas is estimated at 7 250 mega-joules annually. Changes in cleaning procedures have reduced gas consumption.

Total annual water use is 142 858 kilolitres, sourced from municipal suppliers, of which 12 653 kilolitres are discharged to effluent. No water sources and related ecosystems are significantly affected nor is any ground or surface water withdrawn.

Land used for production and associated activities totals 195 327 square metres of

which 182 580 square metres are impermeable. None is on a biodiversity rich habitat. There have been no uncontrolled or accidental releases into the environment nor are there any operations in protected or sensitive areas. Containment measures will minimise any unexpected discharge.

All suppliers and contractors involved with environmental programmes or procedures have had appropriate training. They are required to sign a performance agreement linked to the required environmental management standards.

Environmental expenditure has been incurred as follows: R1 417 000 on rehabilitation, comprising R703 000 in respect of waste and R714 000 for consulting and monitoring services.

Society

Support is given to various charities nominated by the staff, through annual financial donations and involvement in improvement programmes.

Employment and wealth are being created for previously disadvantaged individuals through black economically empowered joint ventures. Supply arrangements with black contractors who employ other blacks, are helping to create a multiplier effect on the families of those contractors. Unemployed previously disadvantaged persons are being trained in paint application.

Dialogue with communities is conducted as part of the procedure for application to a local authority for the introduction of a new process.

AFRICA

Barloworld Coatings
continued

Barloworld Motor



Support is given to “Business Against Crime” through annual financial donations and involvement in improvement programmes such as upgrading of prison and warder facilities.

Ten executives actively participate in a variety of industry and general business related associations

BARLOWORLD MOTOR

The principal business is the operation of franchise motor retail dealerships. These include passenger, light-, medium- and heavy-commercial vehicles. These dealerships are located mainly in South Africa with operations also in Botswana and Namibia. All are wholly owned, with the exception of a newly formed empowerment joint venture in KwaZulu-Natal.

Other business interests include Coachworks operations, Barloworld Truck Hire and Subaru SA.

The significant shareholding in Avis Southern Africa Limited is a strategic investment that also has synergies with the motor retail and coachworks operations.

Customers

Corporate, fleet and retail customers, mostly in major metropolitan areas, require both new and pre-owned motor vehicles as well as related after-sales services. These services include vehicle maintenance, parts supply as well as coachwork repairs, finance and insurance services, vehicle importation and distribution, and short-term truck hire.

All advertising is conducted strictly in accordance with the relevant manufacturers’ standards and requirements and a premium is placed on ensuring that it is both honest and ethical.

Customer information is treated as confidential unless the customer consents to it being made available or disclosure is obligatory under statute.

Products and services

Currently 53 franchise motor retail dealerships are in operation in strategically located sites. There are also a number of parts distribution centres and sites for the sale of pre-owned motor vehicles, nine coachwork locations and premises for the division’s other businesses. In total, there are 87 operating sites in southern Africa. These are based in the major cities of southern Africa.

Financial, insurance and other related packages are available and marketed under the brand name “Optimum”.

A wide variety of motor manufacturers’ brands are represented. These include: Alfa Romeo, Audi, BMW, Chrysler, Fiat, Ford, Freightliner, Isuzu, Jaguar, Jeep, Land Rover, Lexus, Mazda, Mercedes-Benz, Mini, Mitsubishi, Nissan, Opel, Subaru (sole importer/distributor in South Africa), Smart, Suzuki, Toyota, Volvo and Volkswagen.

All of the represented manufacturers are primarily based outside South Africa. A number have manufacturing or assembly facilities in South Africa.

These manufacturers are of international repute. They comply with international standards and norms. Supply of vehicles is largely at the discretion of the relevant manufacturer. Products are developed, supplied, tested and guaranteed by the manufacturers.

Product development or improvement suggestions are transmitted through dealer councils but dealer influence on the manufacturers is limited.

Proper predelivery inspections and servicing confirm that customers receive reliable products. Each vehicle is delivered to the customer with a handbook compiled by the manufacturer and containing operating and safety instructions. The manufacturers monitor their products and customer satisfaction through surveys conducted in all regions of operation.

Customer satisfaction is measured by independent surveys, mainly sponsored by the manufacturers. Such information is provided to the retail network in a structured and regular manner. Most manufacturers operate customer-care lines, some of which are toll-free. Any complaints are addressed forthwith and are monitored by management.

Suppliers

Longstanding relationships exist with most of the motor manufacturers.

Most supply contracts require payment within 30 days of delivery. In some cases, payment is required on a shorter period. All amounts due to manufacturers and suppliers have been fully paid in terms of the respective contracts.

Suppliers from whom the division sources more than 10% of its annual purchases are: BMW, Volkswagen/Audi, DaimlerChrysler, Ford and Toyota.

The division is committed to ongoing investment into facilities and infrastructure to ensure its sustained competitiveness into the future.

Employees and labour practices

In South Africa, the motor industry has a Bargaining Council dispensation governed by statute. To some extent this limits flexibility in labour relations within the workplace.



IN SOUTHERN AFRICA WE REPRESENT MANY OF THE WORLD'S LEADING MOTOR BRANDS

The South African motor industry is unionised overall to the extent of 61%. Employees of the relevant employer association are unionised to the extent of 47%. This high level of unionisation is also a consequence of membership being a prerequisite for participation in the industry retirement funds and medical schemes.

The Bargaining Council agreement in South Africa stipulates terms and conditions of employment, such as working hours, minimum wages and, qualifications for a position. It sets the framework and standards for such issues in the industry.

Within the division, collective bargaining arrangements apply at several dealerships and these regulate the plant-level relationship with the unions and their members.

For the South African operations, trade union membership comprises 86% of the division's workforce.

National Union of Metal Workers SA	51%
Motor Industry Staff Association	23%
South African Motor Union	10%
Motor and Allied Workers Union SA	1%
Steel, Mining and Commercial Workers Union	1%

Of the workforce in the joint venture in KwaZulu-Natal, 85% are trade union members, as follows:

National Union of Metal Workers SA	71%
Motor Industry Staff Association	8%
South African Motor Union	6%

There are no trade union members in the operation in Namibia. Trade union membership at the operations in Botswana is not significant.

	Number of employees				
	P	FT		T	
		Joint venture	Joint venture		
2003					
Executive	16	3			
Management	355	40	13		
Skilled	2 322	464	45	10	
Semi-skilled	503	78			
Unskilled	250	46			
Total	3 446	631	58	10	
2002					
Executive	17				
Management	379		13		
Skilled	2 741		10		
Semi-skilled	652				1
Unskilled	267				1
Total	4 056		23		2
Change	-610	+631	+35	+10	-2

P: Permanent, FT: Fixed Term, T: Temporary

The joint venture was established in 2003.

Voluntary labour turnover in South Africa is currently in the region of 11%.

In Botswana and Namibia minimum terms and conditions of employment are legislated. These regions do not have industry forums that deal with such issues.

The division has a comprehensive set of policies and procedures in place, access to which is freely available to all employees. Such policies include: Recruitment, Employment Equity, Sexual Harassment, Benefits, Employment Code, Employment Contract, HIV/Aids as well as a formal Disciplinary Procedure and a Grievance Procedure.

Benefits

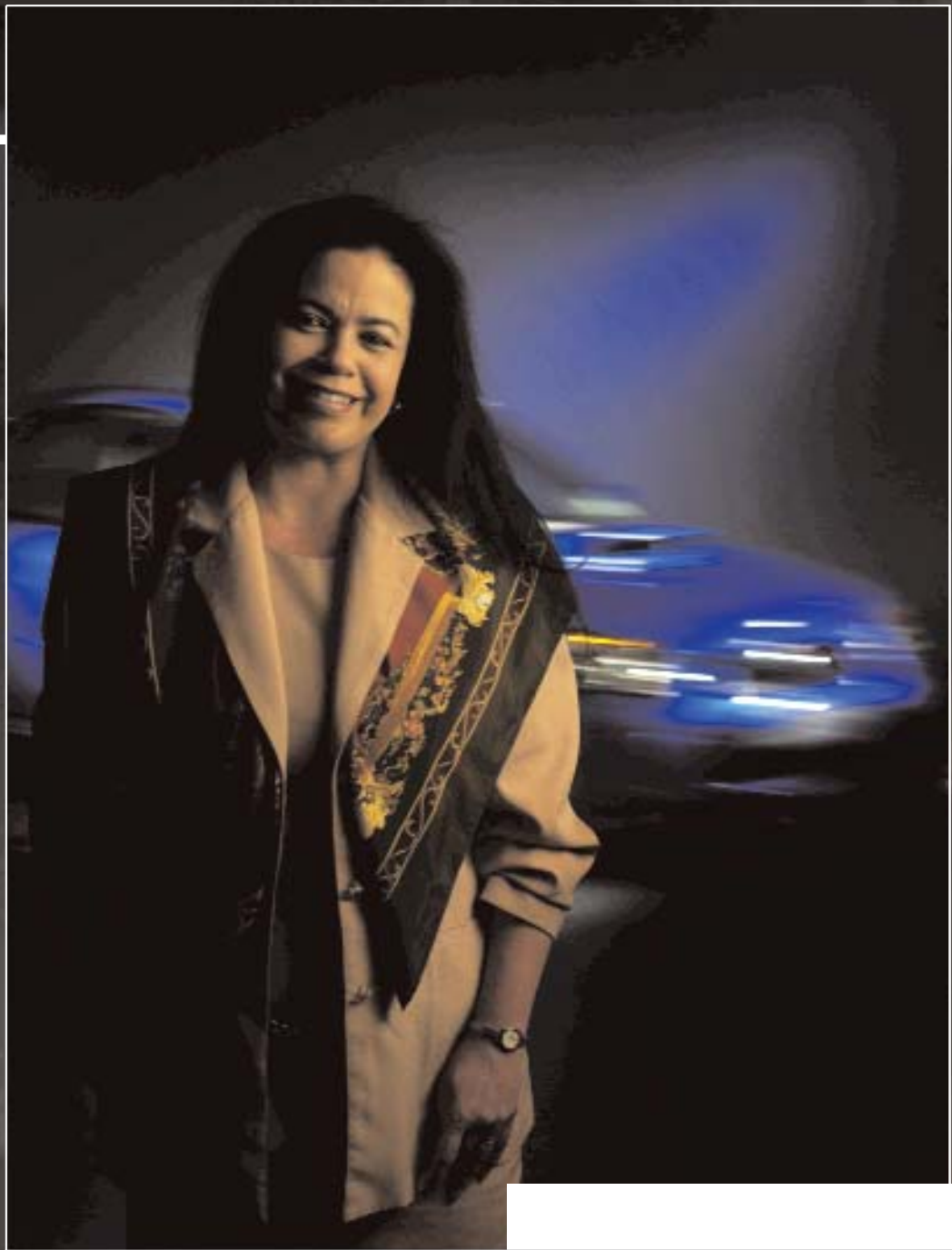
Benefits differ in various regions. Salaries and wages are above the minimum rates legislated.

All employees sign an employment code. The induction programme creates awareness of the rights and obligations of employees.

An exit interview is conducted with employees who leave the organisation and regular reviews of industry and market remuneration ensure fair and competitive remuneration policies and practices in the division.

The division's approach to HIV/Aids focuses on Awareness and Prevention. Its policy in this regard ensures confidentiality, voluntary testing, counselling and non-discrimination.

Teresita is Subaru South Africa! She has created value, done things differently and made her colleagues at Barloworld Motor proud. As Operations Director for our Subaru distributorship Teresita is responsible for all the day-to-day operational aspects of the business and has been single-handedly responsible for the success of the Subaru brand in South Africa. Her warmth, passion and commitment to her team and her business are unique, as is her brand. Subaru is a niche product in a highly competitive market, with limited resources and infrastructure and a principal that is based in Japan. Teresita and her small team of 19 are pioneers in Barloworld Motor who established a countrywide distribution network for Subaru vehicles. Teresita has earned the respect and trust of her dealers and has taken the time to learn what it is that makes them tick. All stakeholders have been immensely rewarded by Teresita's personal approach. Achieving immense publicity on a restricted budget, Teresita has proved her passion, commitment and enthusiasm. Using her extensive network of personal contacts, her eye for opportunity and a keen sense of timing, Teresita has exposed 14,5 million readers to the Subaru brand. Through her efforts at Subaru and in times of rapidly escalating car prices, she has secured a significant reduction in pricing and restrained price increases – a remarkable achievement. The unity of Teresita's team is proven by the



fact that in an industry with a very high staff turnover, only one member of staff has left her team. Under Teresita's watchful eye, over the past year, operating profit has tripled. The Subaru brand continues to grow and gain popularity through the example that Teresita sets for all Barloworld employees in terms of sustained value – she is a true ambassador for the company.

2003 CEO'S AWARD
FINALIST:
**TERESITA VAN
GAALEN,**
BARLOWORLD
MOTOR



WE HAVE STRONG LOCALISATION AND SKILLS DEVELOPMENT PROGRAMMES ACROSS SOUTHERN AFRICA

Training and development

The division has a comprehensive Training Prospectus and approach. In South Africa each operation has submitted a Workskills Plan as required by legislation. There are currently 56 plans in place. Such plans are monitored by committees at the workplace that are trained in both employment equity and skills development.

Throughout the year approximately 4 100 training interventions took place.

As it is not practical to record detailed training hours, annual training expenditure in South Africa is set out below:

	R000
Executive and senior management	177
Other management	867
Skilled	3 239
Semiskilled	564
Apprentice and technical	381
Unskilled	20
	5 248

The diverse training undertaken ranges from Adult Basic Education, Business Simulation, Technical (in total 175 apprentices benefit throughout the division including the joint venture) through to managerial and leadership training and development.

The division is supportive of industry training initiatives and in a number of instances has participated and assisted in pioneering industry training schemes.

In addition to the training costs mentioned, in South Africa, levies are paid under the Skills Development Act and these amounted to approximately R4,2 million.

Of the managers, some 500 have attended the three-day High Performing People course that is presented on a regular basis.

Much of the executive and senior management costs and infrastructure in respect of executive and senior management training and development is carried by Barloworld Limited in the form of "in-house" training and development programs presented in association with the Gordon Institute for Business Science in Johannesburg.

Other aspects of training that support lifelong learning include: a performance management system, adult basic education, product knowledge and technical skills provided by manufacturers as well as sales training. In South Africa a number of employees are also participating in accelerated development programmes provided by the industry.

The performance management system covers target and standards setting, employee development and appraisals using a balanced scorecard for every employee.

This system also ensures career paths and succession plans are in place throughout the division.

In South Africa various amounts of training expenditure were recovered in terms of the Skills Development Act's levy-grant system and tax rebates were claimed in respect of the division's apprentice training programme.

Employment equity

Equal opportunity plans, including targets, are submitted to the authorities in South Africa and Namibia. Skills development plans are also required in South Africa. These plans are monitored by workplace committees that are trained in both employment equity and skills development.

Across the division, both progress and targets are reviewed regularly by an employment equity steering committee.

Any complaints in this regard are addressed through formalised grievance and dispute procedures. Management incentive schemes require specific performance levels in meeting employment equity targets.

In Botswana, training and localisation plans are submitted every five years. Training issues in Namibia are addressed as part of the employment equity plans.

In South Africa a Graduate Trainee scheme has also been implemented to accelerate the introduction of skills of previously disadvantaged individuals into the division at a managerial and senior level. All the division's trainees on the industry's accelerated development training programmes in South Africa are from the designated groups.

Communication

Apart from a comprehensive set of regular structured management and other meetings throughout the division, communication is ensured by executive briefing sessions to the operations, videos, posters, formal in-house publications and a regular CEO's Newsletter.

AFRICA

Barloworld Motor
continued

Barloworld Robor

**Health and safety**

Appropriate and required committees are in place at all operations throughout the division. These consist of employer and employee representatives and conform to statutory regulations.

No fatalities or serious injuries have arisen involving external investigation by the relevant authorities.

All operations are covered by the Occupational Safety and Health Act.

Environment

Generally the motor retail business in itself is not environmentally unfriendly and the negative environmental effects of the few non-motor retail operations are negligible. In all operations environmental control systems are in place to minimise any adverse environmental impacts.

Annually, some 1,25 million litres of replacement lubricants and spare parts are used in the service and repair of motor vehicles.

Used lubricants are recovered and recycled. Broken or replaced parts are recycled or sent for landfill. Oil traps are professionally cleaned and a high percentage of all dealerships recycle all paper and cardboard.

Oil rags are disposed of in an environmentally effective manner, where the operation has a certification from the International Standards Organisation, or to landfill.

Spills of fuel or lubricants are insignificant.

Most air conditioner gases are recycled. Otherwise, no greenhouse gases, ozone depleting substances or nitrous oxides or other significant air emissions arise as a result of retail activities.

Little electricity or other energy is consumed directly or indirectly in these activities. Up- and down-stream energy use by the relevant motor manufacturers is not yet known.

Limited quantities of water are used mainly for washing vehicles. No ground water is drawn. Water used in the vehicle washing process is generally cleared and filtered. Discharges of water are minimal.

The showrooms and service centres are all in urban localities. Activities have no impact on biodiversity, protected or sensitive areas, heritage sites, fresh water sources or related ecosystems.

All new developments and investments in buildings and infrastructure are fully compliant with relevant environmental legislation and local bylaws.

Three BMW dealerships are ISO 14001 compliant.

Ongoing environmental expenditure is incurred in all operations to ensure compliance with legal and required standards. Apart from the initial investment in any new premises to ensure appropriate environmental standards, expenditure is mainly incurred in respect of waste disposal.

The motor manufacturers relevant to the division have an acute awareness of

environmental matters and each has its own policies, programs, systems and approach to the environment. Although the quantity varies between manufacturers, a high proportion of components and materials in vehicles is reclaimable.

Against this are engine emissions, demand for fossil fuel and physical waste such as tyres, old parts and vehicles without reclamation value.

The environmental impacts of supplying motor vehicles to society are congestion on the roads, noise, use of fossil fuel and pollution of air with carbon-monoxide and other carbon products, accidents and physical waste.

The Coachworks operations are all fully compliant with environmental legislation.

Society

The division is mindful of its role of a responsible corporate citizen and conducts itself and its business operations accordingly.

The division makes a substantial contribution to the group's fund for sponsoring community initiatives and social upliftment of disadvantaged societies. This is in addition to the various donations, sponsorships and initiatives undertaken by operations within their own regions and communities.

In addition to financial support, in South Africa much time and effort is spent in motor industry forums contributing towards the operation of the industry and the setting of minimum standards.

The division is committed to Black Economic Empowerment. In this regard its approach



**WE HAVE CREATED
THE LARGEST
BLACK ECONOMIC
EMPOWERMENT BUSINESS
IN THE SOUTH AFRICAN
MOTOR INDUSTRY**

centres around: equity, skills development and employment equity. Evidence of the division's commitment is the establishment of a joint venture in Natal. To date this is the most significant empowerment transaction in the South African motor retail Industry.

So far as procurement is concerned, the vast majority of product sourcing is from the manufacturers who are themselves addressing Black Economic Empowerment issues.

The division has cooperated with major motor manufacturers in pursuing their own empowerment initiatives and it has also made significant contributions in this regard.

Again, the motor manufacturers relevant to the division each have their own policies, programs and systems in support of various communities and relevant social issues.

BARLOWORLD ROBOR

Customers

The division provides tube and pipe solutions to the mining, construction, water supply, automotive and petrochemical industries. Locally there are over one thousand customers and more than 50 internationally. Local customers range across all sectors – government and business, wholesale and retail. Approximately one-quarter of sales, by value, relate to exports.

Apart from the usual marketing methods, an Internet website is used to communicate details and benefits of the division's products to existing and potential customers.

In terms of a 5-Star Customer Value Programme, which has been in existence for a number of years, the business units in the

division are rated against world-class criteria. This ensures constant attention to solutions that create value for customers. It achieves a constant flow of communication with customers on their changing needs and includes independent surveys at least annually. Customers are active participants and are the final judges of performance levels. Conditions of business are concluded with customers and monitored to ensure compliance by both parties.

Products and services

Pipe, tube and structural sections are manufactured from carbon and stainless steel coils, which are purchased from primary steel producers. Steel fittings and flanges are also manufactured. Carbon steel products, sections and structural steel are also galvanised on behalf of third parties.

There are manufacturing facilities at Elandsfontein and Chamdor. These are ISO 9002 compliant, supporting the highest standards of product quality and service. A world class distribution centre employs a state-of-the-art information, order tracking and logistics system.

A separate unit researches new uses for existing products and new tube and pipe related products. Any product proven to be commercially viable is absorbed into the product line of the appropriate existing business unit.

Product workshops for customers are held regularly. Uses and features of the products are demonstrated. Technical staff are available at all times.

Productivity targets are agreed with each business unit annually. These and other targets are communicated to the workforce

and increasingly pursued through mission directed work teams in the factories.

Suppliers

Carbon steel coils, used in the production process, are supplied by Iscor and Highveld Steel. Stainless steel coils are obtained from Columbus. Some 70% of purchases comprise products obtained from these suppliers. Terms of supply are agreed with all suppliers. These are rigorously monitored to ensure compliance by both parties. Steel products supplied are manufactured to international standards. Regular discussions are held with suppliers on quality, delivery and payment issues.

Meetings involving both suppliers and customers are held regularly.

Manufacturing and the environment

Carbon and stainless steel are used as primary production inputs during various mill processes. About 570 kilolitres and 140 tons of various other inputs are also used. In galvanising processes, some 9 300 tons and 12 000 litres of various acids and other chemicals are consumed.

Post-production steel tube pickling is performed, where required. Some 406 tons and 14 kilolitres of various acids and chemicals are used in these processes.

Finished production for South African deliveries is usually bundled and strapped. It is delivered to customers by third party transport contractors. A sizable portion of tube production is exported to other countries. This is mainly bundled, strapped and wrapped. Stainless steel tube is crated. Approximately 520 tons, 4 230 cubic metres and 54 000 items of various packing materials are utilised annually.

AFRICA

Barloworld Rotor continued



Approximately 260 000 gigajoules of electricity, 6 200 gigajoules of Sasol gas and 1 000 tons of various types of other gases are applied annually in the production processes, as well as some 245 000 kilolitres of water.

All business units have power factor correction and load sharing equipment as a means of increasing electricity usage efficiencies. Two electric induction heaters have already been installed and a third will shortly be installed replacing the electrically fired furnaces in the steel coupling production plant. An estimated 15% saving in electricity consumption is expected.

Most operations are located on property which is owned by the businesses. These cover 508 513 square metres. Approximately 70% is impermeable, being factories or large open yard storage with concrete inter-locking paving. Access roads are either paved or tarred.

Production processes generate some 76 tons, 280 cubic metres and 60 000 litres of waste and sludges. Disposal is undertaken by registered third party waste disposal companies. Three operations also have their own effluent plants, which treat waste water to an acceptable standard prior to discharge into various municipal waste water disposal systems. About 4 700 tons of various wastes are sold to external waste contractors for reclamation.

A site waste water management control and improvement project has been commenced by the tube manufacturing operation. This will involve draining and lining an existing storm water buffer dam. A new pumped site waste water system will also be installed so that excess waste water, which might gather in two existing storm water separation pits and the new buffer dam, can be pumped to an existing effluent plant for treatment, prior to discharge into the municipal waste water drainage system.

An acid fume scrubber has been installed at the new pickling and effluent plants. This prevents atmospheric pollution. The effluent plant dewatered spent acids which are pressed into sludge cakes and disposed of by a registered waste disposal company to an approved waste disposal site. Waste removal has been reduced by 40% and waste water discharged into the municipal system has been halved.

All operations are formulating site environmental management plans. Identification of all significant environmental aspects has been completed. Control and monitoring plans will now be developed and training needs identified.

There have been no significant spills of fuel, acids, chemicals and no gas leakages.

Employees and labour practices

Number of employees			
	P	T	A
2003			
Executive	11		
Management	180		
Factory and office	1 005	66	522
Total	1 196	66	522
2002			
Executive	8		
Management	183		
Factory and office	971	191	484
Total	1 162	191	484
Change	+34	-125	+38

P: Permanent, T: Temporary, A: Agency

Almost all are employed in Gauteng. Small operations are conducted in Cape Town, Durban, Port Elizabeth and Malawi. The labour turnover rate approximates 9%. About 41% are members of trade unions.

Employees are consulted in terms of the local recognition agreement procedure. Where such agreement is not applicable, the provisions of the Labour Relations Act are observed.

Any dispute declared by either party is referred to the Metal Industries Bargaining Council. If this fails, the matter is referred to higher levels under the provisions of the Labour Relations Act.



WE ARE THE MARKET LEADER IN STEEL TUBE IN SOUTHERN AFRICA

Employee benefits include membership of the Barloworld Medical Scheme with the employer paying two-thirds of contributions and the employee the balance.

Retirement funding receives a contribution of 14% of qualifying earnings from the employer, while the employee pays 6%. Retirement benefits include disability and death cover funded by the employer.

Employees with more than two years' service have maternity benefits equivalent to 78% of qualifying earnings. The benefit is funded by the company to the extent that the full benefit is not claimable from the Unemployment Insurance Fund.

Employee forums, such as mission directed work teams, are used to identify, communicate and resolve important work related issues.

Healthy and safe working conditions for all employees and contractors are an imperative.

A health and safety programme is conducted in terms of the Occupational Health and Safety Act. Regular surveys of effectiveness are conducted through accredited external assessors. Where feasible, risk is removed. The remaining risks are subject to improvement projects.

Health and safety committees are active at all manufacturing operations. Employees are

represented on these committees which meet monthly to review and improve workplace health and safety matters. Incidents are reported monthly.

The disability injury incidence rate has steadily declined over the year.

Ongoing training programmes aim at avoiding or minimising exposure to accidents.

The death of a contracted crane technician, reported last year, was investigated by the Department of Labour. No one was found to be responsible for the accident. A contracted slit coil butt welder who was handling a slit coil was fatally injured during September 2003. The Department of Labour and the SA Police Service inquiries have not been conducted on site yet, but the internal investigation indicates that all reasonably practicable steps had been employed to prevent the accident from happening. All existing work practices which include current written safe work procedures, all coil handling equipment and storage facilities have been critically re-examined, and improvements are being implemented wherever necessary. This will also include the retraining of all workers involved.

Average days of training were 6,7 per employee. Individual development plans exist in respect of senior management. Similar plans will be introduced for other levels.

A written employee equity policy is available to all employees. Formal Employee Equity Plans cover all employees and targets set for 2005 are being pursued.

Freedom of association of employers and employees is recognised in terms of the Labour Relations Act.

Disciplinary procedures include an appeal process. A written motivation lodged within three days will result in a hearing under a different chairman and the matter finalised.

In the supply and distribution chain, there could be an estimated 20 000 jobs, supporting as many as 100 000 people.

Society

Operations are conducted in industrialised areas where mutual expectations are shared with surrounding businesses. Communities are affected only to the extent of traffic arising from heavy vehicles entering the area to deliver raw materials or to collect finished goods.

The products traded are not hazardous.



2003 CEO'S AWARD FINALIST: **DEBBIE BROODRYK,** BARLOWORLD ROBOR

As Eastern Steels' Internal Sales Manager Debbie is a dynamic worker who, because of her great impact on her company, has beaten a thousand other employees to be the Barloworld Robor nominee at the 2003 Barloworld CEO Awards. Having been unable to gain direct access to a major paper industry customer who use a substantial amount of stainless steel, Debbie proved her devotion to her job and showed initiative in the extreme. She discovered that a competitor held the annual contract with the customer and their sub-contractor. Debbie managed to gain access to the plant to see the sub-contractor. Impressed with her endurance, the sub-contractor asked her for a quote and subsequently placed an order. Having returned to Johannesburg on a Friday, Debbie received a call from the customer who said they needed material on site by Sunday. Enlisting the help of her husband, Debbie drove to the office, loaded the material into her car and sat in the boot while her husband drove the car to their home. Together they loaded the material into their 4x4 and drove a 600 km round trip, delivering the order on time. The contract is now worth R560 000 per annum and through her commitment has opened the potential for work with this customer and its sub-contractor that is worth millions. Debbie is a stainless steel expert who will stand her ground and yet is always open and honest. Debbie has been described as an 'unforgettable' woman who will tackle any challenge. Although she is dedicated to her work, Debbie will always find time for her teenage son and husband who she assists in breeding exotic birds. Thanks to Debbie, Barloworld Eastern Steels is now an approved supplier to the paper industry customer.



WE ARE A RAPIDLY GROWING FORCE IN LOGISTICS IN SOUTHERN AFRICA

BARLOWORLD LOGISTICS

Vision

The vision is to become a significant international provider of supply chain solutions and the preferred provider in southern Africa, as well as a partner and employer of choice. This is based on the business proposition of design, implementation and management of integrated supply chain solutions for corporate clients.

The logistics supply chain spans all industries and is estimated to comprise 10% of global gross domestic product. Current focus is on corporate clients in southern Africa where more than 90% of turnover is generated. However, activities are also conducted in Europe and the United Kingdom, the United States and Australia.

Customers

Logistics benefits clients by providing innovation and improvement of current systems.

Customer needs and satisfaction are measured through independent surveys. Non-conformance and customer complaints systems are operated. These ensure that complaints are dealt with, corrective action is taken and a response is given to the customer.

Services

Logistics is an industry that is completely reliant on clients outsourcing some of their traditional in-house activities. Services offered are supply chain audits, procurement, inbound logistics, transportation, transportation optimisation, warehousing, inventory management, outbound logistics, electronic data interchange and connectivity, supply chain modelling and design.

Most logistical activities, with the exception of transportation, are environmentally clean. Transport consumes fossil fuels, rubber, as well as maintenance spares and vehicles emit exhaust fumes.

Suppliers

Mutually beneficial long-term relationships with suppliers are encouraged. Contractual terms and conditions are maintained with all suppliers. All amounts due under these contracts are paid in accordance with the contract.

Suppliers from whom more than 10% of purchases are made are Sasol and Shell South Africa in respect of fuel, DaimlerChrysler South Africa in respect of vehicles and Transport & Equipment Engineering Company.

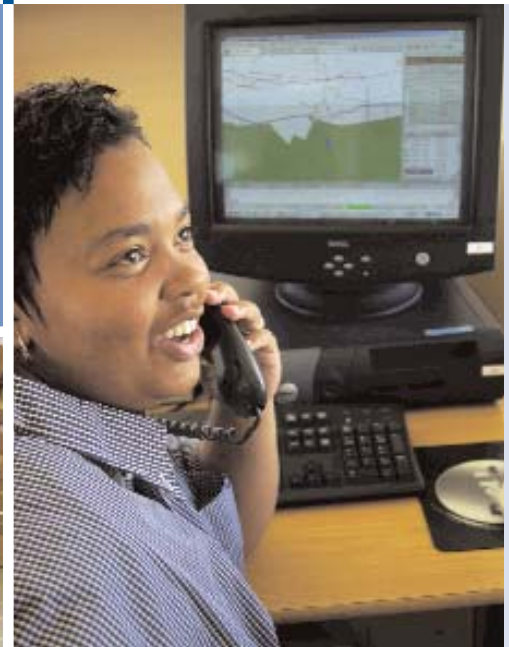


Employees and labour practices

	Number of permanent employees		
	Africa	Europe	North America
2003			
Executive	35	2	
Management	88		
Factory	674		
Office	198	8	5
Total	995	10	5
2002			
Executive	35	2	
Management	75		
Factory	638		
Office	177	8	
Total	925	10	
Change	+70	0	+5

AFRICA

Barloworld Logistics continued



Organic growth in labour is the result of additional contract and new business requirements. The underlying turnover rate is between 5% and 10%. Approximately 60% of employees are covered by The National Bargaining Council (Road Freight) Agreement with that council, where employer and employee bodies represent their constituencies. Business units are encouraged to enter into local recognition agreements with unions in respect of members at their operations. Some 35%, comprising mainly heavy duty truck drivers, belong to the South African Transport and Allied Workers Union. Subscriptions are deducted by the employer from members and paid to the union.

Labour law in South Africa is very prescriptive and Bargaining Council agreements also specify procedures to be followed in consultative processes with employees or employee representative bodies. Agreements between employers and unions contain similar provisions.

In order to attract the most suitable employees, remuneration packages are generally about 25% above the industry norm. Participation in annual salary surveys ensures that packages are appropriate. All employees participate in an annual discretionary incentive scheme. Annual pay and benefits amount to R119 501 000.

All employees are members of a pension and/or provident fund. Membership of a medical scheme is voluntary.

Induction and Climate Creation sessions outlining rights and obligations of employers and employees have been conducted with about 700 employees so far. This will ultimately include all employees.

Application of the required business skills is achieved through appropriate universities, business schools and specialised consultants. Four driver trainers are on the permanent staff. Employees have access to study assistance and are encouraged to continue learning and self-development.

Employment Equity and Workplace Skills plans, including targets, are submitted to the Department of Labour. Targets are being achieved. Progress and targets are reviewed quarterly.

Each business unit has a health and safety committee, comprising employer, employee and union representatives. All issues arising under the Occupational Health and Safety Act and non-conforming items are recorded on a Lotus Notes "achiever plus" database and dealt with. No deaths and only minor injury compensation have occurred. There were eight accidents in which the loss from all consequences exceeded R100 000. Annual audits are carried out by consultants from Marsh Inc.

Environment

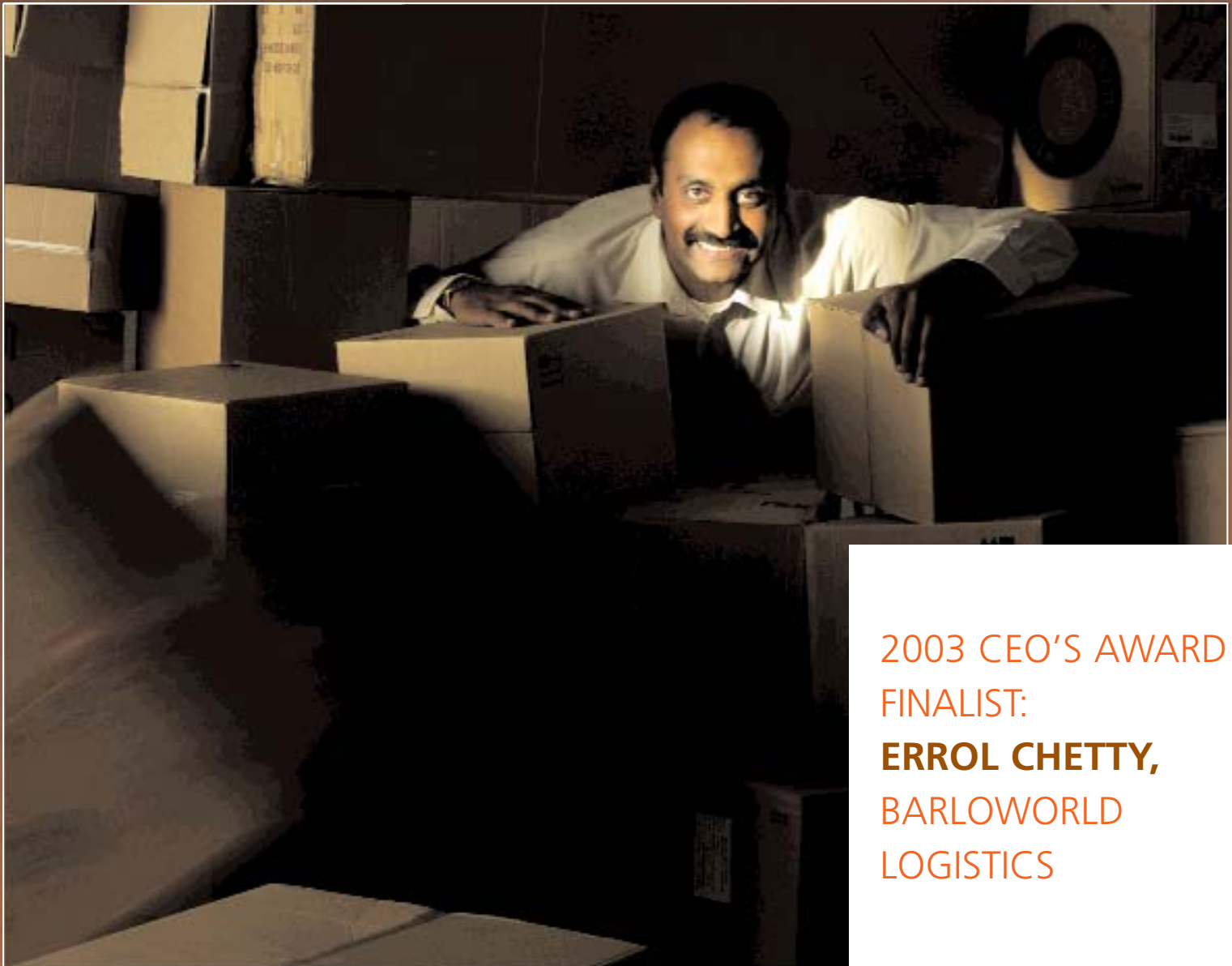
Replacement of vehicles by more fuel efficient vehicles has resulted in an estimated 21%

reduction in fuel usage. Closely matching fleet size to medium term payload requirements, routing optimisation and reduced downtime are also areas of constant pursuit of improvement.

A fleet of some 240 vehicles is operated. In a typical year, they are likely to travel 25 million kilometres and to consume 13 million litres of diesel fuel, 45 000 litres of lubricants, 1 650 tyres and up to R25 million in maintenance spares, as well as unknown quantities of electricity and stationery. The suppliers of diesel are Sasol and Shell, both of which have excellent environmental programmes.

Although extended oil change intervals have reduced the amount of wastage, lubricants are sent for recycling to the Rose Foundation. Tyres are returned to the manufacturers for retreading or recycling. Maintenance spares are disposed of. All maintenance and disposal activities are contracted out. Proper waste disposal activities are a precondition for doing business.

Heavy vehicles typically emit 0,13 kilograms of sulphur dioxide per 100 kilometres travelled. Lower consumption through use of more efficient vehicles is estimated to reduce overall emissions by 5,2%. Emissions of other ozone depleting substances are insignificant. By using ultra low-sulphur diesel fuel, this has been reduced by 80%. About 60% of vehicles derive this benefit. In respect of vehicles, about 94% of the content can be recycled



2003 CEO'S AWARD
FINALIST:
ERROL CHETTY,
BARLOWORLD
LOGISTICS

Errol is Regional Manager in the Western Cape for Barloworld Logistics and has been managing the two Distribution Centres in Cape Town for retail clothing client Pep Stores since June 2000. Errol has always been ready and willing to go the extra mile. In early 2000 he spent three months in East London running a blanket warehouse on behalf of Pep, pushing out huge volumes of blankets to reach the market timeously. In early 2002, Errol restored order to the Ackermans pick and pack operation in Johannesburg. Shifting his focus to Durban at the end of 2002, he created a stimulating work environment,

stabilised processes and spent many late hours and weekends on site getting the hub back to peak performance. In 2003, at the request of Pep Stores management, Errol returned to Johannesburg where he observed processes and worked alongside key role-players to restore order and stability. As the hub was the largest throughput facility at the time, the challenge was great and Errol had to win the client's confidence back. This he did through his dedication and passion for his business. He directly reduced costs by R50 000 per month and the client now knew that Barloworld Logistics had their best interests at heart.

Errol has never worked a normal 8 to 5 shift and has been present at the heart of operations at the most crucial of times. He is passionately committed to adding value to the lives of clients and has impressed done so to an incredible degree, identifying shortcomings and working 15-hour shifts to ensure that problematic situations were brought under control. Errol epitomises world-class performance. Unparalleled commitment comes naturally to Errol and he is a great role model who has achieved exceptional results.

AFRICA

Barloworld Logistics continued

Barloworld Corporate Office



on break-up. Water for domestic use and washing vehicles, with recycling at washbays, is minimal.

In addition, many clients' transport requirements are outsourced to third party operators. The number of such vehicles and their consumption of fuel and other items is not yet known.

Some 13 000 tons annually of spent pot liner are transported from BHP-Billiton operations at Richards Bay to Pretoria Portland Cement operations at Dwaalboom, Port Elizabeth and Slurry. There it is disposed of in cement kilns in a manner which meets all environmental requirements. This material is a class 4.3 (dangerous when wet) hazardous waste, also identified as UN3170. Before the transportation programme commenced, a full environmental impact analysis and certification exercise was completed.

Society

The logistics industry in southern Africa is following world trends and growing rapidly. Currently, there is no centralised body to monitor industry movement, standards and growth. With several partners, Barloworld Logistics is sponsoring the 2003 Foresight Logistics and Supply Chain Survey of key issues in the South African logistics market. This will be conducted by a leading independent international supply chain and logistics specialist.

The Campus delivers people growth through technology

At Barloworld Logistics in South Africa a culture of lifelong learning, preempting change and driving innovation is entrenched through The Campus. This virtual learning centre provides opportunities to learn and apply knowledge and skills that assist in establishing uniformity and consistency in our approach and providing coherence and integration across our various business units – and most importantly it equips our staff with the skills to add value on an ongoing basis. In the period April – October 2003 the Campus delivered in excess of 1 200 training days with some 300 staff being trained on various courses.

BARLOWORLD CORPORATE OFFICE

The corporate office provides strategic direction and support, as well as specialised services, to the Barloworld Group. Through mutual interaction between the directors themselves and with the professional staff control of the overall direction of the business is achieved. Recommendations on important issues or projects are also formulated in this way. These activities assist the chief executive officer in performing his duties in relation to the board of Barloworld Limited.

Professional staff in the fields of finance, financial control, planning, human resources, tax, treasury, legal, industrial health, communication, risk management, internal audit, information technology and company secretariat represent the majority of personnel.

Intragroup fees are charged on an appropriate basis and significant progress has been made towards full cost recoveries.

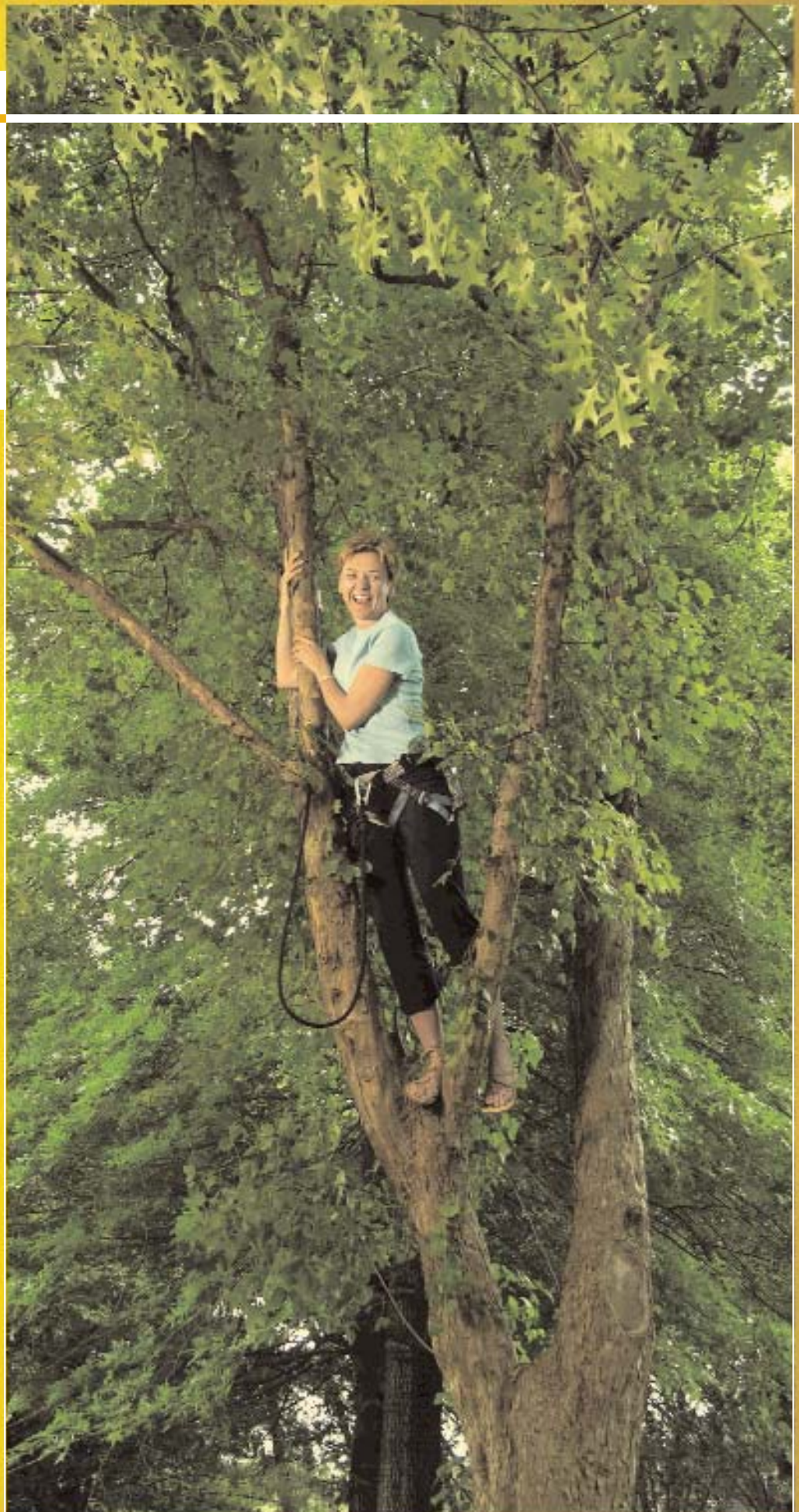
Employment and labour practices

	Number of employees		
	P	FT	T
2003			
Executive	36		
Management	71		
Office	105	1	6
Total	212	1	6
2002			
Executive	35		
Management	55		
Office	84		
Total	174		
Change	+38	+1	+6

P: Permanent, FT: Fixed Term, T: Temporary

2003 CEO'S AWARD
FINALIST:
TERRY DEARLING,
BARLOWORLD
CORPORATE

Terry is Barloworld's global head of Internal Communication. She joined the company in Barloworld Equipment managing all aspects of Human resources including Training and Development and Change Management. During her time at Barloworld Equipment she realised that communication was critical to the success of the change process and got involved in focusing on this area. Terry was awarded the Barloworld Equipment CEO award for outstanding achievement in 2000 for her "first class internal communications". Terry joined the Barloworld corporate office in 2000 and has been responsible for setting up all the global communication structures. The values of Barloworld are reflected in our code of ethics, which embraces the ambition of the company to protect the environment. Terry certainly went the extra mile to achieve this ambition through her management of the company's centenary tree-planting project in southern Africa and Australia. An enormous logistical exercise requiring dedication and enthusiasm beyond the norm, some 23 000 trees were planted in honour of Barloworld's 100th anniversary. Through her enthusiasm and commitment of much of her personal time, Terry ensured that the project ran smoothly from start to finish. Terry has improved regular communication structures and has single-handedly unified Barloworld by keeping all divisions fully informed about the goals and objectives of the company. Terry has enhanced and solidified the reputation of Barloworld on both a social and environmental level Terry also spends time with her daughter and is a Chapter Board member for the International Association of Business Communicators as well as a board member for their African region.



AFRICA

**Barloworld Corporate Office
continued**

Barloworld Cement & Lime



Electronic communications take place between the corporate office and worldwide business units. A secure network, accessible only to predetermined users, exists for transmission of sensitive information. Information of interest to all employees is shared on an interactive worldwide Barloworld intranet. There is also an integrated e-mail, internet, telephone and voicemail system.

Policies are being formalised that will, inter alia, ensure that employees comply with relevant domestic and international laws and regulations; personal information collected does not exceed the purpose for which it was obtained; and no such information may be passed on to any third party or used for direct marketing purposes without the prior consent of the person concerned.

Information in physical form and electronic information systems are valuable assets influencing competitiveness and ability to meet customers' needs. An information security programme is being established. This will balance information security against business risk.

The remaining personnel provide services such as office management, organisation of social functions, catering and maintenance. Garden, medical aid, office cleaning and security services have been outsourced. Provision of these services involves no gas emissions.

The corporate office (and other offices on the same site occupied by business units) is situated in a 10,5 hectare park, owned by the holding company, near the Sandton business district. The buildings are surrounded by well-maintained gardens. Electricity is obtained

from Eskom but, owing to interruptions from time to time, stand-by generators and ancillary equipment ensure uninterrupted power supply. Water is used for gardening and domestic purposes. Paper and staff canteen supplies are the main consumables.

Waste paper is sold to the main paper manufacturers and metal cans to a recycling organisation. Glass and computer cartridges are sold to a recycling enterprise. Domestic refuse is collected by a private contractor on behalf of the local authority.

BARLOWORLD CEMENT & LIME

Customers

Cementitious and lime products are supplied to the building and construction, steel manufacturing, chemicals, pulp and paper, food, sugar and mining industries, as well as some retail outlets.

Product and service initiatives include training and skill development for consumers as well as quality assurance services to guarantee the quality of the product.

Interaction with customers, external market surveys and toll free care lines are used to measure customer satisfaction. Procedures are in place to deal with complaints.

Relationships with customers are governed by confidentiality provisions. Sales figures are submitted to an independent auditor who consolidates the results for publication by the cement industry.

All advertisements are analysed to ensure compliance with the National Advertising Authority guidelines.

As part of the overall compliance process, the Maintenance and Promotion of Competition Act has been analysed and an appropriate policy implemented for prevention of anti-competitive behaviour.

Products and services

Products are produced at various mining and manufacturing operations. Paper sacks, bags and material products are manufactured in Durban. Certain services are outsourced to local small, micro and medium enterprises as part of empowerment initiatives.

Approximately one-third of South African cement demand, half in Zimbabwe and four-fifths in Botswana are supplied, as well as more than half of the lime used in southern Africa.

Information regarding the safe use of each product is printed on the bag and the relevant delivery note. The South African Bureau of Standards ISO 9001:2000 Quality Management Standard is applied. Safety data sheets are also available for each product. In addition, technical, sales and laboratory services staff have direct interface with customers. Product labels comply with the requirements of the South African Bureau of Standards.

Recycling of cement is not done due to the risk of contamination during such activities. Technical support to consumers, in the form of mix designs and quantity estimates, helps to achieve better results and reduce waste.

Suppliers

Contracts with suppliers are formally documented. Specific terms and conditions covering the rights and obligations of each party are strictly implemented.

BARLOWORLD'S CORPORATE OFFICE IS FOCUSED ON GLOBAL VALUE CREATION



The majority of suppliers are paid within 45 days following delivery of the goods.

Specifications regarding quality of the product delivered are included in the contract. These are enforced at operational level by the relevant production, engineering or administrative personnel. These requirements form part of the ISO 9001:2000 Quality Management System. Suggestions for improvements are mutually exchanged on a continuous basis with benefits to both parties.

A vigorous screening process is applied to accredit suppliers of goods and services. As part of this process, significant suppliers' competence in commercial, financial, engineering, health and safety, environmental and other relevant business functions is examined. This includes evaluation of human rights considerations. The purpose is, inter alia, to ensure responsible environmental management throughout the supply chain. Small, micro and medium enterprises are offered assistance in including sound environmental practices in their business plans.

Sustainable use of non-renewable resources

The division has committed itself to greater sustainability through the implementation of an integrated and proactive approach to environmental management. Our business does not only focus on economic prosperity but also on the other two legs of sustainable development viz. the environment and society. Sustainable business is good business and it is imperative to reduce the negative impacts of business activities on employees, the environment and society at large.

Environmental programmes

All of the cement and lime manufacturing operations have retained their ISO 14001 certifications. In addition, Afripack, Group Laboratory Services and the sales and marketing operations achieved certification to the ISO 14001 standard for environmental management in 2003.

All operating mines have approved environmental management programmes and systems to monitor compliance. These ensure that the environmental footprint remains as small as possible and that concurrent rehabilitation takes place. Only the De Hoek mine did not achieve full concurrent rehabilitation in 2002. However, a project is already under way in this regard. Full financial provision is made for the final closure of all mines partly by way of contributions to the PPC Environmental Trust, and partly by the division in terms of its accounting policy.

In regional competitions organised by the Department of Minerals and Energy, the category for new small opencast mines was won by Grassridge in the Eastern Cape; the category for large opencast mines by the De Hoek Zoutkloof quarry in the Western Cape; and the category for mines in the closure phase was won by the Loerie mine in the Eastern Cape.

At the 2002 World Summit for Sustainable Development, the Batelle Report was released and the Cement Sustainability Initiative was launched. Although not among the largest 10 cement manufacturers which commissioned the report the division volunteered data for it and has committed itself to the Action Plan under that initiative.

Raw material inputs

Manufacturing processes use limestone, clay or shale raw material inputs. These are extracted through direct mining operations. Factories are established in proximity to the relevant raw material deposits.

Risk assessments and inspections form part of all new projects. These are conducted throughout the planning, implementation, approval and commissioning phases and include health and safety, quality and environmental evaluations.

The limestone and other raw materials are extracted by mining. Annual consumption was:

Tons		
	2003	2002
	8 350 701	8 581 115

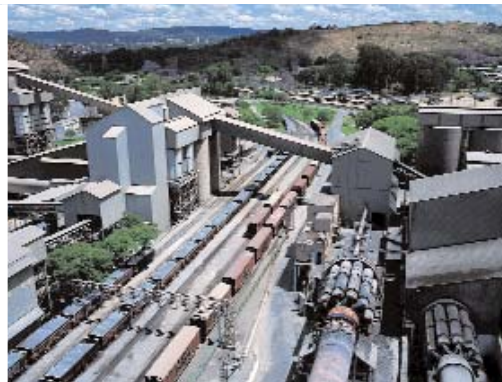
Alternative raw materials and extenders have continued to be introduced into the manufacturing process to reduce the quantity of mined raw materials used to produce the required tons of finished product. These include industrial wastes from other industries in the following quantities:

Tons		
	2003	2002
As raw materials	415 209	414 298
As extenders	343 867	292 224
As fuel	17 473	85 515

The reduced usage of industrial wastes as a fuel can be attributed to the fact that the division no longer utilises the fine coal dust from Saldanha as an alternative source of fuel.

AFRICA

Barloworld Cement & Lime continued



Energy consumption

Energy efficiency is essentially using less energy for the same production volumes. Improvements in energy efficiency produce direct and indirect environmental benefits.

Cement and lime manufacturing processes are energy intensive. Electricity is supplied by the national power utility in each operational area. Although there is little alternative, efforts are continually made to substitute fossil fuel with energy generated through the use of secondary waste materials from other industries and municipalities.

During 2003 the division used 17 342 tons of secondary materials, which would have been landfilled as waste, to fuel kilns at various locations.

Some 21 142 gigajoules of energy, derived from the consumption of 796 697 tons of coal, are used directly in manufacturing and ancillary processes annually. Other annual energy usage is estimated at 533 661 megawatt hours of electricity and 8,8 million litres of diesel fuel.

Over an assumed period of 25 years, estimated cumulative future energy requirements are 500 million gigajoules derived from coal and 5 million gigajoules from consumption of diesel fuel.

Water consumption

Annual water usage, excluding lime operations, is 2 083 934 kilolitres.

The manufacturing and mining operations are not in water sensitive environments. Water is used mainly in conditioning towers and cooling plants, and is subsequently recycled.

In some cases, mining operations are conducted below the water table. Seepage water is pumped back into the environment to support the ecosystems. Water effluent quality is measured at all production plants with no evidence of any significant negative impact.

Although withdrawals of renewable water have not been quantified, no reduction in supply from boreholes or watercourses has been experienced to date.

Emissions

Direct greenhouse gas emissions from coal combustion, excluding carbon dioxide emissions from electricity consumption and calcination of limestone, were:

Tons	2003	2002
Carbon dioxide	1 919 770	895 442

The increase in the carbon dioxide emissions reflected is the result of using an adjusted ratio for carbon content in the coal. This adjusted figure is more accurate than that used for previous years.

Indirectly, greenhouse gases arise from the generation of large quantities of electricity and the use of diesel fuel.

Emissions of ozone depleting substances are not applicable to the cement industry. Some nitrous oxides and sulphur oxides are emitted as a result of the manufacturing processes and monitoring is conducted at some plants. Periodic external testing has shown that sulphur dioxide emissions are well below the guidelines.

Short, medium and five year plans, developed and administered by each production plant, include environmental considerations. Expenditure for environmental improvement and ISO 14001 certification is identified. Provision is made for pollution prevention infrastructure and equipment.

All plants operate within dust emission limits contained in operating permits issued by the Department of Environment and Tourism (Air Pollution Control Directorate). Results of dust monitoring, conducted by use of modern CODEL™ monitors, are reported.

Waste

Mining waste material is collected on overburden dumps. These are fully rehabilitated to blend with the surrounding environment. Waste from mining operations was approximately:

Tons	2003	2002
Overburden	8 700 000	9 800 000

Spent pot liners from the aluminium industry in KwaZulu-Natal are transported to cement and lime plants in the Northern Cape, Eastern Cape, Limpopo and North West provinces. They are used as an alternative raw material or fuel in cement and related manufacturing processes. Permits have been obtained for the use of the waste in this manner. Transport is carried out by an authorised service provider. Intensive supply chain auditing is carried out on the provider.

Building rubble, which is chemically inert, is commonly used as backfill at construction



WE ARE THE LEADING CEMENT PRODUCER IN SOUTHERN AFRICA

sites and for levelling. Lack of economies of scale has restricted efforts to initiate recycling of building rubble. Uncontrolled dumping has a negative visual impact.

Effluent

Cement and lime manufacture do not generate significant liquid waste streams. Effluent is discharged to municipal sewers in urban locations. In rural areas, effluent discharge takes place from some small sewerage plants after treatment.

Mixing equipment and cement residues are, sometimes washed off by third party construction contractors in an uncontrolled manner. This can negatively impact surface and ground water. Bags create negative visual impact at construction sites if they are not disposed of. These impacts are beyond the direct control of the division.

Biodiversity

Total land owned, leased or managed for production activities is 53 206 hectares.

Approximately 1 330 hectares of land classified as Loerie fynbos, 16 000 hectares of Grassridge bontveld and two hectares of Riebeeck renosterveld are owned, leased or managed in biodiversity-rich habitats. Any negative impacts are mitigated by the implementation of appropriate and approved environmental programmes which include the protection of sensitive environments. The bontveld is protected through all stages of mining with the objective of restoring affected areas to the extent of at least 90%.

Land use potential is reduced temporarily where mining operations are carried out. Once overburden dumps have been rehabilitated, pastoral or arable farming can be commenced or restored.

Removal of invasive vegetation from large tracts of previously disturbed farm land at Dwaalboom has allowed bushveld vegetation to be re-introduced. This supports a wide variety of game. Similar rehabilitation has been completed at Riebeeck and De Hoek, where wheat is being grown on rehabilitated land.

In the North West Province, worked out quarries have been successfully rehabilitated as water features that have attracted bird life to the area.

Escalating the fight against Aids

The division has for many years implemented initiatives that are aimed at minimising the social, economic and developmental consequences of HIV/Aids to its businesses and its employees and, where practical, to the communities where it operates.

Voluntary tests have shown that the prevalence of HIV/Aids in the division remains low. The division encourages personnel to ascertain their HIV status and to use the assistance available to them through their medical aid funds and the Employee Assistance Programme including counselling and treatment.

In addition, peer educators continue to build awareness and provide an avenue for counselling in the workplace. Several clinic medical health practitioners have been trained and are qualified to provide counselling and assistance to those who are affected with HIV/Aids.

This year the PPC Achiever Award was granted to an employee who had taken it upon herself to extend the abovementioned initiatives into all surrounding communities in the Northern Cape.

Health and safety

Health and safety agreements are in place with all recognised unions, as well as contractors who carry out work at various plants. In addition, anyone on site to carry out any work has to complete an induction. Employees and contractors have access to health and safety services on site.

To promote employee wellness, an Employee Assistance Programme, funded by the division, has been made available to all employees and their families. Usage of this service is increasing steadily. As distance from Employee Wellness Centres is a problem in rural areas, arrangements are being made to establish centres closer to the plants.

In rural areas, clinics provide primary health care to employees and their families. Occupational health surveys were conducted at all clinics to verify legal compliance and optimal use of facilities. Practitioners are all registered with the Occupational Health Professionals Council.

Compliance with standards set by the Mine Health and Safety Act and the Occupational Health and Safety Act is complemented by additional best practices. Risk assessments were completed for falls of ground in opencast mines, mine residue deposits and for fitness to perform work at a mine. Codes of Practice have been developed for those mines where this was considered necessary and submitted to the relevant authorities for perusal.

An in-house joint audit process monitors compliance with legislation, internal standards and other requirements. Deviations are reported to the management and significant deviations (if any) to the

AFRICA

Barloworld Cement & Lime continued



compliance committee. Corrective plans are agreed, implemented and subjected to audited follow-up procedures.

Annual upgrades to the process are made to include new or amended legislation or revised internal standards thereby ensuring continued improvement.

Health and safety controls are regularly audited by the National Occupational Safety Association. The De Hoek, Riebeeck and Hercules factories have achieved FiveStar Platinum status for their integrated risk management systems. The prestigious Five Star National Occupational Safety Companies Award Recognition status has been achieved at Slurry for health and safety and at De Hoek for health, safety and environmental management.

In 2002 a decision was made to have the health and safety management systems certified to the Occupational Health and Safety Assessment Series Specification 18001. These are compatible with the ISO 14001 environmental and ISO 9001:2000 quality management systems. The Lime Acres, Riebeeck and Hercules operations have already qualified and Afripack achieved the conversion to ISO 9001:2000 as have all the other plants in South Africa.

The integrated risk management system now in place includes all aspects of quality, health and safety and the environment. While not the main objective, savings of over R4 million were achieved in 2002 in the process.

All systems for health, safety and environmental management are integrated into a single database accessible to all

divisional users in South Africa. It effectively shares best practice, provides assurance that all operations are aligned with corporate requirements and assists in the consistent implementation of procedures and practices.

The fundamental principle that, when the risk of minor incidents is removed, the probability of major incidents occurring is reduced has been widely communicated among the workforce. The Riebeeck factory achieved one million disability free hours in December 2002. This is commendable as it was a busy export period and the packer, palletise and warehouse construction projects were in progress. There were also high numbers of contractors on site.

Zimbabwe

Across the border, in Zimbabwe, success has been achieved in developing and implementing a health and safety management system which is compliant with the South African National Occupational Safety Association (NOSA) standard. The Porthold Bulawayo factory was judged to be the most progressive manufacturing operation in Zimbabwe during 2003.

The Bulawayo plant also won third place overall in Zimbabwe in the awards from the National Social Security Authority, based on occupational health and safety programmes applied in the past few years. It has also logged one million hours since its last lost time accident. The Bulawayo plant holds a NOSA four star rating and the Colleen Bawn plant a three star rating.

Employment and labour practices

	Number of employees		
	FT/P	FT	T
2003			
Executive	21		
Management	240	3	
Factory	2 253	85	558
Office	571	7	54
Total	3 085	95	612
2002			
Executive	21		
Management	249		
Factory	2 369		20
Office	630		11
Total	3 269		31
Change	-184	+95	+581

FT/P: Full time, Permanent, FT: Fixed Term, T: Temporary

The moving annual turnover rate in the workforce in 2003 was 10% in South Africa, 16% in Zimbabwe and 11% in Botswana. This is regarded as low for the industry.

At remote factory sites, where alternative housing is not available, housing is provided to employees at rates approaching market related rentals. Employees are liable for fringe benefits tax on the difference between market rentals and the rate actually charged.

Company cars are allocated to sales and technical employees as well as those in other approved grades where extensive travel is necessary. Car allowances are related to job requirements of the employee, thus enabling the employee to acquire and maintain an appropriate vehicle for business purposes. The amount paid takes account of financing, fuel, servicing, insurance and tyres.



ALL OF OUR CEMENT OPERATIONS ARE ISO 14001 COMPLIANT

No housing loans are provided but various retirement funds facilitate borrowing by the employee from a financial institution. Monies attributable to the employee as a member of the relevant fund are used as collateral security. Subject to an instalment payment not exceeding 25% of monthly earnings, the employee may borrow, solely for housing purposes, an amount equivalent to 60% of the employee's accumulated credit in the relevant fund.

Employees are encouraged to join a medical scheme approved by the division, unless proof of membership of another scheme is provided by the employee's spouse. Contributions to an approved scheme are subsidised to the extent of 67% (2002: 60%).

Membership of a sponsored retirement fund or negotiated provident fund is compulsory in the South African operations. Both funds also provide death and disability benefits. The employer pays 14% of relevant earnings, which includes the cost of death and disability benefits and administration, and the employee pays from 6,0 to 7,5% of monthly salary into the relevant fund. In addition, all employees are covered free of charge under a Group Personal Accident insurance policy. The issue of "benefits" is a complex one and considerable time is being devoted to training and improving the understanding thereof by employees.

Some 41% of employees are members of a trade union. Recognition agreements exist with the relevant unions. All business units have health and safety committees functioning under legislation relevant to the operation.

Occupational accidents and notifiable diseases are reported to the relevant authorities under the applicable statutes. Accidents and incidents are monitored. Trends are analysed to prevent any recurrence that would adversely affect the health and safety of any employee or visitor.

Human resources

Human intellect is regarded as the most critical factor in growing competitive advantage in all businesses, more particularly to sustain this by:

- attracting, motivating and retaining the very best people;
- capturing unique know-how and culture and transferring these to new employees;
- developing the full potential of all employees; and
- guiding the organisation to future success.

Each of the above requires a healthily functioning set of organisational systems and policies including training systems, study assistance and bursary schemes, effective recruitment drives, succession planning, employment equity plans, work place skills plans and mentoring plans. These are some of the vital elements which underpin and sustain the future.

Much emphasis is placed on "performance culture" always striving for continued improvement and superior individual and business performance. Accordingly the division recognises the efforts and achievements of employees through formal awards, incentives and gain share programmes. The Kambuku intervention is central to this drive to improve and reward superior performance in the interests of creating a better life for employees and to deliver lasting benefits to all stakeholders.

Empowering the workforce

Over the past three years great emphasis has been placed on capacity building for employees. Training, study assistance and bursary policies are complemented by programmes that promote personal development. These are:

- An Employee Career Development Programme which analyses a mutually agreed likely career path and leads to an action plan in respect of development needs;
- An Executive Development Programme and a Leadership Development Programme facilitating internal development of senior staff. These programmes are run in conjunction with Barloworld Limited and the Gordon Institute of Business Science;
- A Competency Programme facilitating promotions and succession planning uses internal and external assessors, and explores cognitive, emotional and social dimensions of intelligence and competence of an employee on the job, as well as development requirements;
- Learner Paths Programmes assist ambitious employees in understanding the competencies and behaviour required for the level above them;
- Financial assistance is given to those who wish to study courses identified in Employee Career Development discussions; and
- Mentors assist at some sites.

More than 190 assessors have been trained in terms of the Skills Development Act. The City and Guilds qualification has been received by 96, of whom 56 are registered with the Mining Sectoral Training Authority. Under the South African Qualifications Act the latter can assess and qualify employees in qualifications registered on the National Qualifications Framework. Three moderators have been certified and two have been registered.



**BARLOWORLD
CEMENT & LIME**

2003 CEO'S AWARD
FINALIST:
SISTER IRIS ROSS,
PPC LIME ACRES

A woman who has walked the extra mile, gone beyond the call of duty and who is a powerful representation of selfless service, dedication and caring for others is Occupational Health Nurse at PPC Lime Acres Sister Iris Ross.

She strives on a daily basis to create a better life for all in PPC and the communities in which the company operates. Managing two clinics at

Lime Acres, liaising with the clinic in the village, coordinating the transportation of serious medical cases to Kimberley, Sister Iris's work is never done. Working in an isolated community, she is a confidant, marriage counsellor, community worker, sociologist, psychologist and medical counsellor to all employees and their families. But, apart from fulfilling these duties, it is her one-woman stand against HIV/Aids that really sets Sister Iris apart. Refusing financial assistance from the company, she completed a diploma in the study of HIV/Aids and is currently studying for her National Diploma in Safety Management. Sister Iris has trained volunteers to assist in her HIV/Aids programme and has educated the children and adults of the community, creating an awareness of the facts related to the disease. Iris's drive and commitment was instrumental in convincing employees to agree to voluntary prevalence testing. The result? After 18 months, the HIV/Aids infection rate at Lime Acres had stabilised! PPC Lime Acres is the first business unit in the group to attain our goal standard in our Employee Value Creation Model as regards HIV/Aids. In the words of some of the community members whose lives have been touched by Sister Iris, "Her enthusiasm is contagious, she is a pillar in the community, she is able to reach out and touch many people, she has brought together people from many walks of life."

Policies have been developed in respect of internal assessors and recognition of prior learning:

- internal assessors must be registered with a relevant Sectoral Training Authority and must comply with uniform standards during assessments;
- the division is committed to training and developing employees by ensuring that employees get recognition for all experience gained in the workplace;
- open access allows employees the opportunity to gain competencies;

- evaluation of evidence ensures that an employee has access to development of skills in the workplace;
- formal communication channels have been established to deal with disputes and appeals arising from assessments; and
- fair and reliable assessment of all employees is promoted, it being an inherent right of an employee to gain a fair pass upon assessment.

These assessments enable focus to be placed on overcoming competency deficiencies to improve performance in each job.

products results in quicker deterioration of the roads. A strict policy, controlled through weighing before and after loading, prohibits overloading of trucks.

Systems have been implemented at all plants to effectively manage environmental risks in the surrounding communities. These include the establishment of community forums and open days, where ideas and concerns can be exchanged. Comments and concerns are recorded and addressed with a view to continued improvement and legitimacy.

A well defined management procedure controls the safe introduction of new processes, plant, and materials at all operations. Quality assurance, continued safety of personnel and the well-being of surrounding communities are of the utmost importance. Engagement with communities is part of this process.

The continued viability of local communities after the cessation of mining or the outsourcing of services is of particular importance.

The business plan for the closure of the Lorie mine, which is still to be approved by the Department of Minerals and Energy, contemplates retention of the mine infrastructure for use by the community. Activities will include poultry farming, briquette production, market gardening, needlework etc. These businesses will ultimately be owned by the community; however mentoring assistance will be given.

Business opportunities for emerging entrepreneurs

At the time of privatising the town at Lime Acres by selling houses to current and former employees, and after consultation with the community, the Lime Acres Trust was registered. Representatives of the division and affected employees in equal representation are trustees. Its business includes the provision of construction, maintenance and garden services for the community. Revenue in the first year was R1,7 million. As skill and confidence grow, the division will scale down its involvement.

Estimated average annual hours of education and training per employee	Hours	
	2003	2002
Management	209	40
Professional	122	40
Technical	122	40
Administrative	117	6
Production and dispatch	95	16
Maintenance	95	16
Total	760	158

All employees have equal opportunities for employment and advancement. Full support is given to the spirit and intent of the Employment Equity Act 1998 in South Africa. Employment Equity Plans and targets are regularly reviewed. The aim is to achieve 40% blacks, coloured and Asians at senior levels by 2007. The division is already progressing satisfactorily towards its targets and in some instances is ahead. The policy is to develop and promote from within. Many employment equity employees have grown and progressed and a number have more than eight years of service.

Succession plans and career development paths have been drafted and discussed with affected employees in career counselling sessions. Also, a skills exchange and learning programme is being run with selected South African and Zimbabwean employees.

Society

The division is a member of the World Business Council for Sustainable Development and subscribes fully to its charter and initiatives;

Membership is held in the following international, national, industry or business advocacy organisations: the International Labour Organisation, the National Economic Development and Labour Advisory Council mandated by the Constitution of the Republic of South Africa, the International Lime Association, the Aggregate and Sand Producers Association of South Africa, the Cement and Concrete Institute, the Association of Cementitious Material Producers, the Institute of Quarrying, the National Association of Clean Air, the National Lime Association, and the Waste Management Institute.

Minerals used in the manufacturing processes are located in rural areas and the factories provide employment for people who would otherwise have to incur travel costs and family separation if they could find work in an urban area.

Wear and tear caused by heavily loaded vehicles transporting cementitious and lime

AFRICA

Barloworld Cement & Lime continued



The Department of Water Affairs and Forestry is building Nandoni Dam. It is expected to be completed in the last quarter of 2004 and will provide domestic water to rural communities in the Limpopo Province. It will have a water capacity of 164 million cubic metres and is expected to take a year and a half to fill. By establishing an Affirmative Business Enterprise, to supply 30% of the cement required for the project, black entrepreneurs have been assisted in the creation of a meaningful new business in the construction industry in that region. This joint venture with black business will also facilitate the development of skills and job creation.

A Waste Buy Back Centre has been established in Katlehong on the East Rand. Cement and construction material were supplied to Phambili Women in Construction cc, who constructed the cement slab for the centre. Not only has this contribution initiated an interest among women in construction, it has also provided a facility where others can be employed to sort and collect waste. Importantly, it also encourages a cleaner environment for the community.

An incinerator was built in the Pilanesberg National Park to upgrade the park's waste management system in an environmentally acceptable manner. The division donated the cement to build the platform on which the incinerator is installed. The new system cuts down on waste pollution since it is designed

to convert four cubic metres of waste to a spade full of ash within twenty minutes. The ash is then added to the composting plant and recycled to the gardens within the park. The project has provided employment for the local community and all monies raised from waste recovery and recycling are retained in the community. It also provides important educational programmes.

Sponsorships

In partnership with the United Cricket Board of South Africa, the Department of Sports and Recreation, the Department of Trade and Industry and other companies, a Cricket Legacy Project has been started, as an extension of the long established PPC Cement Pitches Programme. This is the biggest sports development programme undertaken in South Africa and will provide club houses, ablution and other facilities at cricket ovals. Project management, technical service and on-site training will be provided by the division. The first such club house and score board have already been built at Eersterus in the Northern Province.

In co-operation with the Pretoria based Associations of Arts, annual awards are presented to the most promising young sculptors using the medium of concrete. Artists are expected to show excellent knowledge of all forms of concrete, fluid and solid, and the contrast between colour and texture. Evoking emotion in art by manipulating concrete is a special talent.

A two kilometre PPC Discovery Trail, which enables wheelchair bound and other disabled persons to access their natural surroundings, has been established at the Addo Elephant National Park in the Eastern Cape. Constructed from environmentally friendly poly-wood, the boardwalk has a rope rail to assist the partially sighted to navigate, and although the trail was built for the disabled, all are welcome.

Communities

Transport is provided for school children who live near the rural operations. Clinics providing primary health care, recreational, sporting and shopping facilities are available to surrounding communities.

A corporate social investment programme addresses the skills transfer and business empowerment needs of communities from which labour is drawn.

Values including respect for the individual, non-discriminatory practices and care for communities demonstrate commitment to previously disadvantaged individuals and businesses.

Empowerment procurement

Relationships are encouraged that support the drive to satisfy customer needs by supplying quality goods and services through small, medium and micro-enterprises associated with the ideal of black economic empowerment.



OUR KAMBUKU EMPLOYEE PROGRAMME IS A KEY DRIVER OF VALUE

In terms of an affirmative procurement policy, the promotion, development and sourcing of goods and services from such enterprises in a manner that adds value to the partnership is imperative.

Selecting the right supplier is fundamental. Suppliers who meet the requirements make an important contribution to the business and its sustainability. In order to facilitate the rigorous process the division has committed to identifying, developing and maintaining mutually beneficial interfaces with previously disadvantaged suppliers.

A challenge facing all organisations aspiring to conduct business with previously disadvantaged suppliers is that of ascertaining the credibility of such suppliers as legitimate black empowered businesses.

As an active board member of the Corporate SMME Development Forum, the division has elected Empowerdex for the purpose of accrediting Black Economic Empowerment suppliers.

The amount of BEE and SMME spend for the 2003 financial year was R155 million against a target of R110 million and R80 million in 2002.

In the latest Deloitte & Touche – Best Company to Work For in South Africa survey – PPC was voted as the sixth best company to work for, overall, and as the number one employer in the manufacturing sector.

Deloitte & Touche’s ranking is based on engaging with a cross section of all employees within an organisation. Deloitte & Touche selects employees, who are sent questionnaires, to which employees give a confidential response. This ensures empirical fairness to the survey.

“This is the culmination of four years of extremely hard work and dedication from the PPC team. We have concentrated on applying best practice principles to everything we do, in an effort to achieve overall excellence, by building a company of champions,” said John Blackbeard, chief operating officer of PPC.

This transformation was supported by PPC’s Kambuku programme (named after one of the big seven elephants in the Kruger National Park), which set out to align the behaviour of the organisation with the specific targets and goals of value creation. Kambuku

was a particularly apt name for this programme, based on the fact that PPC uses the elephant as an icon to demonstrate the qualities of the organisation – they being strength, durability and reliability.

By using the Kambuku programme, our employees continue to create the better company and therefore the better life that they all aspire to. This award has given them valuable external validation that the organisation they have worked so hard to create, is amongst the nation’s best.

“This was the first year that we participated in the survey and our employees are pleased at the outcome. The award shows that our people are fiercely proud of our company, brands, the service they offer and the quality product they produce. This pride drives them everyday to constantly improve, in their quest to add value for both customers and shareholders. The satisfaction, which they derive from doing this well, puts the weight of an elephant behind PPC’s motto ‘OUR STRENGTH IS YOUR STRENGTH’,” concluded Blackbeard.

EUROPE

Barloworld Industrial Distribution

Barloworld Scientific



EUROPE

Operations in Europe are conducted by Barloworld Industrial Distribution, Barloworld Scientific and Barloworld Equipment with activities in Andorra, Belgium, Bulgaria, Cape Verde, Denmark, France, Germany, Italy, Netherlands, Portugal, Russia, Spain, Sweden and the United Kingdom. All businesses are wholly-owned by Barloworld Limited.

BARLOWORLD INDUSTRIAL DISTRIBUTION

Vision and strategy

The vision of Barloworld Industrial Distribution Europe is to be the market choice for the provision and management of materials handling solutions to meet the global needs of manufacturers, retailers, government and logistics companies. This entails an analytical understanding of a customer's needs and provision of ideas, equipment and service that fulfil those needs in a manner and at a cost that improve on the customer's existing solution.

Customers

Customers include the British Ministry of Defence, a number of FTSE 100 companies and small independent businesses.

Customer satisfaction is determined through both in-house and independent surveys commissioned by the respective manufacturers in respect of the relevant product and support and service. Meetings with larger customers are held to evaluate satisfaction levels and to gather input on suggested improvements. No issues of major import were raised by any party. Those actions agreed are aligned with value creation and key performance indicators.

Migration to the new ISO 9002: 2000 Standard has recently been achieved.

Some 70% of sales in the United Kingdom are financed through an in-house finance company.

Products and services

Distribution and maintenance of Hyster forklift trucks is conducted by Barloworld Handling in the United Kingdom and Belgium. Manufacture in the United Kingdom and distribution in world markets of Lamson vacuum conveyance equipment for money and documents which is mainly used in the financial services sector, and of BVC floor maintenance equipment is undertaken by Barloworld Vacuum Technology.

Business expansion opportunities have been realised by Barloworld Industrial Distribution in the United Kingdom through such successes as the contract with the Ministry of Defence. This provides appropriate equipment and related maintenance services for handling of materials and stores in a non-combative support role on a global basis.

Operations are predominantly related to the supply and servicing of Hyster handling equipment. These are similar to the Hyster operations in the United States. As management systems and operational techniques are integrated, the explanations given in regard to the Hyster operations in the United States are equally applicable in the United Kingdom and have not been repeated here. Reference should be made to pages 83 to 87 inclusive.

Suppliers

Approximately 60% of total annual purchases are made from Hyster Europe Limited. The

value of total annual purchases is considerably less than 5% of the Gross Domestic Product of the United Kingdom.

Employees

	Number of employees	
	P	PT
2003		
Executive	10	
Management	116	
Factory	913	
Office	536	78
Total	1 575	78
2002		
Executive	10	
Management	118	
Factory	927	
Office	533	96
Total	1 588	96
Change	-13	-18

P: Permanent, PT: Part time

There are no ongoing agency employees. No trade unions are involved nor are there any collective bargaining agreements. A small number of individuals at Barloworld Handling are members of trade unions. It is not yet possible to estimate the number of jobs in the supply and distribution chain.

Each employee receives a Contract of Employment and other documentation containing an overview of employment policies. These cover equal opportunities, anti-discrimination and human rights policies, as well as guidance on their enforcement. Appeal practices available to an employee are also included. No retaliation may be taken against an employee who files a complaint.



WE ARE THE WORLD'S LARGEST INDEPENDENT LIFT TRUCK DEALER

All employees have an element of their remuneration package related to business performance.

All employees earn well above the statutory minimum wage. A pension scheme, sick pay provisions and a holiday entitlement are also provided.

Employee surveys are conducted on site by independent survey companies. Employees views of their own job, their supervision and the business as a whole are covered. The results are then fed back into revised human resource strategies.

Training in the European business covers the whole of the workforce. Internally a training team is focused on upgrading the skills of engineers and also the applications knowledge of the sales force. External training providers are used to provide supervisory and management skills, health and safety and senior management development.

Approximately 35 apprentices are progressing through a four year programme at any one time.

Training costs amounted to £620 000.

New employees attend orientation and induction programmes.

Accidents on duty which cause absence from work are reported to the Health and Safety Executive. There were 28 accidents resulting in three or more days of absence.

Environment

Operations are conducted at sites, which have mostly impermeable surfaces, in industrialised areas within greater urban districts. They have minimal effect on any biodiversity-rich habitat, fresh water or marine environs.

Certain products sold to customers emit greenhouse gases. The emissions are not measured.

Waste arises from the servicing of manufacturers' products and consists of scrapped spare parts, tyres, motor oils, fluids, batteries and cleaning and packing materials. Systems are in place to collect all such waste materials both from the business sites and those of customers. Certified waste management organisations are contracted to systematically remove and discard these items in a manner that conforms with applicable legislative and regulatory requirements.

The annual costs of disposal of tyres and other waste are £200 000.

Electricity is used mainly for lighting and office purposes. Consumption is minimal within the context of urban development in southern England.

No spills of oils or fuel occurred during the year. Water is used for cleaning and domestic purposes. The quantity is not measured as it is insignificant.

BARLOWORLD SCIENTIFIC

Vision and strategy

The vision of Barloworld Scientific Laboratory is to be one of the largest brand based suppliers of laboratory products. Many of the products manufactured and distributed contribute significantly to the furthering of human knowledge and aid in the diagnosis and treatment of disease.

The strategy is to grow value for stakeholders by providing high quality products which meet their application needs, supported by

world class customer service. Customer needs will be met by ensuring that products are manufactured to meet their required quality standards and are delivered to the correct place at the correct time, with the correct value being charged.

New product development is driven by knowledge and understanding of customer needs and by application and use of the most appropriate technologies.

Long-term relationships with significant customers at all stages of the supply chain are a vital focus. Regular meetings are held with these customers to ensure that the performance in relation to supply and delivery is satisfactory.

Employees are provided with the resources, training and working environment necessary to enable them to contribute value and develop their potential in a safe and harmonious working environment.

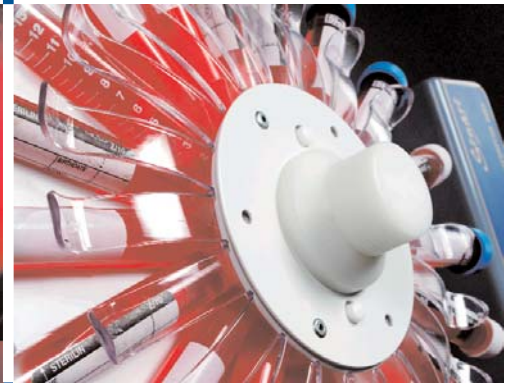
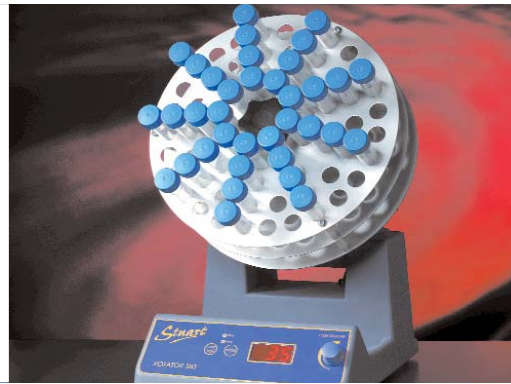
Effective sustained internal communication and progress briefings are the fulcrum of all activities and employees are encouraged to participate in continuous improvement. Employees are responsible for ensuring that customers are more than satisfied.

Plans for the management of any unwelcome events and for disaster recovery have been developed and refined over the past few years. These are internally audited annually. Most are also externally audited annually by Marsh risk consultants, with the remainder audited every second year.

Customers

A broad range of customers worldwide, comprising Fortune 500 companies and small

EUROPE

Barloworld Scientific
continued

independent businesses, are served. The markets served are generally of low growth and not subject to significant swings in demand.

Customer satisfaction is measured through formal surveys and face to face contacts. Complaint systems conform to ISO 9001.

Service performance is measured through a variety of key performance indicators, such as on-time delivery and rate of issue of credit notes. No issues of significant import have been raised by any party. Any agreed actions are aligned with value creation and key performance indicators as part of a continuous improvement strategy.

When appropriate, in order to ensure high quality and to improve communication and service, joint meetings are held with customers. The outcomes of such meetings are transmitted to the relevant employees, who are responsible for achieving customer satisfaction.

Policy in regard to customers is implemented through ISO 9001.

Complaint systems conform to ISO 9000 and are independently audited.

The Logistic Supplier of the Year award has been received from the largest domestic customer.

Products and services

Scientific and laboratory products are manufactured and supplied through multinational retailers to laboratories engaged in food analysis, clinical microbiology, environmental and other scientific research.

Glass and plastic products and scientific equipment are manufactured for use in

laboratories. Brands include Pyrex, Sterilin, Azlon, Quickfit, Emil, Techné, Jenway, Stuart and Carbolite. Operations are conducted in Italy, France, Germany, Spain, the United Kingdom and the United States. Sales are not significant in relation to any national market or to the gross domestic product of any country of operation.

All products are manufactured to internationally recognised standards. Electrical products must be approved by an external assessing body for conformance to required standards. No product may be marketed before this approval has been given. For example, all electrical equipment is CE marked. The expression CE means "Conformité Européenne" and the marking indicates that the product conforms to the relevant European Community Directive, which also covers safety, public health and consumer protection. Compliance is externally audited through ISO 9000. All advertising is approved by management and conforms to Advertising Standards Authority requirements in all countries in which operations are conducted.

Current catalogues contain sections on safe use of products, glass and electrical equipment. Extensive training on the use of products, especially electrical equipment, is given to customers.

All equipment is supplied with instruction manuals. Product labelling and instructional materials are reviewed and approved by in-house technical specialists before being issued and comply with all known requirements. These specialists are present on key international regulatory bodies which set standards.

These products and services have no environmental impact. The proportion of the

weight reclaimable at the end of the life of products sold is not measured. Within the next two years, in accordance with European Union law, the United Kingdom will introduce new directives in regard to waste electrical and electronic equipment and restrictions on the use of certain hazardous substances in electrical and electronic equipment.

Suppliers

Few long-term contracts have been entered into with suppliers. Fair contractual terms and conditions have been negotiated with all suppliers. All terms have been reviewed for conformity with competition law. Contract behaviour is governed by a formal compliance procedure. Payment terms, ranging from 30 to 90 days, are complied with. Small businesses are usually paid within this time span because some customers require different terms.

Standards of materials and services received from suppliers are controlled by written specifications and agreed drawings, where appropriate. Incoming goods are checked against the agreed standards on a sample basis and, if the controls are breached, to the extent of 100% or returned in bulk after discussion with the supplier. Deliveries are logged in the vendor control system and monitored. Vendor performance is reviewed when appropriate and internal satisfaction is evaluated monthly. In some cases, suppliers who exceed the control standards over a specified period, are allowed to ship to stock. A small number of suppliers are assisted in setting up manufacturing processes and production scheduling for finished products.

Co-operation with and suggestions to suppliers in regard to improvement or development of products is continuous.

WE ARE THE MARKET LEADER IN LABORATORY GLASS AND PLASTICWARE IN THE UNITED KINGDOM



Employees and labour practices

	Number of employees	
	FT	P
2003		
Executive	35	
Management	254	
Factory	699	
Office	331	
Total	1 319	
2002		
Executive	32	
Management	270	
Factory	758	
Office	369	
Total	1 429	
Change		-110

FT: Full time, P: Permanent

Employee benefits, including pension schemes, sick pay, holiday entitlement, maternity leave, etc, exceed minimum legal requirements. Salary survey data is used regularly to ensure that pay and benefit practices are in line with competitive and national norms.

About half of the workforce in the United Kingdom are represented by independent trade unions and are covered by collective agreements. Employees in other European countries have legally enforceable minimum entitlements derived from national collective agreements. While there is no specific policy or procedure that requires consultation or negotiation where employees are affected by changes in operations, all European Union countries have minimum legal requirements for individual and collective consultation in these circumstances.

In all United Kingdom operations, quarterly health and safety meetings are held in compliance with the safety representatives and safety committees Regulations 1997. These committees cover the entire workforce in the United Kingdom. Businesses based elsewhere in the European Union comply with the health and safety laws of the relevant country.

Annual labour turnover is some 9% or less except for the manufacturing unit in Wales where the rate is 39% as a result of severe competition for local labour. As the total complement has declined slightly, there has been no net employment creation during the year.

Each business unit has a designated manager responsible for training and development. The two main units in the United Kingdom conduct on-the-job training to ensure maintenance of the skills necessary for ongoing business. Each business unit also has a Lifetime Learning Policy that funds and encourages employees to learn new skills. Additionally, outside training sources, such as local colleges, are used for off-the-job training. Many employees have obtained externally verified National Vocational Qualifications.

Average annual hours of training are 45 for senior managers, 55 for middle managers, 41 for administrative staff, 14 for production personnel and 25 for maintenance employees. Training expenditure was £127 000.

The manufacturing unit at Stone has been awarded the Investors in People Quality Standard for employee training and development.

Within the United Kingdom, frequent meetings are held with local trade union representatives.

Human rights

Policies have been established to ensure compliance with governmental regulations on human rights. Each business has a designated manager with responsibility for compliance. Each employee is provided with information and advice about such regulations in order to ensure that these are complied with.

No retaliation may be taken against any employee who files a complaint. Grievance procedures are laid out in each employee's contract read with the accompanying handbook.

Policies relating to equal employment opportunities and anti-discrimination are published to all employees. These are designed to align with Barloworld Group policies and the relevant legislation regarding employment and employment practices relating to minorities and females. They also set out appropriate steps to be followed by an employee who feels that the letter and intent of the policies has been broken. All employees are required to adhere to these policies and to governmental regulations on fair employment practices.

Where required, reports are filed annually with the authorities stating current employment by ethnicity and gender. These are compared with population census data for the areas where operations are conducted. No minors are employed.

Anti-harassment and anti-bullying policies have also been published to all employees.



Neil is from Barloworld Scientific and has worked his way through the ranks from factory worker to production manager. He is ambitious, hard-working and motivated and transfers these values to others. He is central to the introduction and implementation of the LEAN business programme at the laboratory factory in Stone, Staffordshire. LEAN is the principal vehicle for the delivery of Value Based Management. Neil is the 'champion' of the programme whose main objective is to identify and reduce the cost and impact of waste. Organisation, training and information are vital foundations of this reduction in waste and Neil has been instrumental in the development of a structure of LEAN coaches drawn from all areas of the business to provide training to all

employees. Neil's progress has created interest from outside sources who visit us to see our successes and plans. The UK Department of Trade and Industry will soon publish an article on our achievements, thanks to Neil's hard work. Inventories will be reduced by 40% within three years and already factory floor stock has been reduced by £350 000. We foresee a 50% reduction in scrap worth £250 000 in operating profit by the end of 2004 and a 40% reduction on total inventory by £3,5 million over three years. Neil was also instrumental in the relocation of the Stuart Scientific business to Stone and the recruiting of an entirely new workforce. Despite this relocation, service levels were maintained, productivity gains of 27% have been achieved and levels greatly improved.

2003 CEO'S AWARD
FINALIST:
NEIL COXON,
BARLOWORLD
SCIENTIFIC



The new employee induction programme is used to inform employees of rules and regulations and employment benefits.

All employees are provided with information about disciplinary and appeal procedures that are available. Resolution of disputes at source with their immediate supervisor is encouraged. However, all employees are provided with information about appeal procedures to take disputes higher up the management line, with or without personal or trade union representation.

Employee opinion surveys are conducted every second year. Independent contractors come on site and interview employees on all aspects of their employment, including compensation and benefits, working conditions, safety, supervision, senior management and communications. A written questionnaire provides an opportunity to give further general comments.

Each employee signs an agreement regulating how confidential information is used. No employee may perform work for a competitor.

Lifetime Learning at Barloworld Scientific

At Barloworld Scientific's UK Laboratory Group the "Lifetime Learning for All Scheme," helps employees to pay for any training programmes of their choice, regardless of whether or not the training is related to business needs.



Environment

Estimated total annual material inputs and wastage, other than water	Tons			
	2003		2002	
	Purchased	Waste %	Purchased	Waste %
Glass	2 000	2	2 000	2
Polymer	5 500	3	5 500	3
Cardboard	850	5	850	5
Wood	30	3	30	3

Most glass waste is recycled – a small proportion to landfill. Significant proportions of plastic, paper and cardboard are recycled with the remainder sent to landfill. General waste is either incinerated or sent to landfill.

	2003	2002
Estimated annual energy use	KW HRS Million	KW HRS Million
Electricity	14,5	14,5
Gas	9,0	9,5

EUROPE

Barloworld Scientific
continued

Barloworld Finanzauto



Improvements have been made to the internal heating system. The heating schedule has been revised to keep the heating period to a minimum while providing adequate comfort for working hours.

Some oil is used within electrical transformers.

Indirect energy use is not measurable.

Estimated water used annually	2003 Cubic metres	2002 Cubic metres
Water	42 000	42 000

Recycling of waste water is a feature of machinery with high water requirements.

Some 60 acres of land are used for production and other business purposes, of which three-quarters is covered by buildings or impermeable surfaces. One business unit is located at Hope in the Peak District National Park in northern England. Neither this nor any other operation has any major impact on its immediate surrounds nor on any biodiversity in terrestrial, freshwater or marine environments.

Emissions of greenhouse gases and ozone depleting substances are not measurable. No noxious substances are emitted.

Hazardous waste, mainly asbestos material removed from buildings, has been removed from the relevant sites where this was economical. Any remaining asbestos material will be managed in accordance with the applicable United Kingdom regulations. Insulating material used within some scientific equipment is collected and returned to the supplier.

All waste disposal is conducted in full compliance with United Kingdom environmental law. This is audited by independent risk consultants, Marsh.

Annual expenditure on environmental protection activities is approximately £60 000.

Society

The Barloworld Code of Ethics is prominently displayed in all businesses. Adherence to its intent is monitored and policies against conflicts of interest and acceptance of bribes or excessive gratuities are in place.

Involvement of many employees on a voluntary basis in community assistance is supported. Funds are contributed to community service projects.

Membership is held in the following industry or business advocacy organisations:

The Association of British Health Industries, British Glass, Glass Training Limited, Bristol Contributory Welfare Association Limited and Gambica Association Limited.

Consumer privacy is protected under the Data Protection Act 1998.

BARLOWORLD FINANZAUTO

Customers

Products and services are provided mostly to corporate and public sector customers for purposes of earthmoving, mining, public works, construction, marine and transport applications, as well as prime and stand-by electrical power generation.

Customer satisfaction is measured through periodic independent surveys. Toll free care lines operate in Spain and Portugal. Although operations are geographically fragmented, complaints are dealt with expeditiously and monitored by management.

Products and services

Operations comprise mainly Caterpillar dealerships in Spain (including the Canary Islands where a market share of 20% is being maintained), Portugal, Bulgaria and Siberia in Russia. Earthmoving equipment and related parts, power generating and marine equipment are distributed, as well as Fantuzzi and



**WE ARE THE
MARKET LEADER
IN EARTHMOVING
EQUIPMENT
IN SPAIN**

Reggiani container and port handling equipment and Mak marine and terrestrial engines. In addition, Atlet, OMG and Quadra handling equipment is distributed in Spain and Mitsubishi handling equipment in Portugal.

Products and services supplied in Spain, comprise about 80% of total activity.

As there is a great deal of co-ordination between the operations of Barloworld Equipment worldwide, relationships with Caterpillar and other suppliers are conducted in a manner similar to that explained in regard to operations in Africa. Reference should be made to pages 43 to 46 inclusive.

There is little reliance on outsourcing of services. Purchases from Caterpillar represent more than half of annual purchases of trading stock.

Employees and labour relations

Number of employees			
	Iberia		Russia Bulgaria
	P	T	P
2003			
Executive	12		
Management	155		6
Factory	825	116	49
Office	922	133	27
Total	1 914	249	82
2002			
Executive	14		
Management	162		6
Factory	832	65	45
Office	907	98	24
Total	1 915	163	75
Change	-1	+86	+7

P: Permanent, T: Temporary

In Spain 18% of employees have involvement with three trade unions: Union General de Trabajadores, Comisiones Obreras and Conferencia General de Trabajadores. No trade unions are involved in Bulgaria, Portugal and Siberia. Employee rights are supported by legislation.

Consultations are conducted every three months between management and worker

representatives, both sides having equal representation.

Formal health and safety committees, on which management and workers have equal representation, meet quarterly. The employees are covered by these activities. The overall annual absenteeism rate is estimated at 5%.



Rosario joined Barloworld Finanzauto in Spain in 1975 and began in the Finance department, doing primarily administrative tasks. In 2001 she became involved in the implementation of the SAP ERP system project team. Although a completely new position for her, Rosario confronted the challenges of the project with enthusiasm and 100% dedication. Although this was a large complex project, she remained calm throughout and her professionalism was evident right from the beginning. Rosario is now a superuser of SAP and willingly offers her support to anybody who should need it. Over the last two years she has more than surpassed the expectations of her managers, clients and all those who work with her. Rosario continues to make an impression on the company. She is currently working in procurement where she handles all relationships with suppliers. Despite her quiet nature she is totally devoted to her job. Rosario symbolises the unwavering commitment and highly efficiency that is the hallmark of Barloworld people worldwide.

2003 CEO'S AWARD
FINALIST:
**ROSSARIO CASTILLA
GOMEZ, BARLOWORLD
FINANZAUTO**



Environment

Waste arises from service activities and is disposed of in compliance with relevant legislation:

Waste	Metric tons	
	2003	2002
Used oil	283	179
Batteries	98	45
Tyres	24	22
Filters	28	23
Effluents	1 230	745
Scrap metal	1 634	726
Other	254	46

Water is used for cleaning and domestic purposes. It is drawn from the relevant local authority. Annual consumption is approximately 16 800 000 litres.

Property owned amounts to 35,5 hectares, while 15,9 hectares have been leased.

The operations in Bulgaria and Siberia do not have major workshop facilities. Service and repair operations are carried out on customer sites. The disposal of waste products, used oil, scrap metal etc, is carried out by the customers. In most instances, used oil is either added to fuel for power and heating stations, or collected and sent for refining. There is a small repair facility in Siberia. Arrangements have been made for this operation to receive components with the oils and fuels previously drained by the customers. Scrap metal is collected by a local organisation for disposal.

All premises are rented and are mainly in commercial areas. There is no major impact on any biodiversity-rich habits nor are any terrestrial, fresh water or marine environments or protected areas affected.

NORTH AMERICA

In the United States, operations are conducted by Barloworld Industrial Distribution and Barloworld Scientific. All businesses are wholly-owned by Barloworld Limited. There are no joint ventures or outsourced operations.

BARLOWORLD INDUSTRIAL DISTRIBUTION

Vision and strategy

The vision of Barloworld Industrial Distribution is to be the market choice for industrial equipment and total solutions.

The strategy is to create and grow value for customers, employees and shareowners through expansion of total solutions, based on strong customer relationships and achieving operational excellence. Principles of Value Based Management drive the involvement of all employees in this mission. There is regular communication with customers through day-to-day performance of duties and often partnership meetings with some large customers are held. Generous employee benefit programs and self-development opportunities represent a significant commitment. All employees are engaged in development of the vision and implementation of the strategy by conducting monthly meetings. All employees are encouraged to identify improvements and enhancements that will favour all stakeholders. No grouping of stakeholders is favoured more than any other.

While most of the operating territory of Barloworld Industrial Distribution has withstood economic decline in the past twelve months, strides have been taken to further secure long lasting partnerships with

some of the bigger customers. Efforts have also been made to provide ongoing positive employment opportunities.

Most failures incurred during the year were related directly to the poor economic environment that affected many businesses in the United States. Going forward, the biggest opportunities lie in trying to grow revenues in mature geographic and industry markets. Regulations for conducting business that is cognisant of environmental and social concerns have existed in all of the relevant markets for some years.

Customers

Customers in the United States use Hyster products mainly for the handling of goods and materials in the manufacturing and distribution sectors, while Ditch Witch products are used for power, telecommunication and water reticulation purposes. Both Freightliner and Sterling trucks are used in the transport and distribution sectors.

Some customers are Fortune 500 companies. Others are relatively small independent owner or operator type businesses.

Satisfaction is measured through independent customer surveys conducted by the manufacturers, the level and nature of complaints, and partnership meetings held, usually semi-annually with major customers identified by volume of annual sales. This is in addition to normal day-to-day contact with customers. Complaints are monitored to ensure quick and full resolution. No major issues arose during these meetings.

Customers are advised of safe operating procedures when each product is delivered and they receive a copy of the manufacturer's

NORTH AMERICA

Barloworld Industrial Distribution continued



operating manual. Comprehensive operator guides are provided with equipment delivered. Most of the information covering customer health and safety while using products sold is supplied by the manufacturer. In respect of forklift trucks, comprehensive driver training is provided for customers who choose to use it.

Some 25% of sales are financed through an in-house finance operation.

All advertising is done within legally accepted bounds for ethical behaviour.

Products and services

The world's largest independent Hyster dealer, Barloworld Handling supplies and services a full range of lift trucks, warehousing and handling equipment in the south-east quadrant of the United States. It also distributes Ditch Witch trenching equipment in Georgia. Supply and servicing of Freightliner long haul trucks from 12 locations in Arkansas, Mississippi and Tennessee and of Sterling trucks from three locations in Arkansas and Tennessee is undertaken by Barloworld Freightliner. The Sterling truck operation was acquired with effect from 1 February 2002. Also distributed are Rail King railcar movers.

As a dealer in these products, which are sourced from the manufacturers, the division ensures full back-up to the products by providing parts and service.

In respect of each product, a dealership is awarded by the manufacturer. The area covered by the dealership is determined by the manufacturer. There are no outsourced operations.

Out of total annual purchases, Hyster products account for 76% of materials

handling purchases and Freightliner for 95% of long haul trucks.

About 88% of new equipment sales and 81% of used equipment sales are represented by Hyster products. Warehousing and handling equipment, and trenching equipment are also sold. The remainder relates to the provision of support and service for these products.

Sales of Freightliner products represent about 88% of total sales of long haul vehicles.

Suppliers

Agreements with manufacturers detail performance levels for supply of products and periods for payment. Suppliers are paid within 0 to 45 days according to the relevant agreement. Product warranty filings also alert the supplier to specific problems with a product. Information on product improvement is shared with suppliers through participation in dealer council sessions.

Products are backed by the respective manufacturer's guarantees. The dealer guarantees prompt and reliable service.

Any complaints to regulatory bodies in connection with the health and safety of products and services are the responsibility of the manufacturer.

Number of employees	
	FT/P
2003	
Executive	15
Management	172
Administration	275
Technician	1 078
Total	1 540
2002	
Executive	13
Management	187
Administrative	414
Technician	824
Total	1 438
Change	+102

FT/P: Full time/Permanent

In Barloworld Handling, 32 new jobs were created and in Barloworld Freightliner, owing to the acquisition, the complement rose by 92. No trade unions are involved nor are there any collective bargaining agreements. It is not yet possible to estimate the number of jobs in the supply and distribution chain.

Pay and benefits practices are kept in line with competitive and national norms through regular surveys of competitors and participation in trade association surveys.

The life insurance benefit sponsored by the employer with a commercial insurer is equal to three times annual base salary for executives and twice for other employees. A disability benefit of 60% of base monthly salary during the period of disability is sponsored by the employer with a commercial insurer. Premiums are paid by the employees.

Employee benefits include a retirement savings plan, health and life insurance, sick



WE ARE RAPIDLY MOVING TO BE THE LARGEST FREIGHTLINER TRUCK DEALER IN THE WORLD

pay provisions, holiday and vacation allowances, uniform allowances for hourly paid workers and tool insurance for the technical workforce.

A tuition reimbursement programme, established in 1995, is offered to employees who choose to further their education in anticipation of improving their current work performance or moving into positions of greater responsibility. An employee is reimbursed for 80% of tuition classes or work completed at accredited institutes of high learning.

Training of employees is conducted, with a bias towards technical skills. Each business has between two and six technical trainers. They facilitate acquisition by employees of the skills necessary for effective performance of the service function. Training resources of manufacturers or other suppliers, as well as local technical schools, are used to provide training for non-technical staff.

The Freightliner business has contracted with Arkansas State University for an apprentice programme. The first six apprentices are expected to graduate during the last quarter of 2003. Upon graduation, they will be offered employment with Barloworld Freightliner.

Training activities may be summarised as follows:

Category of employee	Annual hours per employee
Management	
– senior	8
– middle	12
Technical	17,7
Administrative	14,9

New employees attend orientation and induction programmes.

Each employee receives a handbook containing an overview of employment policies. These cover, inter alia, equal opportunities, anti-discrimination and human rights policies, as well as guidance on their enforcement. Appeal practices available to an employee are also included. No retaliation may be taken against an employee who files a complaint.

Each employee who performs a function involving confidential information signs an agreement governing dissemination of that information. This includes customer confidentiality. Employees are forbidden from working for competitors in an additional job.

Complementing the Barloworld Group policy, the division has an equal opportunity policy complying with United States governmental requirements towards employment and employment practices affecting minority groups and women.

Employee surveys are conducted on site by independent contractors. Compensation and benefits, working conditions, safety, supervision, senior management and communication are covered.

Equal Opportunity Reports are filed annually with the government, stating current employment by ethnicity and gender.

Each facility has a safety committee, comprising local branch management and hourly paid workers. The committee, which meets monthly, oversees inspections and conducts accident investigations when necessary.

No fatalities occurred during the year.

Accidents on duty are reported to the Occupational Safety and Health Administration in the United States. In conjunction with independent consultants, Marsh, annual audits are conducted to ensure that safe practices are followed.

	Barloworld Freightliner		Barloworld Handling	
	2003	2002	2003	2002
Medical treatment cases	16	47	70	108
Lost work day cases	4	17	28	32

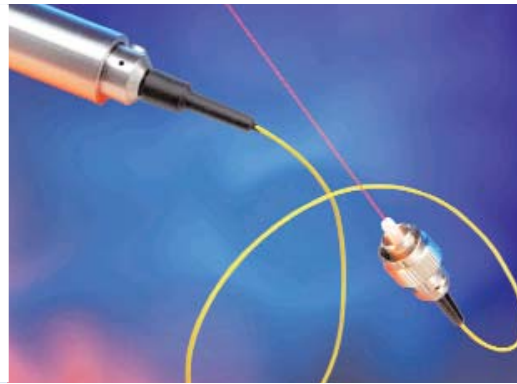
BARLOWORLD INDUSTRIAL DISTRIBUTION UNITED STATES

2003 CEO'S AWARD FINALIST: **STEVE ARNOLD,** BARLOWORLD FREIGHTLINER

Technical Trainer for Barloworld Freightliner in Little Rock, Arkansas, Steve has earned his reputation as one of the ten best trainers throughout the Freightliner dealership network around the United States. Steve's burning commitment and desire to impart knowledge that he has honed over the years has seen him creating value not only for Barloworld, but for young people throughout the Southwest. Having seen that the pool of interested and available technical talent was drying up due to the advent of the computer age, Steve approached the faculty and staff at Arkansas State University to provide college students with the option to become qualified diesel mechanics whilst earning college credits. The curriculum, developed by Steve saw candidates sponsored by Barloworld becoming certified technicians. The flow of technicians into the heavy mechanic field began again. The competency of these technicians was assured through data-based assessment benchmarks developed by Steve and the Academic Affairs staff at the University. Steve's commitment to



service, his concern for his company and community and his distribution of knowledge sees him becoming a perfect role model for all Barloworld employees.



Environment

Operations are conducted in industrialised or urban areas. These have minimal effect on any biodiversity-rich habitats, fresh water or marine environments. Some of the products sold to customers emit greenhouse gases. The emissions are not measured.

Electricity is used mainly for lighting and office purposes. Usage is very small in relation to consumption in surrounding industrial and urban areas.

Water is used for cleaning and domestic purposes. The quantity is not significant. Usage is not measured.

Waste arises only through the support and servicing activities and consists of used motor oils and fluids, scrapped spare parts, tyres, batteries and cleaning and packing materials. Certified waste management organisations are contracted to systematically remove and discard these items in a manner that conforms with applicable legislative and regulatory requirements. Fluids and other items are disposed of at an annual cost of US\$25 000 and \$34 000 respectively.

Society

Involvement by employees in community assistance or with their children in public schools is strongly supported. Many employees volunteer to serve in such projects. Contributions are made towards community service projects. The handling business has a policy of paying up to eight hours pay annually to such volunteers.

The Barloworld Code of Ethics governs dealings with all stakeholders. Copies are prominently displayed in each operation. Its intent is adhered to in all actions. Policies against conflicts of interest and acceptance of

bribes or excessive gratuities are strictly enforced.

Membership is held in the Material Handling Equipment Dealers Association, the American Truck Dealers Association and the National Association of Wholesalers.

BARLOWORLD SCIENTIFIC

Business definition and strategy

Barloworld Scientific's Melles Griot manufactures, sources, distributes and services photonics related components and sub-systems. Flexible solutions are offered to the global market place. These serve to create light, control its efficient use, and reliably hold or position photonics devices. Original equipment manufacturers, institutional research, product development, and capital equipment applications are served.

The strategy is to deliver increasing value to the three primary stakeholders; shareowners, customers and employees.

Shareowner value is measured by cash flow return on investment, with a target of delivering returns greater than the cost of capital over the business cycle. Performance is measured through financial accounting methods, and considers revenue, operating profit, working capital and fixed assets.

Customer value is monitored through customer interviews, internally commissioned surveys, and surveys conducted by independent third parties. Facilities in the United States, Europe and Asia are ISO 9000/ISO 9001 certified, and incorporate independently audited customer complaint tracking and resolution. Key areas include breadth of offering, on-time delivery, lead-time reduction and increased service life/reliability.

Employee value is measured through an Employee Value Model. This consists of a three tier assessment by executive, management and employee team forums. Opportunities for improvement are identified and prioritised for action. Currently focus is on management by objectives, pay-for-performance, and training/employee development. Community value forms part of this. It includes support for educational institutions through equipment donation, company-sponsored transportation initiatives, and community service team forums.

Risk management and disaster recover programmes are included in the Risk Register programme. It is internally audited in conjunction with Marsh risk consultants.

Customers

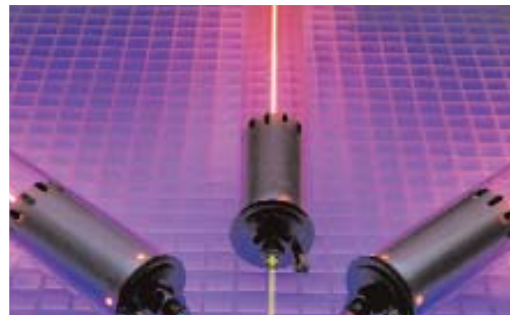
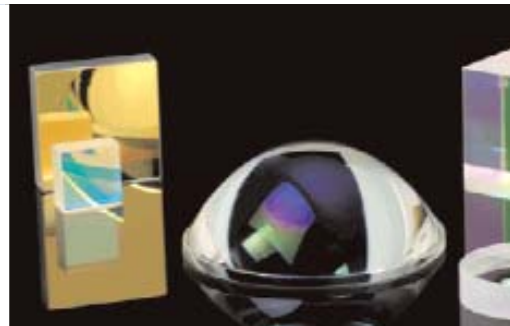
Melles Griot components and subsystems are primarily sold into the technology sector. Products manufactured and supplied are mostly used as components by customers for sale in other end-user markets.

North America makes up 55% of total revenue, with Europe at 28% and Asia at 17%. The market base is very broad, with more than 20 distinct segments. Primary applications include semi-conductor wafer/microelectronics manufacturing equipment; analytical instrumentation in biotechnology, pharmaceutical, and genomics applications; and metrology instruments including material and chemical analysis. The products also find use in laboratory research and in specialty applications such as entertainment (laser light shows), rapid prototyping, and robot control and guidance (machine vision).

The top ten customers make up 18% of total revenue, with more than 11 000 customers

NORTH AMERICA

Barloworld Scientific continued



worldwide. The largest customers are leaders in their respective industries.

Products and services

Products, designed, manufactured and distributed under the Melles Griot brand comprise gas and solid-state lasers, semiconductor laser modules, optical components and assemblies, optical hardware and tables, and optomechatronic assemblies. Business is conducted directly in the United States, Japan, the United Kingdom, Netherlands, France, Germany, Sweden, Canada and Singapore and through a web of agents and representatives in other territories.

Products are manufactured to internationally recognised standards, including compliance with Federal agencies such as the Centers for Devices and Radiological Health in the United States (part of the Food and Drug Administration), and the International Electrotechnical Commission in Europe and Asia. Electrical products are CE marked (Conformite Européene) signifying their compliance with relevant European Community Directives involving safety, public health and consumer protection. Compliance is subject to audits by independent third parties.

Product information and labelling is controlled both through corporate marketing guidelines on branding and regulatory requirements, applying to specification sheets, layouts and promotional materials.

Channels to market include direct sales activities, distributors and representatives, and e-commerce via the internet. However, in helium-neon lasers, a global market share of some 60% has been achieved.

Suppliers

Owing to the hi-tech nature of nearly all of the products, quantities of materials used in manufacture are relatively small. It is not meaningful to measure these in terms of weight.

Approximately 95% of amounts owed to suppliers are paid in accordance with the agreed terms of purchase. No supplier accounts for 10% or more of total annual purchases.

Total annual use of materials, other than water is:

	2003	2002
Laser optics – US dollars (million)	2,8	2,7
Glass – US dollars (million)	1,9	1,8
Steel – Pounds sterling (000s)	185,0	194,0
Acetone – grams (Rochester)	110,0	275,0
Methylene chloride – grams (Rochester)	20,0	0

Insignificant quantities of waste material are used in manufacture. Some packaging is re-used.

Annual water consumption is estimated at 12 million gallons.

Employees and labour practices

	Number of employees	
	FT/P	
	North America	Asia
2003		
Executive	11	1
Management	124	58
Administration	183	54
Technician	138	18
Total	456	131
2002		
Executive	12	1
Management	125	61
Administrative	176	50
Technician	143	19
Total	456	131
Change	0	0

FT/P: Full time/Permanent

There is no trade union representation.



WE ARE GLOBAL MARKET LEADERS IN CERTAIN SPECIALITY LASERS

Training is estimated at 6 600 hours annually at a cost of approximately US\$165 000. This may be summarised as follows:

Category	Hours per employee	year
Senior management	36,5	
Professional	56,8	
Technical/sales	3,0	
Administration	14,0	
Production	26,5	

Each year, an employee hours agreement is concluded with every employee. The annual performance review with each employee includes career discussions and development plans.

All employees receive a handbook setting out policies, procedures and guidelines relating to employment, freedom of association and non-discrimination, as well as grievance procedures. Human rights are protected by federal and state law. (State laws regulate the minimum hiring age without school release. Proof of age is required prior to employment.

Operations in the United States have an Educational Assistance Programme. Designated employees can pursue an Associate, Bachelor or Masters Degree in a specific work related field. Similar arrangements apply also in Europe.

Legal requirements relating to workplace accidents are stringent, equalling or

exceeding the standards contemplated by the International Labour Organisation.

The Federal authorities require a log to be kept under the Occupational Safety and Health Act in which all workplace incidents are recorded. In the event of an accident a copy of the report is sent to the Federal Occupational Safety and Health Administration.

Every manufacturing operation has a safety committee, comprising employees and managers.

Information on equal employment practices is monitored throughout the division. Operations in the United States are required to furnish to the Federal government an analysis of the workforce by job group, ethnicity and gender. This is submitted annually and a comparison made with census data for the same job groups for the area from which workers are sourced. The Equal Employment Opportunity Consolidated Report and Headcount Report are based on the September payroll each year. They form the basis for more balanced representation to be achieved if replacements have to be found or new jobs filled over the next calendar year. Females and minorities are well represented in management positions.

In the United States, purchase orders contain a statement that the company is an equal

opportunity employer. Sub-contractors are informed that they should also be equal opportunity employers. If required by regulations, sub-contractors must also have a written affirmative action plan.

Environment

Products sold have no environmental impact, except that one optomechanics product manufactured in Japan contains barium and is subject to control through registration with the relevant authorities.

Use of ozone depleting substances has been banned in Melles Griot since 1993.

Gas and other air emissions are minimal and do not contain nitrous oxides or sulphur oxides. These are not measured except in Japan, where the operation is ISO 14001 registered and passed the bi-annual audit during the year with high ratings.

Society

A donation of old optics and computer hardware was made to certain universities in the United States during the year, while 120 000 yen in cash was given in respect of the Barloworld Green project in Japan.

Employees in Rochester support the United Way Campaign, assist Families in Need, the American Career Society and the American Heart Association. Blood is donated to the American Red Cross.

AUSTRALIA

Barloworld Coatings



AUSTRALIA

Businesses are operated in Australia by Barloworld Coatings and Barloworld Motor.

BARLOWORLD COATINGS

Customers

Barloworld coatings manufactures three brands in Australia: Taubmans, Bristol and the specialty range White Knight.

Taubmans and White Knight brands are distributed through corporate hardware chains, independent retailers, mass merchants and a network of independent dealers and company owned stores. The Bristol brand is only distributed through company owned and independently owned Bristol retail outlets to the trade and do-it-yourself markets.

Although no formal customer satisfaction surveys are conducted, day-to-day feedback from customers is documented through a complaints system managed as part of the ISO 9001 Quality Management System. Regular internal and external audits are conducted.

Information relating to product labelling and regulatory requirements is subject to the QPX/19/002 approval procedure used as part of the ISO 9001 Quality Management System.

Prior to broadcast, new television advertisements have to be approved by the

Advertising Standards Council of Australia. If approved, a viewer rating is assigned to the advertisement and this also determines the time during which it may be broadcast. Newspaper and radio advertisements are also controlled by that council but no prior approval is required. Any concern of the public can be raised with that council through its complaints procedures.

Customer health and safety are regulated in Australia, inter alia, by the Dangerous Goods Code for transport and storage. No cases have arisen relating to non-compliance with any regulations relating to customer health and safety.

The division is a signatory to Coatings Care, an international programme of best practice in the industry. Of the four codes of practice, two relate to product stewardship and community care. Adherence to these practices is audited every six months.

Market share is 23,5%.

Suppliers

Purchases from Millennium Chemicals represented 23,9%, Rohm and Haas 16,2% and Nuplex Industries 16,2% of total purchases.

Between 65% and 70% of supply contracts are paid strictly in accordance with their credit terms and the remainder within 30 days of

delivery date. Raw material purchases from any one country do not constitute more than 5% of the gross domestic product of that country.

Most of the major raw material suppliers are members of either Coatings Care or Responsible Care or they are certified to ISO 14001 standards and are National Packaging Covenant signatories in respect of product stewardship.

Product stewardship initiatives include efforts to improve product design and manufacturing processes to minimise negative impacts on the environment, and to ensure that product is used and disposed of in accordance with the regulatory requirements. Specifically, packaging changes agreed with suppliers aim to reduce waste. Improved lining of metal can rims is being investigated to prevent rusting and improve the lifespan of the can and reduce contamination from rust. Less contamination increases the recycling potential of the can and its contents, as well as packaging; bulk bag recycling is being promoted with the Australian Paint Manufacturers Federation and procurement staff attend recycling plants with major suppliers (Visy and Viscount) to gain understanding of the process and its impediments.



WE ARE GROWING OUR COATING BUSINESS FROM AUSTRALIA INTO CHINA

Employees and labour practices

Number of employees					
	Full time	Part time	Fixed term	Temporary	Agency
2003					
Executive	9				
Management	65				
Factory	243	2		3	
Office	383	72	4	80	2
Total	700	74	4	83	2
2002					
Executive	9				
Management	60				
Factory	249	2		4	1
Office	355	78		63	2
Total	673	80		67	3
Change	+27	-6	+4	+16	-1

The Federal Workplace Relations Act incorporates conventions of equal opportunity, family responsibilities and parental leave, and termination of employment. It also contains many regulations governing conciliation, arbitration, fair wages, bargaining and making of agreements. These practices evolved in the International Labour Organisation, where representatives of Australia played a prominent role, during the 20th century. Collective agreements of Barloworld Coatings Australia are approved within this legal and historical framework. Both federal and state laws in this regard are complied with.

Four indigenous people are employed on the same terms as other employees with no differentiation. Under Equal Opportunity for Women in the Workplace legislation, reports are regularly submitted to the relevant authorities.

Positions available are advertised through e-mail, fax and notice boards to encourage promotions and transfers within the business.

Structured interview guides containing competency based questions ensure consistency and lessen the possibility of discrimination during employment interviews. External recruitment is arranged through a

small number of preferred recruitment agencies. They work on a specific position or a group of positions in a fair and equitable manner to ensure Barloworld can select from a diverse pool of candidates. One recruitment related grievance was lodged and resolved at no cost to the business.

On induction, all employees are informed of all policies including internal standards for preventing discrimination. These standards invite employees to raise any concerns with management. Any complaints are investigated. Individuals may complain directly to external authorities.

Women have access to training and development opportunities in a formal performance management system. These programmes are: leadership development; point of difference sales in stores; product awareness; team building; customer service and relationships; retail traineeships; and certificated courses; competency based training; and women in business.

All policies about the Employment Relationships are being upgraded to a Barloworld 2003 version. These will replace existing policies soon and will be available to employees on the Barloworld intranet.

In respect of disciplinary practices, an employee may appeal to either executive level or an external tribunal. Where Certified Agreements have been concluded with a

AUSTRALIA

Barloworld Coatings
continued

trade union, an employee who is a member of such union, has access to its assistance in disciplinary matters.

Contractors and suppliers are required to demonstrate sensitivity to human rights, to manage impacts of their activities on affected communities or individuals and to comply with federal and state law.

Approximately one-fourth of the workforce is covered by collective Enterprise Bargained agreements, thus represented by independent trade unions. Approximately another 55% of the workforce is covered by State Awards with individual contracts of employment.

Within the Enterprise Bargaining Agreement framework, two Certified Operations Agreements have been bargained with factory and distribution employees who are members of a trade union. These agreements govern conditions of employment, including wage rates, benefits and productivity measurement arrangements. For the remainder of the workforce, employment is based on an individual contract of employment under Common Law wherein standards are determined by market competition, legislation and national community standards.

Consultative committees and team meetings are convened regularly. These are chaired by an executive or senior manager and encourage feedback from employees. Corporate performance is discussed in a quarterly video issued to all business units in Australia.

Occupational Health and Safety legislation and enterprise bargaining agreements govern

consultation practices between workers and management. These committees have a ratio between workers and management of about nine to one. Some states require the appointment of a dedicated employee representative in occupational health and safety matters. Legislated information sharing principles are followed in the consultation processes.

Workplace changes are communicated and managed through Team Leader meetings, Consultative Committee meetings, management meetings and employee briefing sessions.

Pre-defined guidelines under state, territory and local legislation are observed for recording occupational accidents and diseases. This includes Occupational Health and Safety Acts and Regulations, supported by codes of practice and guidance material. These cover matters set out in ILO-OSH 2001. For instance, they relate to development and implementation of policies and procedures for dealing with concerns, consulting with employees, identifying hazards, assessing risks and implementing preventative and corrective actions, as well as continual improvement. Internal policies align with the ILO code for recording and notification. Local authorities like Workcover and Workplace Health and Safety monitor compliance.

No fatalities occurred during the year, nor were there any incidents involving independent contractors. Based on one full shift lost due to a workplace accident, the lost time injury rate was 16,34 per million manhours worked in 2003.

Federal and state employment Awards and Enterprise Bargaining Agreements include workplace health and safety conditions covering about 55% of the workforce. Welfare policies and procedures support a safe working environment. They protect from discrimination any employee suffering from HIV/Aids.

Written training policies have been developed in respect of an annual needs analysis, a training plan and commitment to extend the formal Competency Standards of the Australian National Training Authority. This is a Commonwealth statutory authority responsible for developing a national vocational education and training system in co-operation with state and territory governments, the Commonwealth government and industry.

Support of continued employability of employees is given through Competency Standards Projects directed at "employability"; injury management programmes which emphasise rehabilitation; and by an employer initiative preceding an employer decision to terminate or, following termination by the employer, a counselling, warning and discipline formal process. Retirements follow an informal supportive preparation.

Exit interviews were introduced in 2002.

An informal code of conduct has been replaced by a formal Code of Ethics. Standards for workplace conduct were introduced in 2001 and are enforced. Such enforcement has sometimes required summary dismissals and legal defence against subsequent union or employee challenges to those dismissals. Formal anti-corruption educational programmes are being introduced.



Ken is from Barloworld Coatings. He began his employment as Manager of a Trade Centre paint outlet in Brisbane, Australia, in 1988. Ken worked his way up to National Sales Administration Manager for Barloworld Coatings Australia in 1999. Shortly after the introduction of the BaaN Computer System and the Stores Point of Sale System thousands of errors were being generated causing enormous customer complaint and damaging the company's reputation. Ken found the error with the BaaN to POS pricing transfer, which was the cause of the huge problems. He rewrote the formula for the Sure-fire programming team to incorporate all the BaaN price

tables we use at Barloworld Coatings, thus solving the problem. He spent hundreds of hours, often working weekends without additional pay, building workbooks in a user-friendly format to allow the sales team to focus on creating value for our shareholders and customers. Outside of his area of responsibility Ken developed many report workbooks and formulated spreadsheets for other sections of the business to assist in their day-to-day work. Ken is known as the Barloworld Coatings action man, participating in triathlons, marathons and ultra marathons. It is this energy that he applies to his business, ensuring ongoing results at Barloworld Coatings.

2003 CEO'S AWARD
FINALIST:
KEN McILWAIN,
BARLOWORLD
COATINGS AUSTRALIA

AUSTRALIA

Barloworld Coatings continued
Barloworld Motor



Freedom of association is upheld by the Workplace Relations Act. No child labourers are employed.

Environment

Substances imported or manufactured and used in Australia are required to be registered on the Australian Inventory of Chemical Substances. This is administered by the National Industrial Chemicals Notification and Assessment Scheme.

Once so registered, materials are further classified and regulated by a number of authorities:

Transport

The Australian Dangerous Goods Code essentially copies the UN system of classification of materials for storage and transport. This affects the division in regard to flammable liquids (solvent based paints) and gases in aerosols.

Use in the workplace

Worksafe regulates chemical safety issues in the Workplace. Materials classified by Worksafe as being "hazardous" are required to have labelling and Material Safety Data as specified by Worksafe.

Poisons

Poisons are regulated by the Therapeutic Goods Administration of the Department of Health. Certain materials are classified as poisons in the Standard for Uniform Scheduling of Drugs and Poisons which regulates packaging and labelling for poisons. Paints and colourants are exempt from poisons labelling, but thinners are not.

The Therapeutic Goods Administration also issues the Uniform Paint Standard that prevents use of even trace amounts of highly toxic materials, such as benzene or mercury, in decorative paints.

Typical annual usage of materials is:

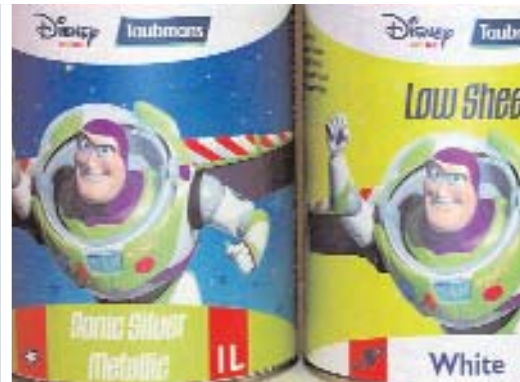
Input	2003	2002
Driers	75	77
Extenders and fillers	7 418	8 429
Additives and colourants	3 440	3 418
Emulsions and Alkyd	13 364	14 184
Titanium dioxide	5 036	6 884

Significant environmental impacts are unwanted waste paint, packaging and Volatile Organic Compounds liberated from paint products. Up to 20% of waste paint gathered from collection points in recent trials was recoverable according to predetermined criteria. Steel containers can be recycled but often are not because of collection logistics and associated costs. If plastic containers are free of paint contamination, metal handles and paper labels, they have recycling potential.

Waste is dealt with as follows:

July 2002 – June 2003		
Type of waste	Quantity	Destination
Plastic	6,5 tons	Recycled
Paper and cardboard	47,5 tons	Recycled
Metal	138,0 tons	Recycled or re-used
Pallets	8,7 tons	Re-used
Solvents	48,0 tons	Re-used or recovered
July 2001 – June 2002		
Type of waste	Quantity	Destination
Plastic	4,6 tons	Recycled
Paper and cardboard	19,22 tons	Recycled
Metal	No data available	Recycled or re-used
Pallets	No data available	Re-used
Solvents	No data available	Re-used or recovered

WE STRIVE TO BE A MODEL CORPORATE CITIZEN IN EVERY COUNTRY IN WHICH WE OPERATE



No solvents are recycled and no waste from external sources is used.

The primary source of energy is electricity with some 16 768 341 megajoules used annually. Indirect energy use in the production of electricity and fuel use for deliveries are not known. Paint products have no energy consumption requirements. Energy consumed annually by the use of gas is estimated at 12 546 307 megajoules. No use is made of renewable energy.

Total annual water use is 21 250 kilolitres, of which 339 kilolitres are re-used. An estimated 1 448 kilolitres of water is wasted annually. No water sources and related ecosystems are affected, there being no water discharges, nor is any ground or surface water withdrawn. Water used is drawn from municipal suppliers.

Land used for production and associated activities totals 109 789 square metres, of which 80 773 square metres are impermeable. None is in a biodiversity-rich habitat. There have been no uncontrolled or accidental releases into the environment nor are there any operations in protected or sensitive areas.

Greenhouse gases emitted comprise 4,8 million kilograms of carbon dioxide. Emissions of ozone depleting substances measured by the Environmental Protection Agency were 30 kilograms per annum at the Villawood site. Other readings showed minimal effects. No chlorinated fluorocarbons are used in aerosol products.

Indirect greenhouse gas emissions are not measurable. Environmental impacts of transport used for logistical purposes are not measurable.

Society

Staff from South Australia were proud to be part of The Murray Darling Tree Rescue Programme. Over 4 000 trees were donated to improve soil quality by preventing erosion and salinity. The programme is a ten-year partnership between Greenfleet Australia and Scouts Australia which aims to plant millions of native trees to bring life back to this failing river system. The Murray River basin spans four states and provides 41% of Australia's food.

The division is a signatory to Coatings Care, a self-auditing paint industry initiative that covers most ISO 14000 requirements. Impacts on communities in areas affected by the divisions activities are regularly monitored.

The Australian Paint Manufacturers Federation is an industry body that pursues industry issues with the government or other industries. It also develops solutions common to all manufacturers. Any product, marketing or pricing strategies arising from such initiatives are retained and are completely independent of other manufacturers. An active role is played on various committees of that body.

There have been no court decisions pertaining to anti-trust or monopoly regulations, supervised by the Australian Competition and Consumer Commission, an independent statutory authority that mainly administers the Trade Practices Act 1974 and the Prices Surveillance Act 1983. The Commission's consumer protection work is complemented by that of state and territory consumer affairs agencies. Legal advice is sought whenever possible anti-competitive behaviour is perceived.

As a result of voluntary compliance with regard to social and environmental responsibility, the Coatings Care, steel can recycling and Greenhouse Challenge logos are used.

The Privacy Act 2000 regulates the use or disclosure of any information of a personal nature. Internal policies and procedures have been implemented to ensure compliance with privacy legislation and maintain privacy of personal information about employees, customers and suppliers. No complaints have been received regarding any breach of privacy.

BARLOWORLD MOTOR

Five franchise motor retail dealerships are operated in Melbourne and one in Sydney. Brands represented are Holden, Mercedes-Benz and Volkswagen. In total there are eight operating sites in Australia.

Apart from a joint venture in Melbourne with Mercedes-Benz, all operations are wholly owned.

Customers, product and services

Some of the Holden products are manufactured in Australia with a large proportion imported from Europe and east Asia. All Mercedes-Benz and Volkswagen vehicles are imported.

Through the manufacturers and distributors, the dealerships participate in quality programmes that aim at reducing or eliminating customer complaints. The programmes are heavily focused on all aspects of customer satisfaction and retail dealerships are now being incentivised on

AUSTRALIA

**Barloworld Motor continued
General**



the achievement of acceptable Customer Satisfaction Index (CSI) measures.

Where possible, the manufacturer and distributor programmes have been coordinated with our Value Based Management (VBM) programme. While the majority of surveys are conducted by the manufacturers and distributors, the dealerships also conduct their own internal customer review analyses.

The dealerships all subscribe to the National Privacy Principles regarding the collection, storage, use and distribution of confidential information. To the extent allowed by law, this information might be used for marketing purposes.

Suppliers that individually constitute more than 10% of the division's purchases are: Volkswagen Group Australia, DaimlerChrysler Australia and Holden Limited.

Supply contracts with the manufacturers and distributors that are represented work differently from those in South Africa. All vehicles shipped to the division are paid for by a designated financial institution as the vehicles leave the distribution point. No vehicles are wholesaled on "open account".

Employees and labour practices

An analysis of the workforce is given below:

Number of employees		
	FT	A
2003		
Executive	7	
Management	33	
Skilled	207	14
Semi-skilled	10	
Unskilled	9	
Total	266	14
2002		
Executive	7	
Management	22	
Skilled	214	20
Semi-skilled	14	
Unskilled	11	
Total	268	20
Change	-2	-6

FT: Full time, A: Agency

The total annual rate of labour turnover approximates 26%. Voluntary labour turnover is marginally lower at around 22%.

Minimum wages and conditions of employment are regulated by law and industry institutions. These are mandated through legislation but can be modified through certified agreements or Australian Workplace Agreements.

A limited number of these are in place. The framework of operation is explained under Barloworld Coatings in the preceding section.

As described in the Barloworld Coatings section, the division is obliged to report annually progress on Equal Opportunity for Women in the Workplace.

Positions that become available are first publicised internally through the Dealer Principals, Department Heads and by being placed on all company notice boards.

Certain training expenditure is recovered through grants where these are available.

Environment

Energy use is minimal as no manufacturing work is undertaken and there are negligible discharges of waste water. Removal of waste fluids (water from car washing processes and cleaning of workshops in particular) is tightly controlled and all our dealerships comply with the regulatory requirements.

The showroom and service facilities are all in urban localities. Activities have no impact on biodiversity protected areas, heritage sites, fresh water sources or related ecosystems.

Other characteristics

As the operations in Australia are an integral part of Barloworld Motor worldwide, many



WE ARE BUILDING
A MAJOR PRESENCE
IN MOTOR
DISTRIBUTION IN
AUSTRALIA FROM
OUR BASE IN
MELBOURNE

aspects of business operations have identical or similar characteristics. These are dealt with in the report on operations in southern Africa and are not repeated. Reference should be made to pages 50 to 55 inclusive.

GENERAL

Except where otherwise stated, there is no country where national sales represent 5% or more of gross national product.

There is no country where total purchasing represents more than 5% of gross national product.

Unless otherwise stated, there have been:

- No court decisions pertaining to anti-trust or monopoly regulations;
- No instances of non-compliance with regulations concerning customer health and safety, nor any penalties or fines for any breach;
- No complaints upheld by regulatory or similar official bodies in regard to health and safety in respect of products and services;
- No instances of non-compliance with any regulation concerning product information and labelling or environmental issues, nor any penalties or fines for any breaches;
- No breaches of advertising and marketing regulations;

- No substantiated complaints regarding breaches of consumer privacy;
- No expenditure incurred on hospitals, schools or similar other non-core infrastructure outside of main business activities;
- No shares of revenue derived from operations in any particular area or region that have been redistributed to local communities;
- No spills of oils, chemicals or fuels, nor any discharges of greenhouse gases or ozone depleting substances;
- No occasions where child, compulsory or forced labour has been used; and
- No fines for environmental non-compliance