

The world of GKN – working hard to meet expectations

Our vision

Meeting expectations through the rigorous management of economic, environmental and social sustainability

Like all principled and responsible companies concerned with the long-term sustainability of their business, GKN seeks to operate in a way that balances a number of objectives. At one level the Group exists to deliver outstanding products and services to customers and superior returns to shareholders. While doing so GKN also works hard to meet the legitimate expectations of its employees and its wider communities, for there is a common cause in the aspirations of all of these groups which derive benefit from the overall economic, social and environmental performance of GKN.

Every working day some 36,000 people come to work in GKN plants and offices located in more than 30 countries in the Americas, Europe and Asia Pacific.

All of those people have expectations of GKN. They expect to work in a safe environment which will not damage their health. They expect their rights, dignity and equality of opportunity to be respected by a company which upholds high ethical standards. GKN values the contribution of all its employees and works hard to meet their expectations which also include freedom of association and collective bargaining where requested, fair systems of grievance and discipline, and the eradication of discrimination.

Those 36,000 people live in communities of which their employing company is a member. Those communities also have expectations. They expect GKN to minimise the impact of its operations on the environment. They expect GKN to make a contribution to community life and well-being. In less developed countries, GKN aims to ensure that community activities are sensitive to the local social environment and will have effective long-term impact.



Dick Etches, Human Resources Director (right) and Grey Denham, Company Secretary.

GKN supports the terms of the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises and works towards ensuring that there is no breach of these within its business. Our ultimate aim must be to ensure that similar standards operate within our supply chains.

Delivering sustainable value over the long term goes hand in hand with a rigorous concern for the environment. In particular GKN will continue to work towards reducing its hydrocarbon usage and emissions, water usage and waste production. We will work more closely with customers and suppliers to improve the recyclability of products and the efficiency of processes.

Scope of the review

This review describes how GKN manages the key elements of sustainable development throughout its businesses which are described fully elsewhere within this annual report. Guidelines produced by the Global Reporting Initiative (GRI) have been used as a framework to present the information within the review. (GRI was convened in 1997 by the Coalition for Environmentally Responsible Economics in partnership with the United Nations Environment Programme to produce guidelines applicable globally for voluntary use by organisations reporting on the economic, environmental and social dimensions of their activities.) In reviewing our performance over the calendar year 2002, we describe our governance systems, which embrace social responsibility issues, provide information on how we engage with stakeholders, describe the Group policies which guide the conduct of our businesses worldwide, and review our performance over a five-year period against a number of key indicators relating to health, safety and the environment.

The performance data presented covers all of our Automotive and Aerospace subsidiary companies. It has been the subject of self-certification by Group companies together with some independent verification of data or data collection processes. We continue to seek to influence our joint venture companies in matters of corporate social responsibility and, so far as is practicable, are developing systems to collect similar performance data from those companies. From the beginning of 2003 we also began collecting data on diversity in the workplace with a view to reporting in future years.

In previous years we have used sales as a measure for the key environmental indicators. This has a number of disadvantages, including distortions caused by price reductions, intra-Group trading and widely varying consumption levels in differing manufacturing processes. Whilst we are continuing to report Group performance by reference to sales (despite its limitations we still consider it to be the most appropriate measure for presenting information on a Group basis), we are beginning to collect and analyse divisional data by reference to alternative measures of economic activity. We believe that these will not only reflect more accurately ongoing performance but that they will also provide more useful guidance for future improvement actions. We are keeping the situation under review for future reporting.

Managing our business

The principles of good corporate social responsibility are embedded within GKN's values. These are distributed and displayed throughout the Group and can be viewed on our website (www.gknplc.com).

The Board views very seriously its responsibility for ensuring that all the Group's businesses act as good corporate citizens. Social responsibility matters form part of the initial briefings for Directors on appointment to the Board. A working group under the chairmanship of Ian Griffiths, Managing Director GKN Driveline, has responsibility

for embedding the principles of sustainable development throughout all the Group's businesses. Dick Etches, Human Resources Director, has overall responsibility for Health, Safety and Environmental programmes and Grey Denham, Company Secretary, with the internal audit department and the Audit Committee, oversees compliance with Group policies.

The management of social responsibility issues is an integral part of the overall corporate governance procedures and therefore this review should be read in conjunction with the Corporate Governance section on pages 78 to 80. In particular, the management of social, environmental and ethical risks is encompassed within the internal control procedures described in that section.

The internal control procedures are supplemented by the Group's integrated loss prevention policy which covers all accidental risk areas and sets out the Group's systematic approach to loss prevention including the principles by which we safeguard our people's health, the environment, an uninterrupted supply to our customers, and our assets and earnings. The policy is implemented by operational management supported by local safety and risk experts, divisional and Group loss prevention committees and a central loss prevention department.

Significant incidents are reported to executive Directors within 24 hours and to the next meeting of the Executive Committee. GKN applies the same degree of rigour in the management of all aspects of risk. The most significant risks in relation to social responsibility issues are loss of reputation resulting from the manner of operation of our businesses and safety issues arising from quality or design of our products. Both of these could, potentially, impact shareholder value significantly as well as our employees and the communities in which we operate. In environmental terms, our manufacturing processes are not inherently high risk, however great care is taken to avoid any adverse impact arising.

Economic

GKN's financial performance during 2002 is reported elsewhere in this annual report. In achieving those results we were aware of our responsibilities to our many stakeholders.

Working with our stakeholders

We define stakeholder as any person or organisation who is affected by, or whose actions impact upon, our business. These include local communities, shareholders, customers, suppliers, employees, business partners, local authorities, government agencies and non-governmental organisations (NGOs). We engage with these stakeholders in a variety of ways.

As part of our aim to contribute positively to the communities in which we operate, wherever possible we employ local labour in our businesses. We invest in local community projects both by way of financial donations and through the volunteer work of our employees, particularly in less developed countries. Examples of local initiatives are given on page 30.

During 2002 we initiated meetings with a number of our major shareholders to discuss the Group's performance with regard to corporate social responsibility. This programme is being extended to include a number of NGOs.

In addition to the impact of our own activities, the impact of our supply partners and the products we manufacture both during their life and in their end of life phase are becoming increasingly

important. We are in dialogue with key suppliers to identify where we can usefully support them to our mutual benefit. As a component supplier, the impact of our products has to be addressed also in partnership with our customers as well as our suppliers. This is an increasingly important focus of our activities.

Consultation mechanisms exist throughout the Group to provide open communication between management and representatives of union and non-unionised employees. Group companies encourage employee participation in the process for improving health, safety and environmental performance. These include the GKN Safety Award Scheme and the GKN Green Scheme. These schemes, now in their fifth year, recognise success and highlight best practice which is then shared across the Group. In 2002, a total of 69 businesses competed for the awards. Details of the award winners are given later in this review.

GKN is a founder member of the Industry and Parliament Trust which celebrated its 25th anniversary in 2002 and which commended GKN as an excellent example of a company which supports greater understanding and openness between legislators and industry.

GKN is a member of the Engineering Employers Federation and Confederation of British Industry in the UK and the German Employers Federation. It is also a member of the Society of Motor Manufacturers and Traders in the UK, the Society of British Aerospace Companies, the US Organisation for International Investment, the British Occupational Health Foundation and is a founder member of the UK PerCent Club and the UK Emission Trading Scheme.

Social

Living the Group's values in 2002 – how GKN people and GKN businesses are meeting expectations

Group policies

Defining our vision on corporate social responsibility is a series of policies which are applied throughout the Group.

Employment policies The Group's Employment Law and Practices policy requires every business in the Group to adopt employment policies and procedures ensuring that employees and prospective employees are given equal opportunities irrespective of sex, race, sexual orientation, disability, religion or ethnic origin. Wherever it operates, the Group complies with local employment law and practices.

All businesses are required to ensure that employment decisions are based on qualifications and merit. The working environment must respect employees' human dignity and rights and be free from all forms of discrimination and from any form of conduct, physical or verbal, which could be considered to be harassing (including sexual harassment), coercive or disruptive. Working conditions must be safe and healthy and there are specific requirements in relation to substance abuse and dangerous weapons.

Policies are designed to encourage employees to report and discuss problems on a confidential basis and to provide expeditious and confidential grievance procedures.

Ethical standards policy All GKN employees are required to maintain high standards of integrity, honesty and fair dealing. As part of the overall Group Ethical Standards policy, individual divisional and company policies require that all business should be conducted with respect to human dignity and rights, and in compliance with all applicable laws and regulations, and that corrupt practices and the acceptance or making of bribes be prohibited. All commercial

transactions must be properly recorded, and assets and confidential information must be fully protected and used only for the purpose for which they were provided.

Employees are also required to avoid conflicts of interest between their business relationships and personal activities. All employees have access to appropriate nominated executives or groups of executives for the purposes of advice and assistance and, where necessary, rulings on ethical issues which may arise.

Competition policy To ensure that Group companies comply with the laws relating to competition and fair trading, the Group has a policy that relevant employees are trained in competition laws applicable to their day-to-day activities. To date, well over 1,000 senior managers and employees have been trained by way of attendance at courses or by use of interactive CD-ROM training packages developed by the Group.

Data protection policy The Group's Data Protection policy is designed to ensure that personal information held throughout the Group is treated with due respect for the privacy of the individual. The policy is applied worldwide even where it is more exacting than local legislation.

Employee disclosure procedures policy Group companies are required to establish appropriate procedures to enable employees to disclose in good faith, at local company or if appropriate at divisional level, instances of wrongdoing by other employees at any level, including any substantial breach of the Group's policies. Employees must be able to do so in the knowledge that their concerns will be investigated and dealt with properly and sensitively and without fear of reprisal or disciplinary action. The process must also provide for employees, should they so wish, to make disclosures in writing directly to the Company Secretary or the head of the internal audit department at the Corporate Centre.

Compliance with policies Our internal control procedures (described in the section on Corporate Governance on pages 78 to 80) are designed to identify material breaches of the policies outlined above. No such breaches have been identified in respect of 2002.

Political donations GKN does not make donations to political parties.

Defence industry involvement

GKN is aware that there are some investment organisations and individuals concerned by involvement in the defence industry. GKN's primary interest in defence equipment is through its helicopter joint venture, AgustaWestland. All sales outside domestic markets are in strict accordance with UK and Italian Government export approval procedures, as appropriate. GKN Aerospace Services is also a first tier supplier of aerospace structures for US and European military aircraft programmes, the export of which is in accordance with government export approval procedures.

Education and training

GKN is committed to achieving the highest standards of performance and ensures through training and development, at all levels within the organisation, that employees have the skills and experience to perform their roles as effectively as possible and are able to achieve their potential within a culture of empowerment and accountability.

GKN's International Leadership Development Programme recruits high calibre graduates from many of the world's leading universities. The programme exposes individuals to diverse business situations through demanding project work, instils confidence and self sufficiency through international placements and develops proficiency in a new language.



NORTH CAROLINA, USA

13:44HRS

GKN Driveline, Alamance facility, North Carolina, USA

Local time – 13:44 hrs, 4 December (GMT – 18:44 hrs, 4 December)
It's Christmas Cheer at Alamance as employees collect gifts to brighten up the festive season for local families in need. This is just one of a number of fund-raising programmes which people in the facility organise every year. From left to right: Tom McCoy, Brenda Fargis, Cheri White and Diane Walters.

The Emerging Leaders programme, developed with Columbia University, USA, targets young individuals with the potential to progress quickly to a key role within the Group and who are an important part of GKN's succession plan. Divisions operate their own development programmes and apprentice training schemes operate throughout the Group.

The Business Excellence Programme is being deployed progressively on a worldwide basis as the primary route to best-in-class standards in all aspects of managing the business. The programme uses Business Excellence models and Six Sigma tools to identify opportunities for continuous improvement in many activities including leadership, people development and empowerment, operational processes and customer relationship management. It has a particular focus on knowledge sharing and innovation.

As part of its community activities, GKN is also committed to the promotion of training and development outside the Group. In the UK, GKN has for many years supported Young Enterprise, both financially and through the provision of business advisers. GKN also provides management representation on its Board and Leadership Council. GKN supports the Engineering Education Scheme and Year in Industry and founded the West Midlands Technology Tree. The Technology Tree was originally confined to West Midlands schools and in 2002, under the auspices of the Engineering Employers Federation, it was launched nationally. Income from The GKN Millennium Trust, a charitable trust established in 1995, is used to fund a Chair of Manufacturing Engineering at Cambridge University. An example of educational activities overseas is the Family Development Plan at GKN's joint venture in Mexico, Velcon, which is designed to bridge the development and educational gap that can exist between employees and their families. At weekends up to 700 employees and family members attend sessions on cooking, languages, sports, music and remedial education.

GKN and its people in their communities

The Group is committed to enhancing the welfare of communities in which it operates through charitable donations and practical assistance. In 2002, charity and community contributions by GKN plc and its subsidiary companies amounted to some £1 million. Those organisations to which donations were made in 2002 are listed on GKN's website (www.gknplc.com).

Community support is widespread across GKN's worldwide operations. The following are just a few examples:

USA GKN's largest concentration of employees is in the US. Within GKN Automotive Inc's seven driveline facilities in North and South Carolina and Michigan, 95% of the 2,100 employees take part

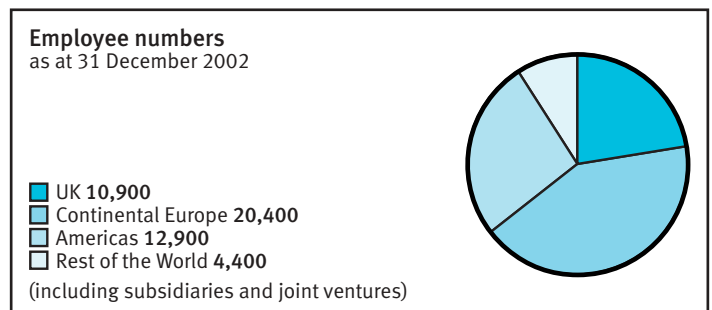
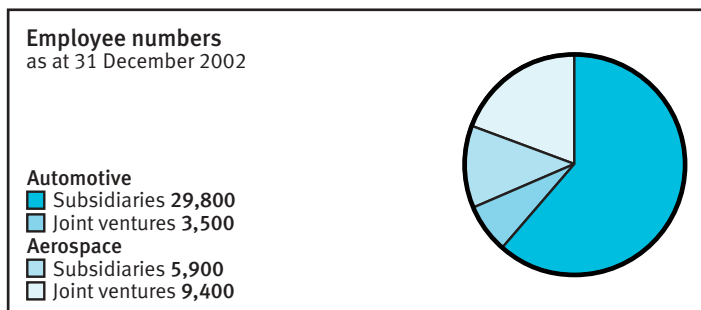
in community service activities. An engineering team from the Alamance facility in North Carolina has been a major force in the Habitat-for-Humanity project to construct homes for the needy and was commended for exceeding the achievements of any other team on the project during 2002. Other projects include a high school dropout prevention programme and assisting poor families with food, clothing, fuel and presents at Christmas. Across the US the GKN Foundation, a charitable body established some 30 years ago, supported more than 250 different organisations in 2002 with contributions of over \$300,000.

Brazil GKN do Brasil Ltda supported the building of a children's hospital in Porto Alegre and also helped restore a chapel which had fallen into serious disrepair, providing a local place of worship for people in Charqueadas. This is in addition to continuing support in the form of waste wood used as building materials for a centre in Porto Alegre which looks after the elderly, sick and those suffering from drug addiction.

India GKN Sinter Metals Ltd operates a wide range of activities providing financial support for the children of employees to encourage them to pursue full-time education. On the company's Annual Day merit certificates and cash gifts are given to the children who successfully pass their school exams. A Consumer Co-operative and an Employee Welfare Fund assist employees with their day-to-day household necessities and medical requirements. Employees also contribute a day's wages, which is matched by the company, to help those affected by natural calamities such as floods, drought and earthquakes.

South Africa GKN Sinter Metals' plant in Cape Town actively supports the Joan Cousins HIV/AIDS Mission with counselling, school and business education, home care and support for people affected by AIDS. In 2002 GKN plc provided the Mission with a motor vehicle to deliver food parcels.

UK GKN's charitable fund in the UK made contributions to organisations primarily focused on education and the community. In addition, individual businesses and their employees, such as AgustaWestland in Yeovil, Somerset and OffHighway and AutoComponents in Telford, Shropshire, operate their own charity and community support programmes. In Yeovil, a group of apprentices have helped a local inventor to demonstrate the feasibility of a unique system to produce electrical energy from the pressure generated by vehicles on the road surface leading into the plant. At the GKN Corporate Centre in Redditch external maintenance is carried out in partnership with a national charity which assists people with learning and social difficulties to gain experience and confidence in a working environment.



How GKN manages health and safety

Management of health and safety is an integral part of the Group’s loss prevention policy. Primary responsibility for health and safety rests with operational management supported by functional specialists. Employees and their representatives are also actively involved in the development and implementation of safe systems of work. The GKN occupational safety and health management system is based on key enablers which are used to assess the current position and set targets to achieve and maintain performance improvement.

Businesses submit health and safety performance data every six months which is reported to the GKN Executive Committee and the Board. Feedback allows them to benchmark performance and identify good practice. Particular attention is also paid to enablers, such as leadership and training, which are reported and reviewed at least annually at Executive Committee level and more frequently at divisional and plant level.

Each business is required to have safety improvement objectives. Whilst some objectives are established at Group level, most are set at divisional or plant level to reflect the particular needs, risks, priorities and opportunities within individual business operations. Where performance does not meet acceptable standards, managers have to present improvement plans to the GKN Executive Committee or divisional committees.

Safety review visits involving senior executives at corporate, divisional and business level continue to provide visible leadership and involvement from the top. Feedback discussions which include employee representatives identify strengths and weaknesses together with practical and sustainable improvement processes. A second phase to the process comprises an improvement workshop to develop the learning points and improvement opportunities in more detail.

The determination to continue to improve safety performance and maintain a proper consideration of all stakeholder interests provided the basis for a major case study at the GKN International Leadership Conference in October 2002. Senior executives from all GKN businesses had to consider a hypothetical new GKN acquisition in terms of what was needed to achieve improvement in safety systems and performance and also had to deal with a mock serious accident including face to face meetings with key stakeholders both internal and external. The direct experiences – some uncomfortable – and lessons learned have provided a more informed leadership with additional insights to help drive improvement.

Safety performance

Key performance indicators are established for safety, the most significant of which – accident frequency rate and accident severity

rate – are shown below. Additional measures are used at corporate, divisional and plant level to drive other elements of our occupational safety and health management system and improvement process.

The chart below left shows the accident frequency rate (i.e. the number of incidents resulting in an individual being unable to work for one day or more per 1,000 employees per annum). The chart below right shows the accident severity rate (i.e. the number of days lost due to accidents per 1,000 employees per annum). Over the past five years the Group has improved its performance by 55% for AFR and 30% for ASR. This reflects increasing management attention, a proactive approach to risk reduction and prevention and thorough investigation of accidents to prevent recurrence.

In 2002, the incidence of serious injuries, including those that involved an employee being absent from work for four weeks or more, was 2.2 per 1,000 employees – a 39% improvement over the last five years.

GKN was deeply saddened by the deaths of two independent contractors in 2002 as a result of accidents on GKN premises, both at plants in India. One involved an electrician and the other a delivery driver. Both events were the subject of detailed internal and external investigation and although safeguards were in place, further improvement measures have been implemented. It is also with regret that we report the death of a flight test engineer at AgustaWestland, our joint venture helicopter company, when a development AB139 helicopter crashed during pre-certification flight testing at Rimini, Italy.

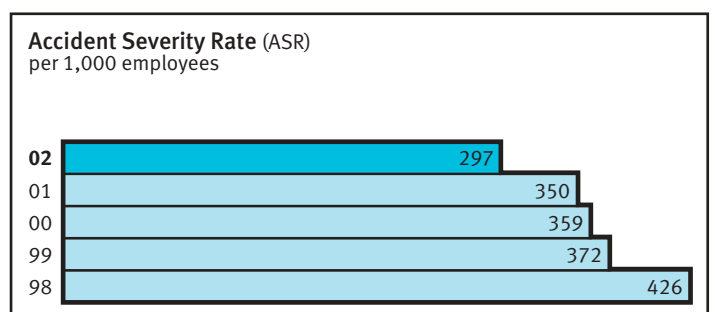
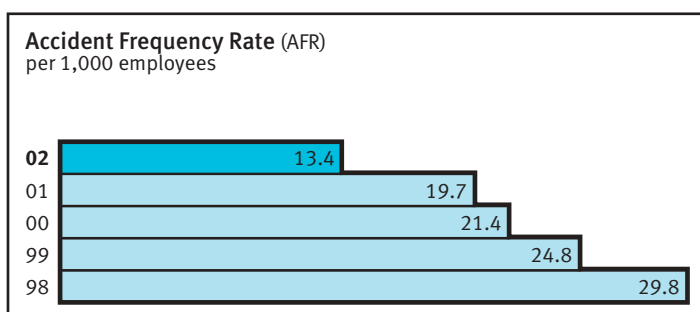
In 2002, 15 enforcement actions at plants in the UK, USA, Australia and Brazil included two prohibition notices related to specific pieces of equipment, five improvement notices and other mainly minor actions with fines totalling £14,000.

Although the safety improvement trend has continued, the Executive Committee has maintained a particular focus on serious accidents and has continued actively to drive improvement in the application of prevention techniques.

In a keynote article for *GKN Management News*, Marcus Beresford, the then Chief Executive wrote:

“Our most recent results show that while we may be having fewer accidents those which do occur are of the more serious kind. It may be easy for us to express regret but we should never forget that for the individual and their family the effects can be devastating.” ...

“It is the task of all of us, but especially everyone in management and leadership roles, to give meaning to the GKN values and drive through improvements in equipment, systems and behaviour.”



Occupational health

GKN's concern goes beyond the employee's physical safety and the prevention of accidents at work to focus heavily on the avoidance of work related ill health. Occupational health (OH) practitioners work closely with safety and environmental advisers to create a working environment which minimises the risk to employee health.

The efficiency of work equipment, and the use of chemicals and physical agents are important considerations. We utilise risk assessment and safe working systems analysis to define how the job will be done without causing harm. Surveillance programmes enable the detection of any ill effects at the earliest stage so action can be taken to prevent continuing exposure. OH issues are reviewed centrally and regularly discussed, along with safety matters, by the Executive Committee.

GKN Safety Awards

More than 100 people representing GKN's worldwide operations gathered in Paris in October 2002. Many were there to receive awards on behalf of their businesses for outstanding achievement in the areas of health and safety and the environment. Others, from the senior management team, were there to honour those achievements.

The GKN Safety Award winners were GKN Automotive in the US, GKN OffHighway Systems and GKN AutoComponents at Telford in the UK, GKN Sinter Metals Emporium, Pennsylvania, USA, GKN FAD SpA, Italy, GKN Sinter Metals Wisconsin, USA, and GKN Aerospace Chemtronics in California, USA. GKN FAD SpA, which was also the overall winner receiving the Chief Executive's Shield, embarked on a major safety improvement programme following its acquisition in 2000 and over two years reduced its ASR by 85% and its AFR by 87%.

Environmental

How GKN manages environmental issues

Environmental management forms an integral part of the Group's loss prevention policy. The primary responsibility for environmental management, as with health and safety, rests with operational management. Support is provided by environmental specialists within the businesses and at the Corporate Centre.

The Group environmental management system (EMS) is part of the integrated loss prevention approach and is broadly based on the international EMS standard, ISO 14001. The core element of GKN's EMS is a requirement for continuous improvement driven by the measurement and evaluation of performance, the identification and

implementation of action plans, the measurement of results and then beginning the whole cycle again with re-evaluation of performance. GKN's EMS covers a number of key elements including general environmental management systems, hazardous materials management, air pollution control, water, waste, soil and groundwater management and noise and energy management.

50 sites have been accredited to ISO 14001, an increase of 30 from 2001, and three to the European EMAS standard. We are currently investigating the possibility of co-ordinating the efforts of companies, and their certifying bodies, to use ISO 14001 certification as a more effective means of demonstrating compliance to a common environmental management and reporting system.

The increasing concern about climate change led GKN in 2000 to set an internal target of a 5% reduction relative to sales in carbon dioxide emissions by 2005 starting from a 1999 baseline. This target is intended to ensure that GKN's reduction in emissions is broadly in line with the targets set in the Kyoto Protocol.

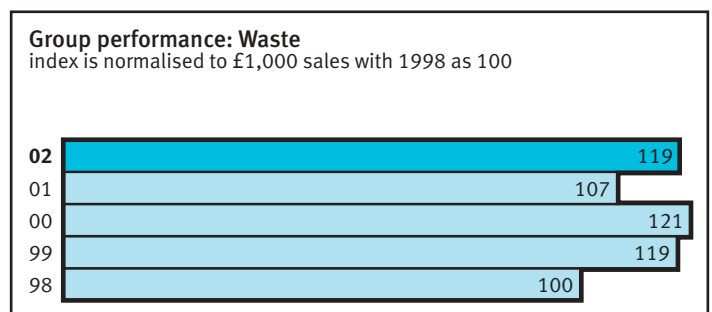
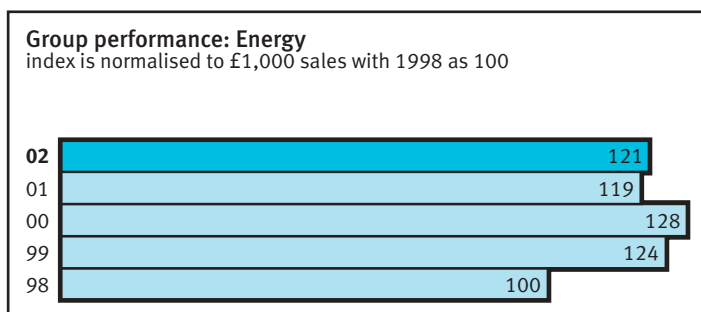
Review and auditing

Group businesses continue to make annual self assessments of environmental risk, management and performance. In 2002 a system of quarterly reporting was introduced to ensure early notification of trends. Company financial controllers are required to confirm the processes by which data is collected within their company. In addition, as part of the certification to ISO 14001 by Group companies, external independent certifying bodies will assess the suitability of systems that are in place to gather and report data.

As part of its obligations as a member of the UK Emission Trading Scheme, GKN has employed external verifiers to check the accuracy of emission data collected during 1998-2000, the baseline years of this scheme. This activity will continue during the five-year life of the scheme.

Performance

We continue to concentrate on four key performance indicators, energy use and associated carbon dioxide emissions, waste generation, water use and volatile organic compound (VOC) consumption. As described on page 27 (Scope of the review), the data in respect of these suffers from some distortion as a result of the differing profiles of the various manufacturing businesses and in particular by the relatively high energy consumption of the US metal powder manufacturer, Hoeganaes, acquired in 1999. Performance data for Hoeganaes in 1998 is not available and therefore is not included in the charts below.



Energy consumption The relative energy usage in 2002 has increased from 2001 due principally to increased production levels at Hoeganaes, where sales increased by 21%. Although Hoeganaes' total sales represent only 4% of Group sales, its energy consumption accounts for over 17% of the Group total. The consumption of energy and the associated emissions of carbon dioxide will continue to be a key focus in the coming years. As a founder member of the UK Emission Trading Scheme, GKN has committed itself to reducing carbon dioxide emissions in the UK by 10,000 tonnes during the lifetime of the scheme. This represents an ambitious target of around 10% in our absolute emissions over a five-year period. In the first year of the scheme GKN exceeded its targets. The income from incentive payments made by the UK Government under the scheme and the sale of surplus allowances will be redistributed to Group companies to support further energy saving projects.

Waste generation Following a significant fall in waste generation as a percentage of sales in 2001, 2002 saw an increase. Most of GKN's waste (63%) is metal scrap which is recycled. In 2002 there was a significant amount of reorganisation in some companies which will increase the efficiency of their operation in the future but in the short term resulted in redundant plant and machinery which had to be disposed of as scrap. The increased production levels achieved at the Hoeganaes facility at Gallatin inevitably resulted in an increase in waste slag at that plant. However, it should be noted that all raw material used in the production of metal powder at Gallatin is itself scrap metal.

Water consumption Water consumption rose in 2002 after a number of years of successive falls. Whilst this increase was in part due to increased production levels, the overall level of water usage will be a key focus of attention over the ensuing year.

Volatile Organic Compounds (VOC) GKN, although not a major user of volatile organic compounds, recognises their environmental impact and closely monitors their use. The principal uses of these materials are as constituents in paint systems and in cleaning solvents used in paint plants. In recent years the introduction of high solids (i.e. low solvent) paints has resulted in a steady reduction in the amounts of these substances used by the Group and the significant reduction from 1999 to 2000 is part of that pattern. This programme is now complete and significant future reductions are not expected. The level of VOC use, and hence VOC emissions, is expected to reflect production levels in future years unless significant changes in painting technology, such as the introduction of powder coatings, take place. As a result we will cease to report VOC usage on a

separate basis in future although we will continue internally to monitor their use.

In 2002, there were no instances in which action by regulatory authorities disrupted production. However, two fines totalling \$165,000 were paid for violation of air permit and air quality requirements relating to practices which pre-dated the acquisition of the businesses concerned. Two other fines were imposed for exceeding the permitted zinc concentration in a waste water discharge (\$450) and the late submission of an oil remediation plan (\$8,500).

GKN Green Scheme Awards

The GKN Green Scheme recognises and rewards Group companies which have developed innovative ways of reducing their environmental impact. The GKN Green Scheme Award winners in 2002 were GKN Indugasa and GKN Forjas de Precision de Legazpia in Spain, GKN Aerospace Chem-tronics in the US, GKN Sinter Metals – Radevormwald in Germany, GKN Sheepbridge Stokes based in Chesterfield in the UK and GKN Gelenkwellenwerk Kiel in Germany. Each of these businesses developed products or processes which resulted in significant reductions in, for example, raw materials, carbon dioxide emissions, water usage or waste. The overall winner was GKN Aerospace Chem-tronics for the development of a process to convert hazardous waste into a non-hazardous product for use in the production and refinement of alloys and for the development of a re-usable packaging system for the transport of jet engine components.

Conclusion

In preparing this review we have, as indicated previously, followed best practice and reported within the framework recommended by the Global Reporting Initiative. Each element covered in the review represents an integral part of the way in which we conduct our business. Our aim is to continue to develop all aspects of our corporate social responsibility agenda and to progress towards long-term sustainability in all of our products and processes. We will continue to work together with all of our stakeholders towards the achievement of this goal.

