

vulcan materials company
social responsibility 2000 report



a simple business

We crush rock. We make chemicals.
We do it well and grow our business.



> Vulcan Materials Company, based in Birmingham, Alabama, provides infrastructure materials required by the American economy. Vulcan is the nation's largest producer of construction aggregates: primarily crushed stone, sand and gravel. We are also a leader in the production of other construction materials, as well as a major manufacturer of chemicals. Vulcan's Construction Materials segment produces aggregates used in nearly all forms of construction, in particular the building of roads and nonresidential properties. Our Chemicals Group is composed of two businesses. Vulcan Chemicals manufactures chlorine, caustic soda, hydrochloric acid, potassium chemicals and chlorinated organic chemicals. Vulcan Performance Chemicals offers a unique blend of products, services, technologies and manufacturing capabilities for customers in a variety of industries, with emphasis on pulp and paper and water management. Vulcan is listed and traded on the New York Stock Exchange under the symbol VMC.

a simple philosophy

We operate our business in a socially responsible manner.
This benefits our shareholders as well as society.





2

Vulcan helps keep the American economy rolling.



We help move people and goods. Vulcan produces more of the crushed stone used to build and maintain our nation's highways and streets than anyone. And our construction aggregates are the foundation of the nation's railroads and airport runways. Our products also support the social infrastructure. They're used in almost every major construction project: from schools to shopping malls, from stadiums to churches. We contribute to the strength of the country and the growth of our neighborhoods.



Vulcan improves your quality of life every day.

4



Our Chemicals Group is a leading manufacturer of a number of major chemical compounds. These products help improve the health, safety and standard of living for us all. For instance, chlorine products purify 98% of our country's public water supply, help make 85% of all medicines, control bacteria, treat pollution sources and help process our foods.



Vulcan makes social responsibility a requirement of doing business.



Vulcan's long-term success depends on our ability to generate growth in our shareholders' investment. To do so, we believe we must strive to be a trusted neighbor and partner in the growing communities we serve. We must provide products that have value to society. We must be stewards of the environment, and leaders in our commitment to safety and health. This is a report on those efforts.



7





We make education a priority. Don James, our chairman and CEO, stands with six of the many scholars supported by Vulcan operations around the country. Four of the students pictured here are Vulcan scholarship recipients. Two are interns working at headquarters through INROADS, a national organization that helps prepare minority youth for corporate and community leadership.

Vulcan Materials Company has grown significantly since we first began publishing a safety, health and environmental stewardship report in 1994. Since then, we have updated and refined our management of these issues. We have been steadfast in our efforts, even as we address new and ever more stringent laws and regulations.

At the same time, public interest in corporate activities has expanded. The general public increasingly wants to know what companies are doing in regard to community involvement, resource conservation and overall environmental responsibility.

In response to your interest, we have produced this *Social Responsibility 2000 Report* covering our actions in all these areas. Its content follows the voluntary reporting guidelines of the Public Environmental Reporting Initiative (PERI). These guidelines were developed in 1992-1993 to help organizations demonstrate their willingness to communicate on policies, practices and performance. They help focus our safety, health and environmental reporting – and enable you to monitor our performance over time.

Vulcan is proud to be a leader: in making quality products, in protecting our workforce, and in shaping the stewardship policies and activities of the aggregates and chemical industries. This report presents a comprehensive look at our activities and results through relevant examples and statistics. (Since finalizing annual figures takes several months, the charts present data through 1999.)

We also discuss innovative new programs to support the safety, health, education and environment of our employees and our communities. We value our people: our success depends on their talents and dedication. Likewise, we value our neighborhoods and their environment: we apply our energies and resources to their conservation and protection.

Since our last report our safety, health and environmental results have generally continued to improve. We are far from satisfied with our performance in some areas. We are committed to raising every compliance statistic. It's both the right thing to do and the right way to run our business. Improving safety, health and environmental performance strengthens our Company. Supporting our people and neighborhoods strengthens our society. And conserving our land and resources strengthens us all – both now and for the future.

We encourage your questions. You will find contact information on page 44. We would also appreciate your comments, positive or negative, regarding the form and content of this report.

Sincerely yours,



Donald M. James

Chairman and Chief Executive Officer

Vulcan is the country's largest producer of aggregates and a major producer of other construction materials. We are also a leading chemicals manufacturer. We think and act locally wherever we have operations.

Crushed stone is heavy and expensive to move, so our quarries are typically close to the communities we serve. Because quarries have long life spans, we create long-term ties with those around us. Each area in which we operate becomes home for Vulcan and our employees. We want to build and benefit from our strong local partnerships.

We have been successful because good actions – socially and environmentally – make good business sense.

- > As a good corporate citizen we are committed to doing the right thing. We care about employees and neighborhoods and the environment. Our long-term record shows it.
- > As a good corporate citizen we produce vital materials that add value to communities and society. They bring us together and help create prosperity for our Company, our shareholders, our neighbors and our nation.

> **We Work With Our Communities** We listen to our neighbors. The Community Involvement Group in Wichita, Kansas, one of the longest-running advisory panels in the nation, helped convince us to change our plans from waste disposal to waste conversion. As a result of this and other emissions reduction projects, our Wichita plant won a pollution prevention award.

We contribute to environmental organizations such as the Wildlife Habitat Council and The Nature Conservancy.

We support a wide variety of educational efforts, from classroom activities and youth sports to college scholarships. Our quarries serve as open-air classrooms and geology labs. Our chemical facilities host tours for groups that include physicists, students and the League of Women Voters.

We take part in community events. The Helotes Quarry in Texas sponsors an increasingly popular 5K run through its land to raise funds for a senior citizens home. Other plants host fishing derbies and nature tours.

From executives to plant employees, we are involved as individuals in civic, cultural and charitable activities. Our employee volunteers build adult education centers, parks, playgrounds, nest boxes for wildlife, and other facilities that enhance our communities.

11



Socially responsible actions make good business sense. (Left) Reducing emissions at our Wichita plant benefits both workers and the surrounding community – and employees take pride in their accomplishments. (Right) Participants in the Vulcan-sponsored 5K run through the Helotes, Texas quarry have fun, as do the many plant volunteers who put it together. While community members and workers get to know each other, they raise funds for the nearby Casa Helotes senior citizens home.



Protecting the environment is serious business – and makes us a good neighbor. (Left) We regularly monitor employee health. Respirable dust samples are collected during typical work activities in Sun Valley, California. A comprehensive database allows us to keep track of and report all our measurements. (Center) Did you know that asphalt is the most recycled product in the U.S.? More than 80% of asphalt is reclaimed, ground up and reused – that’s 73 million tons a year nationwide. We support recycling and encourage others to recognize its benefits. (Right) Last year we donated 2,800 tons of rock for a stream restoration project in Wilkesboro, North Carolina. Placing large boulders along stream edges decreases erosion and improves water quality. This effort should improve the aquatic habitat as well.



> **We Protect Our Nation's Resources** We take our environmental responsibility seriously. Twenty-seven Vulcan plants are certified wildlife habitats. Land managed as habitat has become meadowland for butterflies, prairie for bison, ponds for beavers and home for eagles. We beautify our sites, create natural buffers and develop reclamation plans to return land to productive use.

From recycling concrete and asphalt to reducing emissions, Vulcan is a leader. Our chemical facilities have won energy conservation awards, and they have provided power to local communities during regional power shortages.

> **We Are Good Business Stewards** Vulcan's high-quality products are necessary components of our nation's standard of living. They are also important elements in the health of communities around the country and the world. We use responsible manufacturing processes and sound business practices to protect people, neighborhoods, resources and our reputation.

13

> **We Go The Extra Mile** We go beyond laws and regulations to meet higher voluntary standards developed by our Company and our industries. We have implemented all of the Responsible Care® codes, part of the chemical industry's voluntary stewardship initiative through the American Chemistry Council.

For many years our people have taken active roles to improve the industry as a whole. Our leaders chair key association committees and task forces for safety, health and environmental issues. We initiate local and nationwide training programs for employees.

> **We Focus On Safety, Health And The Environment** Because we make safety and health a consistently funded priority, our record is good. We have conducted industrial hygiene monitoring of our facilities since 1976, long before the government had monitoring requirements. Our Port Edwards, Wisconsin facility holds the national safety record in the chloralkali industry – 32 years without a lost-time accident. We have funded a medical program since 1985 and provide free medical tests to all production employees.

Although our two businesses, aggregates and chemicals, present different challenges and opportunities, the principles for both are the same. We must strive to protect the health, safety and environment of our workers and communities. We must be a sensitive, responsive and responsible neighbor. And we must make superior products that add value to our nation.

We are certainly not perfect and recognize the continuing need to make improvements. We intend to do that.

› **Working with our communities** As a Company and as individuals, we act locally. To thrive as a Company, we must make quality products. We must also satisfy the concerns of individuals and society and give back to the communities that support us.

> We Listen To Our Neighbors Our goods are essential for bringing people together and supporting the standard of living we all enjoy. In the process, however, our operations and products sometimes cause concerns about appearance, traffic, safety and environmental impact. We are committed to meeting the needs and desires of our neighbors at the same time that we produce the goods our society demands.

One way we respond is by working with community advisory groups. Panel members, drawn from a cross-section of the community, meet regularly to discuss issues important to the facility and of interest to the community.

Vulcan supports 13 citizen advisory panels around the country, three with our chemicals business and 10 with our construction materials business. The Community Involvement Group in Wichita, Kansas is one of the longest-running community advisory panels in the nation. It was recently showcased in *Environmental Science & Technology*, and featured on Japanese public television (NHK) as an example of good stewardship and community involvement.

Our Chemicals Group's compliance with the voluntary Responsible Care initiative of the American Chemistry Council sends a clear message that we listen and respond to public input. One of its six codes calls on member facilities to maintain a community outreach program. Members

must openly communicate relevant, useful information that responds to the public's questions and concerns. This includes information about waste minimization, emissions reduction, health effects of chemicals and efforts to ensure the safe transport of chemicals.

> Being A Good Neighbor At Vulcan's chemical plants, emergency response plans are openly shared with neighbors, who are often actively involved in implementation and training events. We conduct CPR courses at many of our plants in both business segments. Where needed, classes are bilingual. The local emergency response organization plans of surrounding communities often have been developed with significant assistance from our employees.

Many aggregates mining operations today have controls that automatically shut down the plant if situations occur that could lead to an environmental problem, such as a failure of dust suppression equipment. We often go beyond federal, state and local regulations to meet the needs of our employees and our neighbors. Seismic monitors are used on our property to measure vibration levels during blasting.



16

We want to be a valued part of every community where we do business. In Knippa, Texas, the school named its team the Rockcrushers way back in 1947 to honor the local quarry's contributions. The basketball scoreboard is one in a series of donations by Vulcan. Students and employees meet often during plant tours, classroom activities and school events.

> **A Responsible Corporate Citizen** Vulcan is committed to being a good corporate citizen in each community in which we operate, supporting and taking an active part in public and charitable projects.

For the five-year period 1995 to 1999, the Vulcan Materials Company Foundation contributed more than \$13 million to organizations in our communities. This amount included almost \$3 million to match employee donations to qualified charities. Over \$6 million was given to groups that focus on education and literacy.

We believe that the future of society depends on well-educated citizens and employees. Through our Matching Gifts Program, individual employees' gifts to schools are matched by Vulcan on a two-for-one basis. Most of our operating divisions fund at least one local scholarship in each operating area. We currently fund 65 scholarships, seven of which are fully endowed. In addition, our plants have adopted 76 schools through Adopt-A-School programs.

Almost half the Foundation's funds support educational programs and schools. In one particular effort we combined our interests in environmental responsibility and education by providing seed money to set up the Samford University Master's Degree Program in Environmental Management, which offers an excellent postgraduate education in a field of growing importance.

We continue our local focus by sponsoring internship and mentoring programs, such as the INROADS program for minority college students. The Vulcan Foundation is a long-time supporter of the United Negro College Fund and the Urban League.

Over the years we have donated millions of dollars to educational and environmental projects: teacher and student training, science fairs, water purification, environmental education, erosion control efforts, wildlife sanctuaries, recycling programs and shore cleanups. In addition to financial contributions for schools, we donate computer hardware and software, playground equipment, fencing, paving materials, and hands-on assistance with landscaping and painting.

We work through the Wildlife Habitat Council, The Nature Conservancy and other groups to strengthen habitat improvement. Significant contributions to The Nature Conservancy help to purchase and maintain ecologically important land to protect wildlife habitat. Vulcan has helped fund the purchase of Bluebonnet Swamp in Baton Rouge, Louisiana; a tract of the Cheyenne Bottoms wetlands near Great Bend, Kansas; and land for a project to connect Alabama's Pinhoti Trail with the Appalachian Trail.

By supporting the Chlorine Chemistry Council's Water Relief Network, our Chemicals Group helps supply clean water following natural disasters around the world. Through the International Red Cross it provides water disinfection chemicals, temporary distribution pipes and containers, water testing kits, protective plastic sheeting, surface disinfectants and power generators. By means of this program, last year we helped victims of floods and cyclones in Mozambique, torrential rains in Venezuela and an earthquake in Colombia.

Particular attention goes to the individuals who work for us and with us; their health, their safety, their wellbeing and their opportunities are our concerns. Along with promoting antismoking campaigns and healthy lifestyles, we emphasize equal opportunity. The U.S. Department of Labor recognized our outstanding compliance with affirmative action and equal employment opportunity laws. It observed that aggressive leadership by management and our no-tolerance policy have helped foster a workplace free of racial and sexual harassment.

> **The Personal Touch** Dedicated, motivated employees make the difference at Vulcan, as well as in the neighborhoods where we live and work. As individuals, we are long-term contributors to the local economy and the surrounding community. Volunteers mentor individual students, sponsor Junior Achievement and host educational events. We work with science fairs, teacher training, reading programs, computer education and curriculum improvement initiatives.

Every year our sites become open-air classrooms, offering thousands of students a hands-on experience in earth science and ecology. Approximately 30,000 students toured Vulcan locations in 1999. Each plant selects relevant activities that fit the interests of participants. Many join with school groups or science classes to erect nest boxes for wildlife, create butterfly gardens, develop habitat to

attract native flora and fauna, and build nature trails on our land. Some partner with local Scouting organizations, retirement communities or other groups to monitor wildlife at these sites.

Activities in Louisiana exemplify our efforts across the country. Our Geismar chemical facility recently received an Education Excellence award for its support of learning in Ascension Parish (tutoring, teacher shadowing and a school-to-work program). The plant's annual employee charity golf tournament typically raises more than \$5,000 to buy school supplies for needy children. And the Ascension Parish president saluted the Vulcan plant for spearheading development of the Ascension Parish Library Technology Center and making a long-term financial commitment to its success. The library offers basic computer education, research opportunities, online resources and Internet instruction for kids and adults.

The Hendersonville Quarry in North Carolina collaborates with the county school system to present an environmental curriculum for grades K through 12. A classroom built by quarry volunteers hosts environmental education classes, and plant personnel show students how to balance nature and industry. Senior citizen organizations, church groups, private schools and individuals also use the learning center. The nearby Liberty Quarry in South Carolina has a mile-long nature trail used regularly by hundreds of people.

Responding to local emergencies is a continuation of our personal commitment. For example, the city of Haysville, Kansas recognized Vulcan's Wichita employees for their concerted, plant-sponsored disaster relief efforts following a tornado that caused more than \$140 million in damages. The same chemical facility received international media coverage when our people used Vulcan's high-tech equipment to help rescue a baby who fell down a well in Mulvane, Kansas.

The United Way Campaign of south Wood County recognized the amazing participation by chemical employees at Port Edwards, Wisconsin with three awards: a Community Service Award (for meeting/exceeding goals), a Gold Award (for being among the top 5% in per-capita giving) and the WOW (Watch Our World) Award, a special award initiated this year and given to Vulcan for leading United Way per-capita contributions during each of the last five years.

› **Protecting our nation's resources** Wise stewardship today is necessary to help preserve the quality of life for future generations. Vulcan makes environmental considerations an essential part of every business decision. Clean air, pure water and a sound environment are fundamental prerequisites to our success in the marketplace, and we actively contribute to programs that improve or enhance them.

> A Leader In Habitat Conservation Conducting a mining business means we own and lease large tracts of land. For this reason, many of our environmental and charitable activities center on preserving land and its wildlife inhabitants.

Significant portions of most mining sites are held as buffer areas or for future development. They give us a chance to create and restore habitat critical to wildlife. While large, contiguous parcels are best, isolated plots and small greenways are ecologically valuable.

A decade ago, we began a partnership with the Wildlife Habitat Council (WHC), which fosters environmental stewardship to increase the amount of quality wildlife habitat. It helps companies inventory wildlife on their lands and design plans to provide food, shelter and other forms of habitat enhancement.

In 1990, our Sanders Quarry near Warrenton, Virginia became the first site in the nation to be certified by the WHC as a sanctioned, enhanced habitat on corporate land. Twenty-seven of our sites have become certified habitats and another 13 are in process. (We have more certified wildlife habitats than any other company in the nation.) Our neighbors and employees work together to monitor and maintain these areas.

The Brooksville Quarry in Florida has erected nest boxes, platforms and sunning poles for eastern bluebirds, American kestrels, purple martins, ospreys and wood ducks. Employee volunteers manage 40 acres as a food source and cover for wildlife. Ospreys feed on fish in a pond created from an old quarry, enhanced with native vegetation. The site also has two butterfly gardens and a planted native meadow.

Georgia's Grayson Quarry has designated 550 acres of its 750-acre site to wildlife. Plantings provide improved habitat for ducks, birds, butterflies and bees. The nearby Stockbridge Quarry has 240 acres of wetlands, woodlands and open fields.

The Gold Hill, North Carolina site is home to beavers, river otters, wild turkeys, American kestrels, deer and bobcats. Nesting structures built by local Boy Scouts attract bluebirds, killdeer and other native birds.

During a recent drought, employees at Uvalde, Texas added hummingbird feeders when local hummingbirds could not locate natural food sources.

> Managing Land Responsibly Reclamation planning begins at plant start-up and becomes part of each site's long-term plan. We protect and enhance facilities and their surroundings, with special attention to land contouring. Operations typically add earthen berms, natural screens and trees to improve appearance and reduce noise. Berms (raised areas with natural evergreen plantings) also provide a safety barrier by restricting access to the quarry.

In the 1970s, Vulcan's executives encouraged the industry to voluntarily meet high standards for quarries, rather than waiting for laws to be passed. For example, we endorsed efforts such as the About Face Program sponsored by the National Stone, Sand and Gravel Association (NSSGA) to improve the appearance of quarries. Our aggregates facilities actively continue these efforts. Vulcan operations recently received 24% (23 of 95) of the About Face beautification awards for 2000. Our facilities in Columbus, Georgia and Gray Court, North Carolina were named Quarry of the Year in the large and medium categories, respectively.

When quarries are closed, we reclaim the land so it can be returned to productive use. Depending on the needs of the community, quarry land can be used for recreation sites, water reservoirs, wildlife preserves, office buildings or private homes.

Even our own products contribute to environmental remediation. Large stones, called riprap, are placed along rivers and shorelines to prevent erosion and maintain the integrity of riverbanks. Crushed limestone, when ground to a powder, becomes an important mineral supplement for our agricultural industry or a filtration medium for water and sewer facilities. Power plants also use crushed limestone in their scrubbers to reduce emissions of sulfur dioxide, a byproduct that can cause acid rain.

> Reducing, Reusing, Recycling We recognize that the earth's resources are limited. Vulcan spends millions of dollars annually on projects to reduce energy consumption and prevent pollution.

Our chemical production facilities address the challenge of reducing emissions through the Responsible Care Pollution Prevention Code. These facilities have greatly reduced emissions to the environment and have won awards from state, industry and environmental groups for pollution prevention and energy efficiency.



At the Ascension Parish Library Technology Center in Louisiana, access to computer instruction, research sources, distance learning and the Internet prepares adults and students for the demands of the modern workplace. In addition to giving start-up funds in 1998, Vulcan Chemicals pledged matching support for four additional years. Workers from the nearby Geismar plant donate management expertise and personal involvement.

In 1999, all three of our chloralkali plants received energy efficiency awards from the American Chemistry Council. A cell-leveling and anode replacement project at the Wisconsin chloralkali plant significantly improved electrical efficiency. Flexibility provided by cogeneration units at our chloralkali plants in Kansas and Louisiana allowed us to sell power from these facilities during power shortages in hot summer months over the past two years.

In recent years we have taken aggressive steps to voluntarily eliminate PCB-contaminated electrical equipment at facilities within both business segments. At our construction materials operations, we have eliminated or reduced the amount of waste materials requiring off-site disposal. Most are recycled by the supplier or a suitable vendor.

To meet changing needs at our Calera Quarry in Alabama, Vulcan conducted a major plant rebuild. In addition to improving the quality and quantity of the quarry's output, this lowered fuel consumption and energy use, and produced a safer and cleaner facility. An electrically powered conveyor now moves stone that previously had been transported more than two miles by diesel-powered trucks.

An innovative program in the Chicago area promotes both resource conservation and pollution prevention. We use clean, inert material to reclaim and restore mined-out sections of our quarries. The McCook Quarry works with key customers to take this "cleanfill" material from construction projects. These customers are carefully educated about their responsibilities. We inspect the source of the material and investigate potential contamination. Rigorous inspections are part of the program.

Because no standards existed, Vulcan produced a methodology to ensure that cleanfill conforms to residential levels, meaning that reclaimed quarries can be used for homes, schools or even farms.

Receiving cleanfill makes good economic and environmental sense. It extends the life of landfills. It is economically profitable. And our customers benefit: Trucks delivering cleanfill often leave with stone products, which reduces traffic, transportation costs and shipping time.

Vulcan plants are setting high benchmarks for recycling concrete and asphalt. According to a Federal Highway Administration report, 80% of asphalt pavement removed each year during widening and resurfacing projects is reused – about 73 million tons annually. This recycling percentage is higher than for any other material, including aluminum and newspapers. We support the reuse of concrete and asphalt; and we are working to train our people and others in the industry to maintain quality standards and recognize the environmental and economic benefits of recycled products. As with cleanfill, recycling decreases construction and trucking costs, and conserves landfill space.

> Product Stewardship A determination to manufacture quality products in a responsible manner and meet the changing needs of customers is an important part of our mission. We are committed to making good products better, and expanding their range of uses to strengthen our nation and raise the standard of living everywhere we reach.

Our asphalt, concrete and stone products bring people together through roads, railbeds and airport runways. They are often part of the homes that shelter us, the hospitals that heal us, the community and government buildings that serve us and the places of worship that uplift us. They replenish agricultural land and protect our waterways. Paint, bottles, plastics, tiles, pottery, glass and many other common articles require sand, gravel or crushed stone.

> Sample Uses: Construction Materials

Stone is the building block for our construction materials business – the main ingredient in concrete and the primary component of paving asphalt. Yet stone and related products offer a wide variety of forms and uses.

Transportation: Safe, convenient transportation facilities are vital to our communities' growth and prosperity. Stone is a crucial ingredient of airport runways, railway beds and bridges. And of course well-compacted crushed stone provides drainage as well as a strong foundation for asphalt and concrete roads – from local streets to superhighways. In addition, thousands of lives have been saved by the temporary and permanent installation of concrete safety barriers.

Buildings, Buildings, Buildings: Civilization's first truly permanent dwellings were made of stone, and this is still the first choice for home building materials. Stone in various forms is the primary construction material for hospitals, schools, churches, commercial and retail centers, office buildings – from the foundation to the highest story.

Water Treatment and Storage: Stone makes possible pure, fresh water – it's used for water treatment plants, pipes and filtration systems. Concrete dams store and collect water to supply local water systems, irrigate cropland and generate inexpensive hydroelectric power.

Erosion Prevention: Concrete, riprap or armor stone is used to protect our soil and land resources as well as our highways. Riprap also lines waterways and drainage systems to prevent soil erosion.

Agricultural Lime (aglime): The proper use of aglime is one of the most important tools in successful crop production. Aglime treatment helps ensure high, profitable crop yields and long-term soil productivity.

Cleaning Up: Coal-burning power plants place limestone in their scrubbers to help remove pollutants from flue gases. Water and sewer facilities use stone and sand in their filtration systems.

Thousands of Other Uses: You don't think of it often, but aggregates (crushed stone, sand and gravel) go into everyday products too. Bricks, wallboard, roofing tiles, paint, glass, sinks, plastics, paper, pottery, medicines, bottles and rubber use stone as an ingredient or in their manufacture. Next time you brush your teeth or clean your bathroom or polish your shoes, remember: Stone is there!

Our chemical compounds contribute directly to personal health and a clean environment. For example, almost all municipal water supplies use chlorine to purify the water we drink. Chlorine makes possible bullet-resistant vests, computer microprocessors, bicycle and football helmets, fire-resistant clothing, anesthetics, seat belts and air bags. Chlorine is used to produce pain relievers, cancer and AIDS drugs, decongestants and heart medications. About 25% of all medical equipment (IV bags, sutures, contact lenses, sterile tubing) is made from polyvinyl chloride – a chlorine-based plastic also known as PVC. The U.S. Department of Agriculture even requires a chlorine-solution sanitizing rinse for poultry processing equipment.

Other compounds help make paper towels, writing paper, fertilizers and soap. They sanitize soda bottles, refine metals, soften jeans, preserve wood, clean clothes, prepare circuit boards and control odors. They also go into items we use every day, such as refrigerators, ice cream, batteries, TV screens, cake mixes, aerosols and glue.

Our researchers and engineers have put environmental stewardship into practice by developing new feedstock products needed to manufacture ozone-friendly, third-generation fluorocarbons used to make refrigerants, insulation and fire suppressors. These environmentally friendly, nonemissive chemicals help replace chemicals such as CFCs that can deplete the earth's stratospheric ozone layer. We intend to continue our leadership in creating alternatives that are safer for the environment.

> Sample Uses: Chemicals

Our primary products are chlorine and sodium hydroxide, generated simultaneously from a salt-water solution. (The hydrogen gas formed at the same time provides thermal energy.) We also manufacture considerable amounts of ethylene dichloride, hydrochloric acid and chloroform, along with smaller amounts of the other chemicals listed below.

Chlorine: Used to purify 98% of public water supplies, and to manufacture downstream products such as refrigerants, silicones, plastics, cleaning chemicals and chlorinated organic chemicals.

Sodium Hydroxide (Caustic Soda): Largest users of caustic soda are the pulp and paper, detergent and chemical industries. Also used in the alumina, oil and gas, textile and corn syrup industries.

Hydrochloric Acid: Used to acidize petroleum wells, as a pickling and metal cleaning agent, and in ore reduction, food processing and general cleaning.

Potassium Hydroxide (Caustic Potash): Used in making soaps, detergents, potassium carbonate, deicing chemicals and other potassium chemicals. Also used as an electrolyte in alkaline batteries.

Potassium Carbonate: Markets include screen glass, specialty glass, dishwashing formulations and the fertilizer industry.

Sodium Chlorite: Applications include pulp and paper, textiles, electronics, water treatment, personal care, food processing and metal finishing. Vulcan is one of the largest U.S. suppliers of chlorine dioxide and related equipment to municipal water systems, papermaking and other industrial markets.

Methyl Chloride: Used in the manufacture of silicone products, butyl rubber, quaternary ammonium products and agricultural chemicals.

Methylene Chloride: Used in paint remover formulations, and as a general cleaning solvent and foam-blowing agent.

Chloroform: Used in the production of pharmaceuticals and dyes and as a raw material for the production of refrigerants.

Carbon Tetrachloride: Used in the manufacture of refrigerants, and in catalyst regeneration and incinerator testing.

Perchloroethylene: A nonflammable solvent available in several grades for vapor degreasing and as a drycleaning and general solvent; also is a catalyst regeneration agent for the production of refrigerants.

Methyl Chloroform: A feedstock to produce fluorocarbons (chemicals used to manufacture refrigerants and foam-blowing agents) and fluoropolymers (nonstick coatings for cookware, fabric stain repellents and other uses).

Ethylene Dichloride: Used as a raw material in the production of plastics.

Pentachlorophenol: Registered by EPA as a restricted-use pesticide for industrial pressure and thermal treatment of wood.

We were part of inaugural efforts of the U.S. Environmental Protection Agency (EPA) High Production Volume (HPV) Chemicals Challenge Program. Vulcan was one of 11 companies that initially accepted a 1997 challenge by the Environmental Defense Fund to voluntarily assemble and review test data for certain chemicals, develop and provide test plans, and conduct additional testing. Following the leadership of Vulcan and these other 10 companies, most of the chemical industry now participates. We have expanded our commitment to include all the HPV chemicals we manufacture or import.

Product stewardship goes beyond the safe manufacture and distribution of products. It includes educating customers and distributors about proper product handling and use. The Chemicals Group's Product Stewardship Program has been successful because it has the commitment of senior management and involves sales, marketing, technical, environmental and customer service managers. We teach customers and distributors how to handle products safely by offering training on safe and proper procedures. The Product Stewardship Management Team, composed of both managers and technical professionals, meets regularly to review the effectiveness of the program, set goals and make decisions about product stewardship.

We have also worked with trade associations to promote product stewardship, particularly by leading development of a Site Class Verification Program through the National

Association of Chemical Distributors. On-site assessments ensure chemical distributors follow responsible distribution and product stewardship practices. In 2000, more than 200 facilities were assessed by a third party to verify they had implemented regulations and followed good industry practices. Physical facilities and operations were also observed.

27

The Construction Materials segment has a formal procedure for complying with all federal and state right-to-know laws and for communicating safety, health and environmental information to customers. This includes material safety data sheets, information labels and product brochures.



Whenever we're working our water trucks out there, spraying water to control dust generated during mining activities. At many locations we also wash trucks before they leave the plant, and water down the roads around our facilities. Most plants are closed-loop, which means we supply and reuse our own water.

› **We go the extra mile** We are committed to being a role model for our industries. As we produce the vital materials that add value to our communities, we promote sustainable development – meeting today’s needs without compromising the ability of future generations to meet their own needs. To continue to grow and prosper, we must be a responsible corporate citizen – for our neighbors, our shareholders and our shared future.

This means we strive to meet or exceed all federal, state and local laws and regulations. We extend this commitment by often pursuing stricter voluntary standards. Such a commitment could not be sustained without strong support throughout our Company.

> **Leading From The Top** The Company's Board of Directors leads our stewardship program. In May 1990, the Board underscored this commitment by creating a Safety, Health and Environmental Affairs Committee responsible for:

- > reviewing Company policies, practices and programs;
- > monitoring compliance with applicable laws, regulations and Company policies; and
- > maintaining a strong relationship with the Management Safety, Health and Environmental Affairs Committee, a counterpart group of senior management.

The safety, health and environmental organizations within our two business groups demonstrate our commitment by continuing to grow in number and expertise. Staff members attend government-mandated training and refresher courses along with conferences, continuing education events and technical meetings to review key topics and changing regulations.

> **People Who Are Leaders** We strive to be a role model, both for our communities and within our industries. This means more than doing our share. It means anticipating next steps in safety, health and the environment. It means sharing our dedication to responsible stewardship with others.

For years Vulcan has led efforts within the National Stone Association (now combined with the National Aggregates Association and called the National Stone, Sand and Gravel Association or NSSGA) and the Chemical Manufacturers Association (renamed the American Chemistry Council). With Vulcan's support and participation, the NSSGA created an Environmental Stewardship Task Force in 1990. This led to nine Environmental Guiding Principles, to which Vulcan Materials Company fully subscribes. One includes a commitment to "strive for excellence in environmental affairs and to provide leadership by example by demonstrating environmental stewardship in all aspects of operations."

Employees continue to hold responsible positions on key committees and task forces. On the Construction Materials side, our occupational health manager has led NSSGA's Safety and Health Committee and chairs its Environmental, Safety and Health Division. Our safety manager is a past Safety and Health Committee chairman and takes on a key role as chairman of the new Training Subcommittee. Our environmental manager, after two years as vice chairman of the Environmental Committee, became chairman for 1999-2000.

In 2000 the president of Vulcan Chemicals was elected chairman of the Chlorine Institute, the safety and product stewardship trade association for the chloralkali industry. Others hold or have held leadership positions in this group as well as the Chlorine Chemistry Council. We were one of the leaders in developing the Codes of Management Practice for Responsible Care, a stewardship initiative of the American Chemistry Council.

Vulcan also played a major role in drafting and encouraging Mine Safety and Health Administration (MSHA) adoption of an enforceable new safety and health training regulation for the stone industry. We work with state regulators to develop more streamlined, industry-specific permitting processes to increase flexibility for our facilities and reduce the burden on regulatory agencies.

> Learning And Teaching Comprehensive training at all employee levels is one of the most important and effective tools for maintaining high standards of safety and health and focusing on environmental stewardship. Our safety, health and environmental staff attend national and regional seminars and conferences. They also organize and present training sessions to audiences within the Company and the industry. Operations employees attend monthly safety meetings, special sessions and outside events.

We regularly review and update training materials. Annual refresher courses and task training topics cover product quality, safe and healthy work practices, and sound environmental actions. Since 1996 we have established special training programs in off-road haul truck safety, hazard recognition skills and miner orientation. We are developing specialized education and best management practices for hazard recognition during plant construction and maintenance, since the largest numbers of workplace injuries are associated with these activities.

> Measuring Our Success Auditing our safety and health practices is an excellent way to verify how well we are doing. We show our commitment by having professional safety, health and environmental staff at each Vulcan division and by using extensive audit processes. Data from injury and accident analyses help identify, define and target areas for improvement and measure how effectively each operating division controls safety hazards.

Periodic inspections monitor our sites both for regulatory compliance and for potentially adverse impacts on the environment. Frequent, and in some cases daily, inspections verify that environmental controls work properly and workers follow required safety and health procedures. Division staff conduct annual compliance audits, and headquarters staff periodically review division-level audits and facility inspection processes.



Trained sampling technicians use sound-level meters to make sure we meet both our own noise exposure standards and those set by regulatory agencies. We monitor noise generated by equipment and activities (such as welding) at all our facilities. Maintaining acceptable levels is important to protect both our workers and our neighbors.

In 1995, the Company changed its audit strategy for the Construction Materials Group. The traditional model led to a good compliance record. However, we wanted an even more comprehensive, risk management-based system. Division safety, health and environmental managers are now responsible for traditional compliance auditing. Headquarters staff audit the management systems – that is, how well policies and controls are understood, enforced and followed up, and how well resources are used to control hazards. We seek to measure and improve our way of doing things, rather than merely fixing symptoms.

Along with audits, we use a range of other measures to rate our performance. Feedback from the public, community advisory panels and our shareholders evaluates our actions in a personal way, and we value this input. Another method is tracking indicators. We regularly gather standard data so we can compare our performance to previous years and to others in the industry. Federally required safety statistics are a prominent example.

Industry benchmarks provide another means to measure success. Both the American Chemistry Council and the NSSGA have established safety, health and environmental standards and guidelines for their members, along with programs to address particular issues. Results help us determine the efforts of other companies and where we stand in comparison. Gathering data informally from public sources also gives us a sense of the accomplishments of others. The Chemicals Group participated in a 1998 management systems verification through the American Chemistry Council. An independent committee of industry experts and community leaders concluded we had made Responsible Care – the chemical industry’s stewardship initiative – a reality in the workplace and in the communities where we operate.

Trade associations, governmental groups and private organizations recognize achievements in pollution prevention, beautification, energy conservation and environmental excellence. Vulcan operations regularly receive awards in these areas; we appreciate each one because it means our commitment to socially responsible action, as a Company and as individuals, is working.

All these measures help us evaluate whether we are meeting internal and external objectives. They also help us track improvements over time.

> A focus on safety, health and the environment

The success of all our activities is directly related to the talents, dedication and performance of our employees. Our health and safety programs focus on protecting our workers and neighbors.

Engineers, industrial hygienists, safety professionals, chemists, geologists, hydrologists, environmental experts and others from a wide range of disciplines work together on the best ways to control dust and noise and comply with regulations.

At our quarries, we keep our equipment updated and use software programs to help design the safest, most efficient ways to extract high-quality stone. Computer modeling ensures minimal noise and vibration.

At our chemical plants, state-of-the-art monitoring and safety equipment help us meet or exceed the many regulatory standards for our products and our industry.

> CONSTRUCTION MATERIALS – Occupational Health

We have been a leader in protecting employee health through voluntary programs that limit exposure to noise, dust and welding fumes. A medical surveillance program, in place since 1985, assesses possible health effects relating to workplace exposures.

Our Construction Materials segment has long been recognized as the industry leader in occupational health. In 1996, the U.S. Department of Labor cited our program as a national example for the prevention of silicosis, a lung disease associated with overexposure to silica-containing dusts. All production employees are entitled to regular medical tests at their facility, and we regularly monitor employee health for possible adverse impacts from dust and noise.

Exposure monitoring in our aggregates facilities began in 1976 and has matured into a sophisticated, statistically oriented sampling program in which random testing for dust and noise is conducted seasonally.

In 1999, we rolled out a computerized data entry system for exposure monitoring. Samples are emailed directly to the central Occupational Health Office for more efficient processing. In early 2001 we will complete a system that provides 24-hour computer access to material safety data sheets for all chemicals used at our Construction Materials plants.

We record all exposures. As controls are installed, follow-up assessments ensure they are effective. Ongoing controls commonly include water trucks and water spray systems for dust control; enclosed workstations and air-conditioned operator cabs for dust and noise control; and modified work practices and ventilation systems for dust and fume control. Personal protective devices, such as respirators and hearing protection, are provided when engineering or administrative controls are not feasible.

From 1996 to 1998, Vulcan hired an industrial hygiene statistician to develop statistical software to help analyze dust and noise exposure data. Determining appropriate sample sizes for each operation, then calculating exposure distributions, greatly enhanced our analysis of monitoring data. In addition, we proposed and helped develop a joint government/industry program for teaching mining companies how to sample employee dust and noise exposures. As a result, three-day sampling workshops are conducted throughout the United States.

Respiratory health screenings, consisting of a chest X-ray and a pulmonary function test, began in 1985 and are given regularly to production employees. Tests are conducted on-site by an independent mobile service. Professional audiologists, pulmonary specialists, physicians and occupational health staff review all medical test results and share results with employees. Any individual with an abnormal chest X-ray potentially associated with dust overexposure is referred to a pulmonary specialist for a comprehensive medical examination, a definitive diagnosis and treatment if appropriate. Preliminary findings

are also reported to MSHA. Respiratory problems occur more commonly in employees hired with recently acquired operations; they have not yet benefited from our comprehensive exposure control program.

Approximately 26,000 industrial hygiene samples have been collected and analyzed since 1980. In mid-1991, we initiated a new program to track our efforts to control dust and noise exposures. As a result of this program, our performance in reducing employee exposures improved significantly.

After six consecutive years of results that beat the industry standard, our 1999 MSHA overstandard dust sample data were disappointing. However, 45% of the overstandard results were in newly acquired operations. Another 27% were the result of exposures during nonroutine maintenance activities. To address this issue, we are increasing our efforts to make employees aware of their responsibilities when performing nonroutine maintenance activities. Two simple steps are to regularly wash down maintenance areas and use respirators. All employees receive ongoing training on how to fit and use respirators.

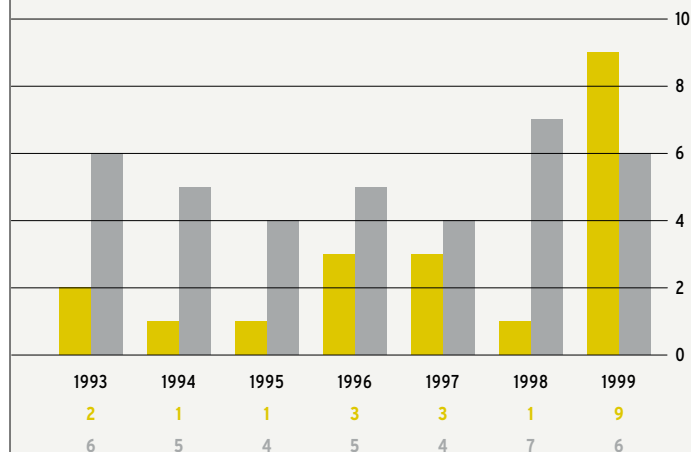
New acquisitions are folded into our comprehensive occupational health program, but it is difficult to quickly bring them up to our standards. We have begun industrial health monitoring and medical testing at all recently acquired plants, and anticipate improved safety and health results as these programs take effect. Our goal remains 100% compliance on a consistent basis.

MSHA Dust Overstandard Samples

Chart illustrates percent overstandard Vulcan Construction Materials vs. Aggregates Industry

■ Vulcan ■ Industry

Source: MSHA 83,182 respirable dust samples.



35

The noises from crushing, screening, hauling and dumping stone at our various mining operations can be complex and difficult to address. We began hearing testing in 1976 and test all Construction Materials production employees annually. Since 1980, we have given nearly 48,000 audiograms.

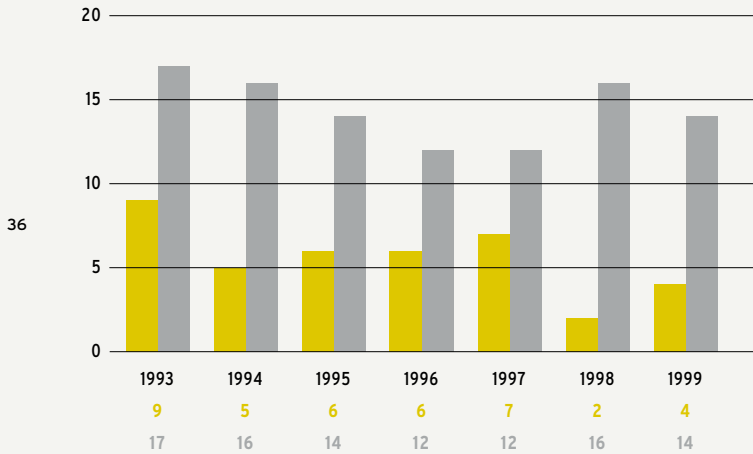
Most large mining equipment generates considerable noise, so MSHA has established exposure standards designed to protect the hearing of miners. Noise exposure samples collected by MSHA indicate we have consistently performed better than the industry as a whole. In 1998, we achieved the best compliance in the history of MSHA sampling at our operations – 98% compliance. In 1999 our MSHA noise exposure compliance was 96%, still markedly better than the industry's 86% average.

MSHA Noise Overstandard Samples

Chart illustrates percent overstandard
Vulcan Construction Materials vs. Aggregates Industry

■ Vulcan ■ Industry

Source: MSHA 104,093 personal noise samples.



> **CONSTRUCTION MATERIALS – Safety** We are proud of our workers and are dedicated to ensuring their safety. We vigorously enforce safety procedures and encourage individuals to suggest ways to make their workplace safer and healthier. Employees actively participate in training sessions and safety meetings. By giving employees personal responsibility, we are working together to reach a zero-incident record. For example, our Reed Quarry in Kentucky recently received MSHA recognition for its exceptional safety record: completing 130,812 work hours in 1999 without a lost-time injury.

Our safety management systems, practices and standards are designed to improve the way we control hazards, encourage safe behavior and ensure ongoing compliance with safety-related laws and regulations. As we acquire facilities, we introduce our safety standards at each new site.

Asphalt plants in our Western Division offer just one example of our safety focus. We have developed an in-house operator training program that we are working to make an industry standard. In addition, we bring all operations employees together once a year for refresher training; safety, health and environmental updates; and quality assurance discussions. All asphalt plants shut down on this day, giving everyone a chance to hear the same message. We will expand this program to concrete operators in 2001.

In 1998, Construction Materials achieved its lowest reportable injury rate (defined by MSHA as the number of injuries per 200,000 work hours). Vulcan has consistently outperformed the stone industry in this measure and, in 1998, Vulcan's rate of 2.90 compared very favorably to the industry rate of 5.87. Vulcan's 1999 rate of 3.83, although higher than 1998, was well below the industry average of 5.68. The increase from 1998 to 1999 is directly attributable to injuries in the former CalMat Company operations, which were acquired by Vulcan in 1999 and became its Western Division. When data from this division are excluded, our 1999 injury rate was 2.59, less than half the industry average.

Our review of MSHA injury data showed that nearly 40% of injuries in the mining industry occur during construction, maintenance and repair of quarry equipment. We have worked with MSHA and the National Institute for Occupational Safety and Health mining research center in Pittsburgh to develop more effective training tools and data analysis of hazards associated with these activities. Accident prevention continues to be a primary goal, and we have made major progress.

We regret to report that, despite our strong commitment to safety, Vulcan experienced six fatalities in the Construction Materials business in 1998 and 1999, compared to zero fatalities in the years 1996 and 1997. Two were the results of one-vehicle accidents that involved an over-the-road truck and a quarry haul truck. Of the remaining fatalities, three occurred at our joint-venture quarry in Mexico and one was the result of a shipboard fall involving a contract employee. In each case, a thorough investigation was undertaken to identify actions that could prevent future accidents. At the quarry in Mexico, we have reevaluated safety efforts and instituted a more intense safety program to increase the level of safety awareness among employees and improve work practices at the facility.

As we grow, a major challenge is to effectively use our resources to prevent accidents and improve safety performance at new acquisitions. We are currently focusing attention on the Western Division, which was acquired in 1999 and had a poor safety record. Implementing

industrial health monitoring and safety processes is a major step in the right direction. Because of significant differences between the data for these newly acquired plants and those where we have had a chance to implement our procedures and values, we separated the Western Division statistics in our injury data. We anticipate greatly improved results in our next report.

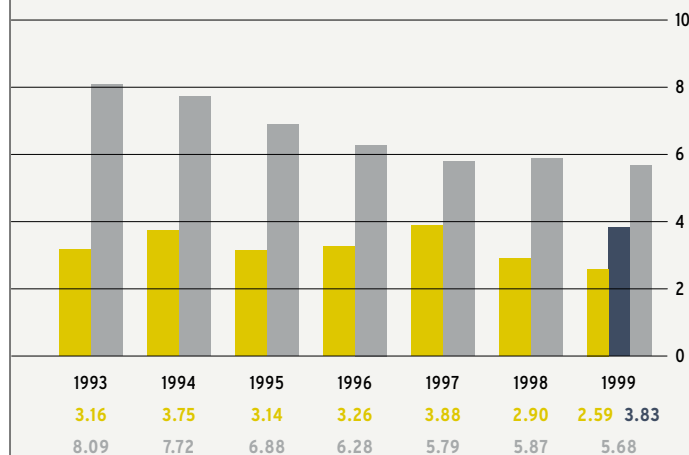
MSHA Reportable Injury Rate*

Chart illustrates injuries per 200,000 work hours

Vulcan Construction Materials vs. Stone Industry

■ Vulcan historical ■ Vulcan with recent acquisitions ■ Industry

* Does not include office workers.



> CONSTRUCTION MATERIALS – Protecting Air, Land And Water

Sampling in the late 1980s and early 1990s showed that our operations have minimal adverse effects on groundwater. We follow best management practices to control the amount of solids in surface water discharges. Settling ponds remove solids from the process water generated by our plants, and the water is reused.

We use large volumes of petroleum-based compounds, including diesel fuel, gasoline, and various lubricating oils and greases. Replacing underground storage tank (UST) systems with aboveground tanks and secondary containment, and implementing spill prevention plans, minimizes the risks. Every aboveground storage tank has a secondary containment system to prevent fuel release in case of tank failure.

At many sites, bulk lubrication systems have replaced drum systems; this decreases handling and reduces the potential for spills. We also manage waste materials (such as used batteries and motor oil) when servicing vehicles and equipment. All operations have systems to prevent the discharge of pollutants to water and soil. Some have additional systems for separating oil, water and dirt in equipment washwater. Many of these washing systems have been integrated with fuel storage and dispensing systems, so any spillage from vehicle fueling is also collected and treated.

Waste materials requiring off-site disposal have been eliminated or reduced. Most are recycled by the supplier or a suitable vendor. Recycled materials include used batteries, used oil and filters, and spent solvents.

The process of mining and crushing stone creates the potential for air emissions of particulate matter (dust). At sand and gravel and crushed stone operations, these emissions are controlled by spraying water on processing equipment and haul roads. Baghouse dust collectors help control particulate emissions at concrete and asphalt plants.

> CHEMICALS – Occupational Health While the chemicals we produce help our nation achieve the high quality of life we enjoy, they may present potential hazards when not handled properly. The Occupational Safety and Health Administration (OSHA) issues stringent standards covering more than 420 industry compounds.

Vulcan has pioneered the development of several new chemicals that could be considered “green chemistry” because they are essential for manufacturing ozone-friendly, nonemissive chemicals (to replace compounds such as CFCs and HCFCs that can deplete the stratospheric ozone layer). No exposure limits or guidelines existed for these new chemicals because they had never before been produced commercially. So our Workplace Exposure Limit Committee of health and safety professionals worked with outside consultants in toxicology, industrial hygiene and occupational medicine to conduct extensive health

and environmental testing of these new products. Our findings led to specific exposure limits, handling practices and effective personal protective equipment.

Our three-pronged approach to occupational health assurance covers (1) industrial hygiene air monitoring, (2) biological monitoring and (3) medical surveillance. Industrial hygiene air monitoring is a key element because it takes into account work location, job function and exposure potential. More than 1,000 air samples are collected each year to assess the work environment. This monitoring provides valuable information about our facilities and has helped identify controls needed to eliminate or reduce contaminant levels.

Biological monitoring assesses employee exposure to chemicals by all routes, including inhalation, skin absorption and ingestion. If the results of air or biological monitoring exceed established guidelines, we take corrective action. This could include engineering controls, administrative controls or personal protective equipment.

Medical surveillance begins with a preplacement medical examination to determine fitness for duty. Thereafter, we use periodic medical examinations to assess employee health. A board-certified occupational health physician reviews key aspects of these exams and issues opinions. To date, no adverse health effects associated with the work environment have been identified. However, on

occasion these exams have identified personal medical issues; such discoveries have actually saved lives through early detection of potential medical problems.

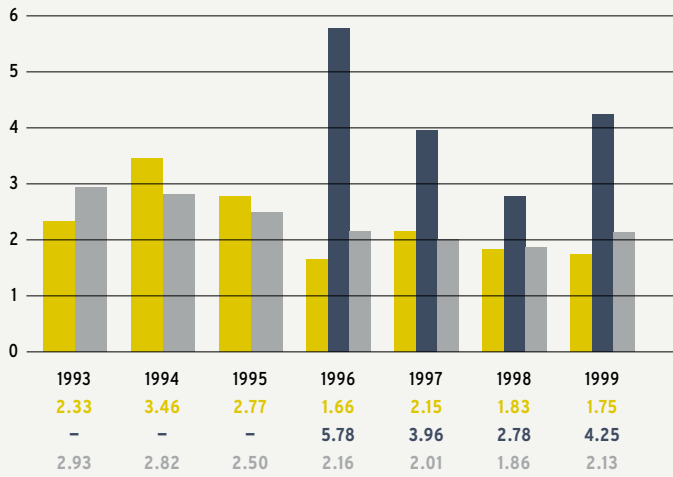
> **CHEMICALS – Safety** We work hard to promote the safe production, distribution and use of chlorine and related chemicals – providing their benefits to society while eliminating unsafe practices. In fact, the chemical industry in the United States is one of the safest: The occupational injury and illness rates for American Chemistry Council member companies are currently 4.5 times better than rates for the U.S. manufacturing sector as a whole.

Our safety challenges match those faced by any other modern producer of industrial chemicals. Under federal regulations, we are required to address operating practices, plant layout, maintenance, ventilation, and extremes of temperature, noise and vibration. We must also meet OSHA's safety standards for operating and maintenance procedures.

Any successful safety program must determine the likely major causes of accidents and then develop ways to address them. For these purposes, Vulcan's Chemicals Group uses two management systems: behavioral-based accident prevention and process safety management.

OSHA Recordable Incident Rate

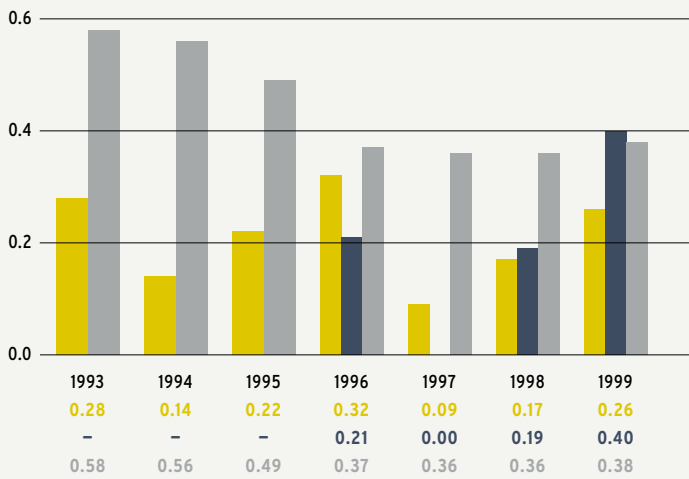
Chart illustrates recordable incidents per 100 full-time-equivalent workers
 Vulcan's Chemicals Group vs. American Chemistry Council members
 ■ Vulcan Chemicals ■ Vulcan Performance Chemicals* ■ American Chemistry Council average



40

OSHA Lost Workday Incident Rate

Chart illustrates lost workdays per 100 full-time-equivalent workers
 Vulcan's Chemicals Group vs. American Chemistry Council members
 ■ Vulcan Chemicals ■ Vulcan Performance Chemicals* ■ American Chemistry Council average



* The companies of this business unit were added during the middle to late 1990s.

Behavioral-based accident prevention focuses on identifying and correcting unsafe behavior in the workplace.

Workers trained in identifying "at-risk behavior" observe fellow employees at various tasks and provide immediate feedback. Entering reported at-risk behaviors into a database allows us to analyze the information for trends and develop more effective corrective action plans.

Process safety management assesses hazards related to plant processes and updates safety factors. Our program is based on the Responsible Care Process Safety Code and OSHA's Process Safety Management Standard. It has been developed and is maintained with extensive staff and financial resources, as well as substantial community input.

Safety management requires commitment by everyone.

The accompanying charts compare Vulcan's Chemicals Group results with statistics from companies that are members of the American Chemistry Council. The higher OSHA recordable incident rate at Vulcan Performance Chemicals facilities acquired by Vulcan in the middle to late 1990s is being addressed with aggressive safety programs at these facilities.

One of our safety goals is achieving an OSHA recordable rate of 1.5 by 2005. Our goal for a zero lost-time accident rate is already in place. Regrettably, Vulcan Chemicals experienced its first fatality since 1986 when a vehicle crossed the road median and hit a Vulcan truck head-on.

A notable example of our commitment to safety excellence is our Port Edwards facility: It has completed 32 years without a lost-time injury, a record unparalleled in the U.S. chloralkali industry. And on January 3, 2001, our Geismar plant had exceeded more than 3 million work hours without a lost-time accident.

> CHEMICALS – Protecting Air, Land And Water

Though the chemical industry is heavily regulated, we actively seek additional opportunities to reduce emissions. Government regulations require controls to achieve ever-decreasing levels of chemical emissions. Vulcan's Chemicals Group also meets the voluntary guidelines of the Responsible Care Pollution Prevention Code.

We listen to our neighbors too. The Community Involvement Group in Wichita, Kansas worked with us on plans that have resulted in emissions reductions of more than 99%. The plant subsequently received a pollution prevention award from RENEW America, a coalition of national environmental groups.

We use a hierarchy of pollution prevention practices that provides for elimination, source reduction, recycling, or treatment and disposal. We apply these practices to reduce emissions of all new engineering projects and will ultimately apply these same practices to existing processes.

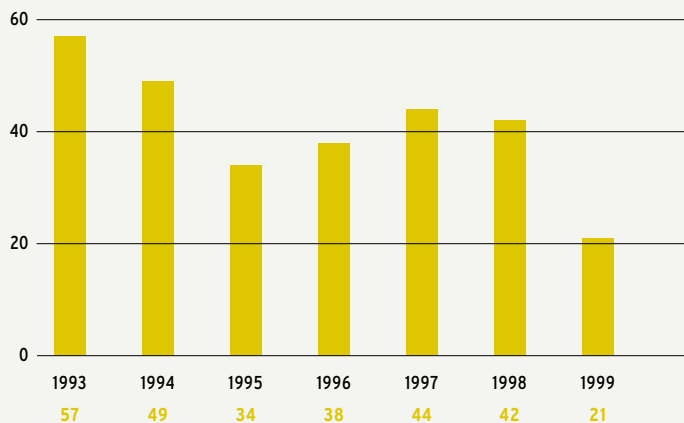
In 1992, our Wichita plant developed a facility to neutralize and convert waste hydrochloric acid to a salable product – calcium chloride. Two other projects also led to substantial decreases in emissions: the Chloromethanes Vent Reduction (CVR) system at Geismar, Louisiana and the Vent Control and Recovery Unit (VCRU) at Wichita, Kansas.

The CVR system in Louisiana reduced annual atmospheric emissions of potentially hazardous pollutants by more than 30 tons, a 26% decrease from that previously reported on the Toxics Release Inventory (TRI). Louisiana recognized the significance of the CVR project by awarding Vulcan the 1999 Governor's Environmental Leadership Award for Pollution Prevention.

The VCRU in Kansas destroys organic vapors that would otherwise be emitted to the atmosphere. Superfund Authorization Reenactment Amendments (SARA) Title III air emissions have been reduced 66% since 1995, the last full year without the VCRU.

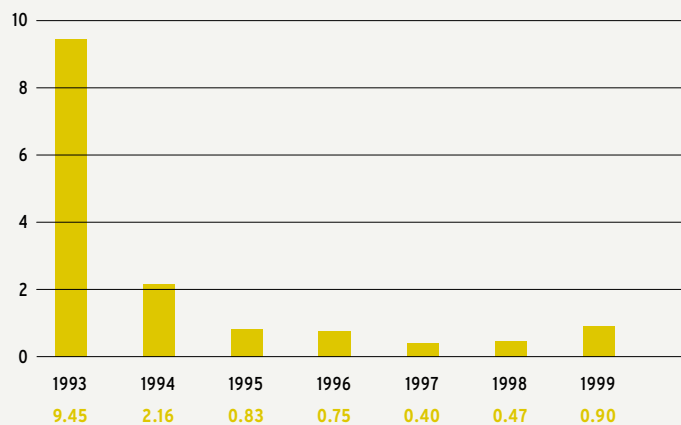
Reportable Releases

Chart illustrates number of EPA reportable releases
Vulcan's Chemicals Group, Combined Plant Totals



SARA Title III Emissions

Chart illustrates tons in thousands
Vulcan's Chemicals Group, Combined Plant Totals



EPA's Risk Management Program (RMP) requires that facilities assess and address process hazards in order to minimize the potential for accidental chemical releases and mitigate the effects of any releases. Facilities must inform the public about the risks of exposure to multiple potential and even improbable accidental releases. Prior to RMP, our facilities had already addressed key aspects of RMP by complying with OSHA's Process Safety Management rule, which is similar in purpose and scope. We have developed worst-case scenarios for products covered by this program, together with accidental release prevention plans, and share these scenarios and plans with the community.

To effectively address and manage any accidental releases, each facility maintains an elaborate emergency response system and a related community awareness program. We train facility personnel; promptly communicate with the local emergency response organization and our neighbors; use sophisticated computer software to help estimate off-site impact; and conduct drills involving simulated chemical releases. Response plans are openly shared with neighbors, and community members often participate in plan development, implementation and training exercises.

We also are prepared to respond to situations involving the transportation of our products. Members of our Vulcan Emergency Response Team are on call 24 hours a day, 365 days a year, to respond to a transportation event anywhere in the country. We also have contracts with

commercial emergency response companies and industry cooperative response organizations. Our Distribution Risk Management Team looks into both the causes of transportation incidents and preventive measures. By evaluating incidents and analyzing the causes, we usually are able to identify and effectively address recurring problems. We are encouraged that incidents have decreased in recent years.

Section 304 of the Emergency Planning and Community Right-to-Know Act requires reports to EPA of any unplanned releases into the environment of specified quantities of certain chemicals. Such "reportable releases" are usually the result of accidental spills, pipe leaks from previously undetected corrosion and emergency venting from production equipment.

Our manufacturing facilities have greatly reduced emissions to the environment over the last decade. The number of EPA reportable releases, as well as the severity of each, have decreased significantly. But we are not yet content: We have established a targeted 50% reduction in reportable quantity releases by the end of 2005.

Since 1988, overall SARA Title III reportable emissions have been reduced by 99%. This steep decline is the result of our commitment to developing and implementing pollution prevention measures such as product purification and recycling, air emissions recovery and waste recovery.

> **Audits** Our industries, like many others, are governed by multiple federal, state and local laws and regulations that continue to increase in number and complexity. One way we ensure compliance is an ongoing system of monitoring at all our locations, as well as those of selected customers.

Frequent inspections at aggregates and chemical operations help verify that safety, health and environmental control systems function properly.

Annual safety audits at chemical operations have been held since 1979, and in 1992 we combined them with environmental audits. Each year, audits address different activities, topics and issues. In many cases audits are instituted to ensure compliance with newly enacted regulations or findings. Audit exceptions thus vary considerably year to year and do not necessarily indicate any decreased attention on the part of Vulcan to these issues. We will continue to make safety, health and environmental protection a priority at every Vulcan facility.

› **Conclusion** Thank you for taking the time to read about our achievements, our challenges and our plans for the future. We continue to look for new ways to

- › provide quality products to our customers
- › build ties between our employees and the neighborhoods where they live and work
- › help our communities prosper
- › be a socially responsible neighbor

44

We still have challenges to meet. Above all, we will strive to improve our performance in safety, health and environmental stewardship, and strengthen the relationships we have with the people and communities where our facilities are located.

Finally, we want to hear from you. Your feedback – positive or negative – helps us assess where we stand and the value of this report. For additional information or to provide comments, please contact Joy C. Phillips, Director of Community Relations, at Vulcan Materials Company, 1200 Urban Center Drive, Birmingham, AL 35242; or call (205) 298-3220; or email cr@vmcmail.com.

> Safety, Health and Environmental Policy

In accordance with the commitment expressed in the Company's mission statement, Vulcan's Board of Directors approved the following policy in 1995:

This policy applies companywide, including the Company's subsidiaries. The Company will be a responsible steward with respect to the safety, health and environmental impact of its operations and products.

Accordingly, the Company will:

1. Strive to produce its products safely and make concern for public health and the protection of the environment integral parts of Company operations.
2. Endeavor to provide employees with a safe and healthy working environment.
3. Reduce waste, conserve energy and recycle materials, to the extent practicable, and dispose of, or treat, waste responsibly.
4. Provide education, training and leadership to employees to enable and motivate them to understand and comply with applicable laws and these policies.
5. Conduct reviews of safety, health and environmental practices at Company facilities to verify compliance with applicable laws and regulations and to identify and correct operational practices that might impair safety, health or environmental quality at such facilities or in the neighborhoods in which the Company operates.
6. Promote responsible stewardship of the Company's products with its carriers, distributors and customers.
7. Promote the adoption of, and adherence to, sound safety, health and environmental practices by on-site contractors and tenants, directing where appropriate that contractors and tenants take corrective actions.
8. Advocate the development of reasonable, scientifically sound and cost-effective safety, health and environmental laws and regulations that are based on realistic assessments of risk.
9. Support and encourage the development of sound safety, health and environmental standards and practices in the industries in which the Company participates.

