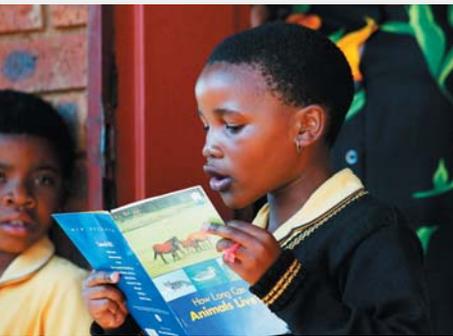


Summarised sustainability report

Rally to Read

an initiative improving the quality of education in remote rural schools of South Africa



“Corporate sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.”

SAM Research Inc

(Dow Jones)

- Dinatla BBBEE transaction has been successful and there is acceptance of our BEE credentials by the market
- “A” BEE rating from Empowerdex reaffirmed with improvements all round
- Good BEE transformation progress, due to implementation of the Dinatla transaction and the ongoing work by commercial directors and business units
- Variety of awards for our reporting, transformation and social responsibility initiatives



Bidvest aids the community

Waltons invests in the education of the nation



We are in our second year of published sustainability reporting. Sustainable development is an integral part of Bidvest doing business. Sustainability for Bidvest is about sound business practices, risk management, good governance, taking account of stakeholder needs, stewardship of natural resources, BEE and developing employees, an ongoing process of learning and a source of innovation and new business opportunities.

We recognise our responsibility to report financial and non-financial information that is relevant and material to our stakeholders. A separate detailed account of the Group's non-financial performance can be found in our 2005 sustainability report . Last year's report focused on governance, social impacts and the Group's socio-economic empowerment initiatives. The 2005 report provides a more comprehensive review of Bidvest's sustainable development activities within its multi-faceted and geographically diverse businesses. A more detailed insight into the material issues of the individual divisions and their operational units is provided. We have undertaken our first formal sustainability stakeholder engagement process.

The sustainability report follows the Global Reporting Initiative's (GRI) sustainability reporting guidelines and sections of the report are independently assured by KPMG.

Bidvest is in the early stages of its journey to developing an integrated approach to sustainability. Our emphasis has been and remains heavily focused towards the country's pressing issue of empowerment, a socio-economic imperative, and we have made material progress. We are ready to act more proactively on other facets, including environmental issues, identifying a broader range of sustainability indicators.

SUSTAINABILITY PERFORMANCE OVERVIEW

Disappointments

- Eleven work related fatalities is unacceptably high.
- The number of serious accidents was 322 (3,6 per 1 000 employees).
- Difficulties managing HIV/Aids in the workplace.

Challenges

- Developing a comprehensive sustainability strategy and management framework, and setting uniform sustainability targets that suit Bidvest's organisational structure and ethos, without damaging its culture of independence and entrepreneurial flair.
- Developing an effective sustainability data collation system. Bidvest's decentralised and multi-faceted structure makes data collation a challenge.
- Establishing more effective programmes for managing HIV/Aids in the workplace.
- Establishing an integrated and comprehensive environmental management system that will ensure improved compliance and reporting.
- Attracting, developing and retaining senior HDIs.

MANAGING SUSTAINABLE DEVELOPMENT

Sustainability within Bidvest exists in a predominantly decentralised form. Bidvest business units take responsibility for their sustainable development priorities and initiatives, as they do for all other aspects of their business. Bidvest provides guidelines for financial management, corporate governance and transformation. The day-to-day aspects of sustainability at company level are dealt with by management in its functional components: economics is dealt with by finance and management; social issues are the responsibility of human resources; and environmental issues are the responsibility of environmental managers or appointed operational staff. At divisional and corporate level, sustainability is largely managed as part of the risk management process, for which management and the individual boards take responsibility, with support from corporate and divisional audit committees.

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Caring for the community
The Group supports a number of high profile business initiatives



Safety awareness
Individual business units identify and eliminate hazards and risks by implementing the necessary controls

Within the Group's operations exists a significant pool of sustainability-related best practice knowledge. We are exploring platforms for sharing this know-how and fostering cross-pollination of ideas, which will drive creativity and innovation. Our recently launched intranet, the Village, is an important component of this process.

Our decentralisation and diversity bring unique challenges to developing an effective sustainable development framework and data collation system. Intranet systems are being investigated to streamline the collection, management and usability of sustainability data and to enable management to take ownership of the information and guide appropriate action.

Bidvest is developing an overall sustainability strategy and framework that, while effectively addressing the three pillars, fits the complexities and peculiarities of Bidvest without damaging the fabric of our entrepreneurial spirit, which drives our growth.

Management systems

ISO standards – typically the generic management system standards for quality (ISO 9000) and environmental (ISO 14000) management – are usually present in Bidvest business units that deal with hazardous products, have hazardous working environments or where quality is of particular importance.

Most Bidvest companies are trading, distribution or service companies, where it is unusual to have an externally certified management system. However, both ISO 9000 and ISO 14000 are becoming increasingly important in business to business dealings and provide an indication of what the business is doing to manage its quality and environmental activities.

Identifying stakeholder interests

Bidvest has initiated a formal stakeholder engagement process to gain a better understanding and to respond to diverse stakeholder interests and concerns. Stakeholder engagement has been limited to shareholders, analysts, government and financial journalists, but will progressively incorporate a broader set of stakeholders.

Most stakeholders interviewed were of the opinion that sustainability is of growing importance as a driver of financial performance. The principal

strategic sustainability issues identified in discussions were: succession planning, sustainability of Bidvest's growth and activities to manage HIV/Aids. While Bidvest's BEE performance is recognised, greater attention to broader social and environmental issues is encouraged. A number of stakeholders were of the opinion that Bidvest should more actively communicate its sustainability and corporate social investment initiatives.

Material sustainable development issues

The principal material issues that apply to all or many of Bidvest's divisions are:

- HIV/Aids infection rates and management of the infected and affected staff is an issue for all Bidvest companies operating in southern Africa.
- A significant number of employees work in hazardous working environments.
- A number of Bidvest companies are large consumers of water, energy and a variety of cleaning-related chemicals.
- Many Bidvest companies are sensitive to exchange rate fluctuations.
- Difficulty in attracting and retaining senior HDIs.
- Differences in industry charters and their interpretation of BEE codes may lead to lost business opportunities.
- Job creation.

ECONOMIC VITALITY

Bidvest is one of South Africa's largest and most diverse industrial groups and has produced consistent returns for shareholders for the last 18 years.

Bidvest delivered results above expectations, benefiting from buoyant economic conditions, particularly in the automotive, construction and freight markets. McCarthy, acquired in January 2004, delivered record results with Bidvest benefiting from its inclusion for the full financial year. The acquisitions of

the minority interests of the previously listed offshore subsidiaries have positively impacted the Group's results.

Bidvest achieved revenues of R62,8 billion and trading income of R3,2 billion. R11,7 billion of wealth was created, R7,3 billion (61,8%) distributed to employees and R773,9 million (6,6%) to the government. Total exchanges with government including amounts collected on their behalf amounted to R12,3 billion. Foreign operations contributed 37,9% to Group revenue and 23,3% to trading income.

SOCIAL PERFORMANCE

Black economic empowerment

Bidvest is an international organisation firmly rooted in South Africa, where 84,7% of its workforce is based. As a strategic imperative, BEE has been the main focus of Bidvest's sustainability drive.

We have embraced a transformation model that involves the sustained, long-term implementation of BBBEE. Our commitment to BEE is embodied through the implementation of a BEE transformation strategy. This is guided by the Bidvest Charter and BEE scorecard as systems to measure and monitor BEE performance. Specific indicators are identified, targets and timeframes set, and appropriate weighting allocated. (See 2004 sustainability report and www.bidvest.com).

The Group's significant effective empowerment holdings is important, as is facilitating increasing levels of procurement of goods and services from historically disadvantaged South Africans, the development of small, micro and medium-sized black owned enterprises and progressing skills development and employment equity at all levels.

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We have seen an improvement on all BEE indicators for Bidvest; the BEE shareholder base has grown, BEE procurement has grown, skills development and social investment spend has increased, and employment equity ratios have improved. One of the principal challenges we face is finding, developing and retaining HDIs. Business units are, where possible, addressing this issue by internal development and promotions.

There has been significant progress with Dinatla partners towards achieving the Group's transformation objectives. There nonetheless remains a need for sustained and concerted efforts for BEE to become fully integrated in day-to-day operations across the Group in South Africa.

Effective empowerment holdings

As a listed company, the legal BEE ownership calculated in terms of the Codes is reflected as 27,8%. The Public Investment Corporation effectively owns 15,5%. Dinatla, a broad-based empowerment consortium of entrepreneurial black businesses, effectively owns 15,0% of Bidvest and is committed to a long-term, active partnership to the benefit of all stakeholders. A further 15,0% is controlled by BEE asset managers.

Dinatla's investment in Bidvest enables a broad-based and representative empowerment grouping to share and influence the future of Bidvest, both in South Africa and abroad. The initiative promotes the principles of BBBEE and the recently published BEE codes of good practice. If Dinatla had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership at the time would have been in excess of 50%.



Ebony Travel
Our BEE enterprise development initiative was successful resulting in the launch of Ebony Travel

 2004 sustainability report, for details on the Bidvest Charter, scorecard and the Dinatla transaction.



Milestones in Bidvest's transformation process

- Alliance with Dinatla in 2003 (the broad-based consortium holds an effective 15,0% empowerment stake in the Group). Value creation for Dinatla: R1,2 billion.
- Transformation committee established following the successful implementation of the Dinatla initiative.
- The Bidvest Charter drafted after consultation with government and implemented in 2003.
- BEE scorecard developed to measure and monitor BEE progress.
- Bidvest accorded an "A" BEE rating from Empowerdex early in 2004. The "A" rating was reaffirmed in 2005 with improved scores all round.
- Seven HDI commercial directors, all appointed in 2004, to drive transformation and business development.

Managing black economic empowerment

The Transformation committee was established after the successful implementation of the Dinatla initiative and is responsible for driving the socio-economic transformation process within the Group. Seven commercial directors were recruited and in conjunction with Dinatla promote and focus on BEE at individual company and group level. The commercial directors have excelled in their roles as agents of transformation and champions of business development. A quarterly commercial directors' meeting is held to review progress, which is reported to the Board.

Our transformation progress has been achieved regardless of regulations and is driven by an understanding of the value of a diverse workforce to the growth of our businesses.

Business development

The positive spirit of co-operation between Dinatla and Bidvest continues to thrive, delivering sustainable

empowerment opportunities for all parties. A series of "open days" and follow-up meetings provided the opportunity for Bidvest to engage with its Dinatla investors and expose them to operations in all provinces.

Differences in the interpretation of the BEE codes and differing BEE philosophies in the market have presented a challenge to business development. BEE performance evaluation is based on percentages rather than absolute numbers and despite having impressively high absolute numbers, tenders submitted have at times been unsuccessful because "percentages" were considered too low.

Business units are pursuing policies that promote the use of black owned and empowered enterprises where feasible and to promote their development. Maintaining supplier relationships often depends on solid empowerment credentials. A number of Bidvest's trading companies have obtained individual Empowerdex ratings, which are used in conjunction with Bidvest's overall "A" Empowerdex rating.

Employment equity and skills development

Bidvest is increasing the representation of blacks across management, technical and professional categories. Integrated employment equity and skills development programmes with targets for black representation at all levels are rolled out across all divisions and at each business unit. Succession planning strategies are implemented to ensure the movement of black candidates into management positions and retention strategies and mentorship programmes for black employees are in place.

The majority of business units made measurable progress in meeting employment equity and skills development targets.

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Hygiene awareness
Steiner Hygiene promotes awareness through their educational road show to schools



Bidvoice
the quarterly Group magazine aimed at communicating with employees

The Bidvest Dinatla Trust which serves the educational and social needs of Bidvest employees, and the Bidvest Academy launched in 2003 to support the development of leadership skills, have far reaching impact. Seventy-eight students, dependants of employees, were supported with bursaries for their schooling. A commitment of at least R3 million over the next five years has been made.

IN THE WORKPLACE

Bidvest employs 89 737 people, 76 046 in South Africa.

Communication

We communicate with our employees across all divisions. Bidvest's quarterly in-house staff magazine, Bidvoice, covers a range of topics and has a circulation of 27 000. We recently launched our intranet, the Village, to enhance internal communications, grow the Bidvest community and develop business synergies.

Health and safety

Bidvest is committed to meeting relevant occupational health and safety standards, as well as sound global practices. Compliance with the Occupational Health and Safety (OHS) Act in South Africa and relevant legislation in other countries, is ensured. Ongoing training and raising of awareness play an important part in creating a safer and healthier working environment. Individual companies within the Group are required to identify health and safety risks in the workplace and take steps to eliminate or mitigate risks by implementing the necessary controls.

Three hundred and twenty two serious accidents and 11 work related fatalities were reported. These figures are not comparable with 2003 and 2004 since the definition of accidents has changed and international operations are included for the first time.

HIV/Aids

HIV/Aids affects virtually every Bidvest company in southern Africa. Bidvest divisions are responsible for managing their own HIV/Aids policies and programmes based on their circumstances and are proactively tackling the pandemic, often in co-operation with unions. HIV/Aids is a complex issue and requires persistent work and creative initiatives to break down taboos and prejudices and for all employees to take it seriously.

Training

In response to the ongoing challenge of attracting, retaining and developing quality people, Bidvest identifies and meets training requirements at all levels across all divisions. A total of R876 per employee was spent on training and skills development. The Bidvest Academy launched in 2003 provides a practical and effective platform for developing young executive talent within the Group.

COMMUNITY

Customers

Most Bidvest companies do not conduct formal customer satisfaction surveys. Regular interaction with customers results in ongoing feedback, which is used to enhance service excellence.

Community activities

Responsibility for corporate social investment activities is decentralised and resides with Bidvest divisions and their business units, most of whom support a number of initiatives. There is a trend towards CSI projects being co-ordinated at divisional level. The objective is to provide more substantial support to a limited number of philanthropic projects of relevance to the division and Bidvest. Bidvest CSI covers: education and training, health and HIV/Aids, community development, sports, arts and culture, environment, economic empowerment and job creation, safety and security, and welfare.

Bidvest total CSI was R18,3 million (2004: R13,0 million), which equates to 0,63% of profit before tax. (South Africa: R16,8 million, 0,75%). Bidvest's target for its South African operations is 1% of profit before tax, to be reached by 2009.)

ENVIRONMENTAL PERFORMANCE

We continue to manage our environmental impacts as part of our licence to operate. Our operational units are

responsible for their own environmental performance, ensuring that risks are identified and minimum environmental standards met.

Bidvest, a services, trading and distribution business, has in general terms a limited environmental footprint. Principal environmental issues are present in Bidfreight and Bidserv, where business units work with hazardous chemicals or large quantities of cleaning chemicals and water. UK-based 3663 stands out as a leader amongst Bidvest companies in its environmentally innovative projects and serves as a best-practice learning ground for other Bidvest companies.

EXTERNAL APPRAISALS

Empowerment rating

Bidvest, a black influenced company and a good broad-based BEE contributor with unrestricted operational capacity, has an "A" empowerment rating from Empowerdex.

Fitch Ratings

Fitch Ratings affirmed Bidvest's credit rating as an AA- (zaf). AA (zaf) ratings denote a very strong credit risk relative to other issuers in the same country.

Bidvest as a wealth builder

Bidvest was rated first in research by Marakon Associates in 2003 for conglomerate performance worldwide, delivering a 36% annual compound growth in total shareholder returns, in US dollars, over 10 years.

Revenue ranking

Bidvest was ranked within the top five JSE listed companies, by revenue.

Dow Jones Sustainability World Index

Bidvest is one of only three South African companies listed in the Dow Jones Sustainability World Index 2006,

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IAS Award
Investment Analysts Society
award for best reporting and
communications

a grouping of global organisations that meet stringent criteria for strategic strength, innovation, financial performance and stakeholder relations.

Social Responsibility Investment Index

Based on an assessment of the Group's policies, performance and reporting on economic, social and environmental sustainability, the JSE has reaffirmed Bidvest as a founding constituent of the SRI Index.

Forbes Global 2000 – the world's leading companies

Forbes Global 2000 is a comprehensive list of the world's largest and most influential companies, as measured in US dollars by a composite ranking for sales, profits, assets and market value. Bidvest is ranked 1 162nd (2004: 1 296th).

Forbes Global – the world's A-list

Bidvest remains in the Forbes Global roster of the world's most attractive big companies for investors. The 400 companies listed represent fewer than 1% of the world's publicly quoted companies.

FTSE/JSE Africa Index Series ranking

In the June 2005 FTSE/JSE Africa Index Series quarterly review Bidvest was ranked 23rd in the FTSE/JSE Top 40, sixth in the FTSE/JSE Industrial 25, with a market capitalisation of R23,3 billion, a 100% free float and the JSE's highest liquidity rating.

Morgan Stanley International Emerging Market Index

Bidvest is considered to have a 100% free float for the MSIEM Index in which it is included.

Bidvest as an employer of choice

Bidvest was ranked amongst the most popular companies to work for in South Africa, as aspired to by final year students in business, law, science and engineering.

Sustainability growth awards

Bidvest was ranked second in 2004 and first in 2003 in the five-year listed category. The awards are presented to companies that are making a significant contribution to growing South Africa's economy over a five-year period. All listed companies are automatically entered and judged

by a panel which uses a number of financial criteria, including consistent growth in revenue, earnings before interest, taxation, depreciation and amortisation, earnings per share and return on assets managed. Data was supplied by Reuters and was ranked and assessed both quantitatively and qualitatively.

Businessmap BEE Awards

Bidvest was placed second in the most progressive established company and third in the business leadership categories in 2004.

Company confidence predictor

In the June 2005 Campbell Belman company confidence predictor, which reflects the views of stock market influencers on listed industrial companies, Bidvest ranked second in "social responsibility", standing out for being actively involved in black empowerment initiatives. Bidvest ranked third on: the "total" of all 31 characteristics assessed; for its "people", which evaluates factors such as "well managed", "has dynamic management and an effective chief executive"; and in "communications". Overall, Bidvest performed strongly.

Investment communication award

Bidvest is not only recognised as an achiever in creating value for investors, but also for general reporting and investment communication. In June 2005, Bidvest received the Investment Analysts Society's Best Reporting and Communication in the Industrial Services sector of the JSE award.

Most admired company

Bidvest was rated as one of the most admired companies in South Africa and the most admired company in its sector by Finance Week and Finansies en Tegniek peer revue survey.