
Global Corporate Social Responsibility Agreement between Rhodia and ICEM

Renegotiated version – March 25th, 2008



AGREEMENT ON RHODIA GROUP'S SOCIAL RESPONSIBILITY,

Between:

Rhodia Group, represented by its Chief Executive Officer, Jean-Pierre Clamadieu,

And:

ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions),

Represented by its General Secretary, Mr Manfred Warda

PREAMBLE

The chemical industry can only operate with a strong sense of responsibility. Rhodia embraces this ethos with respect to employees, customers, suppliers, shareholders, residents living near its sites, the environment and natural resources.

The "Rhodia Way" approach, of which this agreement is an integral part, is used to serve the development model which combines effective operations with appropriate behavior for ever greater responsibility relative to all stakeholders.

This responsibility requires considerable involvement by employees, which is why Rhodia's commitment to an in-depth and balanced dialog between management and employee representatives is a key aspect of Rhodia's values and identity.

Such responsibility concerns all of Rhodia's activities worldwide and thus requires dialog with an organization operating at an international level.

That is the reason for this agreement, by which Rhodia and ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions), which organizes chemical industry employees worldwide, are creating a structure for information and reciprocal dialog and affirming their joint commitment to good industrial and labor practices anywhere in the world the company operates.

Rhodia voluntarily undertakes this commitment, which supplements its compliance with legal and regulatory obligations in every country in which it operates. The global standards listed hereafter will be adhered to at all Rhodia worldwide operations.

The company's subsidiaries will apply this agreement in accordance with the economic, labor and cultural realities specific to each country in a spirit of continuous progress based on the measures stipulated in this agreement.

Both signatories to this agreement recognize that the internationally recognized standards and principles contained within this Agreement will be applied at all Rhodia operations throughout the world, regardless of whether they are required by national law or regulations.

Rhodia and ICEM are committed to developing trusting and constructive relations to ensure effective application of this agreement.

I - AREAS OF APPLICATION

This agreement applies to companies over which Rhodia Group exercises direct control.

These companies commit to strictly comply with local and national laws. In the event local and national laws are more favorable, these shall apply.

II - GLOBAL STANDARDS

Article 1

Rhodia and ICEM affirm their adherence to texts governing basic labor rights and trade union rights in society and the company.

1.1 ILO Conventions

Rhodia asserts its compliance with International Labor Organization conventions on basic human rights.

- **Conventions 87, 98 and 135**

Within the framework of fundamental trade union rights, these include the right to engage in collective bargaining, employees having the right to be represented by freely elected delegates, the right to form organizations of their choice and to join them.

- **Conventions 29 and 105**

Commitment not to employ forced or bonded labor.

- **Convention 138 and 182**

Commitment to employ no child labor.

- **Conventions 100 and 111**

Commitment to exercise equality of opportunity and treatment in employment, including equal remuneration for men and women for work of equal value, and the prevention of discrimination in respect of employment and occupation.

- **Convention 156**

Commitment to ensure rights and equality of opportunity for employees of both genders with family responsibilities and for pregnant and nursing women.

1.2 UN Global Compact

As a signatory to the United Nations' Global Compact, Rhodia undertakes to respect its 10 principles:

Human Rights

- **Principle No. 1**

Businesses should support and respect the protection of internationally proclaimed human rights; and

- **Principle No. 2**

Make sure that they are not complicit in human rights abuses.

Labor Standards

- **Principle No. 3**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

- **Principle No. 4**

The elimination of all forms of forced and compulsory labor;

- **Principle No. 5**

The effective abolition of child labor; and

- **Principle No. 6**

The elimination of discrimination in respect of employment and occupation.

Environment

- **Principle No. 7**

Businesses should support a precautionary approach to environmental challenges;

- **Principle No. 8**

Undertake initiatives to promote greater environmental responsibility; and

- **Principle No. 9**

Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- **Principle No. 10**

Businesses should work against all forms of corruption, including extortion and bribery.

III - COMMITMENTS SPECIFIC TO RHODIA GROUP

1. HEALTH AND SAFETY

- The health and safety of its employees is a priority for Rhodia. The company makes every effort to ensure good working conditions and to manage risk on a daily basis. Rhodia is committed to developing exacting internal requirements and making their application a major obligation. Its goal is to continually improve safety performance and regularly monitor assessment indicators for its own employees and the employees of subcontractors.
- Rhodia commits to creating healthy working conditions for all personnel, regardless of their function and related risks.

- Rhodia pledges that from the time they are initiated, investment projects shall not compromise the health and safety of personnel or nearby residents. In addition, Rhodia supports solutions likely to improve existing situations.
- Rhodia agrees to take account of the principles in the "BIT Overview of practical directives on HIV/aids at work" to work together with the ICEM to inform employees and their representatives of this epidemic
- With the ICEM, Rhodia agrees to create a dialogue body to deal with safety issues to monitor the Group's actions and results in these areas as well as the correct application of the corresponding measures in this agreement.

2. MOBILITY AND EMPLOYMENT OPPORTUNITY

- Rhodia commits to a fair salary policy that reflects professional standards in the country concerned.
- In the event of a restructuring, Rhodia pledges to inform employees and their representatives as soon as possible and to give priority to efforts likely to minimize the impact on employment and working conditions, in compliance with local laws and practices.
- Rhodia believes that the autonomy and responsibility of each of its employees plays a key role in the company's performance. For that reason, the company encourages internal mobility, in both geographic and occupational terms, to increase employment opportunities for its personnel.

Rhodia subsidiaries make every effort to provide employees with the following services throughout their career at the company:

- information about available jobs, particularly through placement centers (if available),
- training to prepare them for new occupations and new technologies,
- skill development.
- Rhodia supports employee mobility through coordinated management of its various business lines – at the international level for managers and at the national level for other employees.
- Rhodia strives to maintain a balanced age distribution among its workforce and pays particular attention to the working conditions and skills of older employees.

3. EMPLOYEE BENEFITS

- Rhodia provides its employees with a benefit plan that includes health insurance and maternity and retirement benefits, in compliance with local laws, regulations and practices, and develops, as needed, supplementary benefit plans specific to the company.

4. ANTI-DISCRIMINATION EFFORTS

- Rhodia rejects any form of discrimination and is committed to respecting diversity and promoting equality of opportunity. The company is a signatory to the Diversity Charter in France and has made the provisions of ILO Convention 111 company policy. This convention rejects any infringement of equal opportunity or fair treatment in employment on the basis of race, sex, skin color, religion, political or trade union views, national origin or socioeconomic background. Rhodia will pay special attention to its employees with family responsibilities and in this respect will refer to measures in ILO Convention 156 given in chapter II - Article 1 1.1 of this agreement.

This approach includes specific efforts to promote employee diversity.

5. RESPONSIBLE RELATIONS WITH SUPPLIERS AND SUBCONTRACTORS

- Rhodia expects its suppliers and subcontractors to comply with the laws, regulations as well as basic human rights stipulated by international agreements and standards and therefore contribute to Rhodia's compliance with the measures in this agreement. Rhodia will encourage them in this way and provide its expertise in these areas whenever needed.
- Any serious violation of employee health and safety legislation, environmental protection or basic human rights that is not remedied shall lead to termination of relations with the company concerned in compliance with contractual obligations.

6. RISK MANAGEMENT AND ENVIRONMENTAL PROTECTION

- **Procedural and product risks**

Risk management is a priority for Rhodia, whose guiding principle is the application of the best standards.

Within the framework of its policies and procedures, Rhodia undertakes to develop:

- **preventive measures** with regard to known and identified risks
- **precautionary measures** characterized by a proactive, forward-looking and intelligence-gathering approach to science and technology regarding the risks involved in the company's activities.

Within the context of its product stewardship policy, Rhodia pledges to support its products throughout their life cycle, including the provision of support at customers' place of business.

Rhodia is developing a special approach for products classified as "very high concern", including CMRs (carcinogenic, mutagenic and toxic to reproduction). Rhodia has implemented specific recommendations that encourage their replacement and strict controls over their use when replacement is not possible.

- **Environment**

Rhodia complies with national and international environmental laws and regulations and adheres to "the chemical industry's commitment to progress in environmental protection." The company applies these principles based on its ongoing commitment to improve safety and health and environmental protection and to preserve natural resources.

Employee awareness of relevant environmental standards and company policies plays an important role in Rhodia's approach at both the international and local levels. Rhodia and ICEM will combine efforts to enhance employee awareness and expertise in the area of environmental protection.

7 . LABOR-MANAGEMENT DIALOG

- Rhodia and ICEM share the same commitment to an in-depth and balanced dialog between labor and management. This dialog, which is an important part of Rhodia's culture, takes place through various employee forums as well as regular negotiations with employee representatives.
- Rhodia and ICEM will work together to increase the involvement of employees and their representatives in this dialog and to develop this at an international level.

In this respect and in compliance with national laws and the company's local practices, Rhodia will communicate the necessary information to employee representatives for them to learn about and understand relevant issues. Employee representatives pledge to respect the confidentiality of such information.

- Rhodia respects the right of employees to be collectively organized and shall remain strictly neutral concerning their choices in this matter.
- Rhodia pledges to not practice any discrimination due to unionization either when hiring or when managing employees careers.
- Rhodia prohibits any discrimination against employees or their representatives who claim rights stipulated in this agreement or who act in accordance with its provisions.
- Rhodia and ICEM will jointly monitor indicators that assess the company's dialog structures.

8. CIVIC DIALOG

- Rhodia assigns great importance to regular and trusting dialog with the communities neighboring its sites. For that purpose, the company is developing a dialog policy that takes into account local laws, regulations and practices.
- Rhodia asserts its willingness to develop, as needed, a constructive and responsible dialog with non-governmental organizations active in its industry.

9. RIGHT TO RAISE CONCERNS

- All employees are responsible for complying with the law and with the company's commitments and rules of conduct. They may alert their supervisors to any violations and may also refer matters to the local representative of the Human Resources or Legal Department. Rhodia is committed to setting up a special mechanism that will allow employees to report their concerns in the event the usual means of communication are not functioning properly.

IV - PERFORMANCE INDICATORS

Rhodia and ICEM will carry out an annual review of this agreement on the basis of company indicators regarding the commitments stipulated by the agreement.

Health, safety, environment

- Percentage of sites audited in terms of health, safety and the environment over the past three years, according to the company's reference database.
- **TF1:** work-accident frequency rate leading to time off, expressed in terms of the number of accidents per million working hours
- **TF2:** work-accident frequency rate either leading or not leading to time off, expressed in terms of the number of accidents per million working hours
- Environmental impact and natural resources:
 - water
 - air
 - energy consumption
 - waste management

Employees and labor-management dialog

- Mobility: number of jobs filled by internal candidates
- Job training
- Current dialog structures

Rhodia and ICEM will discuss ways to optimize the currently reported labor indicators and determine new requirements.

Rhodia Way

The Rhodia Way approach aims at continuous progress in terms of social and environmental responsibility within the framework of greater dialog with employees and their representatives.

The Rhodia Way reference document provides an annual overview of practices and progress objectives for the Group's entities relative to six different stakeholders: customers, suppliers, employees, investors, communities and the environment .

The reference document must enable entities to determine their current level of implementation of these practices, then to define the associated improvement objectives and plans in a continuous progress approach.

21 commitments have been defined for all of the stakeholders and 44 key practices enabling these commitments to be satisfied are classed according to four stages of implementation:

1. Launch

The entity basically responds to stakeholders' expectations. An inventory has been made.

2. Deployment

The entity has implemented a structured progress approach internally and with stakeholders. Methods are used to establish priorities, resources are rolled out, managers are involved in action plans.

3. Maturity

The entity has successfully implemented action plans. The implementation is effective and checked throughout the perimeter with initial feedback of experience. Employees are involved in roll-out.

4. Performance

The entity is close to benchmarks in the sector... The improvement approach is durable and the results are sustainably improving. The entity is recognized as exemplary , all stakeholders approve of the approach.

Commitments:

1. Customers

- 1.1 Express our RSE commitments in our customer relations
- 1.2 Innovate by integrating RSE
- 1.3 Keep product-related risks under control.

2. Employees

- 2.1 Guarantee the health and safety of employees
- 2.2 Guarantee the social rights of employees
- 2.3 Ensure the quality of social dialogue
- 2.4 Develop employability
- 2.5 Motivate employees.

3. Environment

- 3.1 Encourage environmental management
- 3.2 Protect natural resources
- 3.3 Limit environmental impact, preserving biodiversity

4. Investors

- 4.1 Generate value in a responsible way
- 4.2 Ensure risk management
- 4.3 Ensure the circulating and compliance with corporate governance best practices
- 4.4 Communicate transparently

5. Suppliers

- 5.1 Define pre-requisites and integrate them in the supplier selection process
- 5.2 Assess buyer performance in terms of RSE
- 5.3 Manage and assess suppliers, optimize relations.

6. Communities

- 6.1 Ensure the integration of entities in their territories (region, country)
- 6.2 Control risks related to the presence of entities on their territories
- 6.3 Control risks of the logistics chain, prevent accidents.

The responsibility profiles revealed in this way are part of the monitoring indicators for this agreement and the ICEM will be associated with the annual assessment of Rhodia Way implementation.

Rhodia and the ICEM consider that the Rhodia Way approach makes a very major contribution to the dynamic application of this agreement and have agreed to combine their efforts to ensure its complete success .

V - APPLICATION OF THE AGREEMENT : METHODOLOGY

This agreement, which applies to all Rhodia activities worldwide, strengthens and extends the company's labor practices and is not intended to replace or interfere with local efforts at dialog and negotiation.

Rhodia pledges to provide management with copies of this agreement and to inform employees of its existence and the commitments it entails. This agreement will be

translated into the languages of the different countries concerned in agreement with the ICEM and will be available on the Group's website in the "sustainable development" section.

Particular attention will be paid to new recruits who will be given a copy of this agreement.

Rhodia and the ICEM shall cooperate to ensure the best possible circulation and understanding of this agreement by employee representatives on its sites. In this respect, Rhodia will facilitate participation of these delegates in meetings that may be organized locally by the ICEM to help develop the social dialog required by this agreement.

Rhodia and ICEM agree that they will be mutually available on an ongoing basis to inform each other of any problems encountered and to determine the best solutions.

Rhodia and ICEM both believe that problems are best resolved closest to the location at which they are occurring.

VI - MONITORING AND ANNUAL REVIEW

Rhodia and ICEM will continuously monitor the correct application of the agreement and in this respect they will carry out an assessment mission in a jointly defined country or zone.

Rhodia and ICEM will review the application of this agreement on a yearly basis.

Rhodia will draft an annual review assessing the application of this agreement based on the indicators selected.

Any problems encountered with the application of this agreement will be described in a report that will also discuss the solutions developed. If the difficulties are observed locally this report will be written jointly by management and employee representatives at the site concerned and will be included in the overall review.

The review will be sent to ICEM in sufficient time before the date scheduled for the annual review meeting.

Rhodia will be responsible for organizational expenses, such as travel, accommodation and translation services.

Rhodia and the ICEM agree to carry out a joint review before the term of the agreement to prepare for its possible renewal. Carried out in the last period of validity of the agreement, this review may be executed by an external expert chosen by both parties, with costs being covered by Rhodia.

Rhodia and ICEM are the only parties authorized to answer any questions raised by the application of this agreement.

VII - VALIDITY OF THE AGREEMENT

This agreement is renewed for a period of three years.

The agreement may be revised at any time by means of a contractual amendment, with a view to adapting the agreement.

In the year preceding the agreement's termination date, and no later than three months before this date, the signatories will meet to prepare an overall review of the agreement's application, with a view to its possible renewal.

Each signatory may withdraw from this agreement, provided it gives six months' notice.

This agreement will be translated, according to a list jointly defined with the ICEM, into each of the languages of the countries in which there are Rhodia production sites. The French version of the agreement shall be the authentic text used by the signatories.

Jean-Pierre Clamadieu, Chief Executive Officer

And

ICEM, represented by Manfred Warda, General Secretary

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