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# Global Corporate Social Responsibility Agreement between Rhodia and ICEM

Renegotiated version – February 17, 2011



**AGREEMENT ON RHODIA GROUP'S SOCIAL RESPONSIBILITY,**

*Between:*

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

*And:*

ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions), represented by its General Secretary, Manfred Warda.



## **PREAMBLE**

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The chemical industry can only operate with a strong sense of responsibility. Rhodia insists on a spirit of responsibility in its dealings with 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, feeds into this development model which combines operational performance with high standards of behavior for ever greater responsibility towards all stakeholders.

This responsibility requires considerable involvement on the part of employees, which is why Rhodia's desire to maintain a rich, balanced dialog between management and employee representatives is central to 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 rationale for this agreement, through 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 dialog and affirming their joint commitment to good industrial and labor practices wherever in the world the Group operates.

Rhodia makes this commitment voluntarily, over and above its compliance with the statutory and legal obligations in every country where the Group operates. The global standards listed below will be complied with by all Rhodia entities worldwide.

The Group's subsidiaries, while taking the economic, social and cultural realities specific to their own country into account, will do their best to ensure that this agreement is applied in a spirit of continuous progress based on the provisions stipulated in this agreement.

Both parties to this agreement agree that the internationally recognized standards and principles contained within this Agreement will be applied at all Rhodia sites throughout the world, regardless of whether or not 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.

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## **I - SCOPE OF THE AGREEMENT**

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

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

In the event of merger, acquisition or corporate restructuring of any kind leading to the creation of new entities controlled by Rhodia or in the event of similar changes affecting ICEM, these new entities shall automatically be deemed party to the global agreement and subject to its provisions until such time as the agreement is renegotiated.

## **II - GLOBAL STANDARDS**

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### **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 the International Labor Organization conventions on basic human rights.

- **Conventions 87, 98 and 135**

Within the framework of fundamental rights to freedom of association, including the right to engage in collective bargaining, employees have the right to be represented by freely elected delegates, to form organizations of their choice and to join them.

- **Conventions 29 and 105**

Commitment not to employ forced or compulsory labor.

- **Convention 138 and 182**

Commitment not to employ child labor.

- **Conventions 100 and 111**

Commitment to ensure 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 international labor law relating to human rights in their sphere of influence.

- **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.

- **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.

- **Principle No. 9**

Encourage the development and diffusion of environmentally friendly technologies.

#### ANTI-CORRUPTION

- **Principle No. 10**

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

### **III - COMMITMENTS SPECIFIC TO THE RHODIA GROUP**

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#### **1. HEALTH AND SAFETY**

- The health and safety of its employees is a priority for Rhodia. Ensuring good working conditions and managing risk are daily concerns for the Group. Rhodia has enacted demanding internal policies and insists on their stringent application. Its goal is to continually improve safety performance and regularly monitor assessment indicators for its own employees and the employees of subcontractors.
- Rhodia is committed to creating healthy working conditions for all personnel, regardless of the job they perform and its related risks.

- Rhodia pledges that right from the outset, 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 into account the principles in the "ILO Code of Practice on HIV/Aids and the world of work", and work together with the ICEM to inform employees and their representatives about this epidemic.

## **1.2 Global Safety Panel**

The role assigned to the Global Safety Panel is to monitor the safety situation within the Group.

For this purpose, the Panel enjoys access to indicators regularly observed by the Group. The parties to this agreement may agree, if required, to supplement these indicators with other specific information.

The work of the Panel is grounded on a continuous progress approach. As such, the Panel reports its observations and recommendations for improvement.

The Global Safety Panel will gradually expand the scope of its remit to include Industrial Hygiene and the Environment.

### **MEMBERSHIP OF THE PANEL**

- 3 representatives from the Rhodia Group appointed by the Group General Management
- 2 representatives from ICEM's central body
- 1 representative per geographical region chosen by ICEM from among Rhodia's employees in the region in question
- The geographical regions concerned are: North America, South America, Europe and Asia.

### **TERMS OF ORGANIZATION**

The Panel convenes a meeting at least once a year. The parties may decide to convene additional meetings, if necessary.

The Panel's annual meeting is convened on one of the Group's sites chosen by the parties to this agreement. On this occasion, the Panel organizes a site visit to check the safety and working conditions as well as the effective compliance with the Group's policies in these areas.

Rhodia shall pay traveling and accommodation expenses incurred by the members of the Panel in addition to those related to the organization of meetings.

## **2. MOBILITY AND EMPLOYABILITY**

- Rhodia favors the direct employment of people under open-ended work contracts
- Rhodia undertakes to apply a fair wage policy comparable with good standards in the profession for the country concerned.
- In the event of a restructuring of its activities or any other managerial decision having a major collective impact on employees, Rhodia, in compliance with legal requirements and local practices, 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.
- Rhodia believes that the autonomy and responsibility of each of its employees play a key role in the company's performance. For that reason, the company encourages internal mobility, both geographic and for career advancement, to increase the employability of its personnel.

Rhodia subsidiaries strive to provide employees with the following services throughout their career at the company:

- information about available jobs, particularly through placement centers (when they exist)
  - training to prepare them for new occupations and new technologies
  - knowledge and skills development
- Rhodia supports employee mobility through coordinated management of its occupational families, at an international level for managers and at national level for other employees.
  - Rhodia strives to maintain a balanced age distribution among its workforce and pays particular attention to the working and performance conditions of older employees.



### **3. EMPLOYEE BENEFITS**

Rhodia ensures that its employees are covered by welfare protection schemes that provide benefits in the event of illness, maternity, or after their retirement, in compliance with local laws, regulations and practices and develops whenever needed its own complementary benefit plans.

### **4. ANTI-DISCRIMINATION**

- 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 transforms the provisions of ILO Convention 111 into company policy. This convention rejects any alteration of equal opportunity or fair treatment in employment on the basis of race, sex, skin color, religion, political or union opinion, national extraction or social origin. Rhodia is particularly supportive of its employees with family responsibilities and conforms with the provisions of ILO Convention 156 as stated 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 law and with statutory regulations, as well as basic human rights stipulated by international agreements and standards, and therefore contribute to Rhodia's compliance with the provisions of this agreement. Rhodia will encourage them in this and offer the benefit of 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 despite previous warning shall lead to termination of relations with the company concerned in compliance with contractual obligations.

### **6. RISK MANAGEMENT AND ENVIRONMENTAL PROTECTION**

- **Process 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:



- a **preventive approach** with regard to known and identified risks
- a **precautionary approach** characterized by a proactive, forward-looking and intelligence-gathering approach to science and technology as regards the issue of risks affecting the company's activities.

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

Rhodia is developing a specific approach for products classified as "very high concern", including CMRs (carcinogenic, mutagenic and toxic to reproduction). Rhodia has implemented specific recommendations that encourage the substitution of these substances and strict controls over their use when there is no possible substitute.

- **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 as part of its ongoing commitment to improve safety and also health and environmental protection, and to preserve natural resources.

As such, Rhodia will do its utmost to use, whenever possible, the best existing technologies allowing it to reduce greenhouse gas emissions from its production processes.

Employee awareness of the relevant environmental standards and group policies plays an important role in Rhodia's approach at both the international and local levels. Rhodia and ICEM will pool their efforts to enhance employee awareness and expertise to that respect.

## **7. SOCIAL DIALOG**

- Rhodia and ICEM share the same commitment to a rich, balanced social dialog. This dialog, which is part of Rhodia's culture, takes the form of various initiatives involving employee participation, as well as regular negotiations with staff representatives.
- Rhodia and ICEM will work together to increase the involvement of employees and their representatives in this dialog and to develop it 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 organize themselves collectively and will remain strictly neutral concerning their choices in this matter.
- Rhodia pledges not to practice any discrimination due to trade union activities 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 act in accordance with its provisions.
- Rhodia and ICEM will jointly monitor indicators that assess the company's existing dialog structures.

#### **8. CIVIL DIALOG**

- Rhodia attaches great importance to having a regular and trustful dialog with the communities neighboring its sites. For this 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 undertakings and rules of conduct. They may alert their supervisors to 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 ensure employees' concerns are heard in the event that the usual means of dialog are not functioning properly.

### **IV - PERFORMANCE INDICATORS**

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Rhodia and ICEM will carry out an annual review of this agreement on the basis of indicators reported by the group as regards the commitments stipulated by the agreement.

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## **Health, safety, environment**

- Percentage of sites audited in terms of hygiene, safety and the environment over the past three years, in accordance with the company's reference framework.
- **TF1:** accident frequency rate with lost working time, expressed in terms of the number of accidents per million hours worked
- **TF2:** accident frequency rate with/without lost working time, expressed per million hours worked
- Impact on the environment and natural resources:
  - water
  - air
  - energy consumption
  - waste management

## **Employees and social dialog**

- Number of employees (total headcount, per geographical region and per site)
- Employment structure (direct employment, temporary employment)
- Group policy regarding subcontracting
- Existing social protection schemes and number or category of employees covered
- Mobility: number of jobs filled by internal candidates
- Job training, existing dialog structures

Rhodia and ICEM jointly monitor ways to optimize the currently reported social indicators and to identify new areas of need.

## **Relations with suppliers and subcontractors**

- Review of compliance with Rhodia standards and any corrective measures that may be required
- Review of complaints lodged by suppliers and the processing of these complaints by Rhodia

## 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 framework provides an annual assessment of the Group's entities' practices and progress objectives with regard to six different stakeholders: customers, suppliers, employees, investors, communities and the environment.

The reference framework should allow 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 the stakeholders and 44 key practices enabling these commitments to be satisfied have been classified according to four stages of implementation:

### 1. Launch

The entity is basically meeting stakeholders' expectations. An inventory has been made.

### 2. Deployment

The entity has implemented a structured progress approach internally and with stakeholders. Methods are in place to establish priorities, resources have been deployed, managers have initiated action plans.

### 3. Maturity

The entity has successfully instigated action plans. These have been implemented and monitored across the board with initial feedback of experience. Employees are involved in their deployment.

### 4. Performance

The entity is on a par with benchmarks in the sector... The improvement approach is durable and the results demonstrate a sustainable level of improvement. The entity is recognized as exemplary, all stakeholders approve of the approach.

Commitments:

## **1. Customers**

- 1.1 Express our CSR commitments in our relationships with customers
- 1.2 Integrate CSR in our innovations
- 1.3 Manage the risks relating to our products

## **2. Employees**

- 2.1 Guarantee the health and safety of employees
- 2.2 Guarantee the social rights of employees
- 2.3 Ensure high-quality social dialog
- 2.4 Develop employability
- 2.5 Mobilize employees

## **3. Environment**

- 3.1 Promote environmental management
- 3.2 Preserve natural resources
- 3.3 Limit our impact on the environment, preserve biodiversity

## **4. Investors**

- 4.1 Generate value in a responsible way
- 4.2 Manage risks
- 4.3 Ensure the dissemination of and compliance with best practice in corporate governance
- 4.4 Communicate transparently

## **5. Suppliers**

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

## **6. Communities**

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

These responsibility commitments are liable to undergo changes; any such changes will be included under this article during the subsequent renegotiation of this agreement.

The responsibility profiles thus outlined form part of the monitoring indicators for this agreement and ICEM will be involved in the annual review of the implementation of Rhodia Way.

Rhodia and 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**

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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 dialog and negotiation practices.

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 ICEM and will be available on the Group's website in the "sustainable development" section.

In this respect, particular attention will be paid to new recruits, who will be given a copy of this agreement.

Rhodia and ICEM will cooperate to ensure the optimum circulation and understanding of this agreement by employee representatives on its sites. In this respect, Rhodia will facilitate the participation of these delegates in meetings that may be organized locally by 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 as close as possible to the location where they have arisen.

Nonetheless, Rhodia and ICEM agree that in the event of difficulties which cannot be resolved or failure to apply the terms of this agreement, the Group General Management may be asked to intervene.

## **VI - MONITORING AND ANNUAL REVIEW**

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

Any problems encountered with the application of this agreement will be outlined in a report that will also discuss the solutions brought to bear. 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.

Rhodia and ICEM will review the application of this agreement on a yearly basis during a formal meeting convened in the first quarter of the year.

On this occasion, Rhodia will present a review document on the basis of the agreed indicators and the results of the joint assessments conducted by ICEM and Rhodia in the countries provided for under the terms of this agreement (assessment of the global agreement and meeting of the Global Safety Panel).

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

Rhodia and ICEM agree to carry out a joint review before the end of the agreement in order to prepare for its possible renewal. Conducted towards the end of validity of the agreement, this review may be entrusted to an external expert chosen by both parties, with the cost being covered by Rhodia.

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

Rhodia and ICEM agree about the advantages of developing a worldwide social dialog within the Group and will pursue reflection on this matter. Once they have been decided, the terms and conditions of this dialog will be the subject of an amendment to this agreement.



## VII - VALIDITY OF THE AGREEMENT

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This agreement is renewed for a period of five 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 expiration date, and no later than three months before this date, the signatories will meet to prepare an overall review of the application of the agreement, with a view to its possible renewal.

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

This agreement will be translated, according to a list jointly defined with ICEM, into each of the languages of the countries where Rhodia production sites are based. The French version of the agreement shall have legal force for the signatories.

Jean-Pierre Clamadieu, Chairman and Chief Executive Officer



And

ICEM, represented by Manfred Warda, General Secretary



La Défense, February 17, 2011  
Renegotiated version

