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April 7th, 2011

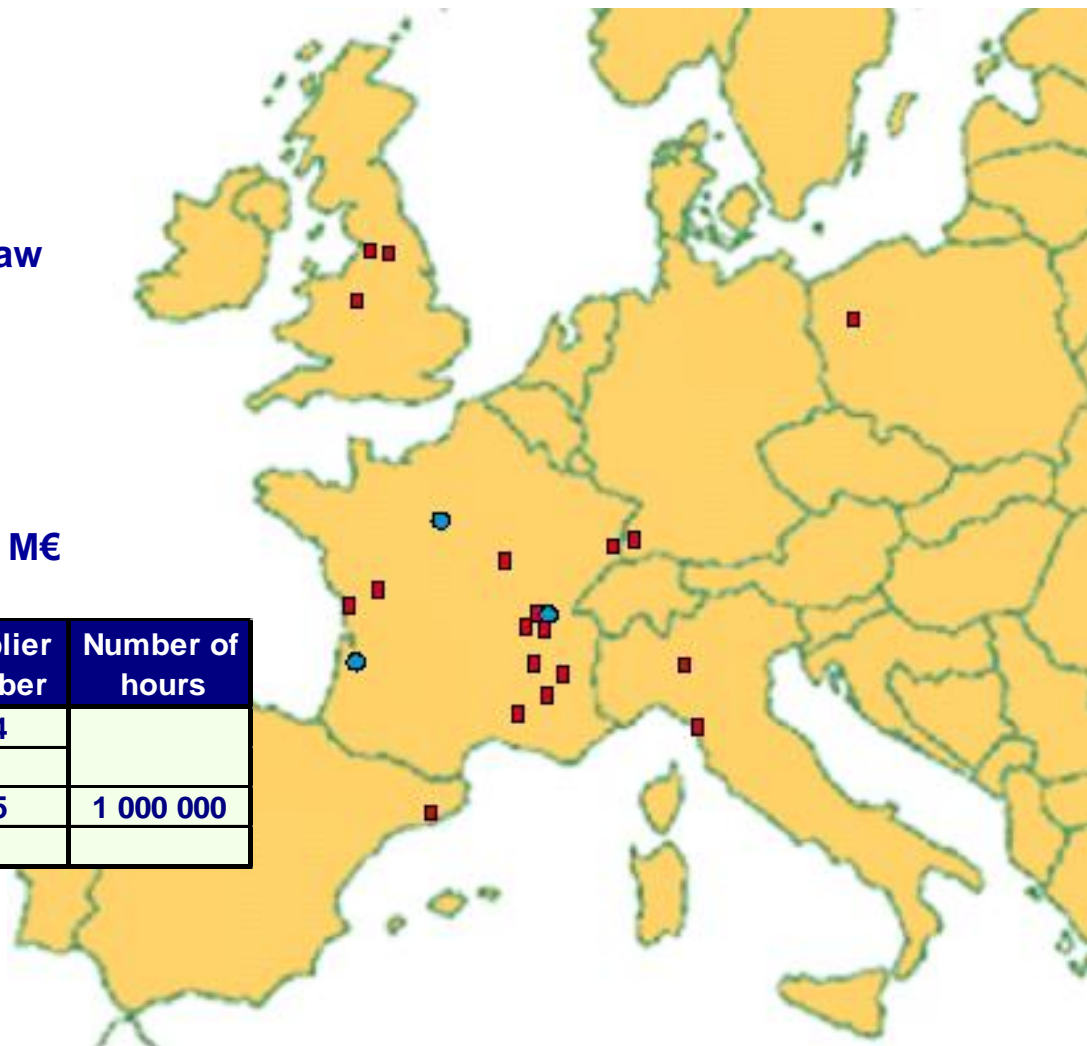
# Security & Safe Maintenance

Contractor Service Procurement



# Rhodia's European footprint

- 19 Industrial Sites / 3 R&D centers
- 6395 Employees
- Total EU Procurement Spend for non Raw Materials – 600 M€:
  - Industrial Supplies: 66 M€
  - Industrial Services: 230 M€
  - Capex: 70 M€ (20 to 40% on capitalized maintenance depending on yrs)
- Outsourced Maintenance represents 59 M€

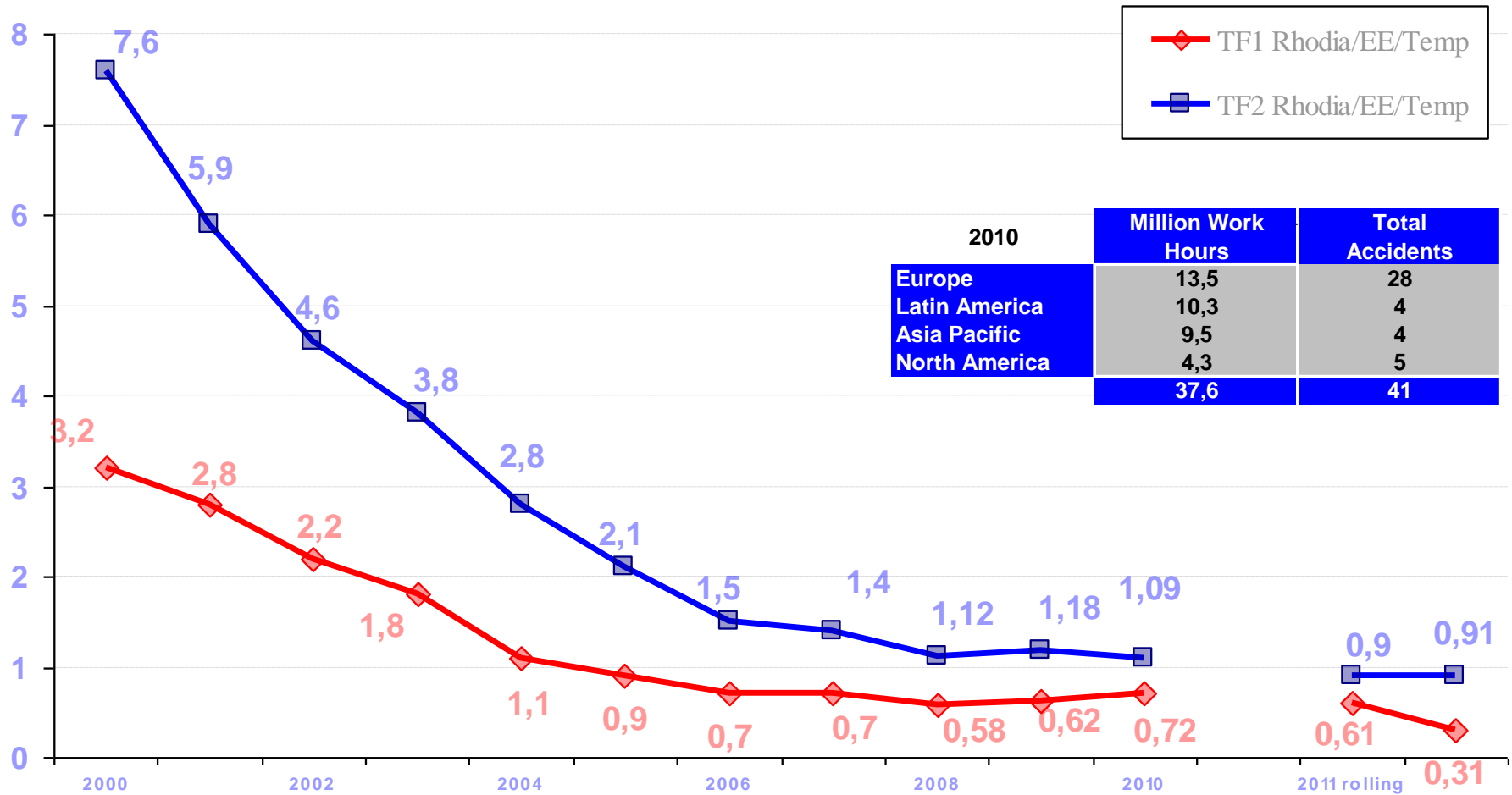


	Panel	Turnover (M€)	Supplier number	Number of hours
P016	Civil Engineering & Rail	6,8	14	1 000 000
P037	Industrial Cleaning	1,6	6	
P050	Maint Contr: Mechan & E/I	49	15	
P057	Metallic Framework Servic	1,4	5	

# Rhodia's Global Safety results: significant progress over the past 10yrs (Rhodia/Subcontractors/Temporary World-Wide)

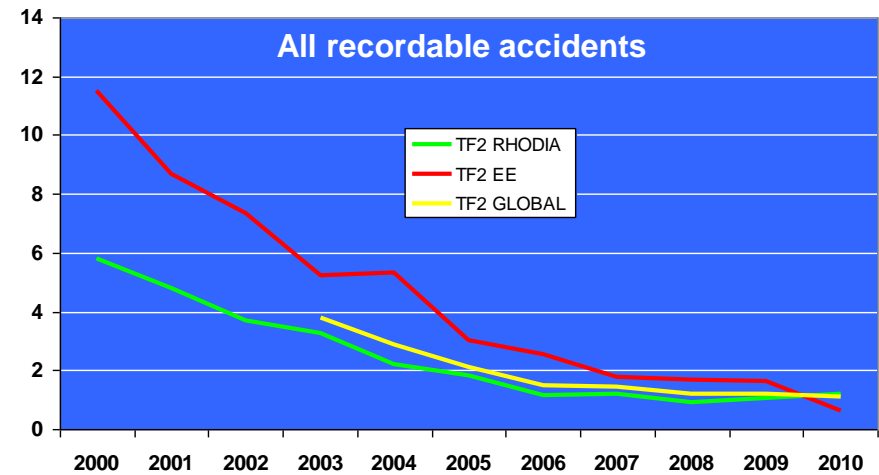
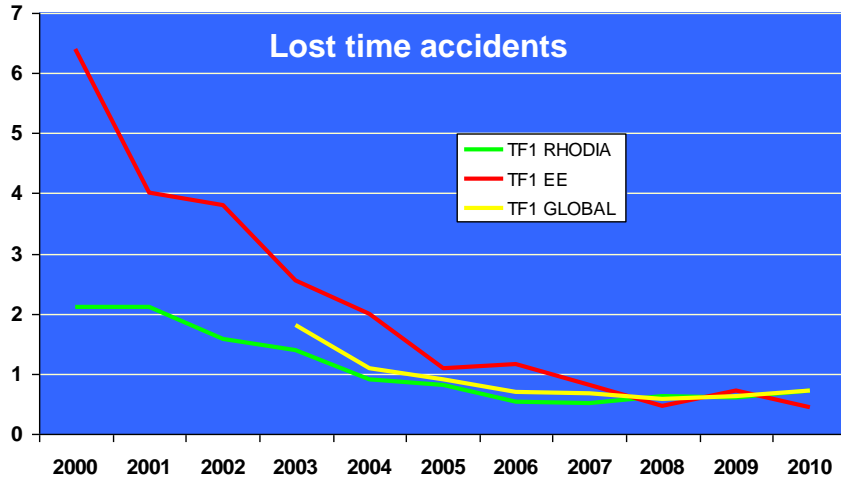


TF2 & TF1 Rhodia/EE/Temp 2000 - 2011  
 Target TF2 Rhodia/EE/Temp – 2011 < 1

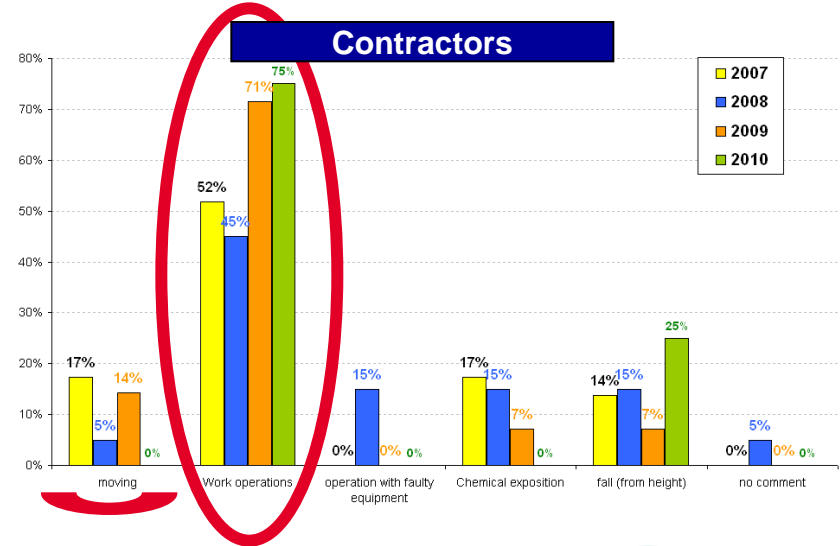
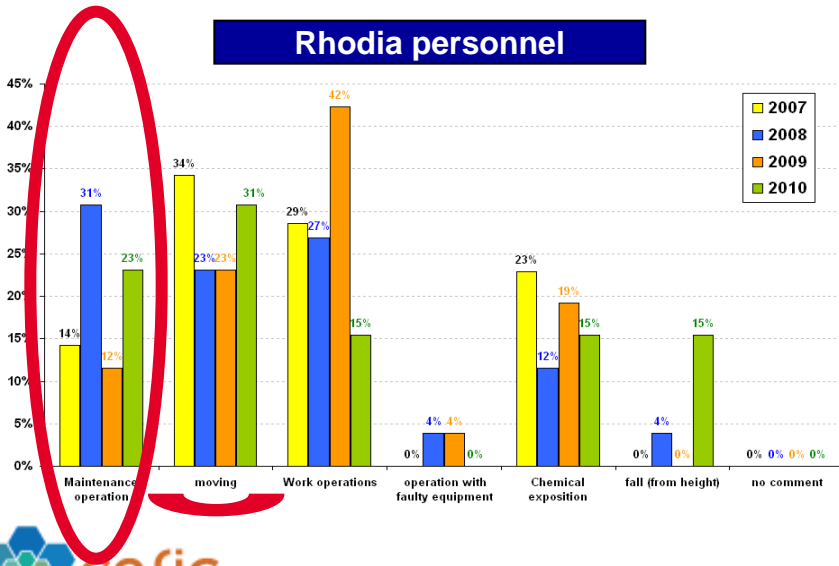


# Detailed view of work accidents

## Contractors & Rhodia employees at similar levels

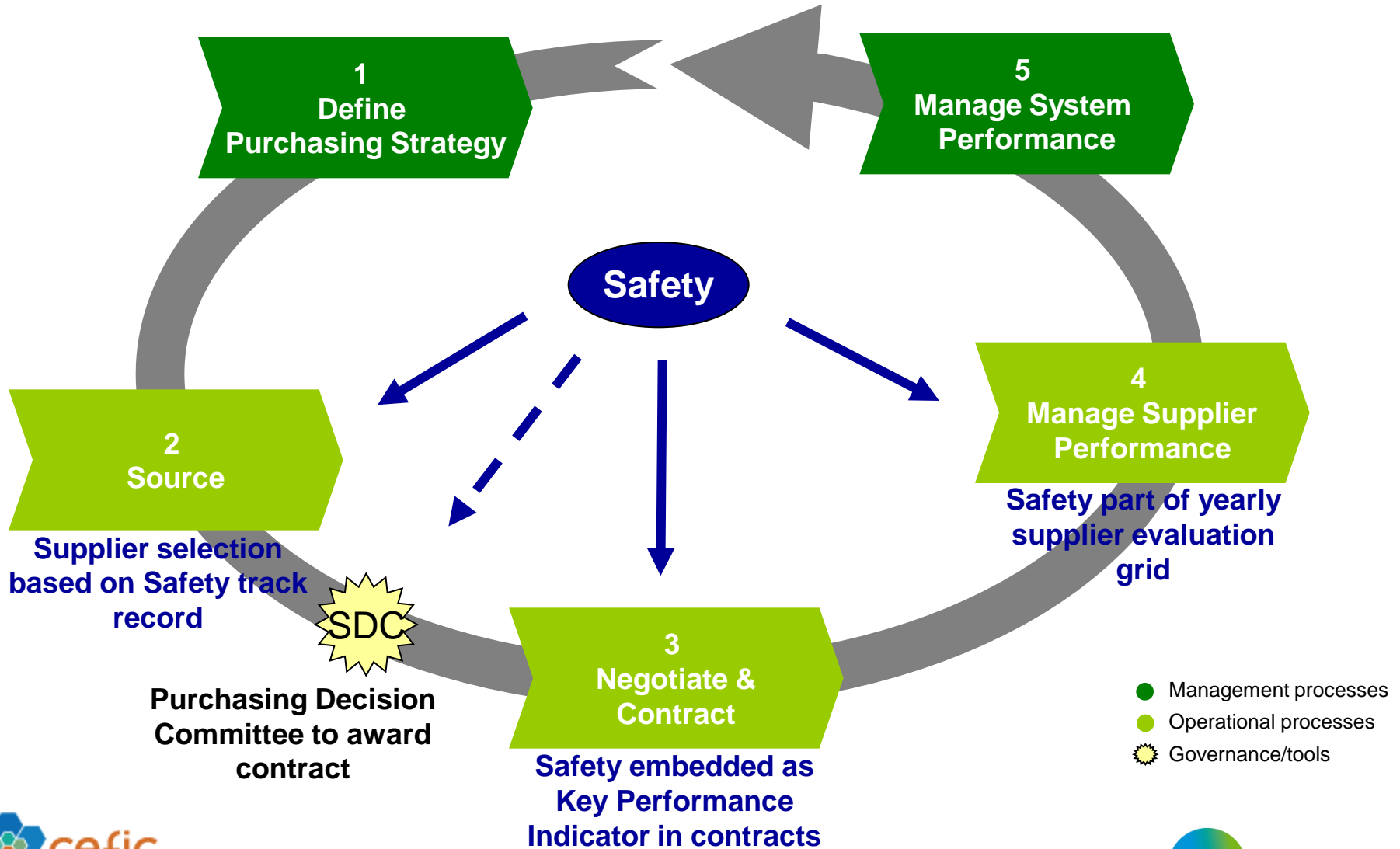


### Maintenance & Contractor work operations remain a key focus



# Sustainable Purchasing System (SPS) Process Map

## Safety, a key point of the 3 operational processes

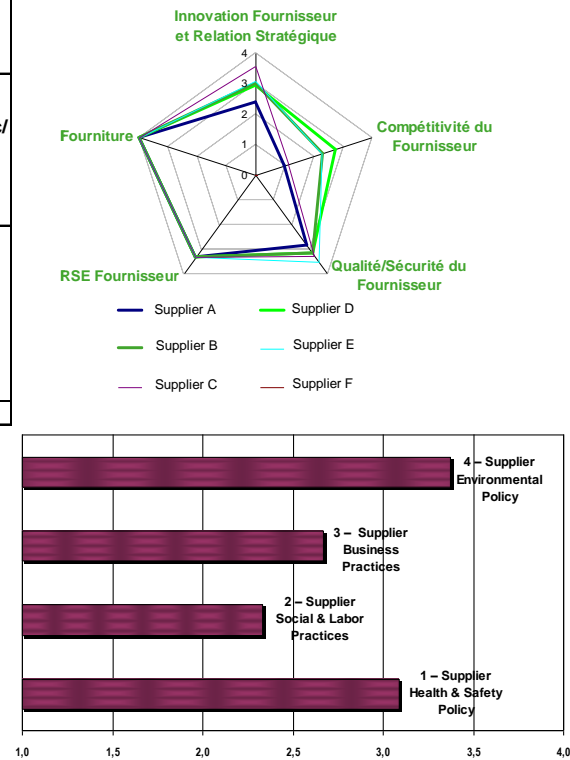


# A unified WW grading system for supplier selection

	Comparative solutions		
	Weight	Supplier A	Supplier B
Supplier Competitiveness	40%	0	0
Supplier Quality & Responsible Care	20%	0,00	0,00
Supplier CSR	20%	0,00	0,00
Supply Risk	10%	0,00	0,00
Supplier Innovation & Strategic Relation	10%	0,00	0,00
<b>GLOBAL APPRECIATION</b>	<b>100%</b>	<b>0,00</b>	<b>0,00</b>

Responsible Care (generated by the product/ service in Rhodia's environment)	Safety of procedures
	Exposition to toxic/ hazardous substances
	Emissions to the atmosphere
	<b>Total</b>

Themes
1 – Supplier Health & Safety Policy
2 – Supplier Social & Labor Practices
3 – Supplier Business Practices
4 – Supplier Environmental Policy

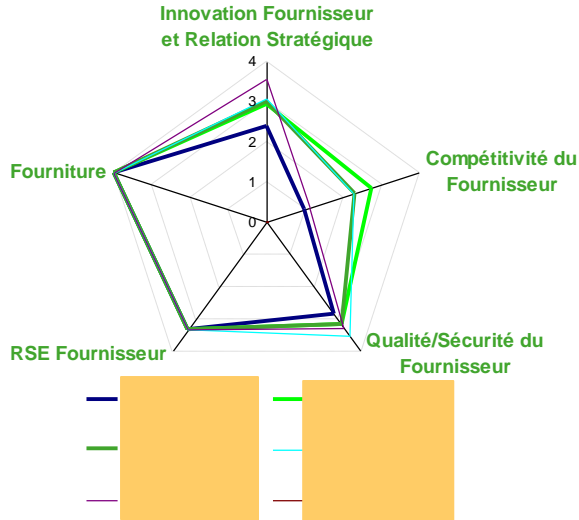


- **Safety is addressed from two perspectives:**
  - Product or services impact on Rhodia environment (ie: compliance with Rhodia Site procedures)
  - Supplier's intrinsic focus on safety: from a formalised HSE policy to the use of PPE...
- **Overall labor practices are also assessed as a key driver to create a safe working environment**

# Formalised grid presented for decision in 2011

Comparaison des solutions							
	Pondération						
Supplier Competitiveness	50%	1 412 328	1 040 353	1 132 287	1 143 869	1 385 999	0
		1,0	2,7	2,3	2,3	1,1	#VALEUR!
Supplier Quality & Responsible Care	20%	2,83	3,17	3,17	3,50	3,25	0,00
Supplier CSR	10%	3,33	3,33	3,33	3,33	3,33	0,00
Supply Risk	10%	4,00	4,00	4,00	4,00	4,00	0,00
Supplier Innovation & Strategic Relation	10%	2,40	2,95	3,00	3,05	3,55	0,00
<b>GLOBAL APPRECIATION</b>	<b>100%</b>	<b>2,04</b>	<b>3,03</b>	<b>2,82</b>	<b>2,87</b>	<b>2,30</b>	<b>0,00</b>

- Recommended short listed suppliers:
- Major risks and opportunities: none



# Specific points of attention addressed by Purchasing at contract level

Beyond the required compliance check list:

- Company regulatory compliance
- Employee accreditations
- Compliance and traceability of safety equipment
- ...



**Specific attention is given to:**

- All Tier 2 service sub-contractors are pre-qualified by Rhodia with the same process and requirements. Contractors can only select sub-contractors from approved Pick list.
- Percentage of temporary employees used by Contractor should remain below 20% at all times
- Each contract has its QHS&E plan attached with specific actions for monthly monitoring
- Incentive clauses included in the contract for use of appropriate PPE or proper use of operating procedures
- Appropriate living accommodations for personnel working on a project > 70 km from home

# Purchasing is a partner to the site team for the implementation phase

- Suppliers selected with similar levels of safety requirements as Rhodia
- Involvement of the suppliers in the Rhodia Safety Policy:
  - Signature of partnership agreement
  - On site Rhodia safety training
  - Regular Safety discussions on Rhodia Site and implementation of action plans if needed
  - Daily workload scheduling
- Implementation of a Field Safety Organization in order to promote preventive actions (manhole supervisor, safety foreman, safety shop...)
- Compulsory formalized preparation for all technical work
- Root Cause Analysis for each safety incident



Protection obligatoire de la vue  
Eye protection must be worn



Protection obligatoire du corps  
Safety overalls must be worn



Protection obligatoire des pieds  
Safety boots must be worn



Protection obligatoire des mains  
Safety gloves must be worn



Protection obligatoire de la tête  
Safety helmet must be worn



Protection obligatoire de l'ouïe  
Ear protection must be worn

- Purchasing manages the Supplier Evaluation process:
  - Each supplier is separately evaluated by the Site and by Purchasing
  - Low graded suppliers have to work on corrective actions program
  - Low graded suppliers are either audited or re-evaluated within 12mths
- 80% of spend (350 suppliers) is evaluated over a 3 year cycle

To effectively support Operations and efficiently contribute to the Safety effort, Purchasing has to:

- **Know the suppliers and be selective:**
  - Efficient panelization of Tier 1 and Tier 2 contractors
  - Select critical suppliers and foster partnership
- **Give financial & operational visibility to the suppliers:**
  - Favour multi-year contracts for major GMC
  - Cost & fee (Time & Material) approach vs Lump Sum contracting
  - Plan & bid major turnarounds well ahead
  - Clarity on the « List of requirements »
- **Measure performance and give feedback to the suppliers**
  - Monthly meetings with Site team / quarterly meetings with Site & Purchasing
  - Yearly overall contract assessment
  - Supplier evaluation and/or Audit every 3years

**Safety is a Company mindset  
Purchasing is a contributor to the overall effort**