GLOBAL COMPACT – PUBLICATION 2007

President's Extension Commitment

With regard to our yearly communication commitment, REEL and myself, we put the emphasis on the application of principles 7 (precautionary approach to environmental challenges) and 8 (environmental responsibility).

You will find herewith enclosed the method we used for Environmental Analysis made in our plants together with the some results we obtained.

Philippe FRANTZ
President

Environmental Analysis – Parameter Scoring Principle

1 - SCOPE

Just like in any environmental approach, REEL has listed the environmental impacts relating to its activities. In order to center its efforts on major impacts, REEL has produced an easy to use scoring grid that is proposed in this publication.

2 - PRINCIPLE OF THIS METHOD

Every environmental impact is assessed on the basis of four sensitivity criteria:

- **S**: sensitivity of the surrounding environment
- **I:** importance of the impact in terms of seriousness / frequency
- **M**: company management control in relation to the hazard
- **R**: situation in relation to applicable regulations

For every criteria, a value level principle is applied ranging from "low" to "high".

The combination of these four values yields an overall criticality value. Multiplying the values of each of the criteria offers a way to significantly differentiate the overall value for a given identified hazard and therefore makes it possible to quickly target sensitive points that must be addressed as a matter of priority.

3 - AWARENESS CRITERIA AND RATING

S = Sensitivity of the surrounding environment

→ This is the criteria that is the most variable from one company to another
→ The aim is to define those themes the company has a negative impact on (ground, water, air, noise…)
→ And, for each of the themes, potential points are identified that may or may not be retained
→ Lastly, the scoring is generated, e.g. retaining values like:

- 1 = low: 0 criteria applicable per theme
- 2 = medium: 1 criteria applicable
- 3 = high: 2 at least two criteria

→ Refer to the application grid in chapter 4

I = Importance

→ Here the concept of Seriousness / Frequency applies
→ This criteria relates to the company's image and long term solidity
→ The values used are 1 or 3

1 = low: remains within "clean" limits
3 = high: exceeds "clean" limits

M = Management

→ Management is examined on the basis of three aspects: technical, organizational and human factors
→ The values range from 1 to 3 based on the following definitions:

1 = managed: technical / training / efficient application
2 = partial operational management: 1 or 2 aspects covered
3 = random: none of the aspects are covered

R = Regulation

→ Based on the fact that regulatory compliance is fundamental to start with, a significant weighting factor is applied in the event of any non compliance:

1 = compliant or not affected
10 = non compliant

4 – GRID USED BY REEL FOR THE VI PLANT "SENSITIVITY" CRITERIA

	GROUND SURFACE AND SUB SURFACE / WASTE	Yes	No	1 ❑
➢	Ground water close to site and/or at low depth	X		
➢	Water pumping point close to site		X	**Medium 2** ❑
➢	Especially permeable ground or area prone to flooding		X	
➢	History of ground surface or sub surface pollution		X	3 ❑
➢	Complaints		X	
	WATER	**Yes**	**No**	
➢	Watercourse nearby		X	**Low X**❑
➢	Wetland and/or fishing area nearby		X	
➢	Tourism or recreational activity nearby		X	❑
➢	Significant and/or frequent low water period		X	
➢	Sensitive municipal sewage station		X	❑
➢	Complaints		X	
➢	Site located in an area prone to flooding		X	
	AIR	**Yes**	**No**	❑
➢	Specific relief causing poor air circulation		X	
➢	Highly polluted area		X	**Medium X**❑
➢	Population/sensitive area nearby or under the prevalent winds	X		
➢	Specific climate during certain seasons (heat, haze...)		X	❑
➢	Complaints		X	
	NOISE	**Yes**	**No**	**Low X**❑
➢	Existing sensitive area nearby (hospital, rest home, school, etc.) or under the prevalent winds		X	
➢	Existing urban residential area nearby		X	❑
➢	Specific local regulations		X	
➢	Complaints		X	❑
	COUNTRYSIDE AND NATURE /NATURAL RESOURCES	**Yes**	**No**	
➢	Regional Natural Parkland, environmental charter, river preservation contract...		X	**Low X**❑
➢	Historic monument nearby (castle, church...)		X	
➢	Rare natural habitat nearby (Natural Area of Ecological, Fauna and Flora related interest (ZNIEFF), wetlands, peat land...)		X	❑
➢	Local authorities and public bodies sensitive to landscape aspects (village entrance and town center embellishments, planted alignments, public gardens...)		X	
➢	Complaints		X	❑

5 – RESULT IN THE ENVIRONMENTAL ANALYSIS

Each heading of the environmental analysis is evaluated to achieve an environmental aspect scoring based on the criteria already set out, applying the **formula: SxIxMxR**
REEL has retained as Significant Environmental Aspects (SEAs):

- those which score **> 12**,
- those which correspond to a regulatory non-compliance.

An excerpt of the environmental analysis is provided below to illustrate the method.

Environmental Analysis of the Villefranche/Saône Plant

N = Normal and degraded operation
A = Accidental operation
S = Sensitivity of the surrounding environment
I = Importance (seriousness / frequency)
M = Management
R = Regulatory situation

Activities	Aspects	Impacts	Funct.		Scoring					Justification for the management level
			N/D	A	S	I	M	R	Total	
Warehouse	Unpacking incoming products	Packaging waste	X		2	1	1	1	**2**	
	Flammable product storage (methyl alcohol)	Fire hazard: air water ground pollution		X	2	3	3	10	**180**	Small quantities. An incombustible retention sump should be provided.
	Wiring and shipped part packaging waste = wood	Waste	X		2	1	1	1	**2**	Industrial waste management: sorting in different skips. Skip for wood since Jan. '05.
	Use of forklifts	Fire and explosion hazard when recharging batteries (gaseous H2 emissions)		X	2	3	3	10	**180**	Refer to insurer's recommendation
	Use of forklifts	Oil leak hazard / ground pollution		X	2	1	2	1	**4**	Absorbent material available, sent for hazardous waste processing. Instructions to express.
Manufact-uring Welding	Work on hot points (fire hazard)	Water, air, ground pollution		X	2	3	2	1	**12**	Full time fire permit but no "surveillance instructions" (see APAVE model). Grinding sometimes performed in areas inadequately protected. Hardly a flammable environment.
	Grinding	Noise	X		1	3	2	10	**60**	No noise measurement
	Welding and boilermaking smoke + dust	Atmospheric pollution	X		2	3	2	10	**120**	Releases often channeled (extractor). No release/concentration measurement.
Oxycutting, welding	Use of propane, Argon, CO2	Atmospheric pollution		X	2	1	3	1	**6**	Propane: tank contract but nothing for indoor piping. Contract with Air Liquide: argon and CO2; the indoor network belongs to AL who inspects twice yearly
	Explosion hazard	Noise		X	1	3	2	10	**60**	
Machining	Waste: metal dust, chips, cutting oil, aerosol cans	Waste	X		2	1	2	1	**4**	Waste sorted at source (chips, cutting oil, aerosol cans) with industrial waste management contract. Provide instructions for application.