

SUSTAINABLE DEVELOPMENT REPORT



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Key figures for the Group in 2007*

4,781 M€
SALES

15,000
EMPLOYEES

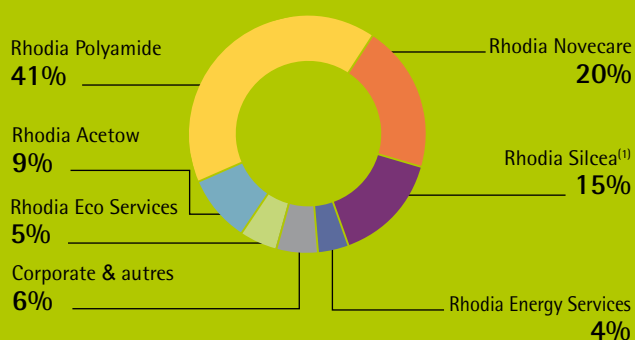
758 M€
EBITDA

68
SITES WORLDWIDE

129 M€
GROUP SHARE NET RESULT

Rhodia is an international chemical company resolutely committed to sustainable development. As a leader in its businesses, the Group aims to improve its customers' performance through the pursuit of operational excellence and its ability to innovate. Structured around six Enterprises, Rhodia is the partner of major players in the automotive, tire, electronics, perfume, health & beauty and home care markets. The Group employs around 15,000* people worldwide and generated sales of €4.8 billion* in 2007. Rhodia is listed on Euronext Paris.

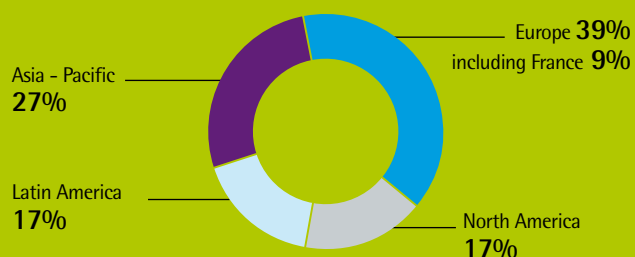
Breakdown of sales by enterprise*



(1) Including diphenols.

* After reclassifying activities that have been or are in the process of being divested.

Breakdown of sales by geographic zone *



Our markets

Rhodia draws on technological expertise and world-class operations capabilities from its worldwide manufacturing and R&D network, making it a preferred supplier to numerous manufacturers in many business sectors.

➤ Automotive and transport

With rare earth-based materials for automotive catalysis, engineering plastics and high-performance silicas, Rhodia helps vehicle manufacturers meet the major challenges of reducing CO₂ emissions, saving energy and improving the quality of the air we breathe.

➤ Consumer goods

Rhodia technology abounds in everyday life. Rhodia solutions are used in a variety of household cleaning products, polyamide 6.6 for the textile yarns market and cellulose acetate tow for cigarette filters.

➤ Electricals and electronics

Rhodia's rare earth-based formulations are used to make low-energy light bulbs, flat screens and portable digital devices. Engineering plastics also play a part in improving the safety of domestic and industrial electrical equipment.

➤ Health and beauty

In the personal care market, Rhodia has developed innovative solutions to meet consumers' latest expectations while satisfying manufacturers' requirements for competitive products. An expert in surfactants for the skin and hair care markets, Rhodia technologies make hair and skin look and feel healthier.

➤ Industry and processes

High performing processes and intermediates are decisive factors in the competitiveness of any industrial company. Rhodia offers its customers specific intermediates, mainly as part of the Polyamide manufacturing chain, and a wide range of performance surfactants, specialty polymers and surface treatment products.





➤ Flavorings and fragrances

Diphenols are used in formulations for the food and fragrance industries. They are also used in the manufacture of olfactory notes often added to detergents. Rhodia makes vanillin for pleasant vanilla-inspired scents and flavors.

➤ Agrochemicals and nutrition

Rhodia supplies additives for crop treatment formulations. Our silica is used in animal nutrition.

➤ Energy and greenhouse gases

Rhodia is making significant reductions in its greenhouse gas emissions and is also developing its emission reduction business within the framework of the Kyoto Protocol. The Group's expertise in sulfuric acid regeneration is used by oil refiners.

➤ Meeting expectations in terms of sustainable development: A powerful growth driver

Rhodia currently generates 30 percent of its sales with products that respond to the desire of customers and consumers for sustainable solutions.

These include:

- Jaguar®, a plant-based biopolymer to increase the production efficiency of oil wells.
- Eolys™ soluble catalyzers are used in combination with particulate filters to reduce 99 percent of emissions from diesel engines.
- Rhodiasolv® solvents have excellent toxicological and eco-toxicological properties and offer similar technical and economic performance to conventional systems.

Eco-friendly and sustainable solutions are a major strategic focus for the Group.

Jean-Pierre CLAMADIEU
Chairman and Chief Executive Officer



“For Rhodia, sustainable development is not only a fundamental responsibility but also a strategy for growth. Today, one third of our sales are related to our customers' and consumers' concerns for products and manufacturing methods that meet sustainable development requirements. We are determined to intensify our commitment to this strong trend in our markets in the next few years and make it one of our main driving forces for growth.”

Jacques KHÉLIFF
Director of Sustainable Development

INTERVIEW WITH JACQUES KHÉLIFF

What stands out in your mind about the Group's sustainable development activity in 2007?

JK: The most outstanding event was the successful deployment of the Rhodia Way. This was designed as a trial run which aimed to give the largest possible number of teams the opportunity to experience the full extent of Rhodia Way commitments. At the end of the three months scheduled for the exercise, all the Group's enterprises and functions had carried out their self-assessment, which constitutes a real success.

How do you explain this success?

JK: First of all, for everyone at Rhodia our commitment to sustainable development is a natural extension of the continuous requirement for safety in our profession. Safety at work and managing processes and product-related risks are fundamental to the culture of our Group.

Getting everyone involved in developing our approach to sustainable development was another key factor. Together we devised the structure of the framework, defined its targets, good practices and performance indicators. It was a demanding process and many discussions were required to create the tool we have today. But the experience helped to bring the whole team on board in a progressive manner, ensuring that the Rhodia Way belongs to everyone.

And finally, the Rhodia Way is completely in line with the Group's commitments to its customers and their growing expectations for new products that meet the demands for sustainable solutions.

What are the prospects for 2008?

JK: This will be the first full year that the Rhodia Way has been up and running and, after the various action plans are carried out, we will also need to increase our employees' involvement in evaluating practices and fixing new targets.

As part of our commitment to the global social responsibility agreement, we will be carrying out an assessment study in Brazil in 2008 with ICEM[®], as we did in China in 2007. This agreement is now an integral part of the Rhodia Way framework, further strengthening its authority.

With regard to the environment, we will be optimizing our actions to reduce greenhouse gas emissions and promote respect for biodiversity. We also wish to continue the important work we started on managing the life cycle of our products.

Thanks to the continued commitment of everyone in Rhodia, I have every confidence in our ability to make excellent progress together, both in 2008 and the future.

Limiting our impact

Our business footprint

At each level of its activity, Rhodia strives to limit its impact.

RESEARCH AND DEVELOPMENT

1



PURCHASING

2



PRODUCTION

3



Our responsibility

Rhodia's R&D teams play an important role in the Group's sustainable development policy. In partnership with major customers, they specifically develop high-performance products and industrial processes with even greater consideration for the environment and people.

Actions in 2007

➤ The R&D department put in place new criteria for analyzing the life cycle and energy efficiency of innovation projects.

➤ As part of its *We Shape the Future of the Group* program, Rhodia's R&D department developed new partnerships with various players in the scientific world and the chemical industry. As an example, the Group jointly invested with another manufacturer and the CNRS in a project on polyamides.

Key points

Thirty percent of the Group's sales relate to projects satisfying sustainable development requirements.

Our responsibility

The Group purchases 3.1 million tonnes of fossil-based raw materials (petrochemicals and minerals). The non-renewable nature of these resources and the effects of their extraction, production and transportation contribute significantly to the environmental impact of our activities. Rhodia gives priority to suppliers who are committed to sustainable development and environmental protection.

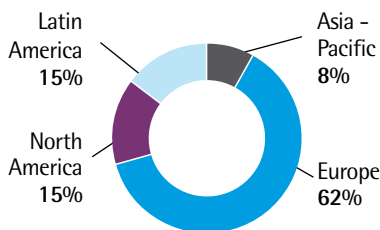
Actions in 2007

➤ The Purchasing function trained 70 percent of buyers in the Rhodia Way framework. This initiative enables them to integrate the sustainable development criteria defined by the Group at a very early stage, upstream of purchasing procedures.

➤ As part of the REACH regulations, each purchasing process now routinely incorporates a phase for evaluating the supplier, formalizing the relationship by contract and establishing the traceability of any raw materials.

Key points

Breakdown of purchases by geographic zone (by value)



Our responsibility

Being a responsible producer involves managing risks as much as possible, anywhere around the globe. Rhodia makes every effort to control and reduce its impact on the environment and minimize the risk of accidents.

Actions in 2007

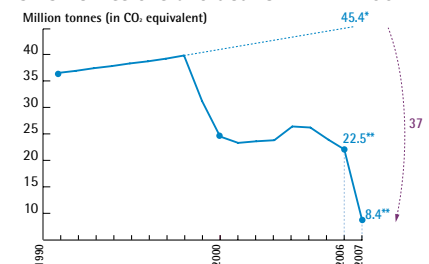
➤ In 2007, a system of reporting accidents and incidents having an impact on the environment was put in place at a global level and an environmental management indicator, illustrating these accidents, was established.

➤ An analysis of the risks relating to process safety has been carried out at 87 percent of installations within the last five years and for Seveso-classified facilities or similar, a coverage rate of 96 percent ✓ was reached in 2007.

➤ Rhodia has constantly improved the management of its emergency plans year after year. In 2007, 98 percent of sites had tested their emergency plan within the last three years, and 100 percent had reviewed it within the last three years.

Key points

GHG emissions avoided: 37 MT in 2007



* Greenhouse gas emissions as they would have been without CDMs in place (Brazil and South Korea) and technological improvements on the Chalamp site (France).

** Rhodia monetized 1.6 MT of CO₂ equivalent (CER) in 2006, and 13.4 MT in 2007.

Data prior to 2000 have been recalculated (see indicators pp. 18-19).

TRANSPORT

4



Our responsibility

Products are transported mainly by truck, rail, sea and water. Limiting the environmental impact of indirect emissions from these various modes of transport is one of the Group's top priorities.

Actions in 2007

➤ In France, Rhodia continued to make the switch from road to rail, working in partnership with the SNCF (the French national railway company). In 2007, out of 21,000 tonnes transported to Spain from the Chalampé site in France, 17,000 tonnes had been transferred to rail. In addition, in the Lyon region, a goods grouping system helped to reduce the impact of road transport by 50,000 km/year.

➤ A clause relating to transport security with regard to terrorist threats was introduced into new transport contracts, signed with suppliers. In addition, as part of a new C-TPAT (*Customs Trade Partnership against Terrorism*) audit, Rhodia Inc. in the United States was again awarded the best grade achievable (tier 3).

Key points

Breakdown of modes of transport (by value)



SALES

5



Our responsibility

Rhodia products are sold mainly to major industrial customers and distributors. They must meet their customers' stringent requirements in terms of product life cycle monitoring and safety during storage and use.

Actions in 2007

➤ Through its Product Stewardship^o expertise and its comprehensive knowledge of international regulations, Rhodia can provide its customers with high added-value advice for identifying a risky product and/or assisting in developing a replacement product.

➤ In 2007, as part of the survey of its CMR^o substances (the European REACH regulation and Rhodia's global procedure), the Group ceased production and marketing of one substance and carried out studies for substituting certain substances with its customers.

Key points

- Main products marketed by Rhodia: Polyamides, polymers, surfactants, rare earths, etc.
- Application of the European REACH regulation: Over 400 substances have been identified and must be pre-registered in 2008. Amongst these, four CMR substances will be subject to an authorization procedure.

END USE

6



Our responsibility

Our products are used in many markets. They are tested for safety alone or in combination with our customers' products. We also ascertain with industrial customers and distributors that safety criteria are met so we can ensure our products are safe for end users.

Actions in 2007

➤ The Safety Data Sheets (SDSs^o) that accompany each of the Group's products are revised at least every three years. At the end of 2007, the Europe, North America and Latin America zones were 25 percent ahead of schedule on their three-year revision target.

Key points

Markets using Rhodia products:

Automotive, tire, electronics, perfume, health & beauty and home care.

A responsible chemical company

➤ Innovation, Research & Development

Envisioning and creating innovations for the future

Bringing together wide-ranging internal and external expertise is key to quickly and efficiently developing the best innovations in the specialty chemical industry.

In March 2007, Rhodia established a "Science and Innovation Council", to help define and implement the Group's innovation strategy. Chaired by Jean-Pierre Clamadieu, it includes members of Rhodia's R&D Steering Committee and outside industrial experts who are recognized for their expertise in Rhodia's strategic areas of innovation. The Council has already been approached to help promote breakthrough projects that represent new growth horizons for Rhodia.

Rhodia has also launched *We Shape the Future of the Group*, a program that reflects its ambition to further develop relationships outside of the Group. The objective is to collaborate with a network of partners, improving the profitability of short-term projects and strengthening the Group's capacity to launch and manage more ambitious projects. This involves suppliers and customers as well as partner universities, such as shared laboratories with the CNRS[●] on Rhodia sites. Rhodia also participates in the French Axelera competitiveness cluster and the European Suschem (Sustainable Chemistry) technological platform, where it maintains regular contact with companies in the environment cluster and many innovative SMEs (Small and Medium-sized Enterprises).

Finally, in November 2007, the Group became a founding member of the "Plant Chemistry" association which brings representatives of the agro-resource and chemical industries together with their customers in a spirit of openness and dialogue.

Evaluating the contribution of projects to sustainable development

Rhodia promotes responsible chemistry by incorporating sustainable development priorities early in the R&D process. This includes designing manufacturing processes that use more renewable raw materials or inventing products that reduce energy consumption and emissions. Rhodia has a history of expertise in sustainable innovations and continues to build upon its portfolio of "green" chemistry. In 2007, the global R&D platform developed Rhodiasolv[®] IRIS, the first in a range of safe, eco-friendly solvents launched by Rhodia Novecare and Rhodia Polyamide.

Also during 2007, performance and monitoring indicators were put in place to quantify the potential of all R&D projects, particularly in terms of life cycle, energy efficiency and the creation of economic value. Quantifying these indicators and using the results in the project selection process strengthens the Group's R&D strategy toward sustainable development and promotes the kind of breakthrough innovations that are expected by customers.

Pierre-Gilles de Gennes: A respected name to champion Rhodia's innovations

➤ Eminent professor, scientist and winner of the Nobel Prize for Physics in 1991, the late Pierre-Gilles de Gennes dedicated much of his work to reconciling scientific, societal and industrial challenges. He made a significant contribution to scientific and technical strategy for many years, first at Rhône-Poulenc, then at Rhodia as a member of its Scientific Council and Board of Directors.

In his honor, Rhodia named its new innovation center after Professor de Gennes, inaugurating the site at Pessac, near Bordeaux in France, in December 2006.

The goal of the center is to become the development platform for Rhodia's major new innovation projects. It already houses the Laboratory of the Future, internationally recognized for its work in electronics, computer science and new technologies such as microfluidics and robotics.

➤ During the inauguration of the new center, Rhodia announced the creation of the **Rhodia Pierre-Gilles de Gennes prize for Science and Industry**. Every two years, this international prize will be awarded to a major scientific or technological achievement in the field of chemistry, physics or physical chemistry. Worth 200,000 euros, the first prize was awarded in May 2008 to Sir Richard Friend, Cavendish Professor of Physics at the University of Cambridge (UK), for his work in the field of polymer light-emitting diodes.



➤ REACH

Rhodia's extensive involvement in the European Union's REACH directive - both within and outside the Group - has enabled it to foster a close and constructive dialogue with many customers who are well-placed to appreciate the Group's capacity to register the substances it sells.

Update on the registration of our substances

The Group has actively prepared for the implementation of the REACH regulations. Four hundred substances requiring registration have been identified, including four substances with CMR[●] classification requiring authorization. The Group has also continued to survey its product range critically on a worldwide basis and replace risky substances.

More than a question of expertise... a question of management

With REACH representing a cross-management challenge that transcends product expertise alone, the Group appointed a project manager in January 2008. Alongside the REACH correspondents in the various Enterprises and Functions (legal, IT, R&D and industrial), the manager is responsible for coordinating actions and harnessing opportunities for innovation, development and communication.

Our suppliers at the heart of the process

During 2007, the Group developed a new channel of communication with its main suppliers, to ensure they were informed of their new obligations. All critical suppliers have been individually targeted to discuss the raw materials supplied. The progress of their registration has also been regularly monitored. New computer software has also been created to allow other suppliers to make their declarations electronically. Thanks to these developments, the Group will be able to successfully complete the comprehensive pre-registration of all the substances requiring authorization.

➤ The battle against climate change

Confronting climate change: a major challenge

At the end of the 1990s, the Group became aware of its position as a significant emitter of greenhouse gases. At that time, Rhodia committed to reducing its emissions in France by 30 percent over the period 1990-2010. The Group made significant investments which have reduced emissions from its Chalampé (France) site by more than 20 million tonnes of CO₂ equivalent per year.

On a global level, Rhodia installed the same type of emissions reduction technology on sites in Paulinia, Brazil and Onsan, South Korea under the Kyoto Protocol's[●] Clean Development Mechanism (CDM[●]). These two projects, which saw their first year of full activity in 2007, generated CO₂ emission credits (CERs[●]). With 23 percent of the issued CERs in 2007, Rhodia has thus become one of the first worldwide contributors to implement this part of the Kyoto Protocol.

orbeo: Leading expertise on the emission credit market

Capitalizing on its expertise in the reduction of greenhouse gas[●] emissions and optimizing the use of its emission credit portfolio, the Group joined forces with Société Générale in 2006 to create **orbeo**.

A unique joint venture combining industrial and financial expertise, **orbeo** covers the entire "carbon value chain". Upstream, via origination, **orbeo** identifies and develops projects to reduce emissions of greenhouse gases within and outside the Group, and downstream, trades its carbon credits worldwide.

Its expertise has been recognized by prestigious prizes: *Environmental Finance* awarded **orbeo** the prize for *Best trading company for credits from the Kyoto Protocol's project-based mechanisms* and second prize for *Best trading company for European ETS[●] allowances*.



Constructing The Rhodia Way

A structured approach

Steering our actions with a framework of commitments

To strengthen our company-wide approach to sustainable development, Rhodia established a framework of commitments dedicated to the Rhodia Way. A reference, self-assessment tool and management guide, the Rhodia Way framework is the driving force for communication and action, internally and externally. Few companies have yet to develop such a comprehensive framework for the many responsibilities that go hand in hand with sustainable development.

A team of managers from different areas of business produced the first version of the Rhodia Way framework in 2005. The Group's six stakeholders - customers, employees, the environment, shareholders, suppliers and local communities - were each represented by ten managers on the team, for a total of 60 contributors. In 2006, the framework was tested and fine-tuned. The key themes and practices that guide Rhodia were thus defined.

Today the Rhodia Way framework includes 21 commitments, encompassing a set of 44 practices. Ambitious, practical and flexible enough to meet new challenges, the framework guides the Group on a path of sustainable development now and in the future.

Carrying out the self-assessment

Overall practices related to each stakeholder were analyzed with a 1-to-4-stage rating system (from "introduction" to "performance"). Additionally, Rhodia's plants, R&D centers, business units, as well as the legal, finance and purchasing functions, analyzed their practices and performance. To facilitate the global collection and analysis of data from the assessment, an intranet reporting tool, *My Rhodia Way*, was developed.

The self-assessment enabled each entity to examine performance and identify main areas of improvement which would serve as the basis for Group-wide action plans in 2008.



Communicating the Rhodia Way

The September 2007 launch of the self-assessment was accompanied by a worldwide internal poster campaign to raise company awareness of the Rhodia Way. Posters presenting the Rhodia Way and its key issues were translated into the Group's seven working languages and displayed in all locations.

An intranet site dedicated to sustainable development was also created in the same year. Designed to boost awareness and understanding, the site provides employees with comprehensive information on sustainable development and the Rhodia Way, including news, agreements signed with external partners, links and a glossary.



Worldwide internal poster campaign



Constructing The Rhodia Way

● 2007: The year of deployment

Progressive and concerted application

March: At their annual convention, the Rhodia Way framework was presented to 260 senior managers. In a practical workshop, they were invited to experience first-hand how easy it is to carry out the self-assessment. The results demonstrated the reliability of the procedure.

April: A "Rhodia Way network" was created to relay and manage onsite implementation.

- Managers from each of the Enterprises and the three Functions concerned with CSR issues were designated as the "champions" responsible for coordinating deployment,
- Ninety additional correspondents were also appointed to introduce the Rhodia Way on a local level and organize the self-assessments.

May: The tools to accompany the self-assessment were finalized and the Rhodia Way intranet launched.

June: European Works Council (CEE) and French Works Councils (CE).

July-August: Site-based training on the framework and sustainable development issues took place for the hundred employees comprising the Rhodia Way network in the USA, Brazil, China and France.

September to December: The self-assessment was launched, the results analyzed and action plans for 2008 developed.

Presentation of results

The following pages present the overall results of the assessment for each stakeholder. They give a picture of the current positioning of our various entities in terms of the practices and commitments defined.



Marcus Lewis – Manager of the Baton Rouge site – Rhodia Inc. – USA

"I am both the Rhodia Way champion for Eco Services and the correspondent for the Baton Rouge site."*

Self-assessment at Baton Rouge was launched during a meeting led by the Manufacturing Leadership team in August 2007. Most of our Enterprise managers were present, including Jim Harton, our Enterprise and North America zone President. The procedure was then validated by the Baton Rouge site management team, made up of managers from the Eco Services and Silcea Enterprises.

Our site welcomed this project with a lot of enthusiasm. Everyone was highly motivated by the impetus for progress.

At the end of 2007, I was appointed to lead the finalization of the self-assessment process at all Eco Services sites. The site managers and I analyzed the weaknesses revealed by the assessments and began developing action plans for 2008. The results and new objectives were shared with all of our employees.

** The Baton Rouge site in Louisiana is shared by the Rhodia Eco Services and Rhodia Silcea Enterprises.*

RhodiaWay™

Laurent Sapet
Rhodia Way
project manager



Next step: Getting everyone involved

To ensure the success of the Rhodia Way from start to finish, the Group's sustainable development department will continue to give the Rhodia Way network their active support. Having already met the champions at the end of the first self-assessment, the team will be meeting the other correspondents during the first quarter of 2008. Regular reviews will be organized to seamlessly monitor the deployment process and ensure the ongoing assessment of areas of improvement.

In 2008, Rhodia aims to increase employee participation and understanding by aiding communication, organizing training and supporting staff.

"We needed a network of employees to roll out the Rhodia Way. Thanks to the personnel who made up the network - 100 in all - this first stage in the deployment has been a real success. We had the full participation in the self-assessment of all the different entities involved, together representing 90 percent of employees in the Group."

	1 INTRODUCTION	→ 2 DEPLOYMENT	→ 3 MATURITY	→ 4 PERFORMANCE
KEY PRACTICES: FOUR LEVELS OF MATURITY HAVE BEEN IDENTIFIED	The entity is mainly reactive in the face of expectations from stakeholders. Status of the existing situation has been analyzed.	The entity is deploying a structured improvement program both internally and with stakeholders. Priorities have been established, resources allocated and managers are involved in the action plans.	The entity has successfully initiated action plans. They are implemented and controlled in all areas, with first feedback obtained. Employees are involved in the deployment.	The entity's performance is close to the benchmarks of the profession. The improvement process is permanent, with results showing lasting improvement. The entity is recognized for its exemplarity and all stakeholders are adhering to the program.

Sylvain Lambert - Partner - PricewaterhouseCoopers - France

"My viewpoint on the Rhodia Way, as an expert in sustainable development."

For a number of years, major companies have been developing sustainable development indicators and ways of managing their performance in this area. But, unlike Rhodia, few companies have integrated a procedure that takes account of practices and performance and incorporates mechanisms for them to evolve over time. Today, the most high-performing groups are those that know how to manage both their indicators and their management methods.

The advantage of the Rhodia Way is that its deployment takes place progressively, going from an education and internal awareness-raising stage through to diagnosis and assessment. The implementation of subsequent progress plans, shared by all the teams, is another pivotal component of the procedure.

To have initiated such a program is a clear indication of Rhodia's ongoing commitment to sustainable development. And the value of this commitment is all the greater since it is fully supported by Rhodia's management.



Commitment Customers

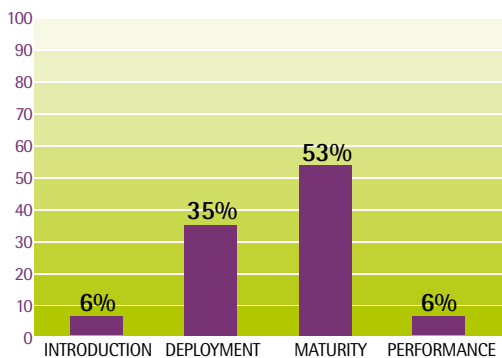
OUR COMMITMENTS

- EXPRESSING OUR CORPORATE SOCIAL RESPONSIBILITY (CSR)• COMMITMENTS IN OUR RELATIONSHIPS WITH CUSTOMERS
- INNOVATING IN LINE WITH CSR
- MANAGING PRODUCT-RELATED RISKS



Results of the 2007 self-assessment

As a % of business units per level



More than 50 percent of Rhodia's business units are at "maturity" level in terms of our commitments regarding Enterprise/Customer relationships. The first Rhodia Way self-assessments confirmed that the Group is in a strong position when dealing with CMR• substances and customer complaints.

However, there is still some progress to be made in handling customers' expectations in matters of Corporate Social Responsibility. Training employees on CSR issues is planned for the European sales forces at the end of 2008 and the rest of the worldwide sales forces by the end of 2009.

Additionally, in early 2008, action plans were drawn up covering 40 percent of key practices, in line with each business unit's specific profile and strategy.



Chairat Teerapanyatham - Manager - Bangpoo site* - Thailand




"In Bangpoo, sustainable development is a state of mind integrated into our way of working."

Our main customers include major international groups and, although the quality of our products is still their main selection criterion, other factors also ensure the success of our business while helping to win customer recognition. These include compliance with regulations, rigorous application of World Class Manufacturing tools and all quality standards such as cGMP (current Good Manufacturing Practices), ISO 9001, and the quality of the safety data sheets we send our customers on a regular basis.

In addition, we truly understand our customers' requirements and meet their expectations as closely as possible. We meet them several times during the year at audit inspections and regularly fill in questionnaires as suppliers. Our complaint handling system also helps us improve our service when necessary. However, I must say that, in 20 years, we haven't had any major problems with our customers and we are proud of this record.

Another element that contributes to the quality of our relationships is the fact that we all share the same approach to sustainable development. We have the same values and the same requirements in terms of safety, protection of the environment and social matters. This promotes dialogue and understanding on both sides. Personally, I greatly appreciate the way we work at Rhodia.

* The Bangpoo site was established in Thailand in 1985.

OBJECTIVES	TIMEFRAME	2007 RESULTS	COMMENTS
<ul style="list-style-type: none"> ○ To train the sales force in CSR issues ○ To update and complete the information on the safety data sheets intended for our customers, at least every three years 	2008-2009 Recurrent	Result expected in 2009 	2008: Europe - 2009: Rest of the world Objective reached and even exceeded in three out of four zones
<ul style="list-style-type: none"> ○ To define a methodology incorporating R&D-related CSR criteria (energy efficiency, product life cycle, etc.) 	2008	Result expected in 2008	Pilot phase in progress on R&D projects
<ul style="list-style-type: none"> ○ To deal with the CMR substances marketed, within three years of identifying them: by either eliminating them or ensuring risks are controlled during their use ○ To deploy REACH[●] plans throughout the Group's six Enterprises ○ To complete the REACH pre-registration step by December 1, 2008, for all substances concerned 	Recurrent 2007 2008	  100% of enterprises Result expected in 2008	Substitution and risk-control assessment on customer sites for six substances out of eight discontinued substances

Innovating, anticipating needs and supporting our customers

Having the best solutions at the right price, guaranteeing a global and easily accessible offer and ensuring high levels of control over product-related risks are the main expectations customers have of Rhodia. In these areas, the Group has been able to establish a mutual relationship of trust over many years. Rhodia's Product Stewardship[●] approach is recognized by its customers in every aspect, from the quality and regular updating of its safety data sheets[●] and efficiency in managing the REACH program to its ability to identify and replace sensitive substances with better solutions.

Rhodia is also striving to provide an even better response to customers' requests for information, as well as complaints. For example, the Group's European customer relations system was ISO 9001 certified (quality management) in 2007. In the future, new systems will be developed in Rhodia's other geographic zones. Rhodia's key account managers have also developed closer relationships with their largest customers, contributing significantly to the quality of commercial dialogue.

Established with the majority of our customers, Rhodia is now able to develop common approaches that take into greater account the Group's corporate social responsibility commitments. Sustainable development innovation projects defined specifically for certain Rhodia customers are a testament to strong shared interests.

Promoting CSR with all of our customers

The Rhodia Way now incorporates an additional goal - taking a proactive role in promoting sustainable development and responsible behavior toward customers. This entails meeting customers face-to-face, setting out Rhodia's commitments and responsibilities, ascertaining those of the customer, identifying their expectations for CSR and devising the best way for both parties to actively serve a common objective. As of 2008, Rhodia is mobilizing the resources necessary for this action, notably through the training of its sales force.

Alain Boucaut - Global Purchasing Network Manager (plastics) - Schneider-Electric - France

"I pay great attention to our suppliers' sustainable development procedures."

I currently buy 95,000 tonnes of thermoplastics from a number of suppliers. Rhodia accounts for four percent of my purchasing expenditure, a budget of about 12 million euros.

Our relationship with Rhodia goes back more than 20 years and we have had therefore the time to establish a strong partnership. Commercially, preferential links exist between our two groups, both as world players, with a global Key Account Manager at Rhodia and a supplier leader at Schneider Electric. We have joint discussions on issues ranging from product improvements to the future of plastics. Rhodia is aware of our requirements and expectations. We know that we can approach Rhodia at any time.

Rhodia and Schneider-Electric also share a strong commitment to sustainable development. When we launched our New² enterprise program in 2005, one of our objectives was to increase our purchases from suppliers committed to the Global Compact[●] (covering 60 percent of our purchases). In 2008, when renewing this program, we decided to increase this percentage further. The firm commitment of our suppliers to sustainable development will be a prerequisite from now on.

I know that Rhodia has implemented a similar procedure and is pursuing ambitious objectives with regard to all its stakeholders[●]. This can only strengthen our relationship.

Rhodia supplies Schneider-Electric with polymers (polyamides 6 and 6.6) which are used in the manufacture of electrical equipment (mini-circuit breakers and contactors).



Commitment Employees

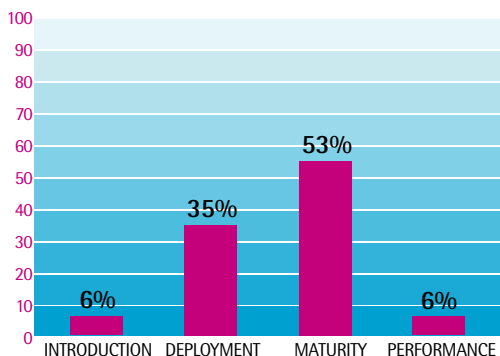
OUR COMMITMENTS

- GUARANTEEING THE HEALTH AND SAFETY OF EMPLOYEES
- DEVELOPING EMPLOYABILITY



Results of the 2007 self-assessment

As a % of sites by level



More than 50 percent of Rhodia sites are at "maturity" level in terms of fulfilling commitments to employee stakeholders. Managing employees' health and safety achieves the best performance. Forming an integral part of Rhodia's health and safety policy, these issues are already included in the "SIMSER+" internal reference framework (a system equivalent to the OHSAS 18001 reference framework and ISO 14001 standard).

Operational implementation of the CSR agreement signed with ICEM in 2005 and widespread availability of suggestion systems for employees are the items with the greatest potential for improvement.

In 2008, a great effort will be made to develop dialogue and increase the overall employee participation in the Rhodia Way.



Simone Donadel – Human Resources Manager – Brazil




"I took part in the deployment of the Rhodia Way in Brazil."

As human resources manager, I took part in the deployment of this initiative on three sites in Brazil. I contributed my expertise on issues relating to our responsibility to employees.

Initially, 100 industrial and operational managers were involved in the first stages of the Rhodia Way. Then at the first self-assessment, a number of employees from different levels joined the teams. Our self-assessment showed that sites in Brazil are achieving a good performance overall in health and safety, and also in terms of developing our employees' skills.

In 2008, we will first present the results of our self-assessment to all of our employees and explain the goals we want to achieve. We then plan to channel our energies into promoting the ICEM agreement to every employee, including new recruits and trade union representatives. We hope the actions undertaken will enable us to substantially improve results of the next self-assessment at all of our Brazilian sites.

Our managers have been enthusiastic in welcoming the Rhodia Way, taking part with positive attitudes and open minds. I am convinced that they will be able to share their convictions with their teams. For my part, I am proud to be contributing toward the development of this responsible approach.

OBJECTIVES	TIMEFRAME	2007 RESULTS	COMMENTS
<ul style="list-style-type: none"> To maintain a high level of safety for employees, outside contractors and temporary staff through the indicators TF1[•] and TF2[•] To develop new accident prevention techniques to achieve a TF2 of 1 for Rhodia's personnel and its contractors 	Recurrent 2010	 TF1 of 0.67 TF2 of 1.43  TF2 of 1.43 as against 1.50 in 2006	Indicators globalized in the results for Rhodia, contractors and temporary staff. Setting up of a new quarterly safety indicator, specific to Rhodia
<ul style="list-style-type: none"> To improve the level of versatility of employees through "application-specific" training 	Recurrent	 23.5 hours of employee training	Rise in number of hours' training compared with 2006 (20 hours)

New aims for 2010

An important turning point for the Group occurred in 2007 with a return to profitable growth. Through the combined efforts of some 3,000 managers, Rhodia is ready to seize all opportunities for development. To support this commitment, the Group's Human Resources department launched a leadership program for 260 senior managers. Those taking part in the program learned about the composition and sharing of a strategic enterprise "vision" and were given the responsibility of building the vision for their own enterprise to be achieved by 2010. The Group favors autonomy, allowing each manager the freedom to achieve their objectives on a local level while drawing from the resources available from Rhodia's globally integrated organization.

Promoting local integration

At the beginning of 2008, Rhodia signed a national commitment with the French Ministry of the Economy, Finance and Employment to help young people from areas of high unemployment gain access to job opportunities in the Group. As part of this commitment, as well as the the Group's dedication to social responsibility, Rhodia signed the first Social Responsibility Charter relating to temporary work with temporary staffing

agencies Adecco and Adia in December 2007. Additionally, for many years Rhodia has organized events for young people designed to increase their interest in chemistry and promote chemistry as a career.

China: ICEM in the field

Rhodia is the only chemical group to sign a global corporate social responsibility agreement with the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM). At the end of 2007, senior managers from Rhodia and ICEM went to China to meet employees. Undertaking this trip was important at a time when the new labor law in China called for increased trade union representation and dialogue with companies. A positive report on compliance with the global CSR agreement and the application of the Rhodia Way was drawn up and areas for improvement were identified.

At the beginning of 2008 Rhodia and ICEM renewed their agreement for another three years. Negotiations updated and strengthened the agreement. Additional commitments included the establishment of a common channel of communication for safety matters and integration of the agreement into the Rhodia Way.

Kemal Özkan - Secretary of ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions)

"Our trip to China with Rhodia enabled us to confirm that the Group is meeting its commitments."

Rhodia's sustainable development approach could serve as a model for others in the chemical industry! The Group operates fairly transparently and openly with regard to its stakeholders[•], and especially toward its employees.

We covered new ground with our agreement in 2007, specifically in China, an important country for Rhodia since part of the Group's growth is in Asia. There we met the Group's Chinese managers, visited the plants at Lyang and Zhenjiang, and talked to the heads of ACFTU (the Chinese Trade Union Federation) about the development of social relations. We observed the working conditions, health and safety practices, and environmental actions. We also noted that the Group maintains excellent relations with the communities close to its plants.

Choosing China as the first assignment with ICEM seemed to us a very ambitious decision on Rhodia's part. It showed that Rhodia is serious in its approach and above all demonstrated the Group's desire to put the terms of our agreement into effect. We are now planning to continue the deployment of our agreement in the rest of the world. Our next destination should be Latin America. Now that the Rhodia Way has been incorporated into the terms of our agreement, we will count on it heavily to support our initiative and bring about significant progress for employees, some of whom may be members of our Federation.



➤ Safety of personnel

Since 2006, the Group has produced global frequency rates that include all people working on its sites. This demonstrates its desire to treat all those involved in HSE^o issues uniformly.

TF1 ^o /TF2 ^o accident rate	Historical basis ⁽¹⁾		
	2005	2006	2007
ALL PERSONNEL WORKING ON A RHODIA SITE TF1	0.9	0.7	0.67
ALL PERSONNEL WORKING ON A RHODIA SITE TF2	2.1	1.5	1.43
RHODIA PERSONNEL TF1	0.8	0.5	0.50
RHODIA PERSONNEL TF2	1.8	1.1	1.18
RHODIA PERSONNEL TG	0.05	0.04	0.046
OCCUPATIONAL DISEASES FOR RHODIA PERSONNEL	41	57 ⁽²⁾	53 ⁽¹⁾
TEMPORARY STAFF TF1	1.4	1.7	2.57
TEMPORARY STAFF TF2	2.3	2.3	3.22
CONTRACTORS TF1	1.1	1.2	0.82
CONTRACTORS TF2	3.0	2.6	1.79
NUMBER OF DEATHS AMONG RHODIA PERSONNEL, CONTRACTORS AND TEMPORARY STAFF	0	0	1

The frequency rate TF1, the only rate widely reported by all industrial companies, has been less than one for three years, a level that places Rhodia among the world's leaders in the chemical industry for workplace safety.

The frequency rate TF2 (accidents with or without leave) has clearly improved compared to 2006 for personnel from outside companies working on the Group's sites.

We deeply regret the death in 2007 of an outside contractor, during installation of scaffolding, on the Onsan site in South Korea.

Studies to assess Health & Safety risks were carried out or reviewed in the last five years for 79.1 percent ✓ of functions.

This high rate demonstrates that great consideration is given to the occupational health policy in the various geographic zones where the Group operates. The tools in place enable different types of risk to be perceived, including chemical, physical and biological risks as well as more specific risks such as those related to noise and vibration. These tools are updated regularly to take account of feedback and regulatory changes.

➤ Analysis of health and safety risks

Assessments of CMR ^o substances on our sites	2007 current basis ⁽³⁾		
	2006	2007	2008 TARGET
NUMBER OF USES OF CMR ⁽⁴⁾ SUBSTANCES ON OUR SITES (EC CATEGORIES 1, 2, IARC CATEGORIES 1 AND 2A)	607	510 ✓	Cannot be estimated at present
% OF NON-SUBSTITUTION OR SUBSTITUTION BRIEFING DOCUMENTS ⁽⁵⁾ DRAFTED	25%	67% ✓	100%
% OF IN-DEPTH ASSESSMENTS ⁽⁵⁾ CARRIED OUT	27%	68% ✓	100%
% OF CMR DOSSIERS ⁽⁵⁾ CREATED	24%	63% ✓	100%

In 2006, the Group developed a management procedure for CMR substances (those classed as Carcinogens, Mutagens or toxic to Reproduction) – "the red line" in its Management Book – which contains the substitution possibilities and risk control. In 2007, an indicator for monitoring the application of this red line was established. On all of our sites at the end of December 2007, 510 ✓ uses of CMR substances (categories 1, 2, IARC 1 and 2A) were declared, for fewer than one hundred CMR substances listed.

➤ Hazard identification and risk assessments

Safety Data Sheets	2007 current basis		
	2005	2006	2007
% OF SDSs ^o REVISED BY THE ENTERPRISES	86%	93%	139%
% OF MSDSs ^o REVISED BY THE ENTERPRISES	85%	91%	127%
% OF AML SDSs ^o REVISED BY THE ENTERPRISES	28%	100%	100%

High-quality MSDSs^o are essential for ensuring that our risk assessments are relevant, since scientific data and statutory requirements are constantly being updated. At the end of 2007, the three zones of Europe, North America and Latin America had exceeded their target of three-yearly revision of their MSDSs.

- (1) The historical basis for a year N relates to sites owned or once owned, completely or partially (depending on the internal procedure), by Rhodia during that year N.
- (2) Recognized or liable to be recognized subsequently, as defined in the Group's internal procedure on the process for managing occupational diseases.
- (3) The current basis relates to all sites owned completely or partially by Rhodia (depending on the internal procedure) at December 31, 2007.
- (4) A CMR substance used several times on the same site is counted only once. The same CMR substance used on several sites is counted several times.

➤ Involving all of our employees

Management involvement

Rhodia's actions in the areas of health, safety and the environment are expressed by a very firm commitment from managers in the field. In this respect, the safety inspections by members of the Group's Executive Committee and the line management safety inspections carried out by members

Employee involvement	2007 current basis		
	2005	2006	2007
RATE OF PEOPLE INVOLVED IN A PROGRESS APPROACH (5S, PGI: PLANNED GENERAL INSPECTIONS, BBS: BEHAVIOR-BASED SAFETY, OR ANOTHER RISK ASSESSMENT METHOD, E.G. CAT, SUGGESTIONS BOX, ETC.)	78%	79%	81%✓

Success of the health, safety and environment procedure is possible only through the daily actions and concerted effort of everyone involved in this process. With a slight improvement in this indicator (81 percent ✓ of personnel involved in a progress approach), there is a continued trend toward further improvement of Rhodia's performance.

of Rhodia's Enterprise Steering Committees help to inform and motivate the teams. The average rate of line management safety inspections per Enterprise Steering Committee member rose considerably in 2007 from 7.6 in 2006 to 9.4 in 2007.

➤ Accident monitoring and analysis

Process accidents	2007 current basis		
	2005	2006	2007
(In terms of number of accidents)			
PROCESS ACCIDENTS (LEVELS C, H AND M)	46	22	39

As of 2007, the reporting basis for Rhodia process accidents changed. The Group has produced two separate sets of reports to increase visibility on the origins of accidents (processes and environment). (Levels C, H and M: Catastrophic, High and Medium).

Transport accidents	2007 current basis		
	2005	2006	2007
(In terms of number of accidents)			
TRANSPORT ACCIDENTS (LEVELS C, H AND M)	23	22	25

Almost 50 percent of accidents remain attributable to events occurring during transport. Actions to raise awareness of haulage contractors will continue in 2008.

➤ Social indicators

Changes in staffing levels	Historical basis		
	2005	2006	2007
	19,444	17,077	15,530

The progressive fall in the number of employees since 2005 is due in part to the sale of businesses.

Training time	Historical basis		
	2005	2006	2007
(In hours)			
TRAINING PER PERSON	18	20	23.5

In 2007, 70 percent of employees worldwide received training (comparable to 2006). However, the average number of hours' training increased from 20 in 2006 to 23.5 in 2007.

Entries/departures statement	(Excluding "basis" effects)		
	2005	2006	2007
EXTERNAL RECRUITMENT	1,025	1,116	1,192
DEPARTURES	2,217	1,739	1,133

After eight years of significant reductions, the number of staff increased by 0.4 percent in 2007. This slight rise is due to an increase in recruitment and a decrease in departures from the Group. Half those recruited were in Asia and Latin America. In total, the proportion of Rhodia employees in these two zones has continued to increase, from 23 percent in 2003 to 41 percent in 2007, thus reflecting the Group's development strategy.

Internal mobility of executives			
	2005	2006	2007
% OF EXECUTIVES TRANSFERRED INTERNALLY	17%	10%	10%

10 percent of executives transferred internally, a result that remains stable. It should be noted that the figure of 17 percent in 2005 was due to an internal reorganization.

Investment in training			
	2005	2006	2007
(In euros)			
TRAINING INVESTMENT PER PERSON	324	317	357

Average investment per person increased from 317 euros in 2006 to 357 euros in 2007 as a result of training budget optimization.

Geographic mobility			
	2005	2006	2007
NUMBER OF EXPATRIATES FROM "SPECIAL ASSIGNMENTS" AND SHORT-TERM ASSIGNMENTS	111	137	132

Rhodia encourages recruitment and development of local managers, thus reducing the number of expatriates which should now stabilize at a percentage in the order of 0.4 percent of the total number of employees. In 2007, the number of expatriates remained generally stable. However, short-term assignments abroad are still increasing, owing to our investments in Asia.

(5) Briefing documents, risk assessments and dossiers relate to an "activity" (a process or operating method) using a CMR substance on a site.

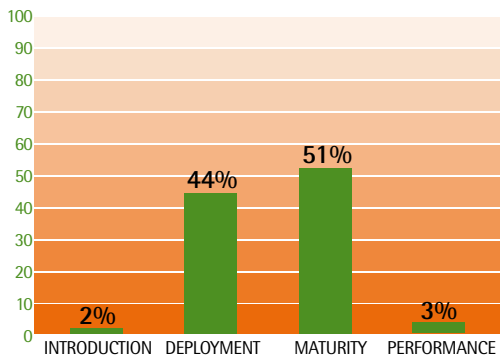
OUR COMMITMENTS

- PROMOTING ENVIRONMENTAL MANAGEMENT
- CONSERVING NATURAL RESOURCES
- LIMITING IMPACT ON THE ENVIRONMENT, PROTECTING BIODIVERSITY



Results of the 2007 self-assessment

As a % of sites by level



The Group takes rigorous measures to prevent accidents or incidents with an environmental impact. However, if such circumstances occur Rhodia diligently manages these situations by analyzing and monitoring the causes and consequences and documenting the conclusions. Its long-term safety and environment performance, involving both people and processes, indeed ranks among the best in the chemical industry. Raising employees' environmental awareness and taking account of biodiversity are key areas where Rhodia is able to demonstrate real progress.

In 2008, 40 percent of all site practices will be subject to action plans, following the self assessments in 2007. These will be adapted to the product lines manufactured on each site as well as local issues, especially those concerning sensitive habitats and residential areas surrounding Rhodia facilities.



Sophie Tang - Environmental engineer - Rhodia China






"The Rhodia Way allows us to raise environmental awareness and mobilize our employees around an excellent cause."

In China, there is increased awareness of environmental protection due to recent crises, such as the pollution of Lake Tai in 2007. Very strict standards are now in place, as well as a rigorous control of emissions and waste.

Our priority is to reduce sources of pollution and develop a culture of continuous improvement. Teams are regularly working to optimize processes and waste recycling. Constant improvement of waste treatment plants is also underway to meet the most stringent standards. We are also very motivated to develop close relations and a proactive dialogue with the local authorities and surrounding communities.

In 2007, Rhodia launched a number of action plans in its Chinese plants. As a result, several have upgraded their wastewater recycling plants. At Wuxi, concentrated discharge water has been eliminated due to the introduction of a recycling system. At the end of 2007, Rhodia also dismantled nine coal-fired boilers, leading to a significant reduction of pollutants such as SOx and other residues. In 2008, we will continue making investments to reduce emissions even further.

The Rhodia Way is now giving us an additional opportunity to assess our performance and, above all, continue to make improvements.

OBJECTIVES	TIMEFRAME	2007 RESULTS	COMMENTS
<ul style="list-style-type: none"> To conduct a Simser+ audit every three years at all sites worldwide (equivalent to ISO 14001 and OHSAS 18000) To implement and adhere to a new indicator: EMI (Environmental Management Indicator) 	Recurrent 2010	 94% ✓ of sites audited Result expected in 2010	2007/2010 observation period for this new indicator
<ul style="list-style-type: none"> To implement a water management policy for sites in areas of water stress (limited access to water) To draw up plans to reduce water consumption on 100% of our sites 	2007 2009	 Result expected in 2009 53% of sites already have an action plan	Sites identified
<ul style="list-style-type: none"> To continue rolling out the energy-saving program Energize launched in 2006 and reduce the Group's energy consumption by 5% 	Recurrent	Saving achieved: €2 M 	18 sites/61 audited Investment costs: €0.75 M
<ul style="list-style-type: none"> Between 2005 and 2010, to reduce the levels of emissions into the air and water by: 33% for GHGs[•], 20% for SOx[•]/NOx[•], 10% for VOCs[•], 20% for COD[•], 20% for eutrophication[•] To conduct a survey of the current state of biodiversity in the aquatic environment on the 35 Rhodia sites concerned 	2010 2009	  Survey conducted on 17% of sites	Objectives already achieved and even exceeded for four out of five indicators Need to mobilize people on the subject Under discussion

Challenges, constraints and opportunities

In 2007, environmental regulations were strengthened mainly in Europe but also in other countries around the world. On a global scale, governments are focusing on reducing emissions on VOCs and SO₂ in the air, and nitrogen, phosphorus and COD in water. China, in particular, following major accidents, has toughened up regulations and tightened controls on their application.

Rhodia, in accordance with its Responsible Care® commitment, is constantly striving to reduce the environmental impact of its activities and often exceeds local standards.

At the start of 2007, the Group introduced the global indicator, EMI (Environmental Management Indicator), which will enable it to give accurate annual reports on accidents or incidents such as loss of containment or discharges into water, air and ground. Analysis of this data and corrective actions will make it possible to continuously reduce Rhodia's environmental impact.

Rhodia improves its environmental performance still further

Between 2006 and 2007, the Group cut its GHG emissions from 22.5 MT to 8.4 MT⁽¹⁾ thanks to two investments made at Paulinia (Brazil) and Onsan (South Korea). Over the same period, Rhodia collected and sold 13.4 MT of CERs[•].

As in 2006, the Group was able to optimize its water consumption⁽²⁾ in 2007, resulting in a reduction of 1.3 percent for surface water and underground water, and 6.2 percent for drinking water. Impacts on water (COD and eutrophication) have also decreased. The Energize project, launched in France in 2006, is an energy efficiency initiative that was rolled out worldwide in 2007. With a significant number of employees taking an active role in energy-saving projects, a total of ten million euros of savings were identified, including two million euros in 2007. As of 2007, 90.2 percent ✓ of units had an environmental assessment carried out or reviewed within the last five years – this includes identification of the dangers and assessment of the risks and potential impact of Group activities on the environment.

(1) The historical basis for a year N relates to sites owned or once owned, completely or partially, by Rhodia during this year N.

(2) The current basis relates to all sites owned completely or partially by Rhodia at December 31, 2007. The current basis presentation can be used to judge the efforts made by the Group, deducting emissions relating to activities that have been or are in the process of being sold.

Joo Bonghyun - Deputy Mayor of Ulsan - South Korea

"The Rhodia site at Onsan is now a model site in South Korea."

Ulsan is currently the largest industrial complex in South Korea, representing 12 percent of the country's total energy consumption. Rhodia's Onsan site is located in this area.

Reducing the use of fossil fuels in our town has been a major objective since 1986 when the Korean government classified Ulsan as a priority area for improving air quality. Thanks to our efforts to reduce polluting emissions, in particular the installation of a remote monitoring system and use of cleaner fuels, the air quality in Ulsan has steadily improved. We are continuing with our commitment to reduce air pollution by also using clean energy, promoting recycling of energy and the installation of emission reduction facilities.

We are also encouraging projects to reduce CO₂[•] and in this context, the Rhodia project on the Onsan site is quite remarkable. This project within the clean development mechanism (CDM[•]) is actually contributing to a reduction in total greenhouse gas emissions in South Korea by more than half. It has therefore become a benchmark for the country and for many other groups who have started to look at the opportunities offered by the CDM system.

We hope that Rhodia will continue to pursue these initiatives and that it will offer its support to Korean industry in terms of advanced technology, experience and expertise in this field. The reinvestment of profits into CDMs in South Korea will also make Ulsan a competitive, forward-looking town.



Commitment

ENVIRONMENTAL INDICATORS



The data below were determined on a historical basis⁽¹⁾ in order to show the Group's annual impact. However, to ensure transparency, all indicators illustrating emission trends in percentage terms within the body of this document (and particularly those appearing on pages 16 and 17), as well as

their targets, have been restated and calculated on a current basis⁽²⁾ (as of December 31, 2007). This enables us to judge the efforts made by the Group after subtracting any effects relating to activities that have been sold.

Conserving natural resources

Energy	Historical basis		
RESULTS (in TOE)*	2005	2006	2007
FOSSIL FUEL	1,452,185	1,389,681	1,174,119
ELECTRICITY	649,842	568,340	519,972
THERMAL ENERGY (vapor)	196,454	196,714	219,729
TOTAL TOE (intra-Rhodia sales eliminated)	2,298,482	2,154,735	1,913,821

The Energize (energy efficiency) project, launched in 2006 on all of our French sites, was rolled out worldwide in 2007. Sites such as Baton Rouge (United States), Freiburg (Germany), Blanès (Spain) and Oldbury (United Kingdom) were the focus of energy-saving projects in which a large number of staff took an active role. Ten million euros of savings were identified, with two million euros saved in 2007.

Water consumption	Historical basis		
RESULTS (in thousands of m ³)	2005	2006	2007
DRINKING WATER	12,811	17,901	12,237
UNDERGROUND WATER	211,268	218,000	179,815
SURFACE WATER	240,221	233,581	233,638
TOTAL	464,301	469,482	425,690

The reduction in water consumption is mostly due to the sale of sites, as well as the use of less water for an equivalent level of production.

Water consumption at sites in zones suffering water stress			
	2005	2006	2007
TOTAL	11,336	10,995	9,720
NORTH AMERICA	6,402	6,106	5,609
LATIN AMERICA	1,671	1,725	1,101
ASIA - PACIFIC	1,291	1,217	1,243
EUROPE	1,972	1,947	1,767

The 19 Rhodia sites in areas subject to water stress represent two percent of the Group's total water consumption. In 2007, this consumption fell by 12 percent.

Limiting the impact of our activities in the air

Impact to the air	Historical basis		
RESULTS (in tonnes)	2005	2006	2007
SO _x *	22,152	21,951	19,470
NO _x * (EXCLUDING N ₂ O)*	8,943	7,141	5,801
TOTAL SO _x + NO _x	31,096	29,093	25,271
DUST	1,196	826	642
Hx*	71	94	86

Investments made in North America (the full benefits of which will be seen in future years) and also sales of sites have contributed to a reduction in emissions of SO_x. Nitrogen oxide discharge which, like VOCs*, leads to atmospheric pollution (ozone) has also fallen, mainly due to improved operational management of our sites at Chalampé and Pont de Claix (France). The reductions observed on these sites compensate for increased emissions on some other sites, such as Paulinia (Brazil), where production increased in 2007.

Greenhouse gases ⁽³⁾ (excluding sales)	Historical basis		
RESULTS (in tonnes)	2005	2006	2007
CO ₂ , LINKED WITH CHEMICAL PROCESS	204,183	166,642	141,324
ENERGY CO ₂	7,567,086	7,140,394	5,199,270
OTHER CO ₂ , EQUIVALENT GASES	17,793,589	16,851,024	4,040,494
OF WHICH N ₂ O	16,304,871	15,036,387	2,326,309
CO ₂ , TOTAL (intra-group sales eliminated)	23,940,618	22,559,640	8,402,665

In 2007, the very significant fall in emissions of greenhouse gases was the result of the two investments made in 2006 on the sites at Onsan in South Korea and Paulinia in Brazil. Rhodia has generated revenue from some of these reductions by selling 13.4 million tonnes of carbon credits (CERs)* from our Clean Development Mechanism projects.

GHGs* emissions according to the categories of the Kyoto Protocol ⁽³⁾	Historical basis		
GASES (expressed in CO ₂ * equivalents)	2005	2006	2007
CO ₂	6,146,807	5,732,046	4,362,170
SF ₆ *	0	0	0
CH ₄ *	4,165	4,994	13,808
PFC*	507,702	629,675	587,600
N ₂ O*	16,304,871	15,040,770	2,326,309
HFC*	141,574	170,788	165,969
EXCLUDING KYOTO	835,498	1,009,181	946,808
GHGs TOTAL	23,940,618	22,587,454	8,402,665

In addition to monitoring greenhouse gases included within the framework of the Kyoto Protocol*, Rhodia monitors other gases outside of the Protocol that are contributing to global warming (CFCs*, HCFCs*, etc.).

Tropospheric ozone	Historical basis		
RESULTS (in tonnes of VOCs)	2005	2006	2007
VOLATILE ORGANIC COMPOUNDS (VOCs)	6,973	5,939	5,494

The action plans implemented at our sites at Freiburg (Germany) and Valencia (Venezuela), the shutdown of the nitrophenols plant on the site at Roussillon (France), and the effects from the sale of sites are the main contributors to this fall.

Limiting the impact of our activities on water

Eutrophication*	Historical basis		
(In tonnes)	2005	2006	2007
PHOSPHORUS (P)	523	539	427
NITROGEN (N)	4,559	4,504	3,289
TOTAL	5,082	5,043	3,717

The fall in our nitrogen discharges comes from improved operational management on our sites at Chalampé and La Rochelle (France) and improved analytical monitoring of the water treatment plants at our site in Paulinia (Brazil). The reduction in phosphorus discharges is primarily due to recycling of some of our waste at Chalampé (France) as well as reduced production of phosphoric acid on the site at Oldbury (United Kingdom).

Heavy metal discharges in 2007 expressed in copper equivalent			
RAW DISCHARGES	IN TONNES	COEFFICIENT	COPPER EQV.
ARSENIC	0.396	0.200	0.079
CADMIUM	0.019	2.000	0.038
CHROME	1.019	0.330	0.336
COPPER	3.275	1.000	3.275
LEAD	0.164	0.200	0.033
MERCURY	0.000	16.670	0.001
NICKEL	2.027	0.170	0.345
ZINC	5.305	0.125	0.663
TOTAL OF COPPER EQUIV. EMITTED IN TONNES			4.769

Damage to the aquatic environment	Historical basis		
(In tonnes)	2005	2006	2007
CHEMICAL OXYGEN DEMAND (COD)*	15,893	13,389	10,289
SUSPENDED SOLIDS (SS)*	3,713	3,734	3,664
SOLUBLE SALTS	284,930	311,899	287,184
ABSORBABLE ORGANIC HALOGENS (AOx)*	75	73	46
HEAVY METALS (in copper equivalent)	9	9	5

In addition to the effects of sales, the fall in COD of our discharges (already notable in 2006) is partly attributable to improved operational management on our site in Chalampé (France). It is also explained by a reassessment of the performance of the watertreatment plant located downstream of the site in Ruohai (China).

Waste production and recovery

Waste	Historical basis		
(In tonnes)	2005	2006	2007
LANDFILL			
LANDFILLED HAZARDOUS WASTE	26,082	31,650	7,543
LANDFILLED NON-HAZARDOUS WASTE	39,743	29,270	35,554
MINING-TYPE WASTE (GYPSUM, CARBONATE, ETC.)	248,861	1,645	1,485
INCINERATION			
WASTE INCINERATED BY RHODIA	240,948	243,384	246,986
OF WHICH WASTE INCINERATED BY RHODIA WITH HEAT RECOVERY	167,270	174,487	177,736
INCINERATION RATE WITH HEAT RECOVERY (internal and external)	67%	65%	70%

The rate of waste incineration and energy recovery has been maintained at a very high level of 70 percent.

Recovery of materials and disposal as fertilizer	Historical basis		
(In tonnes)	2005	2006	2007
RECOVERY OF MATERIALS	103,303	75,811	61,715
DISPOSAL AS FERTILIZER	22,218	26,721	32,951

Improvement initiatives in the areas of safety and the environment

Process safety studies	2007 actual basis		
	2005	2006 ⁽⁵⁾	2007 ⁽⁵⁾
RATE OF "PROCESS SAFETY" STUDIES, CARRIED OUT OR REVIEWED WITHIN THE LAST FIVE YEARS	91%	80%	87%
RATE OF "PROCESS SAFETY" STUDIES, CARRIED OUT OR REVIEWED WITHIN THE LAST FIVE YEARS ON SEVESO* SITES	93%	93%	96%✓

The aim is to have a safety study carried out or reviewed on each production unit, adapted to its risks.

A risk analysis relating to process safety was carried out on 87 percent of units within the last five years. Special emphasis was placed on Seveso-classified units or similar (for countries outside the European Union) for which a coverage rate of 96 percent^{(6)✓} was achieved. Number of SEVESO* (or similar) sites: 35.

96 percent^{(6)✓} of sites have been audited within the last three years in line with the SIMSER+ or 3 RHSE rating plans (1) and 100 percent^{(6)✓} of sites have revised their emergency plans within the last three years.

Environmental analysis	2007 actual basis		
	2005	2006	2007
RATE OF ANALYSES MADE OF ENVIRONMENTAL ISSUES, CARRIED OUT OR REVIEWED WITHIN THE LAST FIVE YEARS	81%	80%	90%✓

Regarding the environment, the analyses are based on strict identification of hazards and precise evaluation of the risks and potential impact of the Group's activities on the environment. In 2007, 90 percent^{(6)✓} of units were the subject of a tailored environmental study, carried out or reviewed within the last five years, i.e. 10 percent more than in 2006.

- (1) The historical basis for a year N relates to sites owned or once owned, completely or partially (according to internal procedure DRC 06), by Rhodia during this year N.
- (2) The current basis relates to all sites owned, completely or partially (according to internal procedure DRC 06), by Rhodia at December 31, 2007.
- (3) Restatement of 2007 indirect emissions linked to the purchase of electricity (application of national emission coefficients rather than the global coefficient adopted by Rhodia). Without recalculation, the 2007 emissions would be 9,051,572 tonnes.
- (5) Indicator based on the combined total of coverage percentages from each facility.
- (6) Of those sites obliged to conduct such audits according to the Group's internal procedures.

Commitment Investors

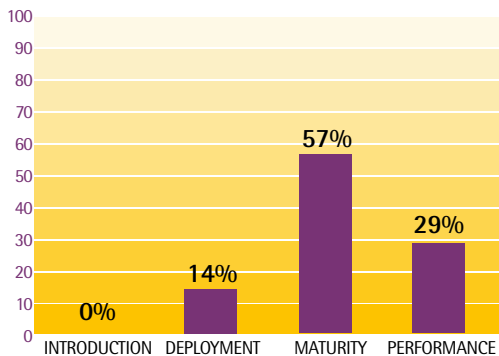
OUR COMMITMENTS

- GENERATING VALUE IN A RESPONSIBLE MANNER
- MANAGING RISKS GLOBALLY
- ENSURING THE DISTRIBUTION OF GOOD MANAGEMENT AND GOVERNANCE PRACTICES AND COMPLIANCE
- COMMUNICATING TRANSPARENTLY



Results of the 2007 self-assessment

As a % of sites by level



More than 80 percent of the practices focusing on our relationships with investors were self-assessed to be at the "maturity" and "performance" levels.

Building on the Sarbanes Oxley accreditation obtained in 2007, Rhodia continues to maintain the same internal control requirements for the whole Group in conformity with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) reference framework. Rhodia thus scores a very good level of performance on the internal control criteria. Creating value in a responsible way is the strategy for improving practices in terms of investment.

In 2008, 60 percent of practices will be subject to action plans that will be drawn up to reflect the self-assessments conducted during the first year of the Rhodia Way reference framework.



Francis Mer - Member of Rhodia's Board of Directors - Chairman of the Strategy Committee

"The Strategy Committee which I chair met three times during 2007."

In a highly competitive economic world undergoing periods of major uncertainty, the role of the Board of Directors and its committees is to help Rhodia make the best decisions to assure its future.

Knowing how to anticipate and manage risks, whatever they may be, identifying development opportunities and ensuring the quality of governance – these are our primary responsibilities to Rhodia investors and employees.

Sustainable development, in which Rhodia has invested heavily, places increasing demands on all companies but also constitutes a window of opportunity. In this context, the role of the Board of Directors is to uphold the Group's commitment to social and environmental responsibilities and support them in their strategy to research and develop new solutions.

For detailed information on Rhodia's corporate governance, please refer to the 2007 reference document, chapter 1.4 "Information on the Administrative and Management Bodies".

OBJECTIVES	TIMEFRAME	RESULTS 2007	COMMENTS
○ To take account of all the CSR ^o criteria in investment processes and refine the accruing value creation indicator	2008	Result expected in 2008	
○ To conduct a SIMSER+/3RHSE audit (Rhodia equivalent of ISO 14001, OHSAS 18000) every three years at all our sites	Recurrent	😊 94% ✓	
○ To distribute our "Compliance Policy" to all employees	2007	😊	Spot checks were conducted to ensure a good level of understanding
○ To assess, on the basis of an internal audit, the level of compliance with and application of the "Management Book" and the "Compliance Policy"	2009	Result expected in 2009	
○ To organize an external audit to assess the workings of the Board of Directors	2008	Result expected in 2008	
○ To organize an annual meeting when financial communication performance can be reviewed	2008	Result expected in 2008	Gap analysis, and feedback from stakeholders ^o (investors, shareholders, analysts and journalists)

Strengthening dialogue with institutions and governments

Exercising responsible influence is one of Rhodia's commitments in the field of sustainable development. In 2007, Rhodia's Public Affairs managers drew up a worldwide code of conduct for the Group's lobbying activities. These guidelines have been integrated in the Group's "Compliance Policy" and issued to all employees.

Like many international companies, Rhodia has also strengthened the resources of its Brussels (Belgium) office. The Group's top managers have traveled there on several occasions for discussions with the European Commission, either as direct spokespersons or in collaboration with professional associations such as CEFIC^o.

Climate change and access to energy have been key concerns for the Group. Transparent dialogue has allowed Rhodia to express its support for the emergence of a successful world carbon market, reconciling the competitiveness of the chemical industry and ambitious goals to reduce GHGs. The Group has also spoken out on the need to improve access to more competitive and secure energy supplies in Europe.

In France, Rhodia took an active part in the conference on the outlook for the chemical industry organized by the French Union of Chemical Industries (UIC). Constructive discussions were held with various stakeholders^o (NGOs^o, universities, local authorities, etc.), on the prospects for "green" chemistry and environmental issues. On this occasion, the Group highlighted its latest innovations which are helping to reduce the industry's carbon footprint.

In China, Rhodia has strengthened its communication with the Ministry of Trade in order to have easier access to raw materials, such as rare earths, needed to make more energy-efficient products. This action was taken with the support of the European Union following a global trade agreement between Europe and China on these products.

In the United States, Rhodia and the federal government discussed legislation that would encourage consumers to choose "green" tires for their vehicles. "Green" tires incorporate high-performance silicas, which help to reduce fuel consumption. A similar action was also taken with the European Commission to promote a label distinguishing these tires.

Karina Litvak - Director, Governance and Responsible Investment - F&C Investments

"Whether or not they are explicitly labeled 'socially responsible', institutional investors are paying increasing attention to how companies manage environmental, social and governance factors."

Our company, F&C Investments, is well known in the asset management sector for its long-standing commitment to socially responsible investments. Our size, track record and expertise in this area allow us to play a proactive role by encouraging the companies in which we invest to develop better environmental, social and governance policies. Effective corporate governance is systematically reviewed in order to ensure that minority shareholders' interests are safeguarded by a strong, independent board.

In the chemical sector, health, safety and environmental management as well as local community relations are key. This is especially important for Rhodia, which has a growing presence in emerging countries where strict local regulations concerning safety, labor, environment, community consultations and anti-corruption are often not common practice. Rhodia's commitment to combat climate change particularly interests us, notably the projects which the company has been operating in South Korea and Brazil under the Clean Development Mechanism.

We believe that this long-term approach to SRI (Socially Responsible Investments) leads to better business performance for groups like Rhodia, and therefore better financial returns for our clients.



Commitment Suppliers

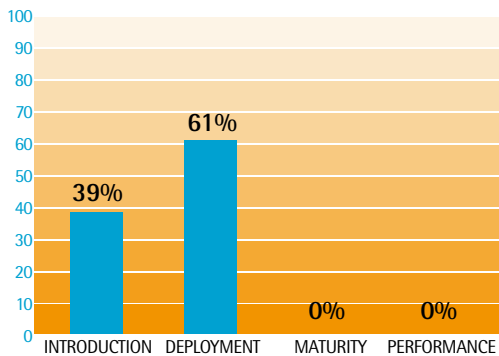
OUR COMMITMENTS

- DEFINING THE FUNDAMENTAL REQUIREMENTS OF CSR AND INCORPORATING THEM INTO THE SUPPLIER SELECTION PROCESS
- ASSESSING BUYERS' PERFORMANCE IN TERMS OF CSR
- MANAGING AND ASSESSING SUPPLIERS; OPTIMIZING RELATIONSHIPS



Results of the 2007 self-assessment

As a % of practices by level



New key practices at the first level of the Rhodia Way for suppliers were adopted recently by the Purchasing department, which explains why the function was assessed to be in the introduction and deployment phase.

In 2007, the main social and environmental responsibilities for each area of purchasing were defined. The Purchasing department's objective in 2008 will be to replicate this work and define responsibilities for the newly incorporated key practices.

Purchasing staff have also tested a tool for measuring the impact of productivity projects on CSR. A modified version will be rolled out during 2008.

Action plans have already been established for 75 percent of purchasing practices.



Paula Baroni-Santi - Global coordinator for deployment of sustainable purchasing - France

"I have trained our buying teams around the world in our CSR approach."

2007 marked an important milestone in raising awareness and training our buyers in Rhodia's approach to sustainable purchasing. I traveled around the world where Rhodia has operations and, by the end of December 2007, all of the buying teams in Latin America and Europe as well as half of the teams in North America and Asia had been trained.

We prepared a training kit which enabled me to explain what sustainable development is to our teams, the concept of responsibility within the Enterprise and the Rhodia Way sustainability framework. We had also drawn up case studies to allow more detailed discussion. At the end of the training, participants were given the sustainable purchasing handbook, a practical guide specially designed to help them understand the impact of these concepts on all our work processes.

Following the self-assessment conducted at the end of 2007 with the purchasing managers from all four regions, we drew up improvement plans with cost objectives which now on will be entered directly into their annual action plans.

The initiative was received very favorably in all regions and the Rhodia Way commitments fully understood. Now we have to take the next step!

OBJECTIVES	TIMEFRAME	RESULTS 2007	COMMENTS
<ul style="list-style-type: none"> ○ To formalize the fundamental requirements in terms of CSR for each purchasing segment ○ To integrate these criteria into the global supplier selection and qualification process ○ To prepare an initial review of the environmental impact (CO₂) of transport operations 	2007	😊	Objective achieved
	2008		Revision of the process in progress
	2007	😐	Decision postponed to 2008, currently the methodology to be used is being discussed
<ul style="list-style-type: none"> ○ To train 95% of buyers in sustainable development and the CSR purchasing criteria, throughout all four geographic regions ○ To revise working procedures and methods at operational level in order to integrate CSR requirements 	2007	😊	70% of the population has been trained (less than expected but on the basis of an expanded program)
	2009	Result expected in 2009	In 2007, a sustainable purchasing handbook was published and circulated
<ul style="list-style-type: none"> ○ To conduct a CSR assessment test version on our suppliers ○ On the basis of the test study, to determine the CSR strategy and methodology to be used ○ To apply the CSR methodology to all the targeted suppliers 	2007	😊	Study conducted on 20 suppliers in a few priority purchasing segments
	2008	Result expected in 2008	
	2009	Result expected in 2009	

Full involvement in the new sustainable purchasing policy

For Rhodia's commitment to sustainable development to be effective and constructive, it also has to be shared by its suppliers. In 2007, the Group made strong efforts to establish social and environmental requirements in the Purchasing department's buying principles on a global level. The intention is effectively to change from a quantitative approach to a qualitative approach, by integrating the principles of sustainable development into the supplier selection process.

These CSR principles can be seen, for example, in transport. The Group is intensifying its efforts to identify new itineraries, group deliveries together and choose rail over road transport. In packaging, priority is given to suppliers who make it easier to load and transport products, and optimize stock management. The Purchasing department is also conducting audits on waste processing.

CSR training for all buyers worldwide

Rhodia has appointed a coordinator who is responsible for rolling out the new sustainable purchasing policy to the Group's 400 buyers worldwide. Over the space of four months, she went out in the field to train the Group's purchasing managers and raise awareness of sustainable development, initially in Europe, Latin America and North America. Her role will continue in 2008, in North America again, and in Asia.

To complement the training initiative, the Purchasing department developed a handbook outlining the basics of its sustainable purchasing policy to help employees carry out their everyday work. Finally, online training will be introduced in 2008 to familiarize new employees with the Group's culture of sustainable purchasing.

Jean-Louis Jourdan - Sustainable Development Director of the SNCF (French national railway company) - France

Taking on board the challenges of sustainable development is an undeniable opportunity for growth for SNCF Freight. The European greenhouse gas emission quotas galvanized shippers into action - and as a result they have optimized their logistics while taking into account the impact of their transport activities on CO₂ emissions. Rhodia has undertaken outstanding initiatives in this field. For example, the organization of grouped deliveries in the Lyon region of France sharply reduced the use of trucks. Inter-plant throughput was also transferred from road to rail. For example, 17,000 out of 21,000 tonnes of products have now been transported by train from Chalampé (France) to Spain.

This approach has been formalized in the three-year contract signed between SNCF and Rhodia, which allows for the complete transfer from road to rail of 150,000 tonnes of goods. The SNCF is conducting comparative studies for Rhodia on discharges of greenhouse gases, using expertise acquired by its subsidiary Edi-Fret. This new environmental engineering, with shippers in mind, illustrates the joint responsibility of SNCF Freight and Rhodia in complying with international commitments to reducing greenhouse gases. To maintain Rhodia's trust, the SNCF will offer a reliable, high-quality service. A new relationship has been defined between customers, suppliers and the public as a real testament to our commitment to sustainability.



Commitment Communities

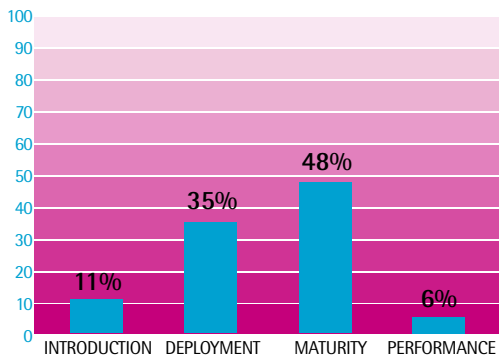
OUR COMMITMENTS

- MANAGING RISKS RELATED TO THE PRESENCE OF OUR BUSINESS IN THEIR LOCAL COMMUNITIES
- INTEGRATING RHODIA SITES WITHIN THEIR LOCAL COMMUNITIES IN A SUSTAINABLE WAY
- MANAGING RISKS IN THE LOGISTICS CHAIN



Results of the 2007 self-assessment

As a % of sites by level



The first Rhodia Way self-assessment highlighted a good level of preparation for emergency situations on the Group's sites.

The Rhodia Way encourages sites to make further improvements in the way they contribute to local development and risk prevention.

In 2008, 30 percent of site practices in this area will be subject to action plans, following the self-assessments undertaken during the roll out of the Rhodia Way in 2007. The action plans will be adapted to the product lines manufactured on each site as well as local issues, especially those concerning sensitive habitats and residential areas surrounding Rhodia facilities.



Cristina Cesana - Community relations manager - Rhodia Latin America - Brazil

"Rhodia is a well-known company in Brazil because we've had manufacturing operations here for nearly 90 years."

The development of towns close to our sites has always been intimately linked to Rhodia's development. In these communities, there is almost always one person per family who works or has worked for Rhodia. The Group has built a solid reputation as a company that acts in an ethical and responsible manner, protecting the environment and showing concern for the safety of its employees and residents close to its sites.

Today we have manufacturing operations on five sites in Brazil, all near large urban areas located in the region of Sao Paulo where our headquarters reside. My goal is to build solid relationships with our local partners, so we need to have a clear understanding of their needs and expectations. Our capacity to manage risks and communicate high-quality information is also an essential element of these relationships.

In addition to organizing open houses and an environment day, we publish a newsletter on our health, safety and environment actions and are strongly committed to youth education and social issues. A number of programs have already been initiated and the creation in 2007 of the Rhodia Foundation will enable us to coordinate these social initiatives and make even greater contributions to community development.

OBJECTIVES	TIMEFRAME	2007 RESULTS	COMMENTS
<ul style="list-style-type: none"> To run simulation exercises of the emergency plans on all sites, to strengthen the management of accidents linked to production processes and transportation 	Recurrent	☺	100% ✓ of sites have revised their emergency plan within the last three years
<ul style="list-style-type: none"> To communicate with local political and economic stakeholders about the Group's sustainable development commitment To draw a map of stakeholders in each entity 	Recurrent 2008	☹ Result expected in 2008	Following the self-assessment in 2007, numerous entities will work on this aspect
<ul style="list-style-type: none"> To communicate site HSE requirements to carriers In the event of accidents, to ask suppliers for corrective action plans 	Recurrent	Result expected in 2008 Result expected in 2008	Following the self-assessment in 2007, numerous entities will work on this aspect

The main elements of Rhodia's community program currently include providing high-quality, transparent information on how sites manage industrial risks as well as listening and talking to the residents, local elected officials and associations near its sites.

Locally, some sites or enterprises have run sponsorship and solidarity campaigns. Employees regularly get involved in voluntary service, often linked to education programs. In Brazil, *Alquimia Jovem* helps disadvantaged adolescents integrate into society. More than 150,000 euros were invested in setting up this project in 2007.

Creation of a Rhodia Foundation in Brazil

In July 2007, during the inauguration ceremony of its GHG[•] emissions reduction plant on the Paulinia site in Brazil, Rhodia announced the creation of its first corporate foundation. Financed by the money released from the greenhouse gas emissions reduction project, it will benefit from a budget of 735,000 euros over the next six years. The aim of this foundation is to develop local social and environmental projects.

Rhodia rewarded for its commitment in Asia

On November 7, 2007 in Beijing, Rhodia received a prize for corporate social responsibility, awarded by the Chinese Association of Foreign Investors in China (CAEFI). A testament to the quality of its sustainable development approach, the Group was selected from about 2,000 other companies. This much-appreciated recognition is timely – the Chinese authorities are today expressing ambitious requirements in terms of social responsibility and are eager to reward companies involved in these initiatives. During its visit to the Group's sites in China, the ICEM[•] delegation also noted the good relationships developed by Rhodia sites with their local communities.

Strengthening our information processes

In France, Rhodia has joined a "crisis communications" initiative launched by the Union of Chemical Industries (UIC) and the French Ministry for the Environment and Sustainable Development (MEDAD). Under this voluntary commitment, participating companies undertake to quickly inform local communities about any incidents, even minor ones, on production sites or during transportation. Applicable to all Rhodia's production facilities in France, this proactive approach to communications strengthens dialogue with the public.

Christian Duchêne - Director of the Jean Guehenno* primary school - Saint-Fons - France

"Our school will be the first HQE (High Quality Environmental standard) school in the Lyon area."

For the last two years, the local department of education has been encouraging us to devise ways of explaining sustainable development to children. The reconstruction of our school, in accordance with HQE standards, has afforded a unique opportunity for concrete discussions with them on topics including the environment and energy management.

All the children in our nine classes (between ages five and 11) have followed the building of their future school under the guidance of an architect – studying the plans and models, visiting the site at various stages of the construction, and examining earthworks, foundations, walls, doors and windows, water, gas and electricity. This was an excellent way for them to take ownership of their school. We also explained to them the importance of saving energy and how this new building satisfies environmental requirements with its grass roof, the choice of heating and double glazing, and the carefully designed geographic orientation of the site.

The educational value of this project, involving both experts and teachers, has been a powerful tool in helping them learn about certain aspects of sustainable development.

** Given that the original Jean Guehenno school was somewhat outdated and was located too close to Rhodia plants according to new safety regulations, the local authorities in Saint-Fons (the Group's historic birthplace) asked Rhodia to contribute to financing the reconstruction of this school. A sponsorship agreement was therefore signed in April 2007.*



Contributing

The RhodiaWay™ network

The correspondents and champions who have contributed to the successful roll-out of the RhodiaWay™



➤ NORTH AMERICA

From left to right and top to bottom:

S. Agle, B. Balint, S. Caro, D. Carr, B. Hamm, M. Hashem, J. Heptinstall, S. Hill, D. Hodge, P. Hogan, T. Johns, W. Kehayes, D. Klucsik, M. Lewis, S. Mc Clung, A. Semaan, J. Tellerd, J. Trafton, J. Vogt, G. Yates.

➤ LATIN AMERICA

From left to right and top to bottom:

L. Bertani, R. Bresciani, O. Duarte, H. Kitagawa, R. Mantovanini, R. Nadai, R. Oisiovici, M. Paganotti, P. Spina, A. Torres, R. Tunes, T. Varela, M. Zenzano.

➤ EUROPE

From left to right and top to bottom:

A. Apostoli Moreno, V. Arsenieva, E. Aubay, P. Baroni-Santi, P. Barthelemy, P. Beades, J.N. Berte, L. Bovera, F. Carencotte, Q. Carvalho, L. Claisse, B. Cuerq, S. Feld, T. Flaux, F. Fournet, F. Frisou, D. Giannotta, V. Gomiero, S. Gouvernel, V. Granier, C. Guedes, F. Henrio, I. Jasiukiewicz, D. Kempf, V. Lajotte, R. Lebleu, A.M. Le-Govic, J.G. Le Helloco, T. Leutner, S. Lopez, H.U. Lutz, S. Macdonald, B. Michelangeli, B. Milner, K. Mitchell, C. Monti, P. Perrona, S. Porret, A. Richards, B. Salle-de-Chou, T. Sclapari, R. Tyler, G. Vilmin.



➤ ASIA

From left to right and top to bottom:

C. Bertrand, G. Bouillet-Cordonnier, H. Fujii, W. Hu, C.H. Jiang, K.I. Kim, J.C. Kim, S.Y. Lau, R. Li, W. Liu, A. Mu, Y.H. Pang, D.S. Park, C. Presto, D. Shi, L. Sun, C. Teerapanyatham, G. Vadivel, S. Wong, Y. Yuan, J. Zhou, M. Zhu.



Report and Certification

➤ PricewaterhouseCoopers

Certification of one of the Statutory Auditors on developments in health, safety and the environment

Furthermore, within the scope of our work, the Group requested that we review the degree of implementation of certain of the Group's obligations. The present certification addresses actions undertaken solely in 2007 and indicated by a ✓ sign.

Through site visits, interviews with individuals in charge of health, safety and the environment and on the basis of a document review (site reports, internal follow-up, dashboards, accounting information, etc.), we have verified the adequacy of measures undertaken in 2007 with information reported by the sites, in conformity with the definition of progress measures covered by this certification, as defined in the DRC 06 reporting procedures and its glossary, DRC 06-01.

After visits, at the Group's headquarters, on the basis of polls, we reviewed coherence controls and accountability of sites falling under the team in charge of reporting.





Based on ten site visits chosen on the basis of their impact on environmental indicators and safety, the numbers provided by the Group identified by a ✓ appear coherent with the results of our work.

Neuilly-sur-Seine, February 13, 2008

PricewaterhouseCoopers Audit

Christian Perrier
Partner Statutory Auditor

Sylvain Lambert
Partner Sustainable Development Department

SRI RESEARCH Index	Rhodia is included in	 www.vigeo.com
 The ASPI Eurozone® index consists of 120 listed companies in the euro zone with the best social and environmental performance. The stocks are selected on the basis of their Vigeo scores.		
SRI RESEARCH Index	Rhodia S.A. is included in	 www.vigeo.com
 Ethibel Excellence Index® consists of approximately 280 stocks of listed companies in Europe, North America and Asia-Pacific. These are companies who, on the basis of their Vigeo ratings, demonstrate above-average performance in social and environmental matters, and comply with the ethical criteria established by the independent organization Forum Ethibel.		



In 2008, Rhodia was awarded a prize by SAM (Sustainability Asset Management) relating to sustainable development.

The top 2500 international funds (according to the Dow Jones Global Index) are invited each year to participate in the survey conducted by SAM on sustainable development matters. Only 15% of the companies evaluated are selected in the Big Book 2008. Presented at the World Economic Forum in Davos, this book has the most international recognition in the sustainable development world, especially in terms of the challenges and opportunities facing companies. Since 1999, SAM has evaluated and recorded, on the basis of a number of economic, social, and environmental criteria, the sustainable performance of more than 1000 companies spread throughout 57 sectors worldwide.

Validation

Report and Certification of one of the Statutory Auditors on Environmental Security Indicators in 2007

Report of one of the Statutory Auditors on Assessing Environmental Indicators and Security in 2007

Following the request made to us, in our capacity as Statutory Auditors of the Rhodia Group, we have undertaken work with the view of allowing us to express reasonable assurance on the 2007 information presented in pages 14, 15, 18 and 19 of the present Sustainable Development Report:

- **air:** effect of greenhouse gas emissions in terms of CO₂, acidity (nitrogen and sulfur oxides), tropospheric ozone (volatile organic compounds);
- **water:** water sampling, eutrophication (nitrogen and phosphorus), deterioration of the aquatic environment (chemical examination of oxygen, suspended elements, soluble salts);
- **waste:** hazardous wastes and non-hazardous waste handled by waste treatment centers;
- **safety:** Rhodia personnel (TF1, TF2, degree of seriousness, work-related deaths and illness), outside personnel (TF1, TF2 and death) and temporary personnel (TF1, TF2 and death), all personnel (Rhodia, external, temporary: TF1 and TF2).

Such information was prepared under Management's supervision in conformity with the *Responsible care*[®] data reporting procedures (DRC 06 and its accompanying glossary, DR 06-01), which are available for consultation at the Group's headquarters and which are generally considered worldwide to constitute the industry standard for the chemical industry. It is our role to, on the basis of our work, express an opinion concerning this data.

Nature and scope of the work

The work was performed at headquarters and at 17 different significant sites, representing collectively some 32 operational units of the Group and chosen on the basis of statistics from 2006 (units mostly responsible for contributing to environmental indicators, including one unit which presented reporting difficulties in 2006, and which had not been the object of work in prior years). These sites are located in France, Germany, Brazil, the United States, China and South Korea. All of the work was carried out between November 2007 and the end of January 2008.

For each of the following relevant indicators, the environmental data relating to the visited units made up the following percentages as compared to the figures published by the Rhodia Group:

■ 2007 greenhouse effect (CO ₂ equivalent, without taking into account intra-group transfers)	86%
■ 2007 acidification (nitrogen oxide and sulfur oxide emissions)	87%
■ 2007 tropospheric ozone (VOC emissions)	64%
■ 2007 water sampling	82%
■ 2007 eutrophication [•] (nitrogen and phosphorus emissions)	87%
■ 2007 degradation of the aquatic environment: COD emissions	67%
■ 2007 degradation of the aquatic environment: suspended particles	62%
■ 2007 degradation of the aquatic environment: soluble salts	78%
■ 2007 hazardous waste placed in landfills	51%
■ 2007 non-hazardous waste placed in landfills (excluding single product mineral wastes)	52%

As far as the safety indicators are concerned, the data associated with the visited sites accounted for the following percentages in terms of the number of working hours used to calculate the occurrence and severity rates:

■ Rhodia employees	31%
■ Non-Rhodia employees	41%
■ Temporary employees	32%
■ All employees (Rhodia, non-Rhodia, temporary)	34%

We undertook the following measures:

We undertook the following measures in order to attain a reasonable degree of certainty that the data do not include any significant anomalies.

At headquarters prior to the site visits:

➤ evaluating the reporting procedures with regard particularly to their relevance, reliability, objectivity and comprehensibility.

During the site visits:

➤ verification of the correct application of the reporting rules set up by the Group, including in particular the definitions relating to the *Responsible Care*® indicators falling within the scope of this report;

➤ Relating to environmental and safety indicators (excluding occupational diseases;

- review of the calculation methods used to attain *Responsible care*® reporting data, especially as relates to their consistency and reliability,

- on the basis of sampling, comparison of the data declared by the operating units in the reporting system with that found in varied sources of information (including self-surveillance results, filings made with administrative authorities, reports received from outside service providers prepared in the context of local regulatory schemes, internal tracking and follow-up papers, invoices, and management control follow-up),

- analytical review of the raw data used to calculate indicators in 2007, including a comparison to the data from the previous year,

- in the case of a discrepancy relating to a declared datum, determination, in consultation with the operating unit and the *Responsible Care*® Management, of the correct value to be used, and verification of the proper application of the corrected datum in the relevant unit's reporting sheet.

At the Group's headquarters, after the visit:

➤ regarding the visited sites:

- confirmation of the proper taking into account of the revised data for the operating units visited in the overall consolidation prepared by the *Responsible Care*® Management;

➤ regarding the sites not visited:

- reviewing, on the basis of the sampling method, the follow-up carried out and explanations provided by the team in charge of reporting, regarding the variations observed between the 2006 and 2007 data,

- reviewing, on the basis of the sampling method, the checks for data consistency carried out by the team in charge of reporting,

- reviewing, on the basis of the sampling method, the significant corrections carried out by the sites not visited at the request of the team in charge of reporting;

➤ work-related illness:

- reviewing, on the basis of the sampling method, analysis and accounting, work-related illness in France and abroad (performed by the *Responsible Care*® Management in collaboration with a law firm for France). Such review was conducted within the following framework: work-related illnesses validated in 2007 (with the exception of those cases already identified in 2006 as being "likely to be validated in the future") and those which were identified in 2007 and which are likely to be validated in the future (in other words, cases of work-related illness declared during 2007 whose validation decision is not yet known to the Group as of December 31, 2007, relating exclusively to France).

Experts from our Sustainable Development Department assisted us in preparing this review.

Taking into account the work that the Group has undertaken on an annual basis for the past nine years relating to its significant sites, we believe that our audit of the environmental and safety information set forth in the first paragraph provides a reasonable basis for the conclusion set forth below.

Conclusion

In our opinion, the environmental and safety information set forth in the first paragraph can be confirmed in all material aspects as being in conformity with the procedures defined by the Group and does not contain any material errors.

Neuilly-sur-Seine, February 13, 2008

PricewaterhouseCoopers Audit

Christian Perrier

Partner Statutory Auditor

Sylvain Lambert

Partner Sustainable Development Department

Understanding Glossary

AIR ACIDIFICATION

Caused mainly by emissions into the air of SO₂ and NO_x which, once oxidized and hydrolyzed, are converted to sulfuric and nitric acids and return to earth when it rains.

AOx

Absorbable Organic Halogen compounds that are absorbed by activated carbon (measuring method).

CDM

Clean Development Mechanism. The use of market mechanisms to reward the adoption of emission-reducing technologies in developing countries and to convert the negotiated value into monetary value in units equivalent to a ton of CO₂.

CEPIC

European Chemical Industry Council, whose mission is to promote and continuously improve the activities of the European Chemical Industry, including health, safety and environmental performance.

CER

Certified Emission Reduction - carbon emission credit
Under the Kyoto Protocol, "joint implementation" (JI) allows developed countries to make investments between one another with the aim of reducing greenhouse gas emissions outside their national boundaries and thus benefit from the emission credits generated by the reductions obtained.

CFC

Chlorofluorocarbons.

CH₄

Methane.

CMR

Carcinogenic, Mutagenic and toxic for Reproduction. For further information see the Reference Document - chapter 5.3.

CNRS

France's National Scientific Research Center.

CO₂

Carbon dioxide.

COD

Chemical Oxygen Demand. Assesses the amount of oxygen consumed by chemical compounds that is therefore not available to aquatic fauna and flora.

CSR

Corporate Social Responsibility.

ETS

Emissions Trading Scheme.

Global Compact

The Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

GHG

Greenhouse gases.

GRI

Global Reporting Initiative. A worldwide, multi-stakeholder initiative set up to develop an international standard for environmental and social reporting.

ICEM

International Federation of Chemical, Energy, Mine and general workers' union.

HCFC

Hydrochlorofluorocarbons.

HSE

Health, Safety and Environment.

HX

Halogen hydracids.

Kyoto Protocol/quotas market

To reach the reduction targets set by the Kyoto Protocol, each European country has drawn up a National Quota Allocation Plan, setting the targets that the liable companies must not exceed over the 2005-2007 and 2008-2012 periods. Various solutions are applied: reducing emissions so as not to exceed the allocated threshold, obtaining additional credits or, likewise, buying quotas from more efficient emitters on the European exchange market for greenhouse gas emissions.

MSDS

Material Safety Data Sheet, in the United States, is the equivalent of our European FDS (*fiche de données sécurité*).

NO_x

Nitrogen oxides produced by combustion of fossil fuels.

NGO

Non-Governmental Organization.

Understanding

Glossary (Continued)



N₂O

Nitrous oxide. This gas plays an important role since it contributes to GHG emissions, and is one of the six industrial gases targeted by the Kyoto Protocol.

PFC

Perfluorocarbons.

Product Stewardship

A responsible product-management approach designed to ensure that the use of chemical products does not damage human health or the environment.

REACH

Registration, Evaluation and Authorization of Chemicals.

This European directive came into force on June 1, 2007, and obliges companies manufacturing, importing and using chemical products to register them, evaluate the risks associated with their use and take the necessary measures to manage any risks identified. Several product categories have been defined, allowing more or less time for registration.

More info on www.sustainable-development.gov.uk

SDS

Safety data sheet, called MSDS (Material Safety Data Sheet) in the United States. Rhodia defines the revision targets for its SDSs by zone: Europe (FDS), North America (MSDS), and Latin America (FDS AML).

Seveso

A European Union policy to prevent chemical risks, set out in the European directive on the control of major accident hazards involving dangerous substances, adopted in 1982 as the "Seveso I" directive and replaced in 1996 by the "Seveso II" directive.

SF₆

Sulfur hexafluoride.

SO₂/SO_x

Sulfur oxides produced by combustion of fossil fuels.

SS

Suspended solids.

Stakeholders

All individuals or groups who contribute to the economic life of the company (employees, customers, suppliers, shareholders), who monitor the company (trade unions, NGOs), or who are to a greater or lesser degree directly influenced by it (the environment, civil society, local communities, etc.).

Sustainable development

"Development which meets the needs of the present without compromising the ability of future generations to meet their own needs." Report by the UN Commission on Environment and Development (Brundtland Commission), *Our Common Future*, 1987.

TOE

Tonnes of Oil Equivalent.

TF1

Frequency rate for accidents resulting in a stoppage of one full day (or more) in addition to the day of the accident, measured in number of accidents occurring per million working hours.

TF2

Frequency rate for accidents that may or may not result in a stoppage, measured in number of accidents occurring per million working hours.

VOC

Volatile Organic Compounds. Organic products which, in tandem with nitrogen oxides, generate ozone in the troposphere (the first layer of the atmosphere), harmful to the respiratory system.

Water eutrophication

Phenomenon in which over-fertilization of some continental or coastal waters occurs. This happens when an ecosystem becomes increasingly rich in nutritive salts, especially nitrates and phosphates, which encourage vegetal growth. The result is reduced oxygen content and damage to the environmental balance.

Table of concordance with the indicators required by the GRI (G3 version)

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The GRI (Global Reporting Initiative) is a tool for formalizing and evaluating social and environmental reporting that applies on an international level. The data relating to the law on the New Economic Regulations (known as the *loi NRE*) can be found in the Reference Document 2007:

- chapter 5.3 regarding environmental information,
- chapter 17.1 regarding social information.

Information



For more information

Useful Websites

On corporate responsibility

www.unglobalcompact.org
www.globalreporting.org
www.orse.org

On the environment

www.unep.org

On social issues

www.icem.org
www.imsentreprendre.com

On the commitments of the chemical sector

www.responsiblecare.org
http://ec.europa.eu/entreprendre/REACH

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Rhodia's commitments:



Responsible Care®

The chemical industry's voluntary continuous improvement initiative (established in Canada in 1985), to promote safe handling of products.



The International Federation of Chemical, Energy, Mine and General Workers' Unions represents more than 20 million employees who are members of 470 trades unions in 132 countries.



Drawn up in 1999 on the initiative of the former UN Secretary-General, Kofi Annan, it aims to ensure that heads of companies promote and uphold ten universal principles concerning human rights, working conditions, respect for the environment and anti-corruption.



Observatoire sur la Responsabilité Sociétale des Entreprises

Observatoire sur la Responsabilité Sociétale des Entreprises (Study Center for Corporate Social Responsibility).



Founded in 1986, IMS-Entreprendre pour la Cité has created a network of 200 companies. Its aim is to help them integrate innovative social commitment initiatives in their Social Responsibility policy, meeting both their challenges in terms of development and society's expectations.

CARBON DISCLOSURE PROJECT

Nonprofit independent organization with the aim of building relationships between investors and businesses, rewarding groups who take account of the implications of climate change in their management approach.

➤ www.rhodia.com

➤ **SUSTAINABLE DEVELOPMENT DEPARTMENT**

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The Rhodia logo consists of the word "Rhodia" in a bold, white, sans-serif font. The letter "R" is stylized, with a white circular arc on its left side that partially encloses it. The logo is positioned in the bottom left corner of the page.

