

Novacap Sustainable Development

2013 Communication of Progress for United Nations Global Compact

November 23th, 2013



Enhancing energies with an entrepreneurial spirit to satisfy customers needs with daily life products

“As chemical industrialists, we build our success on a solid industrial base, fast responsiveness and an exceptional level of customer service.

In addition, we are convinced our economic performance will be sustainably successful if, and only if, we also integrate in our ambitious strategy a social responsibility and Environmental respect and protection. These core values are shared by the whole Novacap team and embed in our entrepreneurial spirit.

We have therefore made of Sustainable Development a key priority focusing on these 3 mains axis as confirmed by our active Global Compact membership, our adhesion to Charter of “Responsible care” and successful ExFI-Partners ESG assessment.

Through this report, we would like to share our vision and demonstrate our participation to the Sustainable Development”.

Pierre Luzeau
Chief Executive Officer

**Economic
performance**



**Environmental
protection**



**Social
responsibility**



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Section 1

Key facts and figures

Sustainable Development within Novacap

Key steps since Novacap creation

- **2004**
 - Major investment for the reduction of gas effluents (VOCs) - (Novapex)
- **2008**
 - Major investment in the reduction of gas effluents - (Novacarb)
 - Novacarb becomes member of UN Global compact
- **2009**
 - Novacap is recognized as an active member of UN Global Compact
- **2010**
 - Creation of Sustainable Development framework integrating 3 axis : economic performance, social responsibility and Environmental protection
- **2011**
 - First assessment by ExFi Partners with their Environment standards
- **2012**
 - Second assessment by ExFi Partners
 - Novacyl integration in Novacap perimeter
- **2013**
 - Update of Novacap Sustainable Development Framework with 11 initiatives and 40 identified levers
 - First Novacap seminar on Sustainable Development in September 2013

11 committed initiatives

- **Environmental**
 - Integrate Environmental protection in all our tasks
 - Continue the reduction of the impact of our activities on the Environment
 - Ensure the industrial safety of our installations and means of transport
 - Preserve natural resources
- **Social**
 - Guarantee health and safety of all our employees and partners
 - Ensure we practice a social dialogue of high quality
 - Better integrate our sites into their communities
 - Promote and respect the protection of Human rights
- **Economic**
 - Seek the long-term satisfaction of our clients
 - Support our clients with an in depth knowledge of our products, and encourage those who make efforts to improve the Environment
 - Extract a sustainable and robust value from our activities

Note: Above initiatives are based on the **10 principles of UN Global Compact** and the **9 elements of Responsible Care Global Charter**

Novacap, a world level actor of sustainable chemistry with strong commitments and references

- **Novacap develops, produces, sells and distributes daily life chemical products** such as sodium bicarbonate, acetylsalicylic acid, para-aminophenol, paracetamol, isopropanol, ferric chloride and hydrochloric acid.
- Through our **subsidiary companies Novacarb, Novapex, Novacid, Novacyl and Yangzi**, our group is a supplier of reference to the most demanding markets such as pharmaceuticals & health, food & feed, glass, Environment, personal care, cosmetics and fragrances.
- With **massive investments**, Novacap has been managing to pursue its **remarkable growth for many years, in spite of a difficult economic climate**.

Our commitments for sustainable development:



The **United Nations Global Compact**, also known as **Compact** or **UNGC**, is a **United Nations** initiative to encourage businesses worldwide to adopt sustainable and **socially responsible** policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of **human rights**, **labors rights**, the **Environment** and **anti-corruption**.



Responsible Care is a global, voluntary initiative **developed autonomously by the chemical industry for the chemical industry**. The signatory chemical companies agree to commit themselves to improve their performances in the fields of **Environmental protection**, **occupational safety and health protection**, **plant safety**, **product stewardship** and **logistics**, as well as to continuously improve dialog with their neighbors and the public, independent from legal requirements.

Our references:



For the second consecutive year, **Novacap was considered by ExFi Partners**, a ESG consulting firm, to have improved its performance on a large number of ESG criteria, and among them: Corporate Social Responsibility, Risk Management, Health and Safety, Responsibility towards clients and Relations with Communities.



ARDIAN, the principal shareholder of Novacap is member of the **Sustainable Development club of the AFIC** (French Association of Investment in Capital).

Other interactions with chemical industry



- **UNION DES INDUSTRIES CHIMIQUES (Union of Chemical Industries):** this professional organization pools all French players from the chemical industry and fosters meetings and experience sharing. The involvement of managers from Novacap in the governance bodies of the UIC creates opportunities to share and discuss with other players in the industry, especially on themes associated with sustainable development.
- **AXELERA:** this cluster in the Rhône-Alpes region has 4 main objectives to **ease and fasten the creation of an industrial and scientific international branch which combines chemicals and Environment**. To be more specific, AXELERA strives to become by 2012 the European leader for chemistry on industrial and scientific dimensions. In order to do so, a 5-axis strategy was implemented:
 - Chemistry-Environment serving application markets;
 - Preservation of natural spaces;
 - Recycling and recyclability of materials;
 - Chemicals from plant materials;
 - The facilitation/ plant of the future.
- **PLATEFORME CHIMIQUE DE ROUSSILLON (Chemical platform of Roussillon):** Novapex's main facility is located in this chemical platform which pools numerous chemical factories. Within this organization, players benefit from common services (security, water treatment, etc.), cooperation opportunities (energy valorization of Novapex's waste by Teris), but they can also share on various themes linked to sustainable development. The platform has implemented a HSE Charter signed by all players and a Sustainable Committee was created. It is chaired by Alain Authier, Novapex' Industrial Manager.

Responsibilities

- **Mr. Alain Authier is in charge of HSE issues at the "Union des Industries Chimiques (UIC) Rhône Alpes"** (Chemical Industries Union of the Rhone-Alpes region) and responsible for the chemical platform for sustainable development of Roussillon.
- **Gilles SCHAFF seats on the General Board of Lorraine and chairs the UIC of the Lorraine region.**
- **Mr. Jean Louis Martin was nominated President of the UIC Rhône Alpes and he participates in the National Board of the UIC.** These global actions are duplicated in each of the Group's facilities by participating in the regional chemical platforms.

Novacap key figures

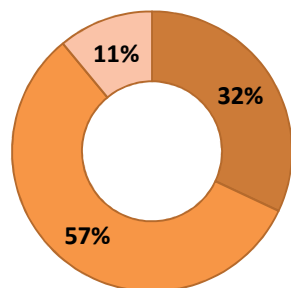
Overall Group details

- **2012 Turnover : 730 m€***
- **Number of employees : 1,245* (2013 Sept)**
- **Number of production units : 11 across the world (France, China, Thailand & Brazil)**

Yangzi Pharma Chemical included

■ Turnover by area (2012)

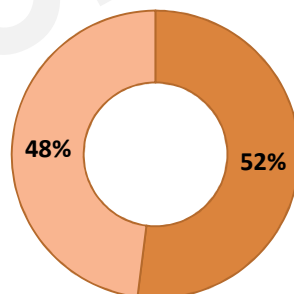
- France
- Others in Europe
- Asia & Americas



Pro forma figures including Yangzi Pharma Chemical

■ Staff by area (2012)

- Asia & Americas
- France & others of Europe



Main Sustainable Development achievements

- **With 25 m€ invested in QHSE in 10 years and continuous efforts towards Excellence, we have succeeded over the last 5 years period:**
 - **93% reduction of coal dusts (Novacarb)**
 - **80% reduction of VOC (Novapex)**
 - **90% reduction of unintentional aqueous emissions (Novapex)**
 - **0 complaints from neighbours**
- **It was also achieved:**
 - 2.7 accidents with working time losses by 1 million of worked hours in 2012 → **divided by 3 in 4 years**
 - **16,015 hours for people training budgeted in 2013** in France i.e., > 27 h/person
 - **32% of our collaborators are women**



Section 2

Sustainable Development Policy

Sustainable Development policy at the core of our business

- **As a key player in the Chemical industry, we consider a sustainable chemistry will necessarily integrate:**
 - responsible supplies
 - responsible productions
 - responsible sales
- **To support this vision, we focus our efforts on :**
 - our economic performance,
 - our social and societal responsibility
 - our respect of the Environment
- **Beyond these 3 commitments, Novacap and its Subsidiaries deploy a roadmap based on defined framework and generate action plans by entities on a yearly basis with performance indicators management.**
- *« Contributing to Sustainable Development means implementing concrete actions: assessing our processes and our operations, defining ambitious projects to be followed-up on a daily basis, committing ourselves with respect to the local communities. An organized ambition followed by actions »*

Pierre Luzeau



Sustainable Development Policy At the core of our business

As a **key player** in Chemistry industry, we, members of Novacap Committee, consider the **chemistry of tomorrow** will necessarily pass by **responsible supplies, responsible productions and responsible sales** aiming to our business sustainability. In order to support this vision, we focus our energy on the **3 mains commitments**, the **economic performance**, the **social and societal responsibility** and the **respect of the Environment**.

To play an active role in Sustainable Development, all our **Novacap teams are committed** to work on it continuously and embed it, the most deeply possible, in their own activities.

By communicating actively on our sustainable development commitments, our policy and our principles, we share this vision with all our stakeholders, that they are our employees, our shareholders our customers, our suppliers or Community members.

We put in place a **structured approach** which engages all of us in a shared roadmap with defined initiatives:

Economic performance:

For us and our stakeholders, it is fundamental and central to extract a sustainable value of all our activities searching for and guarantying sustainable satisfaction of our customers offering a high quality level of products and services corresponding to, or better, going beyond their expectations. In addition, we continuously inform them on our products, promoting those which contribute to better environment. To Foster this economic axis, we decide to deploy our Operational Excellence program

Social responsibility:

As a recognized Chemist, it is essential for us acting first on ensuring health and safety of our colleagues and those of our business partners, but also establishing a high-quality social dialogue, promoting and respecting the human rights and integrating better our factories into their territories

Environmental respect:

By this commitment, we signify our permanent will to integrate environmental protection in all our tasks, to reduce the environmental impact of our activities, to ensure the industrial safety of our installations and products transports and to preserve natural resources.

Beyond our 3 commitments and corresponding initiatives, as described above, 40 levers have been identified to deploy our roadmap towards the Sustainable Development. Among them, Novacap and its subsidiary Companies review and update every year a list of common and specific priority levers with associated actions.

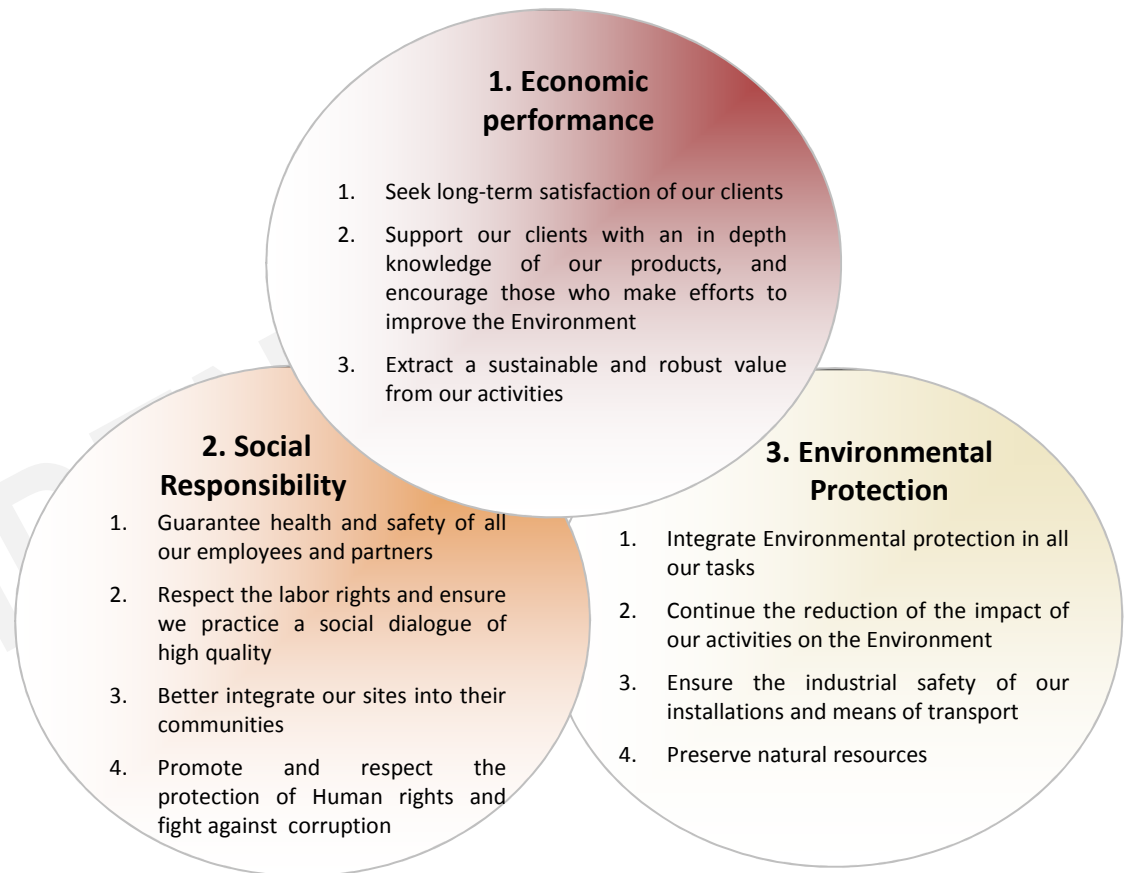
Our real commitment and actions in this field reflect themselves in our membership of the Union Nations Global Compact as "Global Compact Active" member, in our adhesion to "responsible Care" charter of Federation of European Chemical Industries (CEFIC and UIC), but also through ISO 9001, ISO14001, OSHAS 18001, HACCP and GMP certifications for concerned Novacap activities.



Responsibility is integrated in our processes

Safety	Based on Rhodia culture legacy, Novacap pursues its improvement in this field reducing its LTIFR cat1 ("TF1 cat 1") from 8.5 in 2009 to 2,8 in october 2013
Management system	To succeed in its Sustainable Development program deployment, Novacap (i) manages its business adopting ISO 9001, ISO 14001 and OSHAS 18001 frameworks and (ii) has been obtaining for several years certifications for all its entities when and where relevant
Regulation Compliance	Novacap was heavily involved in drawing up Reach Regulations and its subsidiaries have been certified cGMP abd HACCEP when relevant
Material consumption Waste Generation and Emissions	Novacap is fully committed and continuously acts with success to reduce impacts to Environment through its subsidiaries, in particular on steam consumption (Novapex), dust generation (Novacarb), water consumption (Novacid), etc. and is strongly focused on energy consumption reduction.
Operational Excellence	Initially started within Novapex, the Group decided to deploy an Operational Excellence program using Lean Six Sigma approach and corresponding tools box to fully support the value creation <i>Example of such projects: energy, yields, productivity, product quality, flow and processes efficiency during its products production and utilization</i>

A clear framework and process to deploy our policy



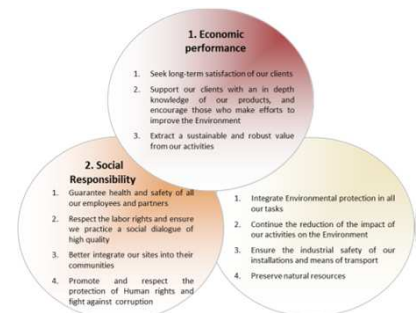
- **Sustainable Development Strategy** is defined by Novacap's Top Management. It is then implemented in each subsidiary. Priorities are determined for all or for specific subsidiaries by consensus between Top Management and the General Direction of each subsidiary. Specific action plans and targets are implemented within each subsidiary and followed by Novacap through reporting tools.
- Several times a year, **presentations are made to Novacap's Top Management about the achievements of each subsidiary.**
- The **process combines both top-down and bottom-up approaches**, which suits the decentralized organization of Novacap Group.

A reinforcement of Global Compact Framework adequation

- One of the outputs of our **first Sustainable Development and safety Seminar (2013, September, 06th)** has been the update of our framework aiming to be better aligned to Global compact principles and mainly on the last one fighting corruption we didn't cover previously:

- We create an initiative called **"Promote and respect the protection of Human rights and fight against corruption"** and specific levers which clearly support it.
- We create a "Methods, organization and internal audit" function in 2012 and an internal auditor was hired.
- Within the context of our stronger presence out of France with, for example, the new joint venture, Yangzi Pharma Chemical we consider our new framework as a key tool to develop our business sustainably.

 United Nations Global Compact		Les 4 catégories du Global compact		Droits de l'homme		Droit du travail			Environnement			Lutte contre la corruption									
Développement Durable NOVACAP																					
Les 3 Engagements		Les 10 Principes du Global compact: "les entreprises sont invitées..." Les 10 démarches de notre référentiel NOVACAP		1. A promouvoir et à respecter la protection du droit international relatif aux droits de l'Homme dans leur sphère d'influence 2. A veiller à ce que leurs propres compagnies ne se rendent pas complices de violations des droits de l'Homme.		3. A respecter la liberté d'association et à reconnaître le droit de négociation collective		4. A contribuer à l'élimination de toutes les formes de travail forcé ou obligatoire		5. A contribuer à l'abolition effective du travail des enfants		6. A contribuer à l'élimination de la discrimination en matière d'emploi et de profession.		7. A appliquer l'approche de précaution face aux problèmes touchant l'environnement		8. A entreprendre des initiatives tendant à promouvoir une plus grande responsabilité en matière d'environnement		9. A favoriser la mise au point et la diffusion de technologies respectueuses de l'environnement.		10. A agir contre la corruption sous toutes ses formes, y compris l'extorsion de fonds et les pots-de-vin.	
Social		Garantir la santé et la sécurité à nos collaborateurs et nos partenaires Respecter le droit du travail et assurer un dialogue social de qualité Promouvoir et respecter la protection des droits de l'homme et lutter contre la corruption Intégrer mieux nos usines à leurs territoires		XXX		XXX						X			XX						
Environnemental		Intégrer la protection de l'environnement dans toutes nos tâches Poursuivre la réduction des impacts de nos activités sur l'environnement Assurer la sécurité industrielle de nos installations et de nos transports Préserver les ressources naturelles		X		X						XXX			X						
Economique		Rechercher une satisfaction durable de nos clients Accompagner nos clients dans la connaissance de nos produits et promouvoir ceux qui contribuent à un meilleur environnement Tirer une valeur durable de nos activités		X		X						XX			X						



Concordance level	XXX	Forte
	XX	Moyenne
	X	Faible

Novacap SD Framework : 3 Commitments, 11 Initiatives, 40 Levers whom 16 priorities

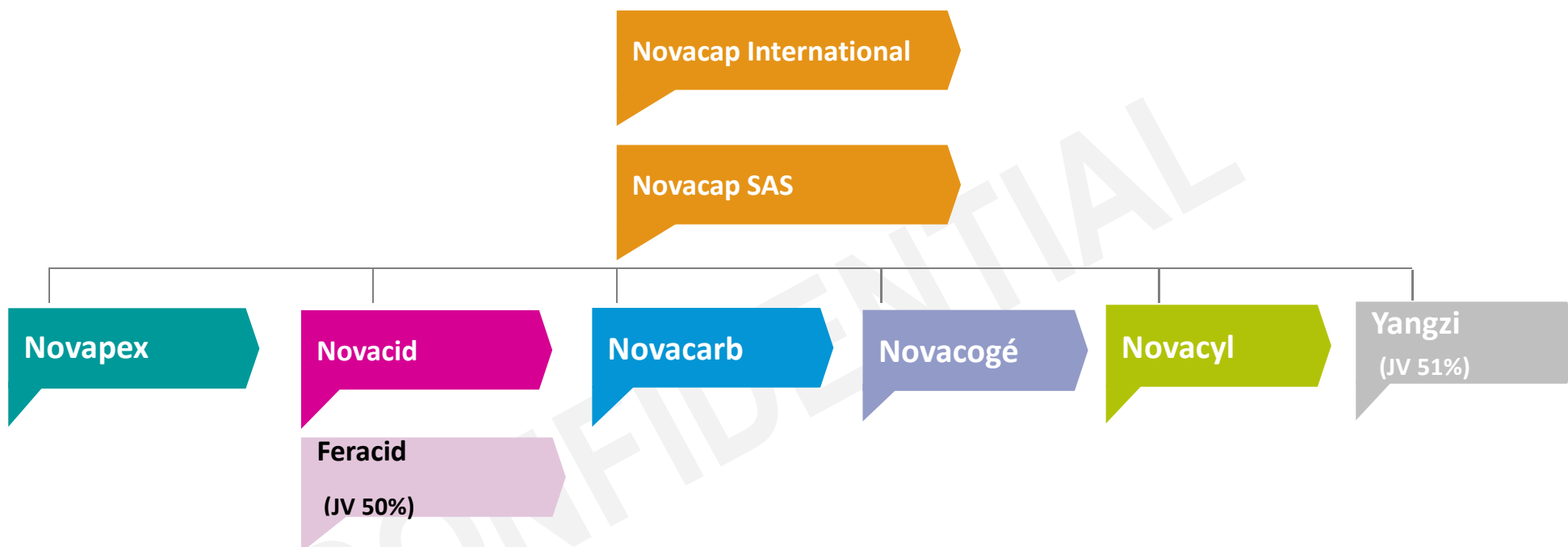
3 engagements	N°	11 initiatives	N°	40 leviers	Les priorités 2014 par entités					
					Holding	Carb	Cid	Cyl	Pex	Yan
Social / Sociétal	D1	Garantir la santé et la sécurité à nos collaborateurs et nos partenaires	L01	Prévenir les accidents du travail, identifier les risques, les maîtriser et les réduire. Exploiter le retour d'expérience: <i>former, encourager le comportement sécurité et le respect des consignes, prévenir en analysant les risques avant toute opération, se protéger par le port des équipements de protection adéquats déterminer puis réduire les activités à risques (ou "tâches critiques") analyser efficacement nos accidents et incidents pour éviter leur réapparition, contrôler, vérifier par des visites sécurité cette bonne application,</i>	1	1	1	1	1	1
			L02	Encourager le leadership et l'exemplarité des managers et développer le comportement sécurité de nos collaborateurs	1	1	1	1		1
			L03	Réaliser les études d'exposition et protéger les salariés contre les agents impactant la santé (document unique)						
	D2	Respecter le droit du travail et assurer un dialogue social de qualité	L04	Gérer en prévisionnel les emplois et les compétences	1	1				
			L05	Former, sensibiliser le personnel au Développement Durable selon le référentiel Novacap, l'engagement au Global Compact et les normes internationales.	1					
			L06	Garantir les droits sociaux de nos collaborateurs	1		1	1		1
	D3	Promouvoir et respecter la protection des droits de l'homme et lutter contre la corruption	L07	Garantir le non travail des enfants et l'absence de tout travail forcé (interne, fournisseurs et clients)				1		1
			L08	Veiller à l'élimination de toute discrimination en matière d'emploi et de profession	1		1	1		1
			L09	Agir contre la corruption sous toutes ses formes, y compris l'extorsion de fonds et les pots-de-vin	1			1		1
	D4	Intégrer mieux nos activités à leurs territoires	L10	Mettre en place un dialogue constructif accru avec riverains, collectivités locales, associations (portes-ouvertes, partenariat d' écoles...)		1	1		1	
			L11	Contribuer à l'économie locale: emplois (directs et indirects) , taxes, formation professionnelle,...	1					
			L12	Promouvoir la pérennité de nos activités auprès des responsables politiques et administratifs	1	1		1		
Environnemental	D5	Intégrer la protection de l'environnement dans toutes nos tâches	L13	Exploiter les ressources naturelles dans les règles de l'art, en veillant à la réhabilitation des paysages.						
			L14	Manager les activités selon le référentiel de gestion environnemental ISO 14001					1	
			L15	Préserver la biodiversité et connaître les écosystèmes dans et autour de nos sites		1			1	
	D6	Poursuivre la réduction des impacts de nos activités sur l'environnement	L16	Diversifier nos ressources énergétiques en privilégiant la réduction des gaz à effet de serre et assurer la transition énergétique	1	1			1	
			L17	Réduire les émissions dans l'air et dans l'eau: <i>Prévention à la source, amélioration des procédés, optimisation des traitements des effluents, mise en place de moyens d'analyse</i>			1	1	1	1
			L18	Développer une logistique contribuant à l'amélioration de l'environnement (train , fluvial , pipe ...)	1		1	1		
			L19	Prendre en compte du Développement Durable dans la sélection des fournisseurs	1					
			L20	Gérer globalement les risques selon le référentiel OHSAS 18001						
	D7	Assurer la sécurité industrielle de nos installations et de nos transports	L21	Privilégier la prévention par l'identification, la gestion et la maîtrise des risques industriels: <i>POI, Seveso, PPRT, systèmes et méthodologies etc...</i>			1		1	1
			L22	Maîtriser les risques liés aux transports des produits	1				1	
			L23	Améliorer l'efficacité énergétique des activités énergétiques selon le référentiel ISO 50001		1			1	
	D8	Préserver les ressources naturelles	L24	Réduire les consommations de matières et des emballages				1		
			L25	Maîtriser la consommation d'eau					1	
			L26	Assurer une gestion rigoureuse des déchets et des effluents et favoriser l'utilisation de matières recyclables			1			1
Economique	D9	Rechercher une satisfaction durable de nos clients	L27	Développer l'écoute clients, le service, les relations et la confiance mutuelle afin de mieux répondre à leurs attentes (gestion des réclamations, Appuis techniques...)	1	1		1		
			L28	Optimiser, planifier la démarche qualité et mesurer l'efficacité des processus et nos performances selon l'ISO 9001						1
			L29	Améliorer de façon permanente la qualité de nos produits et services pour être à la "pointe" de nos marchés		1		1	1	1
			L30	Mettre en œuvre les mesures garantissant la "Sécurité" de nos produits sur les marchés réglementés concernés (grades pharmaceutiques, alimentaires, animales,...) selon			1	1		
	D10	Accompagner nos clients dans la connaissance de nos produits et promouvoir ceux qui contribuent à un meilleur environnement	L31	Assurer la veille et la conformité de nos produits à la réglementation internationale (REACH, FDS, des données techniques ...)				1	1	
			L32	Développer les produits contribuant à l'amélioration de l'environnement			1			
			L33	Proposer des solutions (produits et procédés) innovantes et durables à nos clients			1			
			L34	Promouvoir l'intérêt de nos activités auprès des parties prenantes (Grand public/ Administration et Politiques/...)	1	1	1			
	D11	Tirer une valeur durable de nos activités	L35	Améliorer la fiabilité des ateliers dans le respect de nos budgets		1	1	1		1
			L36	Améliorer nos rendements et nos coûts de production		1		1		
			L37	Etre un acteur engagé sur les plateformes industrielles (mutualisation des services/ Impact et influence...)						
			L38	Valoriser les coproduits de nos activités			1	1		
			L39	Optimiser les coûts et développer les synergies de nos chaînes logistiques	1	1	1	1		1
			L40	Développer la démarche d'Excellence Opérationnelle: 5S Management visuel Management des processus Amélioration continue terrain Gestion projets...	1	1	1	1	1	1
				Total des priorités BU's	17	15	17	19	13	14



Section 3

A worldwide presence

Novacap structure



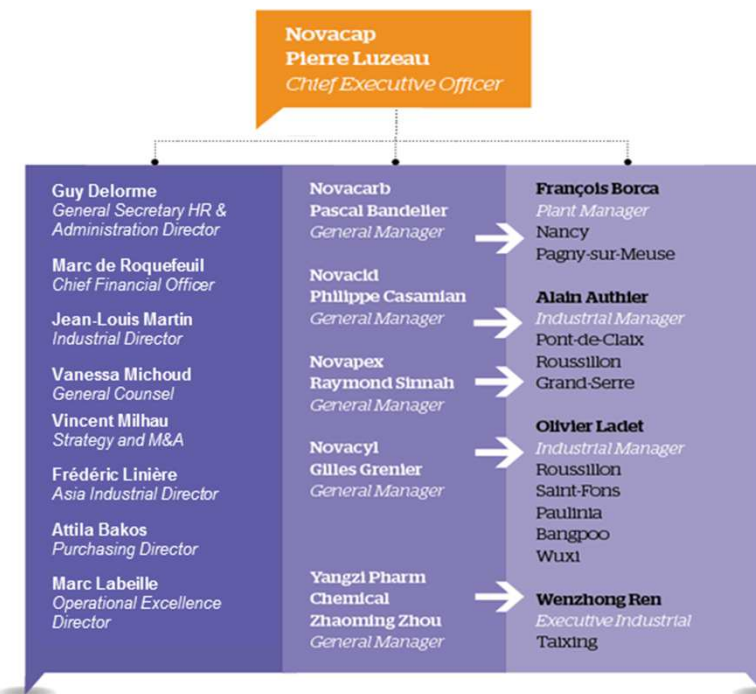
- Novacap group, created in 2003, is coming from acquisition of Rhodia assets in basic chemistry field
- Novacap is today majority owned by ARDIAN
- Novacap produces and sells daily life chemicals such as sodium bicarbonate, acetylsalicylic acid, para-aminophenol, paracetamol, isopropanol, ferric chloride and hydrochloric acid
- Novacap is supplying high demanding markets like pharmaceuticals and health, food and feed, glass, Environment, personal care, cosmetics and fragrances

A governance to boost its sustainable development policy

- Novacap has implemented a dual governance model based on a Supervisory Board and a Board of Directors, which guarantees a separation of control and management powers.
 - There are seven members in the Supervisory Board: four shareholder representatives and three external and independent members. There are no women among Supervisory Board members.
 - The Supervisory Board has created three specialized committees: remunerations, audit and strategy. Their composition (presence of independent members) and functioning are adequate.
- There are 12 members in the Executive Committee. Three members (the President Pierre Luzeau, the General Secretary and the Financial Director) compose the Board of Directors. They can assist to the Supervisory Board meetings.
 - The directors would like to add more international profiles within the executive committee.
 - Executive Committee meetings take place every month.

SD Responsibilities

- At Group level, a SD strategic thinking is undertaken by the Supervisory Board on a yearly basis.
- The President is responsible for the implementation of the SD policy, with the help of the Industrial Director.
- Plants Directors and Managers are in charge of the implementation of the SD strategy in the subsidiaries



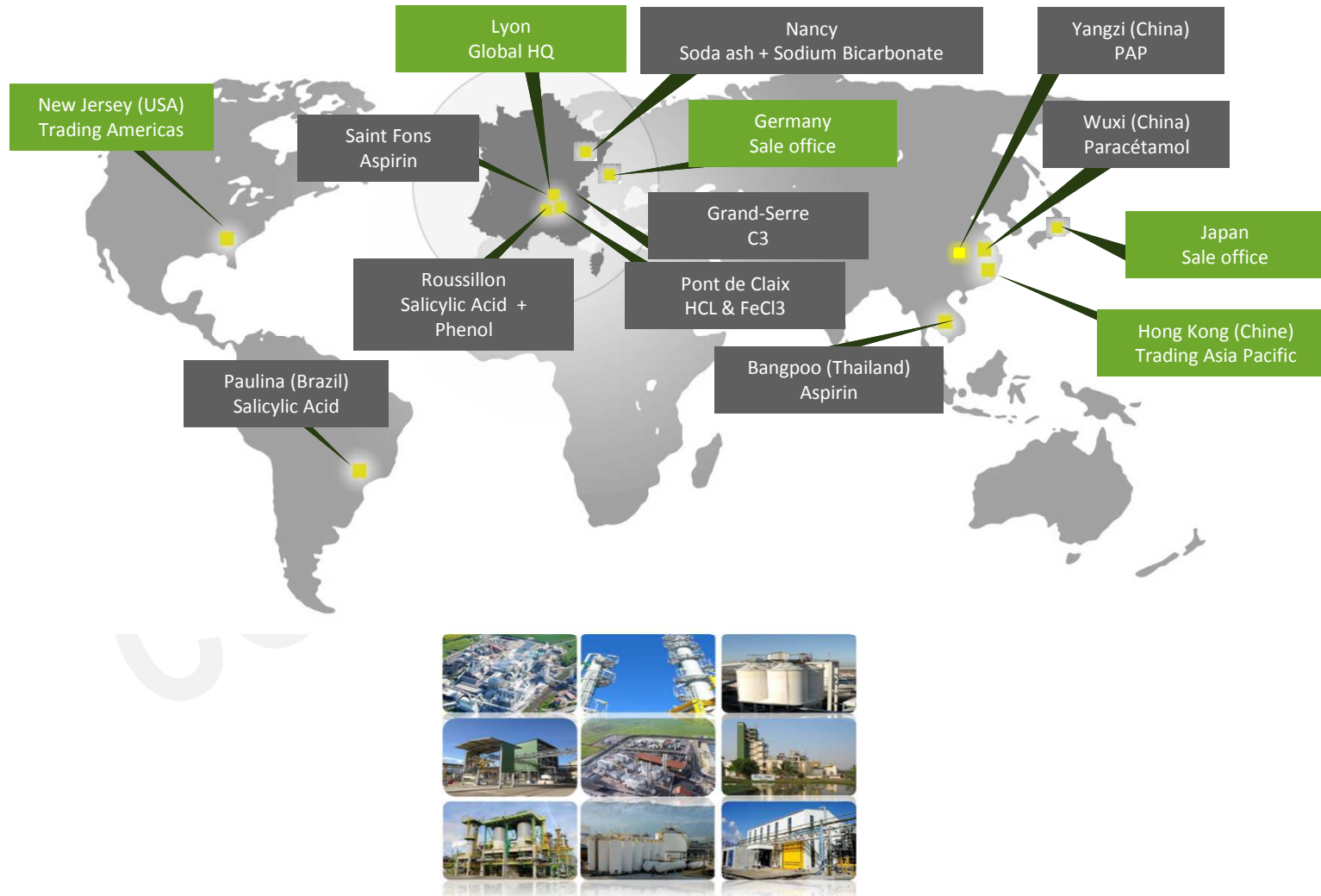
SD Indicators and Reporting

- The balanced scorecard "SD Priorities 2013", implemented in all subsidiaries, is steered by the Group Industrial Director. It shows quantitative indicators and targets, as well as specific tools.

Some governance actions to deploy Sustainable Development policy

- An audit committee was created in 2012 within the Supervisory Board.
- Novacarb has nominated a new Director for Nancy plant in 2012, in replacement of the former director who retired.
- Novacap has published its «Report on Progress 2012 » (Global Compact) and has updated its CSR objectives.
- The Company prioritized 16 actions (at Group or subsidiary level) from the CSR project to focus on during 2012. The subsidiaries have implemented their own improvement plans on these actions.
- Since 2012, Novacyl has been releasing its own policy on Sustainable Development.
- Novacarb was audited by the Industrial Chamber of Commerce against the ISO 26000 standard.
- A “methods, organization and internal audit” function was created in 2012 and an internal auditor was hired.
- Novacap reinforced its crisis management procedures, helped by an agency specialized in crisis communication. The new process will be implemented in the HSE department. Communication, training and simulations were recently undertaken.
- In 2013, an Operational Excellence function has been created : one person hired.

A world-wide industrial asset – 11 industrial sites - 3 zone headquarters



Key data by business unit

Novacarb

2012 Turnover: € 121 M

Manpower: 310

Products: sodium bicarbonate, Soda Ash, sodium sulphates and limestone

Locations:

- Production sites: La Madeleine (Nancy - France)
- Pagny-sur-Meuse (France)
- Les Roches de Condrieu (Lyon - France)
- Administrative and commercial offices:
- La Madeleine (Nancy - France)

Production capacities:

- Soda Ash: 560 kt/year
- Sodium Bicarbonate: 140 kt/year
- Sodium Sulphate: 80 kt/year

Novacogé

Manpower:

- 10 people

Location Production Site :

- La Madeleine (France)

Production capacity:

- Cogeneration unit of 90 MW

Novapex

2012 Turnover: € 420 M

Manpower: 133

Products: phenol, acetone, isopropanol (IPA) and niche products

Locations:

- Production sites: Roussillon, Grand Serre (France)
- Administrative offices: Lyon (France)
- Commercial offices: France, Germany, Spain, Italy

Production capacities:

- Cumene: 260 kt/year
- Phenol: 185 kt/year
- Acetone: 115 kt/year
- Isopropanol: 50 kt/year
- Niche products: 20 kt/year

Novacid

2012 Turnover: € 21 M

Manpower: 25

Products: hydrochloric acid, nitric acid, Ferric chloride and calcium chloride

Locations:

- Production sites: Pont de Claix (France)
- Administrative offices: Lyon (France)
- Commercial offices: France, Italy, Spain

Production capacities:

- Hydrochloric acid: 200 kt/year
- Ferric chloride: 50 kt/year
- Calcium chloride liquid: 15 kt/year
- Nitric acid 69%: 55 kt/year

Yangzi

2012 Turnover: € 72M

Manpower: 396

Products:

- Para-aminophenol (PAP)
- Para-nitrophenol (PNP)

Locations

- Production site: Taixing (China)
- Administrative offices: Taixing (China)

Production capacity:

- PAP : 35 kt/year

Novacyl

2012 Turnover: € 110 M

Manpower: 360

Products: salicylic acid, aspirin (acetylsalicylic acid), paracetamol (Acetaminophen), methyl salicylate and esters of salicylic acid

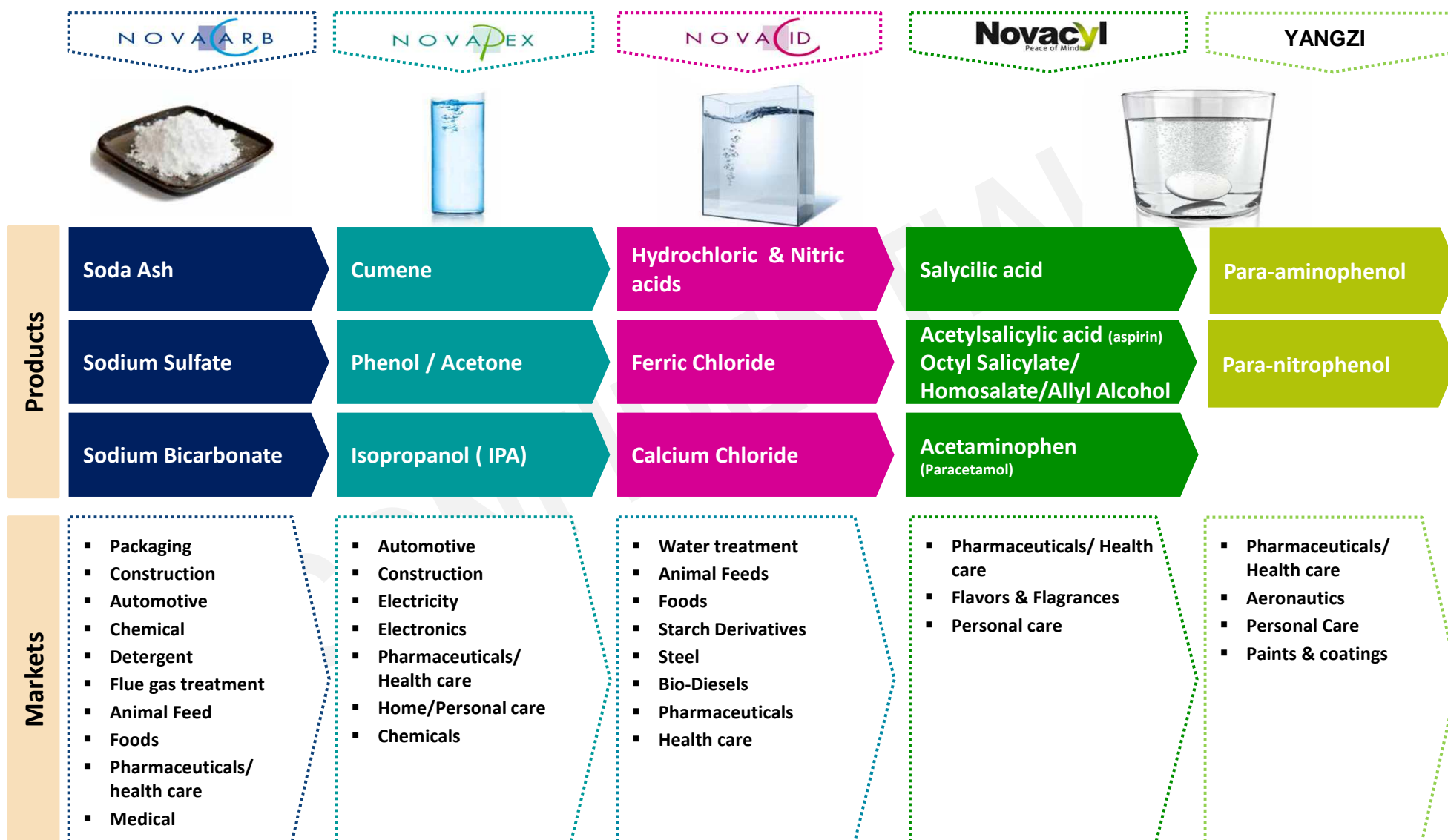
Locations:

- Production sites: Roussillon (Lyon - France)/ Saint-Fons (Lyon - France) / Paulinia (Brazil) Bangpoo (Thailand)/ Wuxi (China)
- Administrative offices: Lyon (France)
- Commercial offices: France, USA, Hong Kong

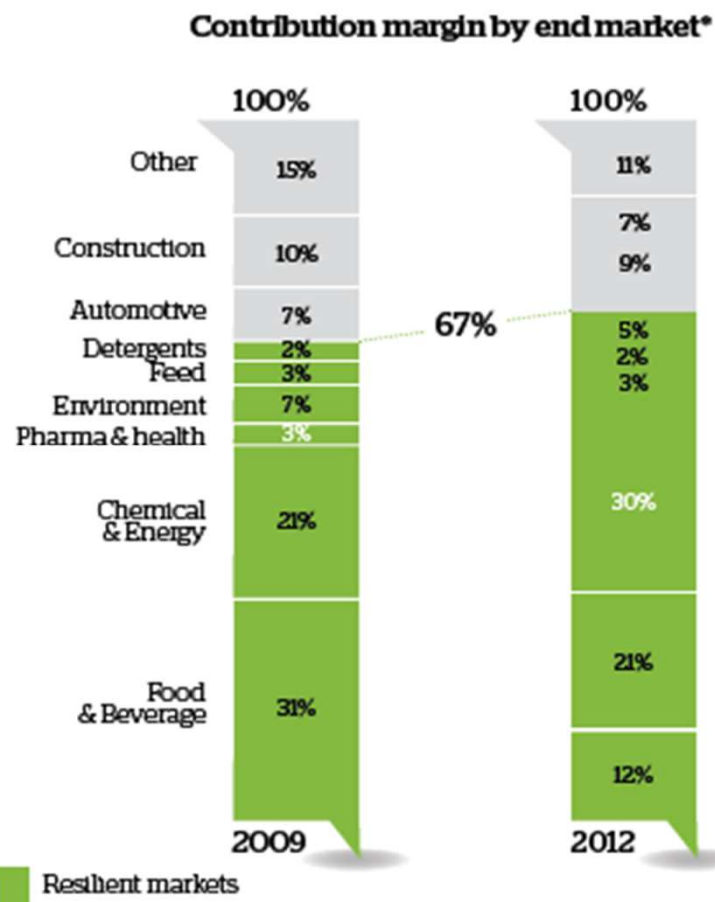
Production capacities:

- Salicylic acid: 32 kt/year
- Acetyl salicylic acid: 12 kt/year
- Paracetamol (acetaminophen): 7 kt/year
- Methyl salicylate and esters of salicylic acid: 8 kt/year

A leader of sustainable chemistry serving our customers with every day life products on high resilient and attractive markets



A growth strategy on resilient markets



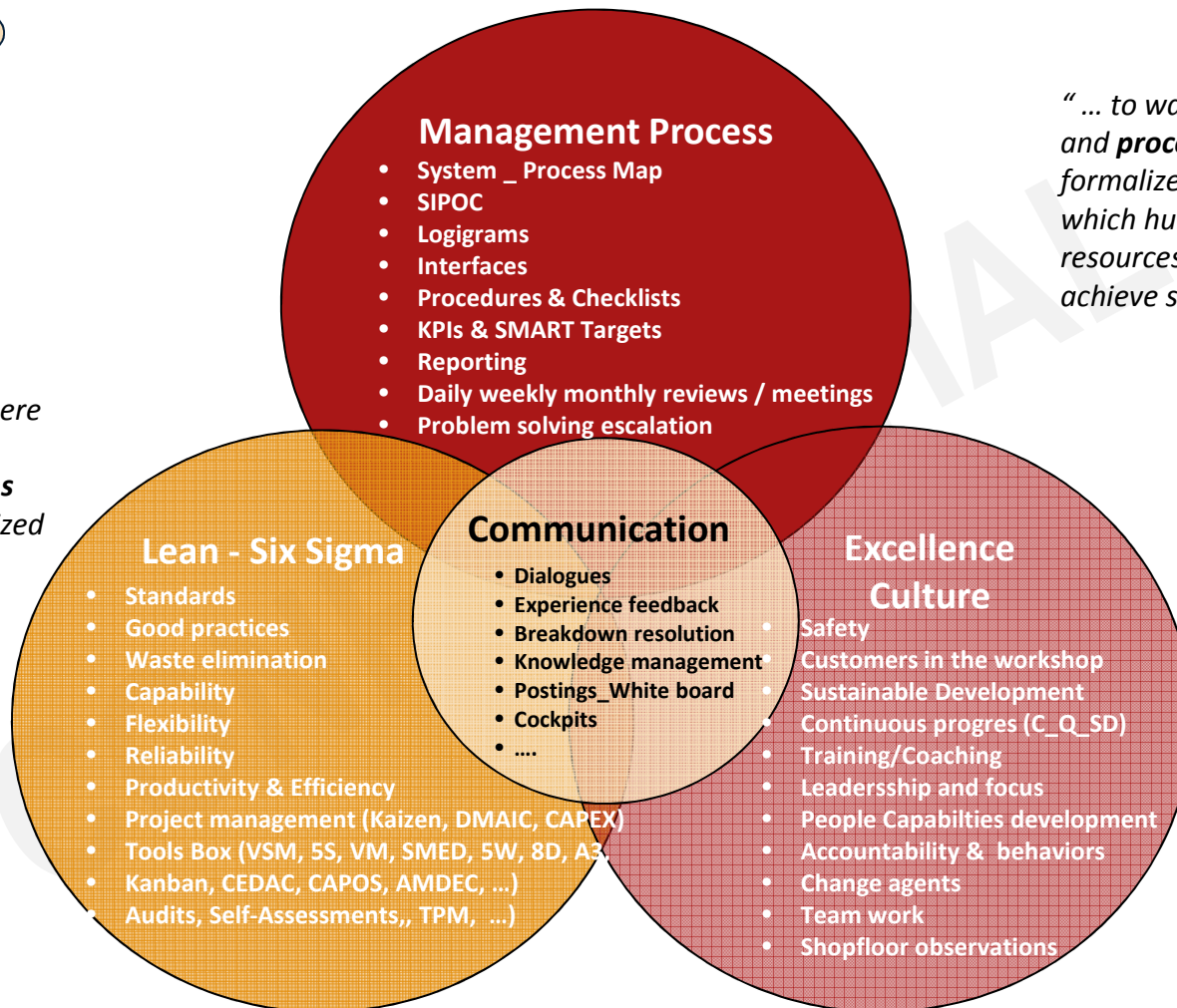
- Novacap Group continues its profitable growth by focusing on resilient and attractive markets such as pharmaceuticals and health, water treatment, flue gases treatment, food, feed and detergents.



Operational Excellence, a support to Sustainable Development

OPERATIONAL EXCELLENCE
is to do things
**RIGHT FIRST TIME,
EVERYTIME**
at **LOWEST COST** »

*“... to walk on the way where **physical assets** and **manufacturing operations** are configured and optimized to increase value and minimize losses.”*



*“... to walk on the way where **systems** and **processes** are structured, formalized and optimized and through which human and organizational resources manage **operations** to achieve shared targets.”*

*“... to walk on the way where **People** think, feel and conduct themselves in the workplace, both **individually** and **Collectively**.”*

■ **3 work axis and a lot of communication well aligned with Sustainable Development Policy aiming to achieve economic performance within a social responsibility and protection of our Environment**

Novacap, a culture of excellence

Quality and continuous improvement

Excellence in Quality Management, a high level of compliance and certification, the application of rigorous procedures and controlled processes, equipment adapted to the needs of our customers and regulatory requirements.

All our industrial sites and sales networks are certified ISO 9001, ISO 14001 and OH SAS 18001. CGMP and HACCP certifications are in place in most facilities.

Programs of continuous improvement, aiming at operational excellence, have been implemented in all our sites, such as for example the Six Sigma program.

Novacyl sites in Asia, Europe & Brazil are US FDA and ANSM inspected.

Research, proposal and creation of solutions

Technical assistance by our experts, researchers and engineers together with our complementary associated services to help our customers find the best solutions to their specific needs.

Reactivity

Well known in the industry for its reactivity, our organization benefits from privileged locations at the heart of its core markets.

Reactive and multilingual customer service team, close to the production units, product storage and loading activities.

Deadlines in place for replies and guaranteed deliveries.

Logistic effectiveness and reliability of deliveries

Selection of a limited number of approved haulers having subscribed to a common quality charter.

Implementation of complete safety protocols.

Assistance and advice regarding safety regulations, for all aspects related to the transportation of our products.

- **Novacap managed to build partnerships of great quality with its customers, the major names of the industry.**
- **The strong and long-lasting relationships with our main customers contribute to our culture of excellence.**
- **We continue to develop and strive to embed these values in business relationships with our new customers.**



Section 4

Mains achievements in 2012 -2013 within our framework

Novacap actions in favor of social responsibility

C1. Social	A1. Guarantee health and safety of all our employees and partners	L1. Prevent workplace accidents (train&encourage employees to safe behavior, respect instructions, prevent by anal. risks prior to op., analyze accidents&incidents efficiently, control&verify the application of measures) L2. Promote leadership and exemplarity of managers and develop safe behaviours within our staff
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■ Main actions performed regarding the initiative and levers to be tackled

- Specific training on Safety Behavior with contact (MOCS Program_ Novacarb) 100% of trained people performed contacts
- Program of critical tasks analysis deployed at Novapex and Novacid
- Revision of maintenance work procedure Novacarb performed in May
- Visits of Hygiene and Safety performed systematically by Hierarchy
- Training on legal responsibility regarding safety issues : 50 managers trained in Novacarb
- 5S method is deployed on various sites
- Deployment in some entities of FTA for dysfunctions analysis
- Edition of an HSE Handbook and associated training performed in Yangzi



C1 Social	A3 Promote and respect the protection of Human rights and fight against corruption	L09 Act against corruption in all its forms, including extortion and bribery
------------------	---	---

■ Main actions performed regarding the initiative and levers to be tackled

- Creation of a “Methods, organization and internal audit” function in 2012 . An internal auditor was hired and several specific audits have been already performed.

C1. Social	A4. Better integrate our sites into their communities	L10. Set up a constructive and increased dialogue locally (neighbors , local authorities, associations) to all our establishments (open door policy, partner with schools)
-------------------	--	---

■ Main actions performed regarding the initiative and levers to be tackled

- Open day at Novacarb Nancy organized by CCI of Meurthe & Moselle (80 participants as defined as a maximum)
- Visit of Arnaud Montebourg , Productivity minister, in February 2013 at Roussillon _ Novacyl-Novapex
- Sustainable Development day on a yearly basis at Roussillon with community representatives
- PPRT revision for Roussillon site
- Rhone-Alpes Employment day participation for Novacid team
- Yangzi management very close to administration and considered as a reference on Taixing platform

Novacap actions in favor of Environment protection

C2. Environment	A5. Integrate environmental protection in all our tasks	L14. Roll out the ISO 14001 environmental management system
-----------------	---	---

■ Main actions performed regarding the initiative and levers to be tackled

- Certification ISO 14001 and update of Environmental analysis for main Novacap sites when relevant

C2. Environment	A6. Continue the reduction of the impact of our activities on the environment	L17. Reduce our emissions into the air and water (prevention at the source, process improvement, effluent treatment optimization, introduction of sophisticated continuous analytical instruments)
		L18. Develop a logistics strategy that contributes to improve the environment (rail, river, C3 pipeline, etc.)

■ Main actions performed regarding the initiative and levers to be tackled

- Study of Biomass energy & Methanization projects for Novacarb
- Calcoduc study with SDAGE
- Reduction of transport number using 44T full trucks
- Reduction of emission in water with less than 25 tons in 2012
- Collect of Acetone storage gas emission in Roussillon_ Novacap
- No more non compliance emission at Ferracid workshop.
- Reduction of washing at Rhodine
- Installation of Scrubber for gas treatment as well as a retention tank for effluents in Yangzi

C2. Environment	A7. Ensure the industrial safety of our installations and means of transport	L20. Manage risks from a global perspective based on OHSAS 18001 reference
-----------------	--	--

■ Main actions performed regarding the initiative and levers to be tackled

- Certification OSHAS 18001 for Novapex
- Risks management with reflex cards redaction and application
- POI prevention exercises in application in all Novacap Sites
- Revision of POI procedure in Novacarb
- ATEX zones revision performed in Novapex
- PPRT updated at Roussillon
- BPO Novacyl Site certification preparation



Novacap in actions in favor of Economic performance

C3. Economic	A9. Seek the long-term satisfaction of our clients	L28. Optimize and plan the quality approach; measure process efficiency and our performance
		L29. Improve on a permanent basis the quality of our products and services
		L30. Implement measures that guarantee both the food and pharmaceutical safety of our products

■ Main actions performed regarding the initiative and levers to be tackled

- All Novacap sites are certified ISO 9001
- 100% of mains processes reviewed in each entity
- Preparation of GMP assessment in Novacarb using internal competency of Novacyl
- Optimization of HD110 product in Novacarb
- Program of HPOC without color / isomers DIPB in Novapex
- Novacyl sites in Asia, Europe & Brazil are US FDA and ANSM inspected.
- Novacap has so far REACH registered 14 products requiring a registration file and authorization and is SIEF product leader for several products.
- Creation of a « Push and Proof » system for quick SDS in Novapex
- Purchasing productivity and Six Sigma programs already deliver k€

C3. Economic	A11. Extract a sustainable and robust value from our activities	L35. Improve the reliability of units while meeting our budget constraints
		L38. Reuse the by-products generated from our activities
		L40. Develop and expand "operational excellence" approach

■ Main actions performed regarding the initiative and levers to be tackled

- Gap study and FMEA developed on SA workshop to improve reliability
- Six Sigma program launched in Novapex
- Deployment initiated in other BU with creation of Operational Excellence program at Novacap level
- Increase of OEE in RON
- Improvement of PAP recovery from process waters in Yangzi.



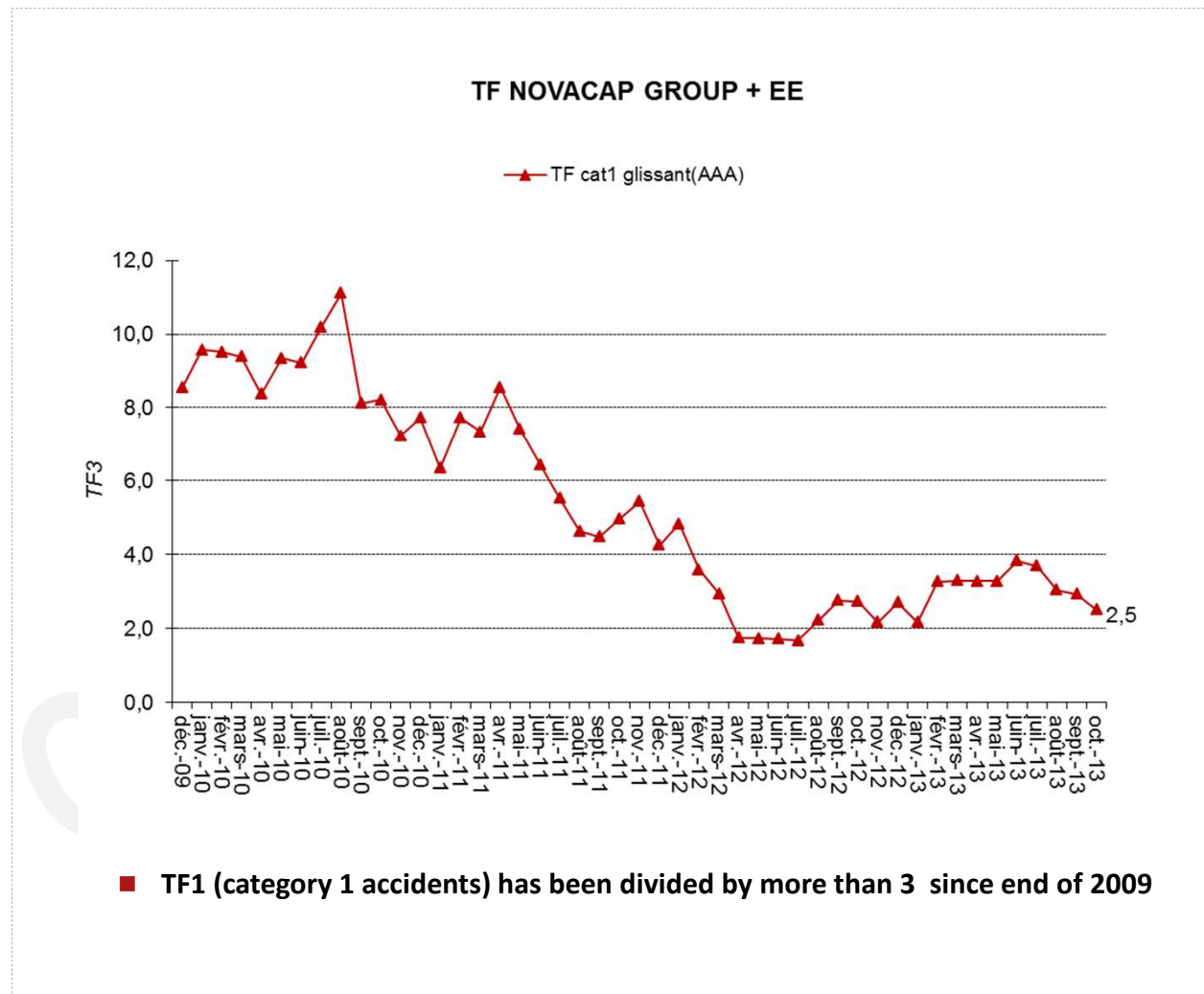
Section 5

Evolution of key indicators

		KPIs_Sustainable Development _NOVACARB														
		2019		2020		2021		2022		2023		2024		2025		
Reduce impact	Redu impact	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Improv	Impr Aug	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Improv assets	Impr asse	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Better plants	Bette plant	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Improv perform	Impr perf	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Satisf	Satisf	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
Integ	Integ	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													
High level	High level	Main	KPIs_Sustainable Development _NOVACARB													
			KPIs_Sustainable Development _NOVACARB													

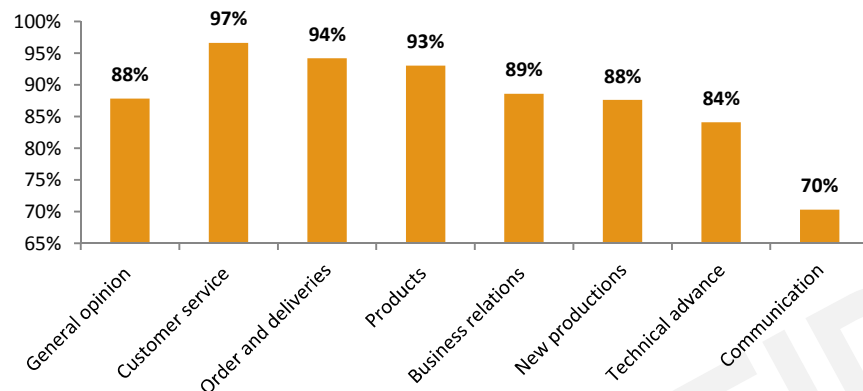
- According to Novacap governance principles, each BU director, with his management team implements Novacap SD Strategy in their perimeter. To succeed they defined their own balanced scored cards with specific KPIs in accordance to their own history, issues and targets.
- These are more than 50 indicators to ensure regulatory compliance, from the measurement of our water consumption to the number of contacts with the communes. Selected indicators are of various types and show a complete cartography of our progress.

Safety performance



Some customers and community indicators to focus on

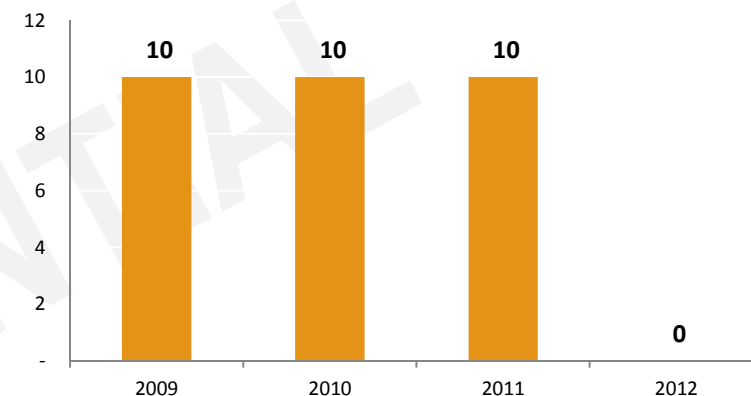
**Customers satisfaction survey
(Results of Novacarb extracts)**



- **Novacarb conducted a survey with 200 European customers during mid-2012 with Praxis Institute.**

- The average score for Novacarb is above the average score given to the other reference suppliers.
- Extract of this survey were published in the internal communication journal « Le Petit Soudier ».

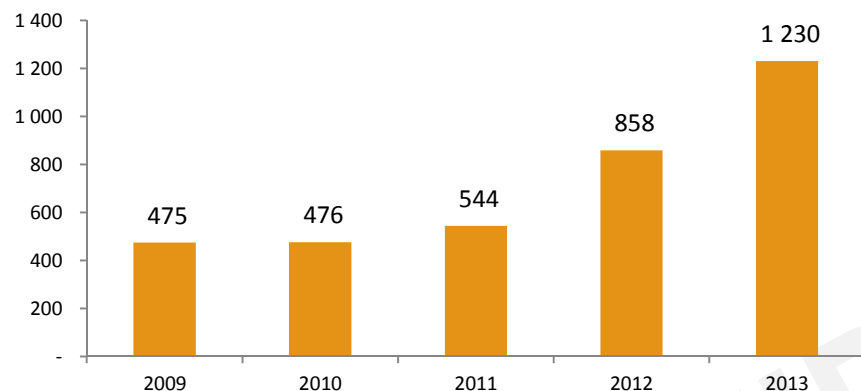
**Number of complaints from neighbours
(Novacap Perimeter)**



- **There was no complaint in 2012, which is a major progress.**

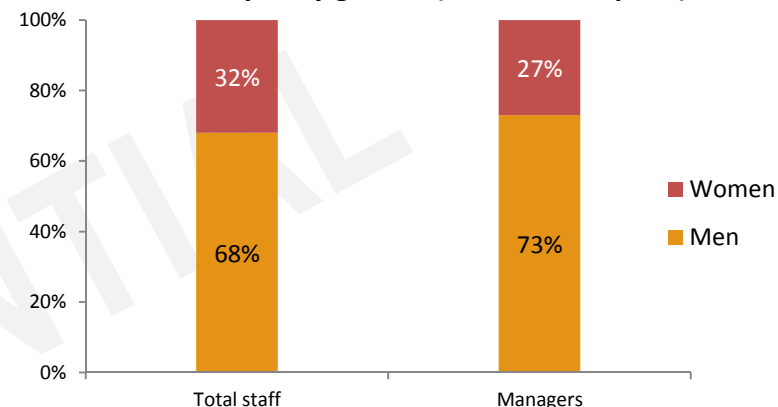
Social and diversity indicators

Average number of employees (Eq FTE)



- **The number of employees has increased by 27% on average per year between 2009-2013.**
 - The integration of Novacyl in 2011 induced a significant increase of the number of employee (+58%) in 2012.
 - The integration of Yangzi Pharma Chemical in 2013 induced an other increase of +43% in 2013.

Workforce split by gender (2012 Novacap ; %)

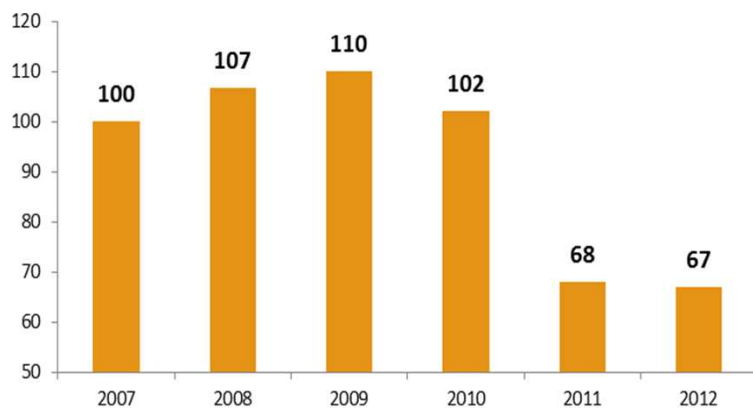


- **Policy assessment:**
 - The Equal opportunities management is in line with French regulation (in France).
 - the share of women in total staff and among managers in the Company is similar to chemical industry average ratios (UIC data : Rhône-Alpes: 29% / France: 38%)
 - In term of people development, the Novacap group-France spent in 2102 16015 h for trainings representing 3,71% of French salaries

Novapex - Energy & Water consumptions

Energy consumption - NOVAPEX

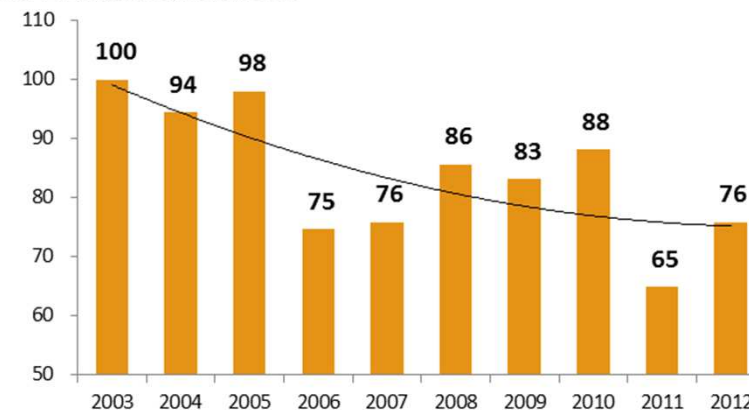
kWh/T of product base 100 in 2007



- The performances are improving greatly thanks to the energy saving initiatives implemented at Novapex.

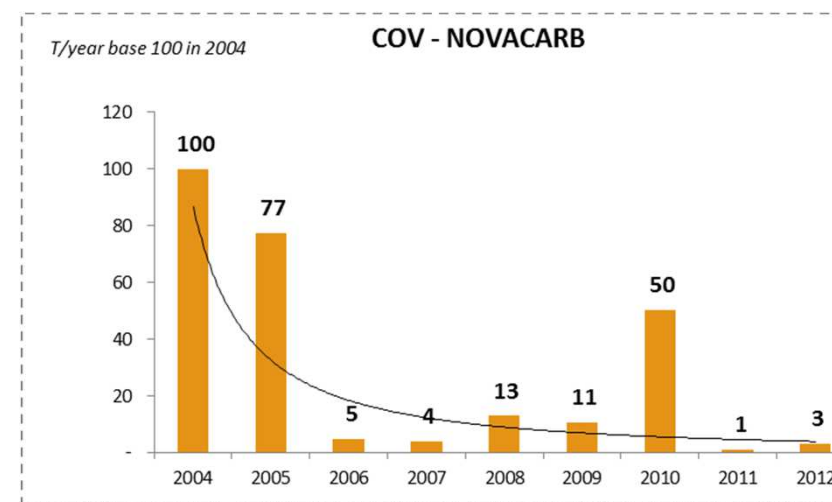
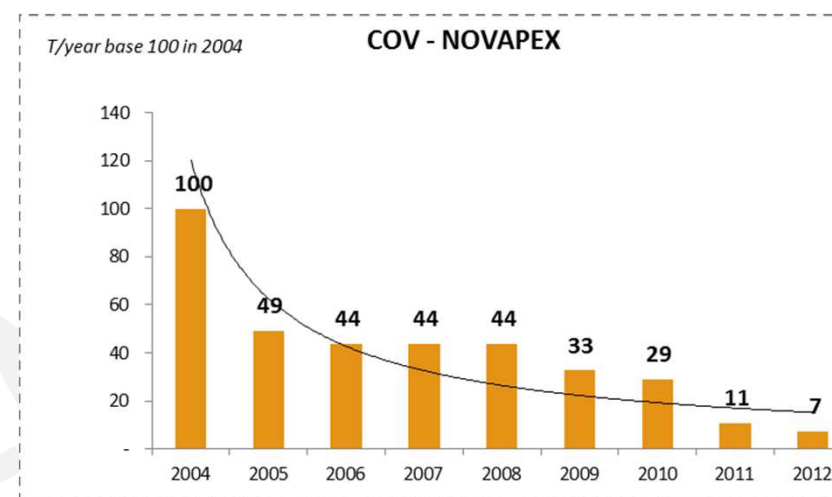
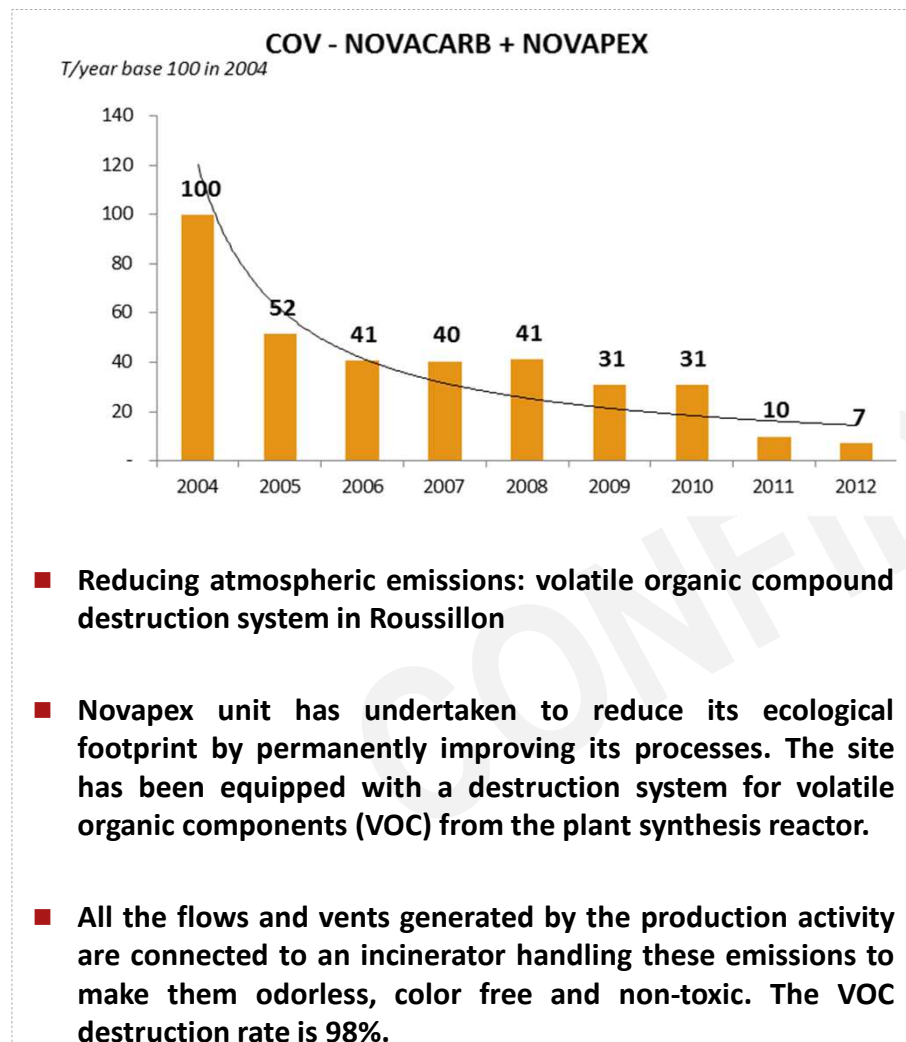
Water consumption - Novapex Roussillon

M3/T of product Base 100 in 2003

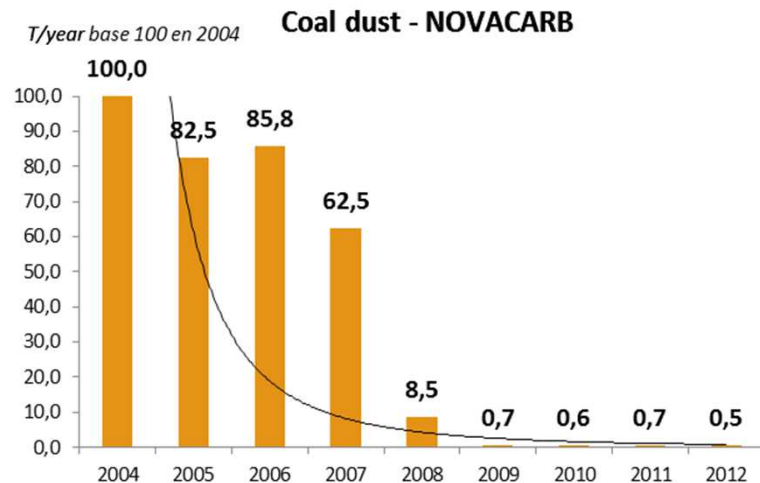


- Some improvements in water management (washing/recycling) generate a visible reduction (-23% in 2012 vs. 2005) of water consumption

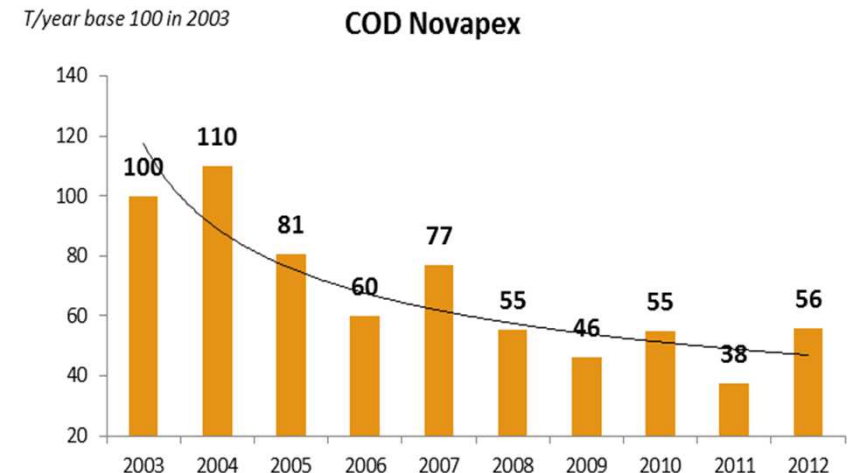
Atmospheric emissions



Coal dust emissions & aqueous emissions



- Reducing atmospheric emissions: a smoke exhaust system from Nancy coal boilers Novacarb unit has significantly reduced the impact of its activities on the Environment. The site installed 2 electro-filters to handle the smoke coming out from its 6 coal boilers. As a result, the site has divided its particulate emissions by 175.



- Thanks to better effluents management OCD has been divided by 2 in 8 years
- Thanks to new installations and training aimed at improving the practices, the unintentional aqueous emissions have been divided by ten over a 5-year period.



Appendix 1

List of SD indicators by Business Unit

Novacarb and Novapex Indicators

KPIs_Sustainable Development _ NOVACARB		
Objectif	Indicateur	Unité
Baïsser les émissïons	Emissions dans l'air	
co2	Dioxyde de carbone (CO2) chaufferie (quotas)	t
Sox	Oxydes de soufre (chaufferie)	t
Nox	Oxydes d'azote (chaufferie + TAG + FSD)	t
	Poussières chaufferie	t
Baïsser les émissïons	Emissions dans l'eau	
	MES (matières en suspension : rejets salins + égouts + petites e	t
Baïsser les consommations augmenter les rendements	Consommations et rendements	
NH3	Consommation d'ammoniac rendement fours à chaux en thermies / TCT	t thermies/TCT
Améliorer la sécurité des personnels	Sécurité / Santé	
	TF1 interne	
	TF1 sous-traitants	
	TF2 interne	
	TF2 sous-traitants	
	nombre d'accident mortel	/a
	nombre d'audits sécurité de chantiers	/a
	# de VSH (Visite Sécurité de la Hiérarchie)	/a
	Exercices collectifs de sécurité (en nombre par an)	/a
Sensibiliser les personnels au DD	Formations	
	# heures de formation HSQE	heures
	% de l'effectif impliqué en une formation/sensibilisation au développement du	
Satisfaire et informer nos clients	Clients & Produits	
	Certifications ISO 9001	%
	Certification ISO 14001	%
	Certification OHSAS 18001	%
	Certification GMP	%
	Nombre de réclamations clients	/a
	Nombre de dysfonctionnements qualité et logistique	/a
	FDS + fiches techniques produits à jour + enregistrement REAC	%
Intégrer mieux nos usines à leur territoire	Communautés - Ecofiscalité	
	# de contacts avec les communautés	/a
	nombre de plaintes externes environnement	/a
	Taxes Environnement = TGAP + VNF + AERM	k€
	Investissement et coûts SE (en M€)	M€

KPIs_Sustainable Development _NOVAPEX	
Objectif	Indicateur
Baïsser les émissïons	Emissions dans l'air
	Composés organiques volatils COV (en T) - cf add 1
	Substances concourrants à l'acidification (en T. éq. SO2) - cf add 2
	Tonnes de vapeurs/an
	Gaz à effet de serre (T éq. CO2 non renouvelables / T de vapeur) - cf add 3
	CO2t Phénol
	Poussières (en T)
	Métaux Zn + Cu + Ni (en T)
	Métaux As + Cd + Cr + Hg + Pb + Sb (en T)
Baïsser les émissïons	Emissions dans l'eau
	DCO (en T de O2) sur 42S
	Phénol t/an
	MES (en T)
	Métaux Zn + Cu + Ni (en T)
	Métaux As + Cd + Cr + Hg + Pb + Sb (en T)
Valoriser les co-produits , produire moins de déchets	Déchets solides et liquides
	Déchets dangereux hors valorisation matière (en T/ an)
	Déchets non dangereux (en T/ an)
	Ventes de co-produits (en T/ an)
Baïsser les consommations , augmenter les rendements	Consommations et rendements
	Consommation d'eau (en m3/ T produites par an)
	Consommation énergétique (en kWh/ T produites par an)
	Rendements des principaux produits (en %)
	Consommation d'emballages (en unité/ T produites par an)
	Gain rendements % 2003
Améliorer la sécurité des installations industrielles	Sécurité industrielle
	Exercices POI (en nombre par an)
	Investissement et coûts QHSE (en M€)
	Provisions Environnement (en M€)
Réduire les transports routiers au profit du train , du fluvial et du pipe C3	Transports
Route = Appro MP + Ventes PF	Route (en kT transportées/ an)
	Route %
Fluvial = Appro benzene	Fluvial (en kT transportées/ an)
Train = Ventes PF + appro benzene	Train (en kT transportées/ an)
Pipe = Appro C3 + Appro soude + Ventes Phenol Novacyl	Pipe C3 (en kT/ an)
Améliorer la sécurité des personnels	Sécurité
	TF1 interne
	TF1 sous-traitants
	TF2 interne
	TF2 sous-traitants
	TF3 interne
	# de VSH (Visite Sécurité de la Hiérarchie)
	# heures de formation sécurité
	Chantiers SS
Sensibiliser les personnels au DD	Formation, sensibilisation au Développement Durable
	% de l'effectif impliqué
Satisfaire et informer nos clients	Clients & Produits
	Certifications (% de renouvellement des certifications ISO , autres)
	Enquête clients (% de réalisation d'une enquête annuelle)
	FDS (% de mise à jour triennale)
	Substances CMR (% de traitement)
Intégrer mieux nos usines à leur territoire	Communautés
	# de contacts avec les communautés
	Taxes Locales (en k€)

Novacid and Novacyl France Indicators

KPIs_Sustainable Development _ NOVACID		
Objectif	Indicateur	Unité
Baisser les émissions	Emissions dans l'eau MES FER Volume journalier ESA2	nb de jour de dépassement m3
Valoriser les co-produits , produire moins de déchets	Déchets solides et liquides Déchets gateaux de filtration/ FeCl3 fabriqué x1000	T/T x1000
Baisser les consommation	Consommations Consommation d'eau indus Consommation d'eau potable	m3 m3
Améliorer la sécurité des personnels	Sécurité TF1 interne TF1 sous-traitants TF2 interne TF2 sous-traitants TF3 interne TF3 sous-traitants	
Améliorer la sécurité des installations industrielles	Sécurité industrielle Exercices POI Simulation des situations d'urgence interne (nombre par an) Veille réglementaire : conformité Transports KPI	(nombre par an) (nombre par an) % %
Tracabilité et satisfaction Client	Qualité Certifications (% de renouvellement des certifications ISO , autres) Certification intégrée des 3 Systèmes de Management	
Intégrer mieux nos usines à leur territoire	Communautés/ecofiscalité Nombre de communication à chaud avec l'extérieur Nombre Comité HSE plate-forme	(nombre par an) (nombre par an)

KPIs_Sustainable Development _ NOVACYL _ ROUSSILLON - SAINT FONTS		
Objectif	Indicateur	Unité
Baisser les émissions	Emissions dans l'air COV totaux RON Poussières totales RON Tonnes de vapeur RON Gaz à effet de serre SFC (teq CO2 /an) Gaz à effet de serre RON (teq CO2 /an)	t en C/an kg/an t/an
	Emissions dans l'eau Ind. phénol canal 3-2 RON DCO Roussillon canal 3-2 MEST RON canal 3-2	kg/an t/an t/an
	Déchets solides et liquides DIS Saint-Fons DIS Roussillon (hors goudrons valorisés) Valorisation goudrons RON Valorisation acide acétique SFC	t/an t/an t/an t/an
Baisser les consommations Augmenter les rendements	Consommations et rendements Consommation d'eau indus RON Consommation V30 RON Consommation d'eau indus SFC Consommation V6 SFC	m3/t Sali t/t Sali m3/t Rhodine t/t Rhodine
Améliorer la sécurité des personnels	Sécurité TF1 TF2 TF3 Fiches évènements "personnel" impact pot. audits de chantiers (SFC+RON) Formation/sensibilisation sécurité plans de prévention (SFC+RON) flashs sécurité (SFC+RON)	nombre nombre heures nombre nombre
Améliorer la sécurité des installations industrielles	Sécurité industrielle exercices POI sur zone (SFC+RON) Fiches évènements impact sécurité+environ. Investissements HSE (SFC + RON)	nombre nombre k€
Sensibiliser les personnels au développement durable	% effectif impliqué (SFC+RON)	%
Satisfaire et informer nos clients	réclamations clients OTIF	nombre %
Intégrer mieux nos usines à leur territoire	Communautés/ecofiscalité contacts avec les communautés Visites écoles Taxes environnement Taxes locales	nombre nombre k€ k€

Novacyl asia Indicators

KPIs Sustainable Development _ NOVACYL _ BANGPOO		
Type	Indicator	Unit
Reduce emissions and impacts	System implementation	
	3RHSE updated	nb
	ISO 14000 deployment	% YTD
	Solid wastes	
	Waste treated by outside (ton)	t/an
	Liquid effluents	
Improve safety at work	BOD average : outlet to industrial zone (PPM.)	ppm
	Environmental impact	
	Total water consumption (m3)	m3/an
Improve process safety of assets	Monthly safety visit on site by top management	nb
	Number of observations	nb
Better integration of our plants in territory	Hazop studies completed	% YTD
	Number of visit and meeting with authorities, FDA.	nb
Improve economical performance	Fixed cost-Maintenance (k'Baht)	kBaht
	RFT	%
	Net OEE	%
Satisfy and Inform our customers	Production cost (VC Baht/kg)	Baht/kg
	TURN	nb/an
	OTIF C	%
	OTIF-S	%
KPIs Sustainable Development _ NOVACYL _ WUXI		
Type	Indicator	Unit
Reduce emissions and impact	Liquid Effluents	
	Monthly waste water from process (kMT)	kT/an
	COD Volume outlet to industrial zone WWTU (kg)	T/an
	COD volume to outsources (equivalent to solid MT)	T/an
	Solid Wastes	
	Waste solid total volume (MT)	T/an
Improve safety at work	Environmental impact	
	Total water consumption (KMT)	kT/an
	Monthly safety visit on site by top management	nb
Improve process safety of assets	Number of observations	nb
	Non compliance with PPE policy (cases)	nb
Better integration of our plants in territory	Hazop studies competed (33 drawings: DC and API section / YTD)	%
	risk mitigation analysis completed	%
Improve economical performance reduce consumptions	Number of visit and meeting with town and city administration bureaux	nb
	Net OEE for APAP powder %	%
	Net OEE for DC FB %	%
	PAP usage factor	kg/t
	Steam usage factor	T/T



Appendix 2

History of the Novacap Group

Novacap Group - The key historical steps of a well managed success

2003-2008

- 2003**
 - Creation of the Novacap group and set-up of its 3 subsidiary companies: Novacarb, Novapex, Novacid
 - Bain Capital is the majority group shareholder
- 2004**
 - Installation of the SAP system
 - Improvement of the scission technology for the Phenol unit (Novapex)
 - Start-up of a new sodium bicarbonate BS unit (Novacarb)
 - Major investment for the reduction of gas effluents (VOCs) (Novapex)
- 2005**
 - Successful refinancing of the bank debt
 - Signature of a trade agreement for sodium sulphates
 - Completion of investments in the modulation ponds (Novacarb)
- 2006**
 - Installation of the new Novacap head office in Lyon
 - Start-up of the calcium chloride unit in Pont-de-Claix (Novacid)
- 2007**
 - Direct operation and control of the activities of Novacid in Pont-de-Claix
 - Launch of the control system modernization plan (Novapex)
- 2008**
 - Start-up of the second sodium bicarbonate BS unit (Novacarb)
 - Major investment in the reduction of gas effluents (Novacarb)
- 2009**
 - Construction of section 3 of the Phenol unit in Roussillon (Novapex)

2010-2013

- 2010**
 - 2nd successful refinancing of the bank debt
 - Start-up of the Isopropanol unit (50 kt/year) in Roussillon (Novapex)
 - Acquisition of Novacap by Axa Private Equity
- 2011**
 - Start-up of the Bianca unit (sodium bicarbonate, 50 kt/year) in La Madeleine (Novacarb)
 - Start-up of the Ferric chloride unit (+50 kt/year) in Pont-de-Claix and creation of a joint venture with Feralco (Novacid)
 - Acquisition of Novacyl, a new autonomous business unit operating in the key sectors of pharmaceuticals and cosmetics
 - Acquisition of a 90 MW Cogeneration unit (2 gas turbines) in La Madeleine to increase the competitiveness of the site (Novacarb)
- 2012**
 - Investment in a new 6 kt/year methylsalicylate unit in Roussillon
 - Capacity expansion on Alpha Methyl Styrene in Roussillon (Novapex)
 - Successful FDA and ANSM inspections of pharmaceutical plants (Novacyl)
- 2013**
 - Acquisition of a controlling stake in Yangzi Pharm Chemical, a world leader in the para-aminophenol business: capacity of 35 kt/year.
 - 30 kt/year Sodium Bicarbonate production debottlenecking to achieve a total capacity of 140 kt/year, 2nd largest production in Europe
 - Axa Private equity becomes ARDIAN



Appendix 3

Executive summary of ExFI Partner

Executive Summary of ExFi Audit

- **Given its origin (build-up of former subsidiaries of large international groups) and its belonging to the industrial chemistry sector, Novacap is expected to develop a sustainable development policy. The Group goes beyond these expectations by developing an advanced and well-structured policy, made up of general commitments and precise objectives, revised every year by a double process, bottom-up (subsidiaries setting their own annual objectives) and top-down (the Group validates these objectives and imposes new ones)**
 - Sustainable development seems to be part of the corporate culture of Novacap, with the participation of all hierarchical levels to the meeting of annual ESG objectives.
 - The new sites (China, Thailand) seem to be part of this dynamic and participated to the annual reporting and objective setting in 2013.
- **All subsidiaries have developed new initiatives in 2012**
 - Crisis management process improvement
 - Global Compact membership renewal
 - Work councils have been set up, including for subsidiaries below 50 employees (they are integrated to the holding's work council)
 - Improvement of the security policy, aiming at reaching "0 accident"
 - Reduction of vapour production (Novapex)
 - Reduction of dust production (Novacarb)
 - Reduction of water consumption (Novacid)
 - ISO 9001 certification renewal (Novacyl)
- **Novacap could leverage on this success in the coming years by further improving its sustainable development policies, in particular**
 - Continuing the harmonization and centralization of its HR policy across business lines, in particular for the Managers.
 - Improving the communication on its sustainable development policy (for instance by publishing a sustainable development report / Global Compact report) and measuring both the economical and non-economical benefits of its sustainable policy, when and where pertinent.

Executive Summary of ExFi Audit

Themes		Current situation (2012)	Recent trend (2011,2012)
Corporate governance and ESG strategy	1. Board and top management practices	~	→
	2. CSR strategy and risk management	+	↗
Human Capital	3. Social policy and strategy	~	→
	4. Human resources management	+	→
	5. Diversity and equal opportunities	~	→
	6. Health and Safety	+	↗
	7. Social dialogue	+	→
Environment	8. Environmental policy and environmental Management System	+	→
	9. Energy and emissions	+	→
	10. Water and effluents	~	→
	11. Inputs and wastes	+	→
Relations with external stakeholders	12. Purchasing process and responsibility towards suppliers	~	→
	13. Responsibility towards clients	+	↗
	14. Relations with communities	+	↗

Legend:

Key issue	Good practice	Recent Improvement
Important issue	Standard practice	Stable
Limited issue	Weak practice / Lack of information	Recent deterioration

Among 14 themes audited :

- 5 are considered as "Key"
- 6 are considered as "Important"



4 themes with good Practices with recent improvements



No weak practices



No deterioration of practices observed



No clear improvement on Standard practices

Note: CSR = Corporate Social Responsibility

ESG Roadmap proposal for 2013-2014

Objectives	Rationale	Action Plan	Schedule
a) Improve the communication on Novacap's Sustainable Development policy and quantify the financial and non financial gains	<ul style="list-style-type: none"> Novacap communicates few elements on its SD policy compared with other major chemical companies. Novacap's performances are good on various indicators. This has an impact on the Company, even at a financial level. Assessing this impact could contribute to the good valuation of the company. 	<ul style="list-style-type: none"> Promote the actions undertaken in the frame of the sustainable development policy for the past five years, quantify financial and non financial gains from these actions Establish a Sustainable Development Report for early 2014 (which will also serve for the Global Compact) 	Early 2014
b) Integrate the holding in the Sustainable Development plan	<ul style="list-style-type: none"> The holding Novacap has an increasing number of employees. Its social and environmental impacts remain low but it could set an example. 	<ul style="list-style-type: none"> Define annual objectives for the holding on a few stakes. Define an action plan and key indicators to report. 	For the next reporting (Q1 2014)
c) Harmonise HR policies and reporting, especially for managers	<ul style="list-style-type: none"> The subsidiaries are quite autonomous, regarding Human Resources management. If the Company keeps growing at an international level, the creation of a centralised Human Resources function would become relevant. 	<ul style="list-style-type: none"> Implement a centralised HR policy for managers. Develop and manage key employee professional categories (i.e. "high potentials"). Harmonise the reporting on this subject. In case of a new decisive acquisition abroad, consider the creation of a centralised HR function. 	Before end 2013
d) Conduct customer satisfaction surveys in all subsidiaries	<ul style="list-style-type: none"> Novacarb conducts customer satisfaction surveys on regular basis. This procedure does not seem to be systematic in all the subsidiaries. 	<ul style="list-style-type: none"> Conduct the same type of survey for Novapex and Novacid. 	Before end 2013



Appendix 4

Global compact principles & Responsible Care elements

The UN Global Compact's 10 principles

- **The UN Global Compact's 10 principles in the areas of human rights, labour, the Environment and anti-corruption enjoy universal consensus and are derived from:**
 - The Universal Declaration of Human Rights
 - The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
 - The Rio Declaration on Environment and Development
 - The United Nations Convention Against Corruption
- **The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the Environment and anti-corruption:**
 - **Human Rights**
 - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
 - Principle 2: make sure that they are not complicit in human rights abuses.
 - **Labour**
 - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Principle 4: the elimination of all forms of forced and compulsory labour;
 - Principle 5: the effective abolition of child labour; and
 - Principle 6: the elimination of discrimination in respect of employment and occupation
 - **Environment**
 - Principle 7: Businesses should support a precautionary approach to Environmental challenges;
 - Principle 8: Undertake initiatives to promote greater Environmental responsibility; and
 - Principle 9: encourage the development and diffusion of Environmentally friendly technologies.
 - **Anti-Corruption**
 - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The 9 elements of the “Responsible Care” Global Charter

■ 1 Adopt global responsible care core principles

- A common set of commitments between companies and associations has been developed to harmonize the 52 national programs

■ 2 Implement fundamental features of national responsible care programs

- The 8 fundamental features, common to every national program, remain unchanged

■ 3 Commit to advancing sustainable development

- The Charter encourages the global chemical industry to make a strong contribution to sustainable development by implementing supportive initiatives

■ 4 Continuously improve and report performance

- Continuous improvement in performance remains at the core of the initiative. A range of new activities will be implemented to further help the drive of enhanced performance

■ 5 Enhance the management of chemical products worldwide

- The Charter identifies a number of commitments to strengthen product stewardship and the management of chemicals. These will be developed in conjunction with the ICCA's new Global Product Strategy

■ 6 Champion and facilitate the extension of responsible care along the chemical industry's value chain

- Responsible Care will be promoted along the different value chains of the chemical industry

■ 7 Actively support national and local responsible care governance processes

- There will be enhanced governance to ensure greater transparency and accountability in the collective implementation of the initiative

■ 8 Address stakeholder expectations about chemical industry activities and products

- Dialogue processes will be extended at local, national and global levels

■ 9 Provide appropriate resources to effectively implement responsible care

- Responsible Care companies are expected to lend support to their national programs



Appendix 5

Press release

Press release on Novacap SD deployment



COMMUNIQUE DE PRESSE

Lyon, le 14 mars 2013

La politique de développement durable du groupe Novacap s'améliore à nouveau en 2012 selon le cabinet de conseil ExFi Partners

La politique de développement durable du groupe Novacap a été analysée pour la deuxième année consécutive, par le cabinet de conseil ExFi Partners. A la demande de son actionnaire Axa Private Equity, cette analyse a été réalisée dans le cadre d'une revue annuelle de plusieurs de ses participations sur les dimensions environnementales, sociales et de gouvernance (« ESG »).

Sur les quatorze thèmes analysés par ExFi Partners, neuf sont évalués comme s'établissant au niveau le plus élevé, soit « bonne pratique », les cinq autres ressortant comme « pratique standard ». Au-delà de l'amélioration continue de nombreux indicateurs ESG, ExFi Partners considère que le groupe Novacap s'est particulièrement amélioré en 2012 sur quatre thèmes clés : Stratégie RSE et gestion des risques, Santé et sécurité, Responsabilité envers les clients et Relation avec la société civile.

L'analyse ESG s'est déroulée sur cinq jours au début 2013 et repose sur des entretiens avec des dirigeants de Novacap et d'Axa Private Equity, l'analyse détaillée des pratiques de l'entreprise ainsi que l'exploitation des données 2012 fournies par Novacap. Le référentiel utilisé pour cette analyse est un standard d'ExFi Partners.

ExFi Partners est un cabinet de conseil en stratégie ESG à destination des sociétés de gestion de private equity et de leurs participations. www.exfi-partners.eu

Novacap's sustainable development policy has FURTHER improved again in 2012, according to ExFi Partners

Novacap's sustainable development policy was analyzed for the second consecutive year by the ESG consulting firm ExFi Partners. The analysis was performed on Axa Private Equity's request, as a part of a broader annual review of its portfolio companies on Environmental, social and governance criteria ("ESG").

Out of the fourteen themes analysed by ExFi Partners, nine were assessed at the highest level ("good practice") and five were assessed as "standard practices". Novacap was considered by ExFi Partners to have improved its performance on a large number of ESG criteria, and in particular on four key themes: Corporate Social Responsibility and risk management, Health and Safety, Responsibility towards clients, Relations with communities.

The ESG analysis was performed over a 5-day period at the beginning of 2013, and was based on interviews with Axa Private Equity and Novacap's Managers, on the detailed analysis of Novacap's policies and practices and on the analysis of internal data provided by Novacap for the year 2012. The ESG framework used for the analysis is the standard framework of ExFi Partners. ExFi Partners is an ESG strategy consulting firm dedicated to private equity managers and their portfolio companies. www.exfipartners.com.