

Chloride is committed to minimising the impact of its business on the environment and to safeguarding the health & safety of its employees and others affected by its activities.

Chloride’s policy is:

- Manage its activities so that no one is exposed to an unacceptable level of health & safety risk.
- Operate its business in an environmentally responsible manner.
- Minimise the frequency and severity of EHS incidents.
- Commit to continuous improvement of EHS practice and performance.

All business units are required to:

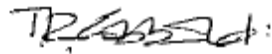
- Protect the health & safety of employees, contractors, customers and others affected by their activities;
- Operate in an environmentally and socially responsible manner;
- Continually improve environmental and health & safety performance;
- Comply with applicable environmental and health & safety legislation;
- Where appropriate, comply with recognised EHS standards, such as ISO 14001.

The Board of Chloride Group is ultimately responsible for setting environmental and health & safety standards and policies. The Chief Executive reports to the Board on EHS performance and implements processes to manage and measure EHS performance.

The Group Risk Committee assists the Chief Executive in assessing risk, setting detailed policies and monitoring performance through relevant and comparable key performance indicators.

The business presidents and the senior manager/director in each business are responsible and accountable for compliance with local EHS legislation and EHS performance in their business(es). In addition, all employees and managers have an obligation to contribute to EHS performance.

Signed



Tim Cobbold Chief Executive

21<sup>st</sup> July 2009

## EHS FRAMEWORK

This framework explains how EHS is managed in Chloride

	<b>Commitment</b>	<b>Organisation</b> <i>(Who is responsible?)</i>	<b>Planning</b> <i>(What do we do?)</i>	<b>Implementation &amp; Operation</b> <i>(How do we do it?)</i>	<b>Measurement &amp; Monitor</b> <i>(How is it measured?)</i>	<b>Management Review</b> <i>(How is performance reviewed?)</i>	<b>Reporting</b> <i>(How do we communicate?)</i>
<b>Group</b>	Policy	<ul style="list-style-type: none"> <li>• Board</li> <li>• Chief Executive</li> <li>• Group Risk Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic risk assessment</li> <li>• Policy &amp; strategy</li> <li>• Objectives</li> <li>• Targets</li> </ul>		<ul style="list-style-type: none"> <li>• Group KPI's</li> <li>• Conformance to standards &amp; law</li> <li>• KCQ</li> </ul>	<ul style="list-style-type: none"> <li>• Performance reviews</li> <li>• Audit Committee</li> <li>• Group Risk Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Website</li> <li>• Group EHS communications</li> </ul>
<b>Business Units</b>	Policy	<ul style="list-style-type: none"> <li>• Presidents</li> <li>• Business unit Senior Manager /Director</li> <li>• Line Managers</li> <li>• All employees</li> </ul>	<ul style="list-style-type: none"> <li>• Operational risk assessment</li> <li>• Develop and implement local EHS improvement plans &amp; programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Implement unit EHS processes and procedures</li> <li>• Resource</li> <li>• Training &amp; competence</li> <li>• Employee consultation</li> <li>• Emergency response plans</li> </ul>	<ul style="list-style-type: none"> <li>• Group (and local) KPI's</li> <li>• Adherence to process &amp; procedure</li> <li>• Conformance to standards &amp; law</li> <li>• Risk Manager audit</li> <li>• Self audit</li> </ul>	<ul style="list-style-type: none"> <li>• Presidents</li> <li>• Business unit Senior Manager /Director review</li> <li>• Line Managers</li> <li>• Risk Manager audit/review</li> <li>• Self audit &amp; review</li> <li>• EHS Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting as required by legislation or standards</li> <li>• Local communications</li> <li>• KCQ &amp; KPI reporting</li> </ul>

## **GUIDANCE NOTES FOR EHS FRAMEWORK**

### **Commitment**

#### **Policy**

A written policy exists at Group level and will be reviewed annually. Each business unit must prepare its own written local policy in local language as an integral part and an extension of the Group policy. Policies must be made available to all staff and third parties, and displayed in prominent places.

### **Organisation**

#### **Board**

The Board of Chloride Group comprising of both executive and non executive directors is ultimately responsible for setting environmental and health & safety standards and policies. It recognises its duty for compliance with legislation and has appointed the CEO to ensure EHS management systems are effective.

#### **Chief Executive (CEO)**

Tim Cobbold, Chief Executive will work with the Presidents and Business Unit Senior Mangers to ensure an effective structure is in place to take responsibility for and to manage EHS. The CEO will report to the Board on performance.

#### **Group Risk Manager (GRM)**

James Blair, Group Risk Manager will assist the CEO on the organisation, structure, monitoring, communication and reporting of EHS throughout the Group, and will encourage continual improvement at both Group and local level.

#### **Presidents and Business Unit Senior Manager / Director**

The business presidents and the senior manager/director in each business are responsible and accountable for compliance with local EHS legislation and EHS performance in their business(es). The Senior Manager/ Director ultimately has operational responsibility for EHS in the business, to ensure an effective management system is in place and legislation is complied with. The responsibilities of Senior Managers/ Directors are setting and monitoring performance against policy and objectives, ensuring effective organisation is in place, and ensuring suitable and sufficient resources are available.

## Line Managers

All managers must take responsibility for day-to-day management of environmental issues and health and safety. This includes ensuring risk assessments are undertaken and sound operational procedures and practice are in place. This covers information, instruction and training. Personal protective equipment must be provided, in conjunction with safe systems of work. Effective supervision is imperative, and all incidents and accidents should be investigated and reported to the local EHS committee, EHS manager and ultimately the Senior Manager/ Director.

EHS managers' responsibilities are to work with all managers and staff to facilitate good EHS practice, it is not solely their responsibility it is everyone's responsibility.

EHS performance and standards should take priority over commercial and operational performance, and it should be recognised that the application of high EHS standards leads to improved business performance.

## All Employees

All staff must take responsibility for safety whether permanent, temporary, full time or part time. Concerns on EHS practice should in the first instance be raised with line managers and business unit managers. Any matters causing concern not dealt with locally can be raised with the Group Risk Manager.

Staff should comply with systems, procedures and rules, undertake only duties for which they are competent and authorised, avoid misusing anything provided in the interests of health and safety and bring attention to potential hazards or issues relating to EHS. Staff have a responsibility for themselves, fellow employees and other people affected by their behaviour.

## Planning

### Strategic risk assessment

The process of assessing the magnitude of risk, and deciding whether, or not the risk is tolerable. This identifies risk areas to focus on to either avoid EHS risk or make it tolerable. This has been done at Group level as part of the creation of a Group EHS policy and strategy on EHS.

## Policy & strategy

The policy and strategy is prepared by the Executive Officer and Group Risk Manager on behalf of and agreed with the Board, but following consultation with the Risk Committee, including Presidents and representatives of key business units.

## Objectives & targets

These are goals in terms of EHS performance that Chloride sets itself to achieve. These can be quantitative and qualitative and will be developed and changed over time as appropriate. They can be supplemented by local Key Performance Indicators (KPI's)/measures at business unit level.

## Operational risk assessment

Risk assessments are to be carried out in the work place. This could be at customer sites, offices, workshops, factories or in vehicles. Suppliers, customers and partners should be assessed. Staff should be trained in risk assessment techniques.

## Develop and implement local EHS improvement plans & programmes

Business units should develop and document their own improvement plans, and then ensure they adhere to these. This will be facilitated by the local EHS manager in conjunction with management and staff representatives.

## Implementation & Operation

### Implement unit EHS processes and procedures

These are the locally defined working practices and process that require a management structure to ensure these are effective and applied. Procedures should be written down and all staff should be trained in these. They can only be prepared at business unit level, but good practice should be identified across units and implemented as far as is practicable, through sharing and bench marking.

### Resource

Every business unit should define who has responsibility for EHS. Large units should have dedicated internal resource for EHS; small units may have staff who have EHS integrated with other responsibilities. External resource should be used to supplement internal resource, where necessary, to provide skill, competence and resource.

## Training & competence

All managers and staff should be trained in health and safety appropriate to their role and responsibilities, access to appropriate local skills and knowledge is essential and where this is not available external advice should be sought. Records of skills and training should be maintained.

## Employee consultation

All EHS committees (see below) should include a representative from the work force, who is experienced in the work place and can act as a conduit to help harness and co-ordinate the views and knowledge of the workforce. They can assist with communication back to staff. If no EHS committee exists, one should be established.

## Emergency response plans

These should be plans and procedures to identify potential incidents and emergency situations and for preventing and mitigating injury or other adverse consequences. These are already a requirement of ISO14001 compliant units.

## Measurement & Monitor

### Group KPI's

The Group KPI's to be used for Health & Safety are:

- Number of Accidents
- Number of work days lost as a result.
- Days lost per employee
- Number of accidents involving greater than 3 days absence

The initial KPI's to be used for Environmental:

- Energy Consumption
- Water consumption
- Packing Waste

These will be gathered on a quarterly basis for each of the 3 months in the quarter, reviewed by the Risk Committee twice per year and published in the annual report each year.

#### Conformance to standards & law

As a minimum all business units are required to comply with their local EHS legislation, as a Group we will encourage business units to develop management systems such as ISO 14001 and OHSAS 18001 and to facilitate the development of best practice across the Group.

#### KCQ

The Key Control Questionnaire (KCQ) is signed off on a quarterly basis by the Senior Manger/ Director and the Financial Controller and submitted to Group for review, it confirms health and safety procedures are in place as prescribed by local law and Group Policy and that the company has complied with local environmental regulations.

#### Group (and local) KPI's

Group KPI's have been explained above, in addition business units may develop and use their own existing and new KPI appropriate to the business to help managers measure, monitor performance and encourage continual improvement.

#### Adherence to process & procedure

All managers and staff have a responsibility to comply with agreed EHS practice and procedure, including the law, any non compliance should be escalated so that a further risk assessment is undertaken and appropriate changes can be agreed as either a short or long term measure.

#### Risk Manager audit

The Group Risk Manager or a manager delegated by him will carry out on site independent "EHS Audits" at a frequency determined by the internal control visit plan.

#### Self audit

All business units should establish as part of their operating procedures an audit process, that reviews the activities of staff on a regular basis, and verify that the EHS management system is appropriate and effective.

## **Management Review**

### **Performance reviews**

Formal review of EHS performance will be carried out a minimum of twice a year at the Risk Committee, normally in July and January, but KPI will be monitored on a quarterly basis at Group level by the Group Risk Manager and more frequently by Presidents at Unit level and reported to the Chief Executive Officer.

### **Audit Committee**

The Committee keeps under review the effectiveness of the company's internal controls and risk management processes and it monitors and reviews the effectiveness of the company's overall risk management system. EHS is an integral part of the Group's risk management process.

### **Group Risk Committee**

The Committee has responsibility for: promoting awareness of non – financial and financial internal control issues and risk management, ensuring that there is a risk management framework designed to ensure that risks are identified, quantified, managed, monitored and reported. It will act on behalf of Management and the Board of Directors on EHS.

### **Presidents**

Presidents should review with General Managers/Managing Directors on a regular basis business unit performance on EHS issues.

### **Business unit senior manager /director review**

Business unit managers should provide comments in their monthly and annual reports on pertinent EHS issues.

### **Line managers**

All line managers should regularly review the EHS performance of people and departments under their supervision.

### **Risk Manager audit/review**

See above.

## Self audit & review

An established local audit programme for periodic EHS management systems should be carried out, to confirm the EHS management system conforms to planned arrangements, has been properly implemented and maintained and is effective. This includes a review of the results of the audit and therefore provides the basis of information to management. Where ever possible audits should be carried out by independent personnel, or external assessors when appropriate.

## EHS Committee

Every business must have an Environmental, Health and Safety committee that meets a minimum of twice per year, this should include as a minimum a senior member of the business unit management team, a properly trained and competent EHS manager and/or external advisor as appropriate and a representative of the work force. These may be two separate committees, but preferable EHS should be one committee.

## Reporting

### Annual Report

The corporate and social responsibility section of the Group's Annual Report will include information on EHS policy, performance and developments, including the Group KPI's.

### Website

The Annual Report is included on the Group website and will cover EHS, with comments on performance, development and information on KPI's.

### Group EHS communications

The Group Risk Manager will provide a short newsletter twice per year to explain EHS news, developments and performance; this should be made available to all staff, through publication on notice boards and circulated by e-mail as appropriate. This should be locally translated into local language for non English speaking staff.

### Reporting as required by legislation or standards

Reporting to external third parties as required by law is mandatory and compliance with management systems such as ISO14001 and OHSAS 18001 where they are established is essential.

### Local communications

Business units should prepare local news letters and information and appropriate relevant information on local initiatives and performance.

Business units should be prepared to share with customers, suppliers and partners how we operate high standards of EHS in Chloride.

### KCQ & KPI reporting

The business unit manager is responsible for ensuring accurate reporting of KPI within the business, to the EHS and to the Group on a quarterly basis. Formal sign off of EHS in the KCQ is mandatory, to confirm compliance with legislation. It is also an important tool to raise awareness about issues requiring management attention.