

ANNUAL REVIEW 2006

& Environmental Statement

(published 2007)



POLICY

Environment, Safety and Health Statement

SOLUTIA'S Environment, Safety and Health Commitments are based on strong convictions that continuous improvement in these areas is critical to creating value for all stakeholders.

- To ensure that our operations are safe for our employees, site contractors, communities and the environment.
- To make and distribute products that do not pose undue risk to the environment or human safety or health when used responsibly.
- To keep our operations open to our communities and foster open communications with all of our stakeholders.
- To continuously improve our raw material and energy utilisation efficiencies to reduce our impact on the environment and improve the sustainability of our businesses.
- To encourage active participation in and positive contributions to environmental stewardship, safety and health by our employees.
- To search worldwide for new technologies that bring environmental, safety and health value to all of our stakeholders.

In addition, Solutia has made a public commitment to pursue a course of environmental, safety and health stewardship through Responsible Care® to prevent harm to employees and stakeholders and to prevent pollution of the environment.

To meet these commitments we will pay particular attention to:

- The compliance with all relevant legislation and company environmental, safety and health requirements.
- The implementation of all measures necessary to prevent major accidents and limit their consequences.
- The setting and review of objectives and targets to address environmental safety and health effects identified from the risk assessment of activities, products and services.
- The provision and maintenance of a management system that is consistent with the principles and requirements of Responsible Care®.
- The provision of information, instruction, training and support for all employees and others working on site.

These commitments and the progress against the objectives and targets in the site improvement programme are published in this annual Environmental, Safety and Health report which is communicated to employees, local communities and other interested parties.

S. N. Westhead

Director, Solutia UK Ltd.

Abbreviations, acronyms and technical terms appearing in this report are explained in the glossary on page 15.

INTRODUCTION

By Steve Westhead, Plant Manager, Solutia

IN 2006 we saw the retirement of our Plant Manager Mike Lynham after 12 years in the job and more than 30 years with the company. I took over from Mike in June, so this is my first introduction to our site's ESH brochure. I am by no means a newcomer to the company, however, and have enjoyed a 20 year career here working in many areas of our operation. I have always been proud of my company's commitment to environmental, safety and health matters, a commitment that is shared by all of our employees.



Our first priority is the health and safety of everyone working at the plant and those who live, work and study around the plant. In 2006 I am pleased to report that we had no 'recordable' injuries to either our own employees or to contractor employees who work at the site despite unfortunately having two fires, both in June. The Health and Safety Executive investigated both incidents in detail and recommended a series of procedural and design changes which we accepted in full. See page 14 of this report. Neither fire represented a risk to people offsite and there were no injuries on site. Both were regrettable, however, and we will do our utmost to prevent recurrence.

On the environmental front, the big success story for the year was our Formose plant. The plant's effluent had contained about 100 ppm of formaldehyde, but this plant converts it to a non toxic sugar, called formose.

The plant started up in January and we saw formaldehyde levels fall through the year as we optimised it, and levels were down to an average of ~2ppm (2 mg/l) in the final part of the year. This has reduced the toxicity of our effluent by a factor of 10.

We have worked hard for many years on our energy efficiency and maintained 2005's best ever performance of around 7.2 GJ/tonne. This is significantly down on past consumption and as a result we were again able to sell unused carbon credits as part of the EU carbon emissions trading scheme.

Through the year we continued to push our proposal to install two 2 megawatt wind turbines on our land, and after lengthy reviews we submitted a planning application at the end of the year. Once installed, these turbines will save a third of our annual electricity usage and make a sizeable dent in our carbon dioxide emissions.

Finally, we continued with our long-term and very enjoyable partnership with Gwent Wildlife Trust. They have done tremendous work at the Solutia Reserve at Great Traston Meadows in making it a better habitat for wildlife and in improving access. The Trust and Solutia are working with Newport City Council to improve access to the reserve by redirecting a public footpath and adding an additional path.

The new path will link to the Sustrans cycle path which also runs through Solutia's land.



Policy: We will have a health, safety and environmental (HS&E) policy which will reflect our commitment and be an integral part of our overall business policy.

Employee involvement: We recognise that the involvement and commitment of our employees and associates will be essential to the achievement of our objectives. We will adopt communication and training programmes aimed at achieving that involvement and commitment.

Experience sharing: In addition to ensuring our activities meet the relevant statutory obligations, we will share experience with our industry colleagues and seek to learn from – and incorporate best practice into – our own activities.

Legislators and regulators: We will seek to work in co-operation with legislators and regulators.

Process safety: We will assess and manage the risks associated with our processes.

The following guiding principles are a condition of membership of the Chemical Industries Association (CIA), of which Solutia is a member.

Product stewardship: We will assess the risks associated with our products, and seek to ensure these risks are properly managed throughout the supply chain through stewardship programmes involving our customers, suppliers and distributors.

Resource conservation: We will work to conserve resources, and reduce waste in all our activities.

Stakeholder engagement: We will monitor our HS&E performance and report progress to stakeholders; we will listen to the appropriate communities and engage them in dialogue about our activities and our products.

Management systems: We will maintain documented management systems which are consistent with the principles of Responsible Care® and which will be subject to a formal verification procedure.

Past, present and future: Our Responsible Care® management system will address the impact of both current and past activities.

PRODUCTS

A world of applications

NONE of the plant's products are sold directly to the public, however they are used in the manufacture of many items destined for everyday use, for example, in washing powders, floor coverings, tyres, safety windows and windscreens.



Dequest® is a range of organic phosphonates used mainly as scale inhibitors in water treatment and as sequesterants (preventing metals in solution causing discolouration) in the detergent industries.

Santicizer® phosphate esters are flame retardant plasticizers. These are manufactured by Solutia for Ferro. They are particularly used in PVC and its co-polymers to give low temperature flexibility.

Biphenyl is produced by the pyrolysis of benzene. It is sold as an intermediate for the production of optical brighteners and is also a constituent of heat transfer fluids.



The **Therminol®** range of products are made from polyphenyls and are used mainly as high temperature heat transfer fluids.



Dequest® provides ingredients for household laundry detergents.



Saflex® plasticizer S2075 is used as the plasticiser for the safety interlayer in car windscreens and side windows to prevent shattering and allows absorption of head impact in the event of an accident. Saflex® is also used in bomb-proof and security windows.

Hydrochloric acid is used within the company and is also sold through a major distributor. It is a common inorganic chemical used in a variety of chemical processes.

Associated companies

There are two manufacturing companies with a presence on site:



Advanced Elastomer Systems Ltd (AES) is owned by ExxonMobil Chemical Company and has two plants on site which manufacture a range of thermoplastic elastomers. These combine the elastomeric performance of vulcanised rubber with the processing performance of thermoplastic polymers and are used in a wide range of industrial parts including gaskets, bellows, electric cables, medical goods, vehicle parts and in household appliances.



Ferro is a multinational producer of performance materials including coatings, colours, ceramics, plastics and chemicals. It owns the Santicizer plant which Solutia operates on its behalf.

INFORMATION

Where we are – what we do

Solutia's 311 acre site (126 hectares) in Newport, South Wales is a chemical manufacturing operation which currently makes use of 100 acres (40 hectares) of the site total. Five production plants using organic and/or inorganic processes are operated.

Techniques used include pyrolysis, aqueous or anhydrous reactions, esterification, hydrogenation, drying, distillation and filtering. The production units incorporate modern technology.

About 40% of our employees are involved in continuous 24-hour shift operations. A range of services support production activity – from maintenance teams and engineering specialists through to analytical laboratory staff. Administration support – in finance, human resources and information systems – is fully integrated in the site organisation.

Other service departments include: boilerhouse, generating steam from burning gas or oil; effluent,

neutralising excess acidity or alkalinity; distribution, buying raw materials and handling the packaged products. The registered office of Solutia UK Ltd is also on our Newport site, requiring financial and managerial staff.

120,000 tonnes of materials, excluding fuel and packaging, were purchased in 2006 for manufacture of 152,000 tonnes of product (the amount of product exceeds the amount of materials because some products are aqueous, and purchased water is not included in the materials total).

Our site turnover was £101 million which represented about 7% of Solutia's sales in 2006. Our 172 employees are about 3% of the company's 5,100 staff worldwide. Environment, Safety and Health employed four people at Newport in 2006.

We spent £1.6 million in 2006 on environmental monitoring and management, waste disposal, projects, effluent handling and treatment, which represented 1.6% of site turnover.



The Solutia site photographed in November 2006.

LEGACY ISSUES

Assessing the risks from the past

In the past PCB, PCP, & chlorine (made in a mercury cellhouse) were manufactured on-site. These activities left a legacy of soil contamination.

Consultants completed a comprehensive risk assessment in 1992, to determine if these activities had resulted in any unacceptable risks. This assessment concluded that the site was stable and did not pose a threat to human health or the environment. A risk management strategy was developed to ensure this stability was maintained and some voluntary remediation work was completed in 1996. This comprised:

- Encapsulation of a disused landfill at the west perimeter using a cut-off wall of flexible membrane

liner set in bentonite clay, with an impermeable cap consisting of a polypropylene membrane overlain with clay and topsoil.

- Installation of an interceptor trench around the Therminols plant, where PCB used to be manufactured.
- Installation of sediment traps in re-en systems.

The effectiveness of these actions is checked during an annual monitoring programme. Any significant changes will trigger contingency actions to prevent migration.

Residual soil contamination also contributes to wastewater discharges from site drains as some of them are of loose-jointed construction to capture high groundwater levels and prevent flooding.

Performance versus the 2006 improvement plan

	Status in bold.
<p><i>Planned in italics.</i></p> <p>Substantially reduce acute toxicity of effluent by implementing conversion of formaldehyde to formose.</p> <p>Track reduction in effluent toxicity.</p> <p>Decide if effluent is acceptably toxic.</p> <p>Determine feasibility of reducing losses of product and by-product from the Santicizer® plant.</p>	<p>Done.</p> <p>Done.</p> <p>Done.</p> <p>In progress December. Trials in January 2007 were disappointing but will be continued.</p>
<p>Reduce 'red list' discharges by:</p> <p>(1) completing replacement of underground surface water drains in avenue B by mid-year</p> <p>(2) eliminating sewage drain in 4th street</p> <p>(3) eliminating surface water drain in 3rd street east.</p>	<p>Done.</p> <p>Done.</p> <p>Partly done. Further work delayed because of prolonged heavy rain and while AES install new offloading facility. Another section scheduled for 2007.</p>
<p>Consign no hazardous process waste to landfill.</p> <p>Complete design of two wind turbines south of factory on Solutia property and obtain planning permission.</p>	<p>Done.</p> <p>Design complete. 60m wind monitoring mast received planning permission and installed. Planning application for main units submitted.</p>
<p>Maximise sole operation of #16 boiler.</p>	<p>Done. From mid-April only #16 operated except for three days in October when it was stopped for a scheduled safety inspection.</p>

IMPACT

The effect of our operations

The most significant impact of our site is the process effluent discharge on water quality of the Severn estuary. A report published by the Environment Agency summarised the results of their estuary study performed in 1998.

The maximum levels of metals recorded in the survey area were mostly higher than those recorded previously, however average levels of metals are similar to those elsewhere in the estuary.

Levels of PCBs in the discharge have reduced but the highest maximum levels in sediments were recorded in this survey. There were large reductions in the levels of PCP and benzene recorded in the sediments.

This study followed a previous study around our effluent outfall done in 1993 and concluded that impact has been reduced; both acute toxicity close to the outfall and chronic toxicity further away, were improved. Species close to the outfall are no longer impoverished and further away a greater diversity of species is now present, typical of similar Severn Estuary sites.

Environmental improvement plan for 2007

AREA	ACTION PLANNED
Effluent	<ul style="list-style-type: none">• Reduce excess lime addition and improve pH control for compliance with Permit range 5 to 10.• Continue with trialling automated separation of the 'rag' layer (emulsion) from the Santicizer® plant.
Drainage and wastewater	<ul style="list-style-type: none">• Reduce 'red list' discharges by:<ol style="list-style-type: none">(1) Eliminating surface water drain in 2nd street.(2) Re-routing Therminol condensate away from former underground effluent line.(3) Eliminating a further section of 3rd street surface water drain.
Waste	<ul style="list-style-type: none">• Consign no hazardous process waste to landfill.
Air/Energy	<ul style="list-style-type: none">• Convert boiler #16 to burn kerosene.
Energy	<ul style="list-style-type: none">• Complete design of two wind turbines south of factory on Solutia property and obtain planning permission.

MANAGEMENT SYSTEM

EMAS and ISO 14001

EMAS (Eco-Management and Audit Scheme) is a European Union programme to encourage business to take the initiative in protecting the environment and promote greater public disclosure of environmental performance.

The scheme is voluntary and applies across Europe. Individual sites can participate in the scheme if they comply with existing pollution control legislation and have established the following:

- **An environmental policy.**
- **An environmental review, covering all aspects of the site.**
- **An environmental programme, which sets quantified objectives.**
- **An environmental management system, to give effect to the policy and programme (Solutia, Newport is certified to ISO 14001 management system standard)**



EMS34690

- **An environment audit cycle, to provide regular information on the progress of the programme.**
- **An environmental statement, a concise and comprehensible statement (which you are currently reading).**
- **Validation, by an independent verifier (BSi in our case).**

We were the 24th site to be registered in Britain and the first in Wales.

THE International Standard ISO14001 has been developed to cover Environmental Management Systems.

Solutia, through its Responsible Care® commitments and documented Environmental, Safety and Health policy, views its performance in this area to be critical to its long-term success.

Our management system provides for the documentation of all regulatory and corporate requirements that need action for compliance. All of the above elements are in place and serve as a template for improvement actions.

Internal auditing is a key to continuous improvement. There were three main elements to the site audit programme:

- 1. Management system audit; 68 of these were done in 2006 by 44 employees.**
- 2. Site inspections to identify hazards; 65 of these were done by the members of the Site Leadership Team.**
- 3. Permit audits; 121 of these were done.**

Other auditing activities include:

- **Major engineering projects**
- **Process hazard reviews**
- **Checks of portable electrical equipment, radioactive sources and emergency response.**

Actions arising from these various audits are recorded in a computer database with sitewide access, which enables us to track progress and so improve our performance.

External audits include:

- **Insurance inspections**
- **British Standards Institute**
- **Environment Agency inspections**
- **Health and Safety Executive inspections**
- **(Energy-related) Emissions verification by DNV.**

INNOVATION

Solutions to help the environment



Steve Burge, Engineering, Environment, Safety and Health Manager describes the Formose plant to Graham Ellis of ABB consultants. Visitors are welcome to see the display and observe plant operation.

In January 2006 we started-up a Formose plant to convert the toxic formaldehyde into formose sugars which are not toxic. We are grateful to the European Union Life scheme for partial funding of this project.

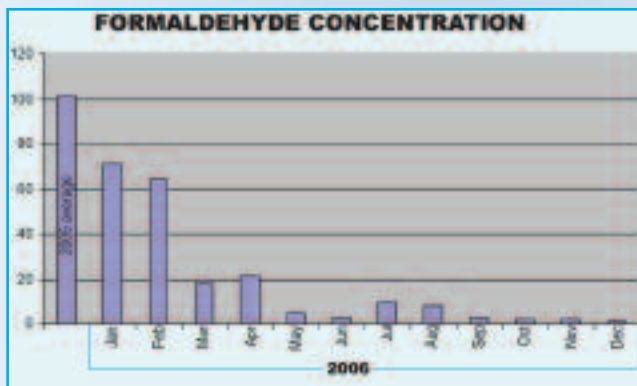
Life is an EU scheme which supports the development of new solutions to environmental problems within the EU. Solutia, as part of the conditions of the Life funding is making this process information



available to any company who believe it can be used to reduce formaldehyde discharges anywhere else in Europe.

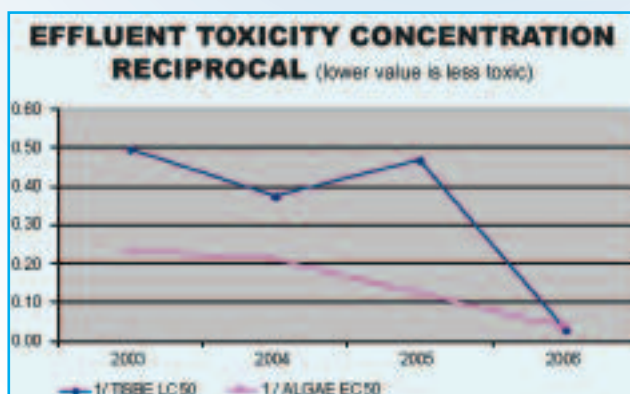
For more information see www.formose.eu that has links to the EU Life website.

By successfully executing this Life-assisted project, Solutia has demonstrated that introduction of a new technology – the formose process – has led to a substantially lower level of formaldehyde in the Dequest Amino effluent discharge, with investment costs that are substantially lower than for a bio-treatment plant, the 'Best Available Technique' (BAT) for wastewater treatment (see table, left).



CHEMICAL businesses in the UK were rewarded for their outstanding achievements at the Chemical Industries Association's (CIA) Awards Dinner at London's Park Lane Hilton in July 2006. The Formose Project Team received a Highly Commended Award in the Innovator of the Year category. For more information see www.formose.co.uk

Picture: Receiving the award from Carol Boyer-Spooner, Chief Executive of Chemicals Northwest: Paul Jayes, Process Chemist & Gary Johns, Project Manager.



IN 2002 we tested effluent using four Direct Toxicity Assessment (DTA) tests which were new tests developed for the Environment Agency.

These tests showed Tisbe and Algae to be the more sensitive species to our effluent. Monthly samples of effluent were assessed throughout 2006 using these two tests.

As can be seen in the chart the effluent toxicity as measured on a weekly composite sample has been reduced by a factor of 10.

ENVIRONMENTAL INDICATORS

THE 'Red List' is a British list of priority water pollutants chosen because of their toxicity, persistence and tendency to bio-accumulate.

At Newport we have four 'legacy' red list substances in our effluent: PCB (polychlorinated biphenyl), TCB (trichlorobenzene), PCP (pentachlorophenol), and mercury which are not used in processes on site, but are discharged from residues of past manufacturing activities dating back to the 1950s. For this reason we refer to these as 'legacy' substances. These four legacy red list substances are measured in our own laboratory.

In 2004 we employed consultants to assess the risk of environmental impact from our PCB discharge. Their report concluded the current PCB discharge from our site is unlikely to pose any significant environmental or ecological risk.

However, as part of our commitment to 'continuous improvement' we intend to continue our efforts to further reduce the discharge of PCBs and other 'red list' substances.

The amount discharged in 2006 was 4.5kg, which was less than a sixth of the amount discharged in 1997 (see chart; 30kg) when Solutia was formed. This was the smallest amount we have measured of these substances in our effluent ever. We attribute this substantial decrease to several improvements made in recent years. These included continued replacement of underground drains with overhead pipelines or new surface water channels, repair of underground drains, removal of redundant drains, capping of a contaminated area with an impermeable cover to prevent rain percolating through, and removal of sediment from our drains.

In 2006, we discharged 0.4kg cadmium. Cadmium is a 'red list' substance but has not been a significant raw material on-site and so it not considered a 'legacy' substance. It is, however, regulated by the PPC permit issued by Environment Agency Wales who have set a limit of 75 g/week. Our discharge is one tenth of this (7g).

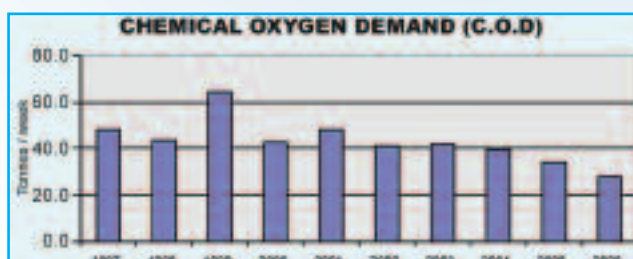
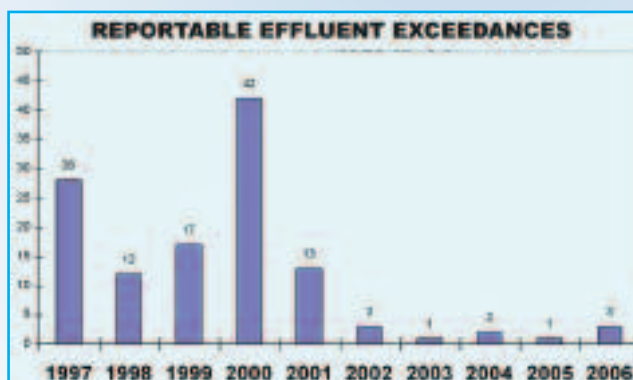
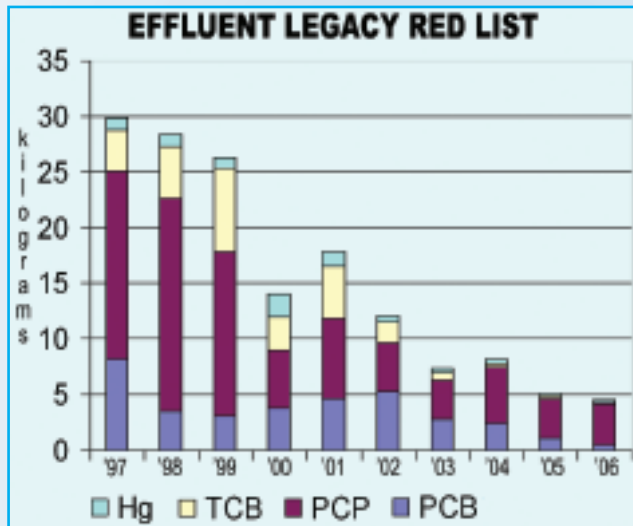
Exceedance of mass or concentration limits are notified to Environment Agency Wales, investigated, and then a copy of our investigation report sent to them. There were only three reportable effluent exceedance in 2006: One in May due to mercury residues in our soil causing the weekly mass limit (27g) to be exceeded (33g). The quantity of mercury (<0.2 kg) discharged in 2006 was the lowest annual quantity we have ever measured. It was problems with mercury mobilisation in 2000 which caused 39 effluent exceedances.

The second was due to the pH of the spot sample being 11 compared to a limit of 10. The third reportable exceedance was due to PCP residues in our soil causing the weekly mass limit (250g) to be exceeded (329g).

Legislative compliance

(see Reportable Effluent Exceedances chart, left). The three reportable effluent exceedances described above were out of over 500 measurements made which is better than 99% compliance.

We also had three other PPC Permit non-compliances and these are described in the process safety section on page 14.



Effluent Chemical Oxygen Demand (COD)

Chemical Oxygen Demand (COD) is a measure of the oxygen depleting potential of the organic chemicals in water. In 2006, the discharge averaged 28 t/week, which was well below the permitted limit of 65 tonnes per week. The chart shows our annual effluent average COD, which in 2006 was the lowest we have measured.

ENVIRONMENTAL INDICATORS

Waste (see chart, below). In 2006 we despatched 1,488t of Solutia-derived process and related waste from site. 742t for disposal was 'hazardous' as defined in the European Waste Catalogue. None of our hazardous waste was despatched for landfill, as has been the case since June 2004.

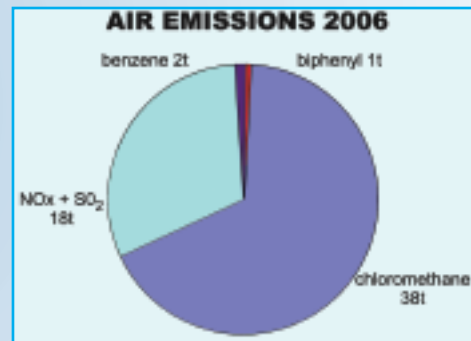
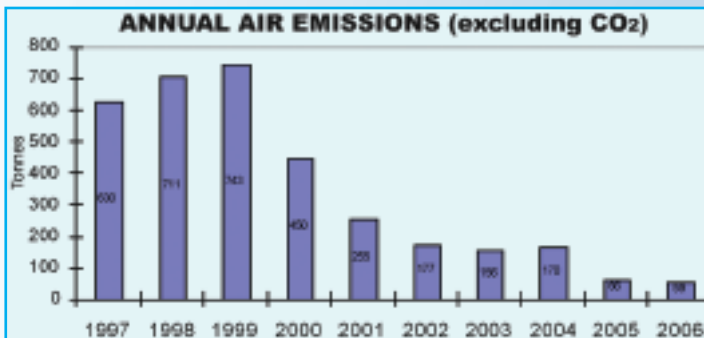
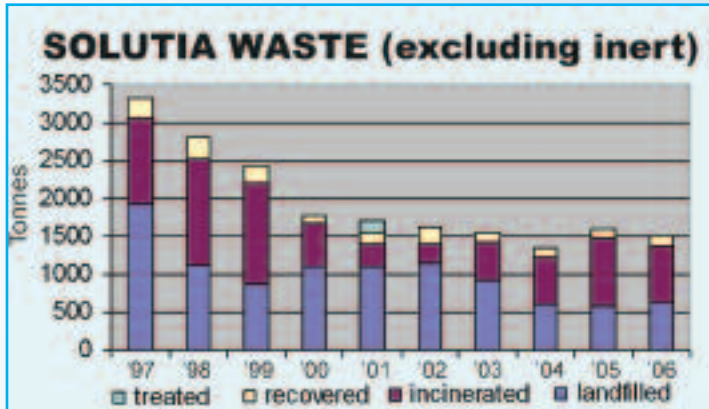
675t of waste was incinerated as a fuel in the manufacture of cement, which we consider to be environmentally preferable to incineration without heat recovery, or to landfill. Almost all (594t) of this was Santotar® a tar which sets solid in drums. This was despatched to SRM based in Lancashire, who have been manufacturing Cemfuel® from solvents to a tight

specification for Castle Cement. The burning of Cemfuel in the cement kilns at Castle's Ribblesdale Works is authorised by the Environment Agency. We despatched 636t of non-hazardous waste for disposal of which over half was landfilled in South Wales (337t). 299t of non-hazardous contaminated soil was landfilled in Lancashire. 111t of materials were sent for recovery including 95t scrap metal and fridges collected on site. The scrap metal total excludes 51t of metal recovered from demolition of the former Santoflex® plant which closed in 2004. The Environmental Protection Act 1990 placed a statutory duty on waste producers called "duty of care". We

have been auditing waste disposal facilities we use since the early 1980s. Solutia is a member of the Waste Facilities Audit Association (WFAA), which comprises nearly 30 companies from various industries who commission independent audits of waste facilities. Internet site; www.wfaa.net

• Note on chart: the treated waste in 2001 was water contaminated with mercury-containing sediment from drain.

Air emissions (see charts, left). The total amount of substances released for the year we have calculated to be 59t excluding carbon dioxide (CO₂). This total confirms last years showing our air emissions are the lowest ever as can be seen in the chart. In this chart we have corrected the quantity for 2005 to 66t that was previously reported as 58t.



Energy (see graph, below). The 'greenhouse' properties of CO₂ mean energy usage around the world is releasing so much that the climate is changing at an accelerating rate. There is increasing awareness that this is the most significant environmental effect of human activity.

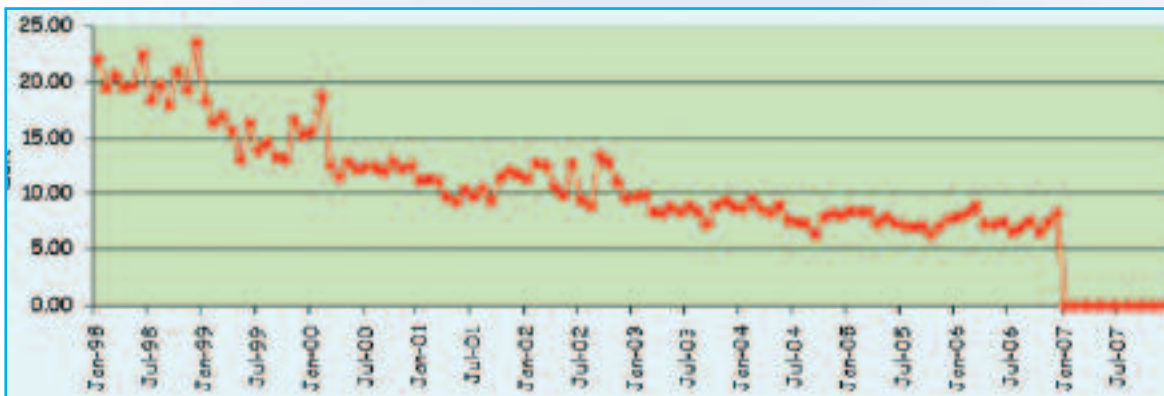
CO₂ is emitted as a result of energy use in factories, homes and transport. In

Britain all three of these sectors are substantial contributors. To encourage industry to reduce energy usage the Government has introduced a 'climate change levy' tax with a partial rebate for those companies which have a Climate Change Agreement and meet their agreed reduction targets.

Our specific energy consumption measured in Gigajoules per tonne (GJ/t)

fell to its lowest level ever. Against a 1998 base year of 18.9 GJ/tonne (i.e. energy per tonne of product) we achieved 7.21 GJ/t average in 2006 compared to 7.25 in 2005. Against our 'cap' (limit) of 31,821t imposed on us by the Environment Agency 'Greenhouse gas' permit we achieved 28,377t.

We progressed a project for on-site generation using two large wind turbines.



However this was delayed by concerns of the Welsh Assembly about their proximity to the potential new route of the proposed M4 south of Newport. Solutia is opposed to this.

COMMUNITY LIAISON

WE believe it is important to maintain an open dialogue with the community around our site.

The Community Liason panel has representatives from various organisations including wildlife and conservation groups, church, police, schools and colleges, regulatory authorities, Newport City Council, and local residents.

The meetings are an opportunity for discussion of changes at the site which may be of interest or concern to local people. The group met thrice, chaired by Julia James of Gwent Wildlife Trust and discussions included the Control of Major Accident Hazards (COMAH) regulations, emergency planning, placing of large wind turbines on Solutia property on the southern edge of the site, and progress in reducing discharges to the environment.

We have allowed Sustrans to build a safe, traffic-free part of the 'Celtic trail' across our fields to Pye Corner on Nash road. The 'Celtic trail' is part of National Cycle Route 4, and is essentially off-road from the Transporter bridge (which is free for

cyclists) to our site. On our property the cycletrack runs along a former railway siding beside our factory before reaching fields on the Caldicot Level where it can be seen running east/west north of the area marked in red on the colour photograph on this page.

Solutia is a corporate member of Gwent Wildlife Trust (GWT) to whom we have leased our southern fields which occupy 30 hectares (75 acres) to manage as a reserve. These fields are considered desirable because of the wildlife present in them. These

30 hectares have not been cultivated for 56 years having only been used for grazing and hay production and, we believe, have never been sprayed. The aerial photograph below shows, edged in red, the fields leased to GWT, now named 'Great Traston Meadows'. These were formally opened by Professor David Bellamy in 2003 when he was the President of the Wildlife Trusts.

For more information see www.wildlifetrust.org.uk/gwent or email gwentwildlife@cix.co.uk



Image from The Millennium Map © getmapping.com plc



Aerial photograph of 'Great Traston Meadows' which GWT are managing.

COMMUNITY LIAISON

Schools: Our work with youngsters

In 1992 we discussed with Somerton Primary School how to improve understanding of the chemical industry by children, and their families.

A 'teaching pack' was prepared based on the various jobs done by people in the manufacture and selling of Dequest®. The pack was designed to fit several parts of the curriculum as well as explain simple chemistry.

Solutia also continued its close relationship with local schools and welcomed 410 children to our site on 17 educational visits during 2006. Over 100 schools and colleges have received copies and over 9000 pupils of all ages; primary (5-11), comprehensive (11-18), and 6th form colleges (16-18) have visited site. Children are encouraged

to look, listen and learn assisted by a DVD featuring an introductory character 'Dai' (who was drawn by Ken Mitchell, our resident artist from the Dequest plant). Local education authorities in Gwent support the scheme and encourage their schools to visit our site. Schools from other parts of Wales, and England also visit and have been complimentary. All visiting children are given a safety training briefing, and are given personal protective equipment (overalls, helmets and safety glasses) to wear during their visit.

The programme is an enjoyable learning experience for the children due to the enthusiasm and support of Solutia employees across the whole site.



Schoolchildren on a supervised tour of the site.

Help for charities and good causes

SOLUTIA donated £9,000 to various local and national charities in 2006 including: Victims of Chernobyl Childrens Fund; Gwent Wildlife Trust; The Duke of Edinburgh Award; Wales Council for Deaf People; The Handicapped Childrens Action Group; NSPCC; St Davids Foundation. We also actively supported employees fundraising activities by sponsorship matching.

A Small Grants scheme was also funded by Solutia and administered by Sefydliad, a Welsh fund management organisation, who distribute funds to social enterprise projects in the local area.

Public complaints

ALL public complaints are logged, investigated, and the complainant, or the regulator to whom they complained, informed of our findings. Only those which can be confirmed as attributable to Solutia operations, are included in our complaints statistics. We had two complaints about the visible smoke from the Therminol fire in June.

SAFETY

Three ways we keep it a priority

TO HELP ensure our operations are safe as declared in our Environment, Safety and Health policy we have a small team of safety professionals. The main aim of the team is to provide advice and guidance to everyone on site to enable them to work safely. The work is split into three areas:

1. Personnel Safety:

The team develops and maintains the site safety management system which is certified to OHSAS18001. We have procedures in place for safety responsibilities, monitoring, hazard identification, risk assessment, plant operating instructions, permit-to-work systems, safety inspections, incident investigation and auditing. We also review our safety performance regularly with the site leadership team to highlight issues as they arise. There were no occupational illnesses. Routine behavioural observations help us identify further ways to make Solutia a safe place to work.

In 2006 we had no 'recordable' injuries to either our own employees or to contractor employees who work at the site. A recordable injury is one that requires more than first aid treatment or means someone has to take time off to recover.

2. Process Safety:

We did unfortunately have two fires last year, both in June. The first was on our S2075 plant where there was a fire inside a small distillation column. There was no visible fire or smoke and the plant was back and running within three days. The second fire was on our Therminol plant. At one point in the process a waxy material is heated by passing through a two inch diameter coil, inside a natural gas furnace. This coil split during a plant start up, allowing the wax into the furnace where it caught fire. On both occasions our onsite Emergency Response Team dealt with the incidents.

South Wales Fire Service was called each time,

of course, and we are grateful for the assistance they gave us. The Health and Safety Executive investigated both incidents in detail and recommended a series of procedural and design changes which we accepted in full. These are all complete, apart from some potential long term design changes. Neither fire represented a risk to people offsite and there were no injuries onsite.

In December we had a release of formaldehyde which affected a technician who immediately washed his face and eyes at a nearby eyewash station and was transferred to the surgery where eye irrigation was continued. He was taken by ambulance to the Royal Gwent Hospital for a check-up but was later released and returned to work.

3. Property Protection and Emergency Response:

As demonstrated in the response to the two fires described above the site has comprehensive systems for fire detection and fire fighting. These range from automatic sprinklers and deluge systems in the process areas to manually operated fire hydrants, hoses and portable fire extinguishers in all areas.

People on site, including contractors, receive regular training in the use of fire extinguishers.

Our emergency response plan is designed to deal with a range of incident scenarios and involves deployment of a trained emergency response team. Emergency Assembly Points are provided throughout the site for people in the event of an incident.

Occupational health and hygiene

WORKING in conjunction with Industrial Hygiene and Safety, the Occupational Health Department (OHD) performs a preventative role as well as giving day-to-day treatments.

It monitors the health and welfare of the workforce through mandatory and voluntary health surveillance. Checks such as lung function evaluation and hearing tests are based on possible exposure and Industrial Hygiene monitoring results.

The OHD is also involved in certain aspects of training eg Manual Handling, and assessments of working practices helping to prevent injury or illness. Occupational Health also keeps an up-to-date knowledge of

changes and advances in medicine to provide the best possible advice to employees.

In addition OHD offers lifestyle health assessments together with fitness and exercise programmes in the 'in-house' gym. Solutia also supported football, cricket and golf activity of it's employees.

The company provides a confidential employee assistance resource which is an external information and counselling service to support employees and their families.

The site Emergency Response team is available 24 hours a day for any emergency and all members are fully qualified first aiders and firefighters.

GLOSSARY

BSi	British Standards Institute (an independent organisation who verified this statement).
Cemfuel®	Trademark of Castle Cement.
CCW	Countryside Council for Wales.
COD	Chemical Oxygen Demand (in water).
Dequest®	A detergent chemical produced at Solutia, Newport.
Detection limit	The lowest level of a substance which can be detected by a test method.
EA	Environment Agency (regulatory authority in England and Wales).
EMAS	Eco-Management and Audit Scheme.
ESH	Environment, Safety and Health.
EU	European Union (formerly the EC, EEC, Common Market).
HSE	Health and Safety Executive.
IDSA	In-depth Safety Audit.
LIFE	An EU scheme which supports the development of new solutions to environmental problems within the EU.
NOx	Nitrogen oxides; acidic gases emitted from combustion processes including car engines.
Pastillation	The process of making small round shapes from a molten liquid.
PCB	Polychlorinated biphenyl.
PCl₃	Phosphorus trichloride; used to make Dequest.
PCP	Pentachlorophenol.
POCl₃	Phosphoryl trichloride; used to make Santicizer.
PPC	Pollution Prevention and Control (implemented by the Pollution Prevention and Control Act 1999 and enforced by the EA).
PVC	Polyvinylchloride (a plastic).
Red list	Water pollutants, which are toxic, persistent and tend to bio-accumulate.
Reen	A drainage ditch.
RIDDO	Reporting of Injuries, Diseases and Dangerous Occurrences.
Santicizer®	Plasticizer made at Solutia, Newport. Registered trademark of Ferro.
Santoflex®	Rubber chemical, made at Solutia, Newport. Registered trademark of Flexsys.
SO₂	Sulphur dioxide; an acidic gas emitted when burning fuels containing sulphur.
TCB	Trichlorobenzene (used to be blended with PCB).
Therminol®	A range of heat transfer fluids produced at Solutia, Newport.
WFAA	Waste Facilities Audit Association.

Dequest, Saflex and Therminol are registered trademarks of Solutia.

This statement has been validated by L.Wood of BSI which is accredited for EMAS verification with the registration reference UK-V-0002. The validation was completed in March, 2007.



If you would like to know more about Solutia, or would like to visit our site, please phone Steve Westhead on 01633 278221.

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