

# Perstorp 2006

## Sustainability Report



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### Perstorp's reports for 2006

For 2006, Perstorp is publishing an Annual Report and a Sustainability Report. Both reports are available at [www.perstorp.com](http://www.perstorp.com), where they can also be ordered in printed form.



Bo Dankis, President and CEO



Susanne Jacobsson, Executive Vice President,  
HR & Communications



Jan Petersson, Director Global EHSQ

# President's comments

In order to build a strong company that stands out from the crowd, we at Perstorp have established three core values:

- ➔ **Focused innovation**, which means that we shall develop our work efforts, products and processes for the mutual benefit of customers and the company.
- ➔ **Reliability**, meaning that we shall provide reliable solutions and deliver them with high precision.
- ➔ **Responsibility**, which is our commitment to working with safe processes and taking responsibility for our products. Perstorp's aim, quite simply, is to be a company that cares about its customers, employees, society and the environment.

Our aim is for the core values to be a natural part of the decision process and a challenge to all employees to constantly work with the customers in focus.

## Competence & results orientation

In my opinion, the competence and results orientation that characterize Perstorp's employees give us a key competitive edge.

The level of education and training is generally high within the Group, and skills are further developed through networks, job rotation and ongoing training programs. A flexible organization provides many opportunities for challenging work assignments and delegated responsibility. We also work with an international certification program for our managers and with exchanges of knowledge across both geographical and functional boundaries.

Our work within the Human Resources area is vital for ensuring that we can retain, develop and, when necessary, recruit the best-qualified people in our operating areas.

## Sustainable development

A significant factor in our business environment is the increasing awareness of the environment and the need for sustainable development. This imposes more rigorous requirements on the

chemicals industry, while creating a new and growing need for environmentally compatible processes, products and services.

Working for sustainable development is of fundamental importance for Perstorp, not only out of concern for people and the environment but also as a key driving force for increasing our volumes and strengthening our earnings. Accordingly, our innovation work is largely concerned with developing products and processes that generate distinct advantages in terms of environment, health and safety, and which offer a favorable ratio between price and performance. The year's largest investment – the plant under construction in Stenungsund for the production of rape methyl ester (RME) for renewable fuels – is a case in point.

Toward the end of the year, the EU adopted the REACH Chemicals Ordinance, which represents a far-reaching development of the EU's regulatory framework in the chemicals area and comes into force on June 1, 2007. The EU ordinance will lead to improved knowledge of chemical substances, with a focus on risks and greater openness.

## Creating value

The aim of our overall strategies is to develop the Group's future competitiveness and technological leadership. The cornerstones are clear responsibility for our products, an internationally competitive production platform and a strong focus on growth – both organic and through acquisitions.

Given our distinct goals and committed employees, I am convinced that we will be able to create added value for our customers and sustainable development for the Group.

Perstorp, March 2007

Bo Dankis  
President and CEO

# Perstorp in brief

The Perstorp Group is the global leader in several sectors of the specialty chemicals market. Today, we have a performance-focused culture developed through our long history and extensive chemistry expertise. The culture and knowledge base enable the Group to produce winning formulas for a wide variety of industries and application areas.

## Twelve production plants worldwide & head office in Perstorp



### Leading global player

Perstorp is the leader in specific segments of the global market for specialty chemical products. The Group is the largest producer of the Penta and TMP polyols and several specialty polyols and organic acids. Perstorp is also the leading supplier of plants and catalysts for the production of formalin.

Most of the Group's products are sold throughout the world, with Europe and the US as the largest single markets, and a growing percentage of sales in Asia. Customers are found mainly in the paint and coatings, plastic-processing and automotive industries, but also within construction and engineering industries, as well as other segments.

### Production in 10 countries

Perstorp has production units in 10 countries in Europe, North and South America and Asia. During 2006, production was started in Chile, and the Group plans to start production operations in China in 2007. The largest production plants are situated in Perstorp and Stenungsund, in Sweden, Bruchhausen, in Germany, and Toledo, Ohio, in the US.

The Group has around 1,700 employees and the head office is situated in Perstorp.

### Innovations create values

The foundation of Perstorp's operations is a comprehensive knowledge in organic chemistry, particularly aldehyde chemistry. The Group's innovative work is intended to generate value, primarily through the development of products, processes and applications that offer distinct environment-health-safety advantages and are characterized by a favorable correlation between price and performance.

The Group has three Research & Development Centers in Sweden, Finland and India. A US subsidiary also has development and production activities focused on sophisticated composite materials and components for the aerospace industries.

## Highlights of 2006

- ➔ Net sales for 2006 increased by 15% to SEK 7,273 m (6,299). Read more in Perstorp's Annual report for 2006.
- ➔ The year's largest investment was the plant currently under construction in Stenungsund for the production of rape methyl ester, scheduled to go into operation during the second quarter of 2007.
- ➔ Increased use of renewable fuels at Perstorp. Animal fuels start to be used for energy production.
- ➔ Production units in Perstorp, Stenungsund, Castellanza in Italy and Bruchhausen in Germany are now certified in accordance with FAMIQS, a quality and safety standard for feed additives.
- ➔ Production unit in Toledo in the US certified in accordance with the new US standard RC 14001, where RC stands for Responsible Care.
- ➔ Process optimizations at the production unit in Vapi, in India, lead to reduced energy use.
- ➔ Dust explosion at the Penta plant in Bruchhausen, Germany. One employee killed and two seriously injured.



### Sustainable development

To achieve sustainable development, Perstorp works on continuous improvements in the environment, health and safety of the Group's processes and products. A pronounced goal of development work is to maintain a cutting-edge position in the rapid changes taking place today within environmentally compatible products and systems.

The Group works in affiliation with Responsible Care programs and UN Global Compact. Most production units are certified in accordance with ISO 14001, which means the operations meet stringent demands in terms of environment-health-safety.



### Founded 125 years ago

Perstorp was founded in 1881 in the town with the same name. Throughout its history of more than 125 years, the company has always been active in the chemicals industry, but also worked in other areas.

Perstorp AB was listed on the stock exchange in 1970 and a gradual concentration of Group operations was started during the 1990s. In 2001, the Group was acquired by the Industri Kapital 2000 fund, and the company was delisted. Since then, operations have been focused in the specialty chemicals sector. In December 2005, Perstorp was acquired by PAI partners.



### Our new owner – PAI partners

PAI partners, a French private equity company, has controlled Perstorp since December 2005.

PAI partners is a leading European private equity company that controls or serves as advisor for funds with combined total equity exceeding EUR 7 billion. PAI partners offers financial and strategic support for the development and value growth of its portfolio companies.



# Policies & goals

To govern its work, Perstorp has adopted the following policies, which apply to the entire Group. Perstorp is also affiliated to the chemical industry's Responsible Care program and the UN Global Compact initiative. Group management and the line organization are responsible for ensuring that the policies are followed.

## Perstorp's environment, health & safety policy

In order to achieve sustainable development, Perstorp works with continuous environment, health and safety improvements in respect of the Group's processes and products.

### Operations

- ➔ **Work environment:** A healthy and safe work environment where employee health has the highest priority. Stimulation of personal development through interesting work assignments, cooperation and consideration. Clear-cut division of responsibility, goal-oriented training and open communication.
- ➔ **Environment:** Continuous improvements to processes and products to reduce their impact on people and the environment. Operations shall be characterized by carefulness, a closed-cycle approach and economical use of natural resources.
- ➔ **Safety:** The highest priority shall be assigned to preventing serious accidents through risk assessments, preventive measures, emergency preparedness and long-term technical planning.
- ➔ **Contractors:** Suppliers, contractors, consultants and transporters are expected to follow Perstorp's requirements concerning work relating to environment, health and safety – observance of these requirements being a condition for continuation of contracts.

### Customer focus

- ➔ **Product safety:** Development of products with improved environmental characteristics and reduced resource consumption for safe use by the customer throughout the entire product lifecycle. Up-to-date information to customers about products' health and environmental aspects.

- ➔ **Customers:** Long-term customer relations and active cooperation to find environment-improving and resource-efficient solutions for customers' products and processes.

### External contacts

- ➔ **Communication:** Open communication with the general public, authorities, customers, media and other interested parties.
- ➔ **Authorities:** Good cooperation with authorities and compliance with the applicable legislation by a clear margin.

## Perstorp's Human Resources Policy

The personal dialogs between managers and employees provide the basis for each employee's individual development. Perstorp's training programs support the company's and the individual's long-term development. Perstorp encourages and supports internal recruitment and job rotation.

Perstorp supports the health of every employee through its preventive occupational health service and keep-fit programs.

Perstorp respects international principles concerning human rights and works against all forms of forced labor, child labor and operations that are in conflict with human rights and labor laws. Perstorp respects their employees' membership in union organizations and their right to collective agreements. Perstorp works against discrimination and encourages diversity-related work.

Perstorp's corporate culture and the strong customer focus required to maintain the Group's global competitiveness are based on the concept of Winning Formulas, together with the three core values: focused innovation, reliability and responsibility.

## Code of Conduct

The Perstorp Group's Code of Conduct, based among other things on the ten principles in the UN Global Compact, defines the business principles that shall permeate the Group's operations:

- ➔ We respect the individual and stand for fairness, honesty, openness and trust. We encourage networking, participation and individual initiatives.
- ➔ It is our responsibility to provide safe and healthy working conditions and to prohibit harassment of any kind.
- ➔ We continuously work to reduce the impact of our operations on the environment, in keeping with our commitment to sustainable development.
- ➔ We create long-term value for our customers, shareholders, employees and society, recognizing that sustainable profit is essential to our success.
- ➔ We compete vigorously but fairly, and always within the framework of applicable laws. We do not engage in illegal industry collaboration.
- ➔ All business transactions shall be recorded in accordance with the company's accounting principles and local laws. We do not tolerate bribery in any form. All employees are expected to avoid situations in which their personal interests may come into conflict with the company's interests.

See also [www.unglobalcompact.org](http://www.unglobalcompact.org) for more information about UN Global Compact.

## Environment, Health & Safety goals

Perstorp has established overall quantified goals for environment, health and safety, with a particular focus on safety in the work environment for production as a whole. Goals are formulated regarding the number of work-related injuries resulting in at least one day's absence from work, and for the number of environment-related accidents. The results for recent years and the goals for 2007 are as follows:

	Results			Goals
	2004	2005	2006	2007
LTAR <sup>1)</sup>	5.9	5.9	8.4	<5
Number of environment-related accidents <sup>2)</sup>	48	19	8	0

<sup>1)</sup> LTAR = Lost Time Accident Rate – number of work-related accidents resulting in at least one day's sick leave per million hours worked.

<sup>2)</sup> Environment-related accidents = accidents that have had an impact on the environment outside a bunted containment area.

Each production unit adds its own EHS goals, focusing on the environmental impact caused by its own consumption of raw materials, energy and water. Other key parameters include emissions to air and water and minimization and recirculation of waste.

# Governance & measurement

## Corporate Risk Management

Overall risk management is handled in close cooperation between the Insurance Management unit within Corporate Finance and Global EHSQ. Regular technical risk inspections are carried out at each production unit in cooperation with a third-party consultant, and form the basis for decisions on preventive measures.

Various aspects of operations are assessed and graded, which is presented in the picture below. This process makes it possible to follow up and quantify the improvements made as a result of these inspections. A result as close to the center as possible is desired.



## People Satisfaction

Within the framework of the Perstorp Group's personnel management and development, the PMD process (People Management and Development), an attitude survey in the form of a People Satisfaction Study, for all employees, must be conducted every second year. The purpose of the survey is to regularly measure both improvements and development in line with the Group's three core values and how day-to-day work is perceived.

A survey was planned for 2006, but the format was reviewed during the year and the survey will not be conducted until 2007.

## Management systems

During 2006, a virtual portal for exchanging information and know-how and handling documents was launched. The Group's management system is among the information integrated in the portal.

The Perstorp Group's management system specifies internal requirements and work methods for managing operations. Audits are conducted on all production units in accordance with Perstorp's global internal standards, which include ISO 14001, OHSAS 18001, the chemical industry's Responsible Care program, safety and elimination of risks.

During 2006, an internal technical standard was developed incorporating the Group's requirements concerning protection and safety at production plants.



# Environment

## Economical resource management

### Energy

Energy use within the Perstorp Group increased slightly (2.7%) during 2006, compared with 2005, as a result of increased production volumes. The increase covers both fossil and renewable fuels. The latter accounted for 17% of the Group's fuel use (2005: 16). The proportion of fuel oil has continued to decline and has been halved since 2004 – from 10% to 5%.

Projects are under way within the Group to enhance energy efficiency and save energy. Energy-saving measures were taken at a number of units during the year. The production unit in Perstorp, which accounts for approximately 35% of the Group's energy use, is taking part in the Program for Improving Energy Efficiency in Energy-intensive Industries (PFE), which is administered by the Swedish Energy Agency.

During 2007, a new combined boiler for oil and liquid residual products will be completed, further reducing the need for oil in particular.

At the beginning of 2007, the unit in Stenungsund received a permit from the Environmental Court to install two new steam boilers to replace existing boilers. It is estimated that one of the new boilers will be ready to go into service in June 2007, which is expected to reduce emissions of nitrogen oxides.

Process optimizations at the plant in Vapi, India, have reduced energy use per produced ton by 10%.

### Raw materials, auxiliary chemicals, packaging & purified water

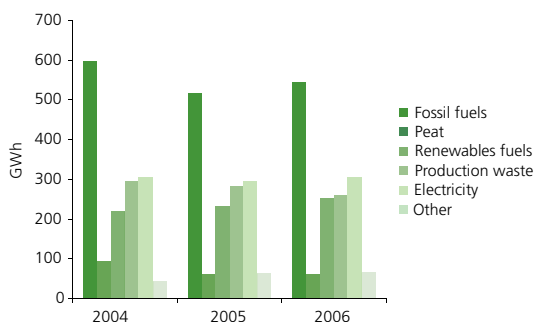
Perstorp uses a large number of substances as raw materials in its processes. The raw materials used most extensively are methanol, natural gas, propylene and ethylene, which are refined into products some of which, such as formalin and butyraldehyde, are important constituents in Perstorp's onward refinement chain. The main auxiliary chemicals include sulfuric acid, sodium hydroxide, ammonia and formic acid.

Projects are constantly in progress at the plants to reduce raw material consumption. Disruptions that lead to increased raw material consumption are registered at the plants, and measures are taken to minimize such disruptions. In addition, raw material consumption and the yield from processes are monitored as part of an ongoing optimization program. The plants also implement process improvements aimed at reducing the amount of raw material per ton of finished product. During 2006, however, the total consumption of raw materials and auxiliary chemicals increased due to increased production.

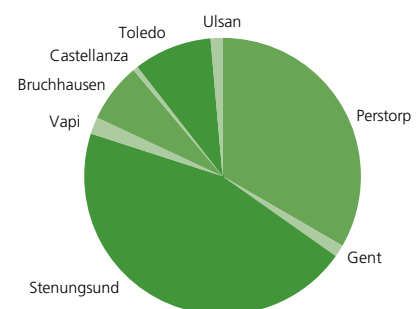
Production gives rise to extensive bulk deliveries, and various packaging materials are used for smaller delivery quantities. The plants endeavor to deliver as much as possible in bulk form to reduce amounts of packaging materials.

During 2006, the Perstorp Group used 20 million cubic meters of purified water. Of this amount, 17.7 Mm<sup>3</sup> was surface water, 1.6 Mm<sup>3</sup> was groundwater, 0.5 Mm<sup>3</sup> was from the municipal supply and 0.2 Mm<sup>3</sup> was supplied from other external sources.

Distribution of energy types



Consumption of raw materials per plant (total: 1,597 kton)



During 2007, Perstorp plans to initiate a Water Management project to survey the water situation at all production units. The aim is to shed light on efficient management and recirculation of process water. The survey is also intended to determine the degree of contamination of the outgoing wastewater and the situation in the recipients that receive treated wastewater.

### Land use

A number of the Perstorp Group's plants are located in major industrial complexes, where land use has been optimized by gathering a number of plants in one place, enabling key equipment to be shared. Examples include the facilities in Perstorp, Castellanza in Italy and Ulsan in South Korea. The Group's process facilities cover around 175 hectares, and the Group owns an additional approximately 300 hectares of land adjacent to its units.

The Group's largest unit is located in the Perstorp Industrial Park in Perstorp, where chemical production in some form has gone on since 1881. The Perstorp Group also regulates a number of lakes and ponds east of the industrial park. The wealth of wetlands, ponds and small lakes enhances the natural value of the surrounding area. Water from the lakes flows through the industrial park in the Ybbarp River, which is the recipient for treated process wastewater from the industrial park. The Ybbarp River joins the Rönne River, which flows through two designated Natura 2000 areas.

Another Natura 2000 area is located to the south of the unit in Bruchhausen, Germany, along the Ruhr River, about 100 meters from the plant.

## Emissions & environmental impact

### Climate impact

#### Carbon dioxide emissions

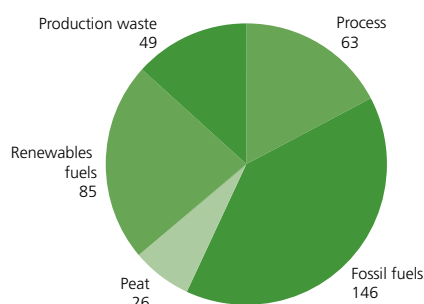
During 2006, Perstorp's total carbon dioxide emissions increased by 3.5% to 369 ktons (356). The increase was attributable to increased production volumes.

Perstorp initiated efforts to reduce its impact on the greenhouse effect some years ago – for example by building a biofuel boiler at the Group's largest unit in Perstorp in 1991, which significantly cut the use of fossil fuels by enabling coal firing to be phased out. The biofuel boiler, along with oil-fired reserve boilers, supplies steam to some twenty plants at Perstorp Industrial Park, and has the highest carbon dioxide emissions – some 42% of the total – of all the Group's facilities. As of 2006, the biofuel boiler also burns animal by-products – a carbon-dioxide-neutral fuel with good combustion properties.

During 2005, an oil-fired steam boiler was replaced with a steam boiler fired with briquettes made from residual products from sugar-cane cultivation. Just over 60% of the plant's energy requirement consisted of renewable fuels during 2006.

At Stenungsund, Sweden, carbon dioxide emissions per produced ton of product continued to decline as a result of more energy being produced in the exhaust gas steam boiler in the synthesis gas plant, thereby reducing the need for production in the steam boilers. This is a result of the switchover from oil to natural gas as a synthesis raw material during 2005.

Carbon dioxide, kton/year per fuel type  
– total 369 kton



The Group applied for and was granted carbon dioxide emission rights for the years 2005-2007. During 2006, a similar application was made concerning emission rights for carbon dioxide for the years 2008-2012. Carbon dioxide from transports is not included in this report.

#### Leakage of ozone-depleting substances

Perstorp uses cooling agents of the CFC/HCFC/HFC types in, for instance, its climate control and cooling facilities.

Most of Perstorp's units are completely CFC-free. At year-end 2006, roughly 20 kg of CFCs were installed at the facilities in the US. During 2006, 4 kg of CFCs leaked into the atmosphere.

The Group's installed HCFCs totaled approximately 1.7 tons in 2006, and the corresponding leakage of HCFCs amounted to roughly 1.1 tons during the year, primarily due to a malfunction in a cooling plant at the unit in Castellanza, Italy, which resulted in leakage of the entire amount (1 ton) of cooling agent. Leakages also occurred at the plants in Toledo in the US, Vapi in India and Ulsan in South Korea.

The Group's installed amount of HFCs was slightly less than 1.3 tons in 2006. Leakage during the year amounted to approximately 60 kg.

#### Emissions of volatile organic compounds (VOC)

The Perstorp Group's emissions of volatile organic compounds primarily derive from the production plants. A number of treatment plants for catalytic combustion of atmospheric emissions are installed at Perstorp's units, and this type of treatment technology is today the most commonly used within

the Group. However, both wet scrubber technology and thermal incineration are used at a certain number of plants.

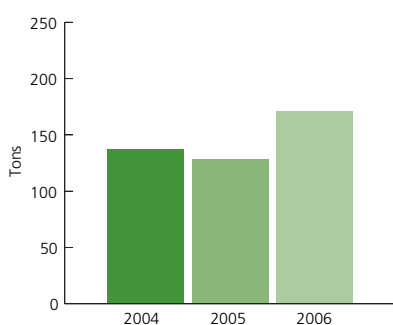
During 2006, VOC emissions to air from the Perstorp Group increased compared with 2005, from 132 tons to 176 tons. The single largest increase (approximately 25 tons) occurred when a gas stream had to be burned through a process known as flaring in conjunction with operational problems in a gas recovery compressor at the unit in Stenungsund.

Methanol represents Perstorp's single largest emission category of volatile organic compounds – 47 tons in 2006 (36). While a number of the Group's plants emit small quantities of methanol, emissions during 2006 were highest at the units in Perstorp (including the storage tanks at Höganäs), Bruchhausen in Germany and Vapi in India. The second largest emission category comprises propylene/ethylene/propane – 35 tons in 2006 (14) – released by the plant in Stenungsund. Dimethyl ether represents the Company's third highest emission category – 32 tons in 2006 (32) – primarily emitted from the plants in Perstorp and Toledo, Ohio, USA.

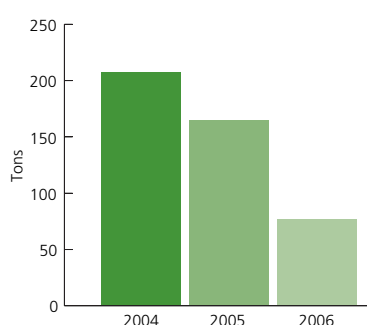
#### Emissions of sulfur dioxide & nitrogen oxides

Perstorp's sulfur dioxide emissions primarily derive from the combustion of fuel containing sulfur at the company's units. The Group's sulfur dioxide emissions continued to decline during 2006 and emissions have fallen by more than 60% compared with 2004. Extensive measures have been taken in recent years at the company's unit in Vapi, India, where a large proportion of oil has been replaced with biofuel in the form of briquettes made from sugar cane waste. At the unit in Bruchhausen, Germany, use of fuel oil has been reduced and sulfur dioxide emissions declined by around 50% during 2006.

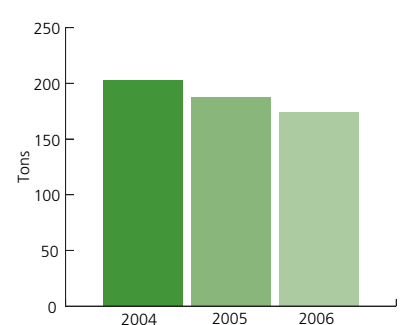
Emissions of volatile organic compounds (VOC)



Emissions of sulfur dioxide



Emissions of nitrogen oxides



Nitrogen oxide emissions primarily derive from combustion facilities. Nitrogen oxide emissions decreased during 2006.

Perstorp's total ammonia emissions fell from approximately 6 tons to around 4 tons in 2006.

## Waste

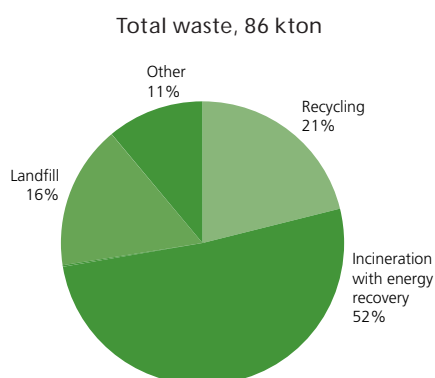
The units within the Perstorp Group have efficient source-sorting systems and procedures for ensuring that only approved transport and waste-handling companies are used.

The total quantity of waste within the Perstorp Group in 2006 amounted to 86 kton. Slightly less than 40% of this total was classified as hazardous waste. Depending on each country's legislation, the same type of waste within the Group may be classified either as hazardous or non-hazardous waste.

The largest waste fractions consist of distillation products produced, among other units, in Stenungsund and Gent, Belgium, process-related recycled methanol from the Perstorp unit, and reactive mother lye at the units in Perstorp and Bruchhausen, Germany. The reactive mother lye from Perstorp, which contains sodium formate, goes to external utilization as a source of sodium. The other fractions referred to are used for internal energy recovery.

At the unit in Gent, switching from sodium hydroxide to potassium hydroxide as a raw material in a process has enabled a major waste stream of sodium formate to be eliminated. The potassium formate that is now obtained instead is sold as a product.

Perstorp accepts a limited amount of waste from external sources, but in limited quantities. The catalytic plant in Perstorp accepts used catalysts from its customers for reprocessing, whereby molybdenum is recovered.



## Waterborne contaminants

The Perstorp Group's main waterborne emissions come from the Group's plants in Perstorp, Sweden; Toledo, Ohio, USA; Castellanza, Italy; and Bruchhausen, Germany. The units in Perstorp, Stenungsund, Castellanza, Vapi in India and Ulsan in South Korea treat their emissions in wastewater treatment plants within their plant areas, while other units are connected to municipal wastewater treatment plants.

## Soil & groundwater contamination

During 2002, soil and groundwater contamination was discovered at the neopentyl glycol plant at the unit in Perstorp, and decontamination work has been under way since then. Regular follow-up inspections are performed and reported to the supervisory authority. Two of the three clean-up target values have been met, and the decontamination is expected to be completed within a year or two.

Discussions have been under way for a number of years with the Jönköping County Administrative Board regarding liability for historical soil contamination at a previously sold property in Bankeryd, Sweden. The County Administrative Board has ordered Perstorp to perform supplementary investigations and submit the results at the beginning of 2007.

## Noise

Within the Perstorp Group, external noise is in most cases no longer a problem for individual plants, which are normally covered by conditions for external noise applicable to industrial plants. Historically, extensive noise-reduction measures have been implemented to reduce noise from the plants. One complaint concerning noise was received during 2006 at the Stenungsund unit, relating to noise caused by the flaring of residual gas.

## Transportation

Perstorp participates in the Forum for Sustainable Transport, a group of companies that, together with the Swedish National Road Administration, is working for the sustainable development of transportation. They view transportation as a self-evident component of their sustainability work and actively assume their responsibilities as purchasers of heavy transports by road. The group has undertaken to establish and implement a purchasing tool for sustainable transportation during 2006-2007. The work involved will be based on existing knowledge, while the new experience gained will be disseminated to all interested parties.

## Environmental finances

### Environmental costs

During 2006, the Group's environmental costs totaled SEK 59.5 m (61), corresponding to 0.8% (1.0) of the Group's net sales.

Costs for waste management amounted to SEK 18.8 m (11.7). The increase in costs mainly derived from the facilities in Perstorp and Castellanza, Italy.

During the year, the Group paid approximately SEK 23 m (27) for wastewater and around SEK 16 m (13) for administration of environmental work. The administrative expenses also include costs for environmental personnel, maintenance of environmental management systems and external consulting services.

There was no reason to make any significant financial provision for environmental activities during 2006.

### Environmental debt

Perstorp's financial reporting is based on the "going-concern principle," which is reflected in how possible environmental debts are assessed.

The Group complies with decisions issued by public authorities and implements measures both proactively to prevent environmental impact and reactively in the event of environmental problems.

### Investments in environment, health & safety

Total environment-related investments during 2006, including investments for treating and preventing emissions, investments in safety and fire protection and investments in improvements to the work environment, amounted to SEK 57.5 m (62), which corresponds to approximately 10,9% (10.4) of the Group's total investments.

By far the major portion of environment-related investments occurred in Perstorp and Bruchhausen, Germany. In Perstorp, environmental investments primarily related to energy-production projects, while in Bruchhausen they were mainly reinvestments.

At the production unit in Perstorp, Sweden, comprehensive environmental improvements were achieved in connection with the deployment of a completely new formic acid plant, which replaced the former facility.

Investments in environment, health & safety		
SEK m, unless stated otherwise	2006	2005
Safety and fire protection	5.7	14.2
Work environment	7.6	14.7
External environment	44.2	33.1
Total investments	57.5	62.0
% of total investments	10.9	10.4

Environmental costs		
SEK m, unless stated otherwise	2006	2005
Wastewater	23.5	27.0
Hazardous waste	8.7	4.8
Other waste	10.1	6.9
Soil decontamination	0.0	8.1
Administration	15.7	13.0
Fees to authorities	1.5	1.2
Total costs	59.5	61.0
% of net sales	0.8	1.0



# Social responsibility

## Employees

### Skills supply

A strategic plan for skills supply is one of the key factors in remaining highly competitive. The employee's opportunities for personal development and willingness to change are therefore of crucial importance. Nonetheless, competence must not be seen solely from an individual perspective. Only when the collective skills of the organization and its units are integrated and coordinated can the total result be better than its individual components.

During 2006, systematic work relating to competence analysis was performed in a number of the Group's production units. An extensive effort involving production-related personnel is in progress at the production unit in Stenungsund, with the aim of achieving a more optimal structure for training and skills development in daily work.

### PMD process

A systematic approach, a long-term perspective and participation must be the essential characteristics in development of the Group's employees. This work is therefore pursued within the framework of a Group-wide PMD (People Management and Development) process that consists of four steps:

- ➔ Annual evaluation and establishment of goals
- ➔ Personnel and leadership surveys
- ➔ Semi-annual evaluation and individual development plans
- ➔ Personnel planning

Goal and evaluation talks increase the employee's involvement in his or her own development and formulation of goals, thus increasing clarity. During 2006, 65% (81) of all employees participated in at least one evaluation talk with their immediate supervisor.

One goal is that there should be individual development plans for all employees. During 2006, such plans were established for 32% (53) of all employees.

The declines compared with the preceding year was partially attributable to a stricter qualitative assessment.

### Job rotation

An important component in skills development work within the Perstorp Group is to offer ample opportunity for job rotation. This type of skills development has dual benefits in that the employee who rotates jobs gains new experience and learns new skills, while the receiving organization develops through the experience contributed by a new individual.

### Winning Managers

A leadership policy for 2006 was established for the Perstorp Group under the name Winning Managers. This policy spells out the responsibility of leaders and provides a description of what is expected of a manager within Perstorp. With the proper guidance and support from managers, work based on the Group's three core values is strengthened.

During the year, 130 managers in the Swedish units completed an introductory course for Winning Managers. The course also included the signing of a manager contract regarding the responsibility and obligations specified in the policy. During 2007, work will continue with introductory courses in Winning Managers with a focus on units outside Sweden.

To support leadership development, managers are offered a Certified Leadership Training. During 2006, work was performed in leader and group development within the Operations staff function. A mentor program intended to develop leadership in the organization was also implemented during the year.

## Work environment

### Sickness absence

The Perstorp Group prioritizes preventive work to reduce sickness absence among employees. This work consists of several components, such as clear values, work environment issues, training and information, fitness activities, talks in the PMD process, opinion surveys and facilitating early contacts with healthcare providers. Through systematic work with these various components, Perstorp strives to minimize sickness absence.

For 2006, the Group reported a low incidence of sickness absence, compared with similar operations. For Swedish units, the figure was essentially unchanged, compared with 2005. Corresponding comparative figures are not yet available for units outside Sweden.

### Company healthcare services

Ensuring the availability of a high-quality company healthcare service at all of the Group's facilities is important for Perstorp. This is necessary for ensuring a sound work environment and active rehabilitation for the Group's employees. A good company healthcare service can also engage in preventive work environment efforts to promote good health among employees.

The methods for providing company health care differ greatly among Group units depending on such factors as the unit's size and geographical location. At the Group's largest facility, the unit in Perstorp, the company has its own healthcare service, while all other units have contracts with external suppliers. In many cases, these contracts include expanded services in areas related to the work environment, such as ergonomic issues, work-related stress and action programs for rehabilitation.

### Diversity & equality

The Perstorp Group works actively on diversity and equality issues in order to increase efficiency, competitiveness and profitability. Diversity work includes efforts to leverage the dynamic present in the interaction between women and men and between individuals of varying background, experience, knowledge and personal characteristics.

An equality plan for the Swedish units has been established and work is guided by an action plan describing activities. The action plan contains both short and long-term goals.

### Fitness activities

The Perstorp Group promotes fitness activities in various ways, as part of taking responsibility for employees' health. How this is organized varies among the different units around the world.

## Safety

### Product care

Product care includes all the knowledge that the company must have regarding the environmental, health and safety concerns that can be linked to its products. Customers must also be given advice and instructions for safe transport, storage and use of our products.

### Product safety

Product safety includes knowledge of product characteristics and risk assessments relating to their use. Information is obtained from technical and scientific sources, as well as through our own physical, chemical and toxicological studies.

### Increased safety for people & the environment

Several of the Group's products contribute to increasing the safety of people and the environment. The Charmor™ products are included in bonding agents for paints that expand when heated. This means that steel structures coated with such paint are insulated in a fire and that the temperature rises more slowly.

The chemical 2-Ethyl hexane acid is used to make plastic film that is included in safety glass for cars, for example, which prevents shattering, thus avoiding cuts resulting from collisions.

Prosid® products, which are salts of formic acid and propionate acid, are used in animal feed and contribute to better health in the animals, thus reducing the need for antibiotics.

Polyol products are used in the manufacture of binding agents for water-based lacquering systems that result in fewer risks for health and the environment. Neopentyl glycol is an important raw material in the manufacture of powder coatings, which conserve resources and need no solvents.

#### Food & feed

FAMIQS is a quality and safety standard for feed additives. The production units in Castellanza, Italy and Bruchhausen, Germany, as well as Perstorp and Stenungsund in Sweden, are all certified in accordance with this standard.

#### Preparations for REACH

At the end of last year, the EU approved the chemicals directive REACH (Registration, Evaluation, Authorization of Chemicals), which will take effect on June 1, 2007. Perstorp is now working actively to meet the REACH requirements. This work is being conducted in a dialogue with customers and suppliers and includes surveying application areas for our products.

#### Technology transfer

Perstorp continues to be the world's leading supplier of production plants and catalysts for the manufacture of formalin. The formalin process is marketed under the name Perstorp Formox. Perstorp supports its customers actively and over the long-term with advice for optimizing formalin production, with the result that consumption of raw materials can be reduced, while increasing steam production. When Perstorp's customers purchase formalin catalysts, they receive a repurchase offer regarding the used catalyst, which results in maximal recycling of raw materials and safe handling of residual products.

Extensive technology transfer between Perstorp's production units results in significant improvements in productivity, quality and environmental impact in all plants.

#### Global database for risks & accidents

Risks, accidents and incidents are registered in a global internal database. The database provides the foundation for registration and investigation, as well as for dissemination of information and knowledge regarding hazardous situations throughout the Group.

#### Fires, explosions & environmental accidents

During 2006, a serious accident occurred at the Penta plant in Bruchhausen, Germany. During a maintenance stop, a silo was emptied manually, resulting in a powerful dust explosion and subsequent fire. One employee was killed and two were seriously injured. Extensive internal and external investigations resulted in changes in the process in the affected plant. The necessary measures are now being taken in other Perstorp plants to prevent similar accidents.

Eight environmental accidents occurred during the year, all of which were characterized by spillage that could be sanitized without lasting effects on the environment.

#### Work-related accidents

During 2006, 23 work-related accidents occurred that resulted in more than one day's absence. This corresponds to a frequency of 8.4 accidents per 1 million working hour, which was an increase compared with 2005 (5.9).

Perstorp intends to start an extensive prevention program to reverse the trend with respect to work-related accidents. This will be based on the internationally recognized concept Behavior Based Safety (BBS).



# Relations

## Owner

As of December 22, 2005, the Perstorp Group is controlled by the French private equity company PAI Partners. This company's strategy is to invest in medium-size and large companies that are market leaders in their segment and have a strong management. As an owner, PAI Partners does not strive to involve itself in daily operations, but rather seeks an open dialogue with management in which ideas and strategic advice can be shared. The goal for PAI Partners is that Perstorp shall be a successful and profitable company and, as an active participant in strategy work, the owner seeks to support Group management's efforts to achieve these goals.

## Customers

Perstorp's customer relations should be characterized by the Group's three core values: focused innovation, reliability and responsibility. These core values are included in the Winning Formulas concept that Perstorp has developed to express the company culture and the strong customer focus that is required to strengthen the Group's global competitiveness.

Perstorp strives to be a reliable partner that takes responsibility for processes and its own actions to instill customer loyalty. Perstorp conducts regular customer satisfaction surveys.

Perstorp invests continuously in external communications, and an enhancement of Perstorp's customer communication via the web took place during 2006, in part through the launch of two product-specific websites ([www.prosid.com](http://www.prosid.com) and [www.promyr.com](http://www.promyr.com)).

## Suppliers

The Perstorp Group strives for long-term relationships with its suppliers. For this to be possible, suppliers must share Perstorp's views on the environment, health and safety. Before Perstorp approves a new supplier, the supplier must therefore answer a questionnaire relating to environmental and safety issues.

Perstorp also requires the supplier to submit its environmental policy and requests permission to conduct an environmental audit. This then becomes part of the total assessment in approving a new supplier.

Suppliers of raw materials and packaging undergo an annual evaluation of product quality, delivery times, packaging and documentation. Suppliers of the principal raw materials for the various production units are normally companies with which Perstorp has long-standing relations.

## Schools & universities

As part of Perstorp's long-term recruitment work, the Group operates its own high school in Perstorp Municipality. The school offers a three-year chemical engineering program focused on chemical processes. The program includes ten weeks of practical training, including two weeks at units outside Sweden, to give the students insight into working life.

The Perstorp Group also collaborates with primary and other high schools in the vicinity of the various production units, to present industry as a possible future workplace. This includes study visits, practical training and projects in the schools. The Group's production unit in Stenungsund collaborates with a local high school, where students with industrial process training complete one year of practical training with the company. The production unit in Toledo, Ohio, USA, sponsors a summer camp each year at a nearby university with a chemical theme. The units in Bruchhausen, Germany, Porvoo, Finland, Castellanza, Italy, Gent, Belgium, Vapi, India and Perstorp, Sweden, work continuously with university exchange programs.

## Society

As a company in the chemical manufacturing industry, Perstorp strives for good relations with people living in the vicinity, the authorities, the media and other parties. Good communication

with these stakeholders is of the greatest importance and adheres to the Group's four basic principles for communication: active, open, correct and comprehensive. Letters to nearby residents, information brochures, Open House activities and press showings are examples of activities employed for creating good relations.

### Information to the public

Environmental information to the public is provided in the Group's published reports, via mass media and the Internet and in various brochures. Major information campaigns for the public have been conducted in recent years at several of the Group's production units with regard to legal requirements and regulations for measures to prevent or limit the consequences of serious chemical accidents (Seveso Directive). In accordance with this legislation, Perstorp has also submitted safety reports to the authorities and updated them both every fifth year according to prevailing law and in conjunction with new permit applications. These requirements affect several of Perstorp's production units in Europe.

### Open House & study visits

Open House activities are arranged every few years at most of the Group's units. Such was the case at Perstorp in 2006 when the Group's 125th anniversary was celebrated. Group units also regularly receive visits from various stakeholder groups, including universities and colleges, politicians, companies, pensioners and associations of various types.

### Complaints

Questions and complaints from the public are registered and addressed in accordance with procedures in the ISO 14001 environmental management system. The unit in Stenungsund received complaints about noise in conjunction with flaring. During the year, a few complaints about odors and noise were received at the units in Perstorp, Sweden and Castellanza, Italy.

## Authorities

A large chemicals company has many contacts with authorities in matters relating to the external environment, the work environment, fire safety and product care. For example, the unit in Perstorp contacts the relevant supervisory authority

several times a week. In emergency situations, the authorities are contacted immediately, and their advice and instructions are followed. The supervisory authority has substantial insight into and considerable knowledge of the company's operations.

The Group has production units in ten countries. During 2006, the unit in the US was granted a permit to expand production of formalin, and the unit in India was granted a permit for the manufacture of creosote, polyvinyl butyral (PVB) and benzene aldehyde. The unit in Italy was granted a permit for the manufacture of dimethylbenzoic acid (DMBA) and has applied for an integrated environmental permit in accordance with the EU's Integrated Pollution Prevention and Control (IPPC).

In Sweden, the Group conducts some 20 operations requiring permits in Perstorp, Stenungsund and Nol with valid permits for the manufacture of such chemicals as polyalcohols, aldehydes, acids and alcohols.

In 2005, the Environment Court approved a permit for construction of a new boiler at the plant in Perstorp. During 2006, certain technical modifications were required for the new boiler. These modifications were reported in the form of an application to the supervisory authority, which in turn approved them. During 2006, Perstorp also reported to the Environment Court that it had begun using animal bi-products as fuel in accordance with the court's permit approval from 2005.

During 2006, a new permit application was submitted to the Environment Court regarding expansion of production of special polyol products, primarily di-trimethyl propane. During 2007, additional permit applications are expected to be submitted to the authorities, in part for unloading, storing and loading methanol in Landskrona Harbor. Methanol is the principal input material in the manufacture of formalin.

In early 2007, the unit in Stenungsund received a permit from the Environment Court to install two new boilers to replace existing boilers. One of the new boilers is scheduled to be taken into operation in June 2007. During 2007, the unit in Stenungsund plans to apply for a permit for a major expansion project to increase production capacity for aldehydes, alcohols, acids, plasticizers and RME, as well as the construction of a new plant for the manufacture of phthalic anhydride.

None of the Group's units needed to pay any environmental penalties or corresponding fines during 2006.

## Industry organizations

The Perstorp Group monitors events at the national and international levels in the area of chemical product safety. At the national level, the company participates in the Swedish Plastics and Chemicals Federation. At the international level, the company participates in various sector groups in CEFIC, the European Chemical Industry Council, as well as other industry associations.

## Competitors

Perstorp has a Competition Policy that includes legislative requirements relating to competition issues, as well as Perstorp's ethical rules applying to these matters.



# Environmental & HR data

		Resource conservation		Emissions to air							Waste	Emissions to water
Unit	Year	Consumption of raw materials 000 tons/yr	Energy consumption GWh/yr	CO <sub>2</sub> 000 tons/yr	VOC tons/yr	SO <sub>2</sub> tons/yr	Nitrous oxides tons/yr	CFC kg/yr	HCFC kg/yr	HFC kg/yr	Waste 000 tons/yr	COD before purification tons/yr <sup>4)</sup>
Group <sup>1)</sup>	2004	1,607	1,549	370	141	207	203	0	394	141	78	8,754
	2005	1,577	1,443	356	132	165	187	5	344	61	90	7,764
	2006	1,597	1,483	369	176	77	174	4	1,072	58	86	8,171
Perstorp <sup>2)</sup>	2004	613	529	160	45	37	64	0	0	119	25	1,760
	2005	503	508	145	49	46	69	0	0	35	23	1,450
	2006	634	530	155	60	43	70	0	0	48	26	1,730
Stenungsund <sup>2)</sup>	2004	646	353	105	26	0	61	0	0	21	21	134
	2005	654	331	97	32	0	52	0	0	25	35	139
	2006	688	395	106	56	0	58	0	0	7	29	143
Nol	2004	31	22	26	5	0	1	0	0	0	0.2	0
	2005	30	20	24	6	0	1	0	0	0	0.1	0
	2006	32	21	24	6	0	0	0	0	1	0.2	0
Bruchhausen <sup>3)</sup>	2004	142	296	45	5	56	47	0	0	0	22	278
	2005	129	276	59	4	19	43	0	0	0	21	254
	2006	114	218	46	14	9	18	0	0	0	17	290
Gent <sup>3)</sup>	2004	23	28	5	6	0	3	0	0	0	5	1
	2005	23	29	5	1	0	4	0	0	0	5	1
	2006	23	28	4	1	0	4	0	8	0	6	1
Toledo <sup>3)</sup>	2004	198	217	26	18	1	26	0	14	0	1	4,400
	2005	175	153	19	15	0	19	0	17	0	1	3,500
	2006	148	173	23	16	0	23	0	25	0	1	3,500
Castellanza <sup>2)</sup>	2004	4	24	1	13	0	0	0	320	0	1	1,090
	2005	5	19	1	2	0	0	0	200	0	1	960
	2006	8	31	1	1	0	0	0	1,000	0	3	960
Vapi <sup>2)</sup>	2004	24	47	2	21	114		0	5	0	1	1,000
	2005	33	56	7	20	100		0	7	0	3	1,370
	2006	31	41	10	21	25		0	9	0	4	1,460
Ulsan <sup>2)</sup>	2004	26	31		0			0	55	0		91
	2005	25	52		0			0	120	0		90
	2006	22	46		0			0	30	0	0,3	87

The environmental data pertains to units that were wholly owned during the year. El Salto, Chile was acquired during 2006 and is not included in the report.

Blank – no data available.

1) The Perstorp Franklin plant in the Netherlands and YLA in the US are not included in the report.

2) Wastewater is purified internally in purification plants.

3) Wastewater is purified in municipal purification plants.

4) The degree of purification is normally greater than 90%.

Sickness absence				
<i>Sickness absence as a percentage of ordinary working time, %</i>				
	2006		2005	
	Group	Swedish operations	Group	Swedish operations
Total	2.4	2.6	2.5	2.5
Uninterrupted sickness absence of 60 days or more	*)	1.2	*)	1.2
<i>Sickness absence by gender</i>				
Men	*)	2.2	*)	2.0
Women	*)	3.3	*)	3.7
<i>Sickness absence by age</i>				
29 years or younger	*)	1.3	*)	1.8
Between 30 and 49 years	*)	2.1	*)	2.4
50 years or older	*)	3.9	*)	3.0

\*) There are no confirmed figures for foreign units pertaining to the distribution among long-term and short-term sickness absence, sickness absence by gender and age distribution.

Swedish operations pertain to all Group companies. The Parent Company had no sickness absence in 2006.

Leadership development	Participants
Certified Leadership Program	39
<b>Total in 2006 (figures in parentheses for 2005 and 2004)</b>	<b>39 (35;33)</b>
Mentor program	24
<b>Total in 2006 (figure in parentheses for 2005)</b>	<b>24 (48)</b>
Introduction – Winning Managers	130
<b>Total</b>	<b>130</b>
Management group development in part of Group	51
Leadership development in part of Group	42
<b>Total in 2006</b>	<b>93</b>

Training in environment, health & safety			
	2006	2005	2004
Safety, fire protection, etc.	1,072	626	483
Work environment	908	1,386	495
Environment training	401	286	422
<b>Total number of participants</b>	<b>2,381</b>	<b>2,298</b>	<b>1,400</b>
<b>Total number of hours</b>	<b>21,446</b>	<b>21,696</b>	<b>21,119</b>

Average employees				
Land	2006		2005	
	Total number of employees	of whom, men	Total number of employees	of whom, men
Sweden				
Parent Company	9	8	-	-
Subsidiaries	895	618	910	645
Belgium	40	32	35	28
Brazil	6	4	6	4
Chile	65	61	-	-
Finland	25	13	25	12
France	5	3	6	4
India	240	233	231	224
Italy	36	28	37	29
Japan	3	2	2	1
China	3	2	-	-
Netherlands	29	20	29	19
Singapore	4	1	4	2
United Kingdom	6	4	7	5
South Korea	29	26	29	26
Germany	132	116	132	116
USA	148	130	148	124
<b>Total</b>	<b>1,675</b>	<b>1,301</b>	<b>1,601</b>	<b>1,239</b>

Proportion of women who are members of company boards & management						
	2006			2005		
	Total	of whom women	%	Total	of whom women	%
Board members	95	2	2	90	2	2
Other senior executive	95	20	21	96	20	21

Basic education, % of all employees			
	2006	2005	2004
Primary school	17	22	20
Secondary school	56	50	54
College or university	27	28	26

Personnel turnover	
Average personnel turnover	5.2%

Personnel turnover refers to % of the number of employees who left the Group during 2006.

# Accounting principles

## Data collection process

Information regarding environment, health and safety work at Perstorp's production units was collected for the calendar year 2006. The information was collected electronically in part through questionnaires and in part from data entered directly into a database (EHS Frango). Each production unit has its own coordinator for environment, health and safety work, who assisted in the data collection. Thereafter, those legally responsible reviewed and approved the information. The Group function for the Environment, Health and Safety within Perstorp then prepared summaries and reports that were used as supporting materials for the sustainability report.

Each production unit prepares monthly reports of the number of employees, personnel turnover, overtime, sickness absence, succession planning and development plans that are entered in a database that Human Resources uses for following up key data. These supporting materials were used for summaries in the sustainability report. Personnel data was also collected via questionnaires.

## Scope of report

This is the first time that the Perstorp Group has reported environment and HR data in a sustainability report. Previously,

environment work was reported in a separate environment report (since 1994) and HR work in a separate HR report (since 2002).

The environmental data pertains to those units that were wholly owned by Perstorp during the entire 2006 calendar year. Comparison figures for previous years have been adjusted to correspond to 2006 operations. Key data is reported primarily as absolute figures, but in certain cases, relative figures are reported.

# GRI Index

## Comparison between Perstorp's report & GRI's recommendations

Perstorp's Sustainability Report for 2006 follows the GRI recommendations to the extent that this is appropriate and applicable for Perstorp.

The following tables show how and on which pages Perstorp applies GRI indicators and the ten principles of the UN's Global Compact in the Group's reports for 2006.

AR = Annual report 2006  
SR = Sustainability Report 2006

- ✓ Fully reported
- Partially reported
- Not reported
- Follows UN's Global Compact program

### 1. Vision & strategy

1.1	CEO's comments, vision and strategy regarding the Group's contribution to sustainable development	AR 5, 15 + SR 3, 5	✓
1.2	Description of key impacts, risks and opportunities	AR 15	✓

### 2. Organizational profile

2.1	Name of the organization	AR 3, 31	✓
2.2	Primary brands, products, and/or services	AR 19-23	✓
2.3	Operational structure of the org. (divisions, operating companies, subsidiaries, joint ventures)	AR 25-26, 56-58	✓
2.4	Location of organization's headquarters	AR 58 + SR 4	✓
2.5	Countries where the organization is active	AR 56-58	✓
2.6	Nature of ownership and legal form	AR 31 + SR 5	✓
2.7	Markets (including geographic breakdown and sectors)	AR 27	✓
2.8	Size of the organization: no. of employees, net sales, etc.	AR 31 + SR 4-5, 25	✓
2.9	Significant changes during the reporting period regarding size, structure, ownership	AR 31-33	✓
2.10	Awards received during the reporting period		–

### 3. Report parameters

Report profile			
3.1	Reporting period	AR 9 + SR 26	✓
3.2	Date of most recent previous report		–
3.3	Reporting cycle (12 months, 24 months, etc.)	AR 39	✓
3.4	Contact person for questions regarding the report and its content	SR 31	✓

Report scope & boundaries			
3.5	Process for defining report content	SR 26	✓
3.6	Boundary of the report	AR 39 + SR 24, 26	✓
3.7	State any specific limitations on the scope or boundary of the report	SR 24, 26	✓
3.8	Basis for reporting on joint ventures	AR 39-42	✓
3.9	Data measurement and calculation principles	AR 39-42	✓
3.10	Comparability with previous reports	AR 10, 31+ SR 24-25	✓
3.11	Significant changes from previous reporting periods regarding scope, boundaries, etc.	AR 10 + SR 24	✓

GRI content index			
3.12	Table identifying the location of the Standard Disclosures in the report	SR 27-30	✓

Assurance			
3.13	Policy and current practice in regard to external verification of the report		–

### 4. Governance, commitments & engagement

Governance			
4.1	Governance structure for the organization	AR 34	✓
4.2	Information as to whether the Chairman of the Board has an executive role in the organization	AR 34	✓
4.3	Number of board members	AR 34, 54	✓
4.4	Methods for shareholders and employees to propose recommendations, etc.	AR 34	✓

4.5	Connection between management's remuneration and performance	AR 49	✓
4.6	Processes for avoiding conflicts of interests in the board	AR 34	✓
4.7	Processes for determining the competence of board members		—
4.8	Internal documents regarding the organization's visions, values, and codes of conduct, etc.	SR 7-8	✓
4.9	The board's monitoring of economic, environmental and social risks and opportunities	AR 34	✓
4.10	Processes for evaluating the board's own performance		—

#### Commitments to external initiatives

4.11	Explanations of if and how the precautionary principle is applied	SR 18-19	✓
4.12	Association to external voluntary codes, principles or other initiatives	SR 8	✓
4.13	Membership in industry organizations	SR 23	✓

#### Stakeholder engagement

4.14	List of stakeholder groups engaged by the organization		—
4.15	Basis for identification and selection of important stakeholders		—
4.16	Types of stakeholder relations, frequency of engagement, etc.	SR 21-23	✓
4.17	Key topics and concerns that have been raised through dialogues with stakeholders		—

#### Economic indicators

##### Economic development

EC1	Direct economic value generated including revenues and operating costs	AR 9	✓
EC2	Financial implications and other risks and opportunities for the organization due to climate changes		—
EC3	Coverage of the organization's defined benefit plan obligations	AR 47	✓
EC4	Significant financial assistance received from government		—

##### Market presence

EC5	Range of ratios for standard entry level wage compared to local minimum wage		—
EC6	Policy, practices and proportion of spending on purchases from local suppliers		—
EC7	Methods for local hiring and proportion of senior management hired from the local community		—

##### Indirect economic impact

EC8	Development and impact of infrastructure investments and services provided for public purposes		—
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		—

#### Environmental performance indicators

##### Materials

EN1	Materials used by weight or volume	SR 11, 24	✓
EN2	Percentage of materials used that are recycled input materials		—

##### Energy

EN3	Direct energy consumption by primary energy source	SR 11, 24	✓
EN4	Indirect energy consumption by primary source		—
EN5	Energy saved due to conservation and efficiency improvement	SR 11	✓
EN6	Initiatives to provide energy-efficient products or products based on renewable energy	SR 11-12	✓
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	SR 11	✓

##### Water

EN8	Total water withdrawal by source	SR 11	✓
EN9	Water sources significantly affected by withdrawal of water		—
EN10	Percentage and total volume of water recycled and reused		—

##### Biodiversity

EN11	Location/scope of land owned, leased, etc., or near protected areas/areas of biodiversity value outside protected areas		—
EN12	Factors that affect biodiversity		—
EN13	Habitats protected or restored		—
EN14	Strategies for managing impacts on biodiversity		—
EN15	Number of species according to IUCN (International Union for Conservation of Nature and Natural Resources)		—

Emissions, effluents & waste			
EN16	Total direct and indirect greenhouse gas, emissions by weight	SR 12, 24	✓
EN17	Other relevant indirect greenhouse gas emissions by weight		—
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	SR 12	✓
EN19	Emissions of ozone-depleting compounds by weight	SR 13, 24	✓
EN20	NO, SO, and other significant air emissions by type and weight	SR 13, 24	✓
EN21	Emissions to water	SR 24	✓
EN22	Total weight of waste by type and disposal method	SR 14, 24	✓
EN23	Total number and volume of significant spills	SR 19	✓
EN24	Weight of hazardous waste transported, imported, exported or treated		—
EN25	Impact on bodies of water		—

Products & services			
EN26	Actions to reduce environmental impacts of products and services, and extent of impact reduction	SR 18-19	●
EN27	Percentage of products sold and their packaging materials that are reused		—

Compliance			
EN28	Fines and total number of non-monetary sanctions for non-compliance with applicable laws	SR 23	✓

Transport			
EN29	Environmental impacts from transporting products and other goods		—

Overall			
EN30	Total environmental protection expenditures and investments by type	SR 15	✓

## Social performance indicators

Employment			
LA1	Total workforce by employment type, employment contract and region	SR 25	●
LA2	Total number and rate of employee turnover by age group, gender and region	SR 25	●
LA3	Benefits provided to full-time employees	SR 18	●

Labor/Management relations			
LA4	Percentage of employees covered collective bargaining agreements		—
LA5	Minimum notice period(s) regarding operational changes		—

Health & safety			
LA6	Percentage of total workforce represented in worker health and safety committees		—
LA7	Work-related accidents and illnesses	SR 18	●
LA8	Education and prevention and risk-control programs to benefit employees and their families		—
LA9	Health and safety topics covered in formal agreements with trade unions		—

Training & education			
LA10	Average hours of training per year per employee by employee category	SR 25	●
LA11	Programs for skills management and lifelong learning that support employees' career development	SR 17	●
LA12	Percentage of employees receiving regular performance and career development reviews	SR 17	✓

Diversity & equal opportunity			
LA13	Composition of governance bodies and breakdown of employees by gender per category	AR 54-55 + SR 25	✓
LA14	Ratio of basic salary of men to women by employee category		—

## Human rights

Investment & procurement practices			
HR1	Consideration for human rights in regard to investments		—
HR2	Human rights in the supplier chain		—
HR3	Training and education in human rights		—

Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken		—

Freedom of association & collective bargaining			
HR5	Operations where freedom of association and collective bargaining may be at significant risk		—
Child labor			
HR6	Operations where there is a risk for incidents of child labor		—
Forced & compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor		—
Security practices			
HR8	Percentage of security personnel trained and educated in regard to human rights		—
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people		—
Society			
Community			
SO1	Programs for evaluating the operation's impacts on communities including nature, scope and effectiveness		—
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption		—
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures		—
SO4	Actions taken in response to incidents of corruption		—
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying		—
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions		—
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior		—
Compliance			
SO8	Monetary value of fines for non-compliance with applicable laws		—
Product responsibility			
Customer health & safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed		—
PR2	Incidents of non-compliance with regulations regarding health and safety impacts of products and services		—
Product & service labeling			
PR3	Product labeling and information	SR 18-19	●
PR4	Non-compliance with regulations for product information		—
PR5	Customer satisfaction	SR 21	●
Marketing communications			
PR6	Programs for adherence to laws, standards and voluntary codes	SR 8, 23	●
PR7	Non-compliance with regulations for marketing communications		—
Customer privacy			
PR8	Substantiated complaints regarding breaches of customer privacy		—
Compliance			
PR9	Monetary value of fines for non-compliance with regulations concerning the use of products and services	SR 23	✓

## Glossary

### Biofuels

Fuels from vegetable sources, such as wood, chips, bark, felling residues, wood pellets, energy forest, etc.

### Carbon dioxide (CO<sub>2</sub>)

Colorless gas present in the atmosphere and an active part in natural ecological cycles.

### CFCs

Chlorofluorocarbons. Cooling agents contributing to the depletion of the ozone layer in the stratosphere. Also known as "freons." Contribute to the greenhouse effect.

### COD

Chemical Oxygen Demand. An indicator of the amount of oxygen needed for complete chemically induced decomposition of organic material to carbon dioxide and water.

### Code of conduct

Ethical and professional conduct expected of all employees.

### EHS

Environment, Health and Safety.

### Environmental Management System

Method for integrating environmental work with the overall management system (ISO 14001 for example).

### FAMIOS

Quality and safety standard for feed additives.

### Gigawatt hour (GWh)

A measurement of electrical energy. One million kilowatt-hours (kWh).

### Global Compact

UN initiative including principles within the areas of human rights, working conditions, environment and anticorruption measures.

### HCFCs

Hydrochlorofluorocarbons. Chlorofluorocarbons in which the halogenation is incomplete. Have a less harmful ozone-depleting effect than CFCs but contribute to the greenhouse effect.

### HFCs

Hydrofluorocarbons. Incompletely halogenated fluorocarbons. Have no ozone-depleting effect but contribute to the greenhouse effect.

### Inorganic compounds

Compounds that do not contain carbon, such as salts, metals and minerals.

### ISO 14000

A series of international standards for environmental management systems, life cycle assessments, environmental audits, etc.

### FLTA

Lost Time Accident – work-related accident resulting at least one day's absence from work.

### LTAR

Lost Time Accident Rate – frequency of work-related accidents; number of LTAs per million working hours.

### Natura 2000

EU initiative for conserving animal and plant life for future generations.

### Neopentyl glycol (Neo)

A bivalent polyol, mainly used in polyesters for powder-based and other environmentally compatible paints.

### Nitrogen (N)

An element. Emissions to water may cause eutrophication, which in turn can lead to oxygen deficiency as dead plants decompose.

### Nitrogen oxides (NO<sub>x</sub>)

Collective term for nitrogen monoxide (NO), nitrogen dioxide (NO<sub>2</sub>). Formed during combustion. Contributes to acidification, eutrophication and ground-level ozone formation, among other effects.

### Octanic acid (2-ethylhexanoic acid)

Organic acid with eight carbon atoms.

### Organic compounds

Compounds containing carbon.

### Ozone

A gas consisting of three oxygen atoms per molecule (O<sub>3</sub>). The ozone layer in the upper atmosphere protects the earth from harmful levels of ultraviolet radiation from the sun. Ground-level ozone is considered to be a pollutant.

### Pentaerythritol (Penta)

A quadrivalent polyol used in the production of alkyd paints, explosives, synthetic lubricants, etc.

### Polyol (polyalcohol)

A chemical compound in which the molecules contain several alcohol (OH) groups.

### Rape Methyl Ester, RME

An additive in diesel based on rapeseed oil.

### REACH

Registration, Evaluation and Authorization of Chemicals – EU legislation for chemical products.

### Renewable energy

Energy from solar heat, wind power, hydroelectric power and biofuels.

### Sulfur dioxide (SO<sub>2</sub>)

Formed during combustion of sulfur-containing fuels such as coal, oil and peat.

### VOCs

Volatile Organic Compounds.

### Communication with Perstorp

If you would like to pass on your views about Sustainability Report 2006 or have any questions about Perstorp's work in this area, please contact Cecilia Nilsson, Communication Manager, [cecilia.nilsson@perstorp.com](mailto:cecilia.nilsson@perstorp.com)

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