

RESPONSIBLE CONDUCT IN THE CHEMICAL TRADE AND DISTRIBUTION



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Mr. Erbslöh, considering the growing standardization of environmental systems we witness today, can „Responsible Care“ still contribute to the safe handling of chemicals?

To begin with, the world-wide Responsible Care (RC) initiative obliges its member companies to make sure all their activities are in conformity with legal requirements. But furthermore the firms – and that is essential – commit themselves to a continuous improvement of safety, environmental and health protection that goes beyond the legal requirements for handling chemicals. Progress and successes achieved by them are accounted for by Verband Chemiehandel (VCH) in the present report*, this year already for the tenth time.

Which of the chemical sector's experiences with RC from the last years should be particularly highlighted?

RC has meanwhile gained political recognition and has become a trademark of chemical trade and distribution. In last year's RC Report, the external expert supervising all RC activities confirmed that the programme's guidelines have by now firmly taken root at all levels of the participating companies and are filled with life. The firms are not only aware that RC can only succeed if it is seen as an entrepreneurial ethic, lately it has also become clear that in future product responsibility will dominate the RC activities of the chemical trading sector much more pronouncedly than it has so far. Consequently, the continuation of the partnership agreement concluded between Verband der Chemischen Industrie and VCH in 1996 aims at strengthening the cooperation between suppliers and end-users even more. This means that for instance chemical logistic providers will be included into the RC programme as part of the supply chain.

Growing product responsibility also means an increase of communication ...

Yes, that's true. Concerning the communication within the supply chain the chemical trader/distributor plays a central role. Also the new EU chemicals policy "REACH" requires all parties involved



to develop feasible and efficient instruments for making chemicals handling safer. REACH has reversed the burden of proof. In future, supply chain members must prove to the authorities that handling a chemical substance is safe. At the interface to chemical trade this will intensify the necessity of communication. And that aspect connects REACH to the initial commitment incurred by RC participants. Within the frame of REACH, it will foremostly be chemical trade and distribution's responsibility to

- inform their customers about the new chemicals management so that they in turn can also pass the information on to their customers,

- establish the intended use of the substances delivered to their customer as „downstream user“ and to pass on this information to the registrant resp. producer,
- spark an interest in advanced information in all parties involved so as to relieve unfounded fears and thus contribute to an objective discussion.

Therefore, from the chemical sector's point of view, the directive's acronym („REACH“ – Registration, Evaluation, Authorisation of Chemicals) should be supplemented with a „C“ for „Communication“.

Would these responsibilities not pose an excessive burden for many smaller enterprises?

Getting to grips with the REACH legislation will be easier for those companies who have taken the RC initiative regarding the responsible chemicals handling of seriously in the past and are thus for instance up to date on their substance portfolio. As a core element of REACH, the customer is henceforth fully in-



Communication regarding intended uses is a central task of the chemical trader/distributor within the supply chain

involved in gathering data about the substances. The chemical distributor will support him here in manifold ways and will be at his disposal for all questions concerning REACH.

So chemical trade and distribution are well prepared for REACH?

Through the RC activities of the last years chemical trade and distribution had a considerable head start with regard to REACH knowledge when compared to other supply chain actors. And from this traders and distributors will profit in the coming years! Especially small-sized customers who have so far not concerned themselves with complex REACH matters can continue to rely on the trustful partnership they have established with their supplier. The latter is by now well prepared **, also with the help of VCH, and will be able to pass on his knowledge.

You sound quite optimistic ...?

In parts, the chemical sector still sees REACH as very problematic. On the other hand, with its RC experiences in the background, it will answer to the administrative and also financial challenges arising from the task of mediating information between producers and hundreds of thousands of downstream users. Supplemented by RC programme guidelines, all parties involved will succeed in protecting man and environment even better from possible risks in handling chemicals. So, seen from the RC angle, the process of implementing REACH should also be regarded as a chance for more communication and ultimately more product responsibility.

* www.vch-online.de / "Responsible Care"

** www.vch-online.de / "REACH"



The figures for 2006 were collected on basis of the same „Indices of Performance“ as in the year before, the questionnaire* comprising a total of 88 items. A separate category was added this year to the parts relating to accident analysis („Plant safety“, „Health protection“, „Transport“). From now on, this new category will enable the members of the Responsible Care Workshop and VCH's technical working groups to carry out a detailed evaluation of the incidents and search for possible improvement measures. Due to the sector's partly heterogeneous structure (sites with/without own warehouse or vehicle fleet) and due to company reorganisations the direct comparison of 2006's figures to the results from previous years is yet again not possible without difficulty.

Practising RC as applied business ethics cannot always be represented by mere figures. You should therefore also get a personal picture of your supplier's responsible handling of chemicals: Pay a visit to his site and get in touch with the „Responsible Care Coordinator“ – he will be happy to answer all your questions about the company's internal RC implementation.



Statistics

The present figures reflect the activities of 59 companies** employing almost 5,300 people at 133 operational sites and supplying to (multiple entries included) 140,000 customers. 64 of these sites maintain own warehouses, while the others operate as distribution/sales offices. Just under three quarters of the staff are commercial employees, the rest works in warehouses/vehicle fleets.

Responsible Care – „Responsible Conduct in Chemical Trade“ – this comprises following elements:



Company organisation, assignment of responsibilities and supervision

Chemical trade and distribution have meanwhile integrated RC into their administrative and operative processes as a permanent topic of daily business. Consequently the figures mirroring this element of the programme are stagnating or showing a slightly declining tendency. But still each company recorded an average of 9 events with the entire staff, respectively 7 discussions between RC coordinator and management with the focus on internal RC implementation. Strengthening the awareness of RC's goals within the company will remain an important task for management and RC coordinator also in the future.



Product responsibility

First and foremost, product responsibility means communication – inside the company as well as outwards throughout the supply chain. Information about the safe handling of chemicals is essential here, and it is conveyed by means of comprehensive product labelling and meticulously compiled safety data sheets. Considering an average standard delivery programme of 1,200 products, safety data sheets are by now available for 95% of hazardous and non-hazardous substances and preparations, additional product information for 50%. Traders and distributors are thus paying ever increasing attention to growing information demand and heightened interest concerning the safe use of chemicals.



Plant safety and danger defence

The German chemical industry is known to have the safest and most strictly controlled production and working conditions worldwide. Its high technical standards and safety awareness are also illustrated by the low number of accidents documented by the companies with own warehousing in the past year: The 64 stock-keeping sites reported an average of just 0.7 accidents/incidents per company for a total of 2,191 million tons of handled products. Only 1 incident per 925,000 tons involved a contamination or release of gas/vapour. The chemical companies' safety systems reacted to even smallest anomalies, resulting in 90% of recorded alarms (131 in all) being false alarms.



Labour safety and health protection

Measured against customers supplied and products delivered, 2006's number of reportable occupational accidents remained on the pleasingly low level of previous years. 24 of the 121 recorded industrial accidents involved a chemical interaction – and here also effects of even smallest amounts were taken into account. The remaining cases showed no specific connection to chemicals (being accidents en route or accidents caused by mechanical influence). Hazardous materials trainings acc. to § 14 Hazardous Substances Decree (on average 2 per employee) contributed to further enhance the sense of responsibility and attentiveness of all parties involved.



Environmental protection

Also the programme's "Environmental protection" element obliges RC members to commit them-

selves beyond legal requirements. Almost all companies have introduced environmental management systems (in part also certified) or implemented environmental aspects as a component of their own "integrated" management system.

Emissions are only relevant for the 53 sites with own warehouses and own filling capacities. For two thirds of the 1,400 million tons of filled liquid chemicals emission-decreasing procedures were applied. In the remaining cases such systems could not be used due to substance-specific (i.e. vapour pressure too low) or technical reasons.



Transport safety

Since accidents are perceived by a broad public, special attention must be paid to the analysis of accident circumstances. 29 (50%) of polled firms have their own vehicle fleet. Seen against a total mileage of 27.3 million km covered by 481 trucks, only in one case the cargo caused an environmental damage. 100 out of the 108 reported accidents merely resulted in material damages. Where firms without own vehicle fleet cooperated e.g. with forwarding agents, no more than 5 cases of official complaints or legally binding penalty notices were recorded.



Dialogue - Information of the public

By carrying on a dialogue about RC with the communities – which often show a critical attitude towards the chemical industry – as well as in-house, the member companies seek to promote trust and understanding for chemical trade's functions and activities. Diverse means of communication are utilized for this interaction – today ever increasingly internet and company websites, but also individual discussions with customers as well as the distribution of company brochures/branch publications informing about responsible chemicals usage. Last year, RC participants distributed an average of just about 1,200 publications which went far beyond their basic delivery programmes and gave essential information about their RC commitment. These were complemented by a total of 71 company events supporting a deeper insight into chemistry in general.

* For 2006's questionnaire, see www.vch-online.de „Responsible Care“

** In the company register found on VCH's website, RC participants are marked accordingly.

A more **detailed presentation** of the results can be found at www.vch-online.de ("Responsible Care") or ordered from VCH. Here, you can also find the RC Reports for the last few years as well as further information about chemical trade and distribution.

Your chemical trading company: