

RESPONSIBLE CONDUCT IN THE CHEMICAL TRADE AND DISTRIBUTION



Carl Hugo Erbslöh, President
Verband Chemiehandel

With 109 member companies, almost 7,000 employees and an annual turnover of 12 billion Euros, Verband Chemiehandel (VCH) represents a cornerstone of German economy and acts as an important link between raw material producers and users. Since 1996, the VCH is a member of the worldwide „Responsible Care“ (RC) initiative directed at improving safety, health and environmental protection in chemicals management. These aims are mirrored by the addition

„Responsible Conduct in Chemical Trade and Distribution“ to VCH's RC programme. Together with thousands of companies in the other 52 countries running national RC programmes, VCH member firms have committed themselves to RC's goal of doing more than required.

We are confronted with chemicals in all areas of our daily life: On the one hand, they are necessary for improving our standard of living and the quality of our life. On the other hand, they must be handled with due diligence in order to minimize the risks for man and environment inherent in the use of chemicals. In spite of the fact that we witness a comprehensive regulation and harmonization of almost all environmentally relevant activities by legislators and authorities, and even after the new EU Chemicals Regulation (REACH Regulation*) came into force in 2007, new challenges have to be faced in everyday chemicals handling. The manifold activities already started by VCH and its member companies prove RC's efficiency in this respect.

With Responsible Care, the German chemical industry contributes to the solution of global (environmental) problems in all areas of its responsibility and influence. However, it is only possible to reach the self-set goal of improving chemical safety in excess of legal standards if the respective efforts cover the whole supply chain and all stages of a chemical substance's life cycle. For this reason, VCH and Verband der Chemischen Industrie (VCI) signed a partnership agreement in 1996 by which the two associations commit themselves to cooperate and support each other in their RC efforts. When this agreement was renewed last year, both partners declared that they will further intensify their cooperation relating to product responsibility in the supply chain. What this actually means is best described by two examples of their present voluntary activities:

• Besides utilizing industrial/military **explosives**, terrorist groups are also misusing legally purchased basic substances to manufacture self-made bombs for their attacks. Even before the arrest of three terror suspects in September 2007, VCH, VCI and further trade associations created and implemented a **concept of voluntary monitoring** in cooperation with the Federal Ministry of the Interior. This concept complements the applicable distribution rules of the chemical substances law with regard to four especially harmful substances. The key element of the „**Joint Declaration**“ is the preventive action of all parties involved – on basis of a voluntary cooperation – in order to ex-

pand precautionary measures for the sale of chemicals, inform police forces in case of dubious orders, and thus contribute to an anticipatory detection of misuse.

• Already since 1991, VCH and VCI are cooperating with the Joint Precursors Monitoring Agency (GÜS) of the Criminal Customs Police Office ZKA and the Federal Criminal Police Office BKA, having agreed on **voluntary measures to prevent** the misuse of chemicals for **illegal drug manufacturing**. This alliance has proven very successful and was renewed in 2005, with a „catalogue of measures“ describing the methods of cooperation beyond the Precursors Control Act. According to the catalogue, chemicals are only released to reliable purchasers committing themselves to fulfil specified requirements. Dubious orders and other suspicious circumstances are disclosed to the authorities, sites made accessible and product samples made available.

Further examples for RC activities* in chemical trade and distribution are the following:

- VCH's checklist „Discharge places for tank car customers“, describing responsibilities and duties for the delivery of chemicals, especially concerning the transfer from transport tank to customer tank;
- VCH's self-commitment regarding „sodium hypochlorite solution“ dating from 1996, describing technical and organizational safety measures with a focus on the filling and discharging of tanks. In the near future, the main contents of this self-commitment shall be upgraded to the scope of a „technical rule“ and thus become valid also for other branches of economy.



Renewal of the RC Partnership Agreement on
December 6, 2007, by VCH President C.H. Erbslöh
and VCI President Prof. Dr. U. Lehner



Responsible Care -
Verantwortliches
Handeln im
Chemiehandel

Figuratively speaking, all above activities are framed by VCH's „Guidelines for the Safe Handling of Chemicals“ from 1995, which are obligatory for all member companies, and the „Joint Guidelines for Product Stewardship“ of the European chemical associations CEFIC and FECC.

Responsible Care's success as an intellectual attitude depends on how deeply it is rooted within the company, and not misunderstood as a mere image instrument. The present report wants to make clear that „Responsible Conduct“ stands for a reputation gained by achievements, and that RC is proof of our joint efforts towards more safety in chemicals management. On page 2, we are informing you about the recent efforts' results.

* find further information at www.vch-online.de



Responsible Care is no temporary programme, but rather an ethical basis for everyday chemicals management. Hence it is often no longer possible to quantify the achievements once the pursuit of RC goals becomes identical to a firm's business culture. It will therefore not always be evident that company projects are also contributions to RC. Still, besides the „Indices of Performance“ gathered from the participating companies, there is significant evidence corroborating the quality of the firms' commitment to the RC culture.

Experts from many of VCH member companies are involved in the association's work, participating in the discussion of practical questions concerning industrial engineering, hazardous substances, or dangerous goods. In this manner the firms are actively contributing – as reflected by the examples described on page 1 – to „Responsible Conduct“ in chemical trade. At the same time the „Responsible Care Coordinators“ are taking care of internal communication and the implementation of the programme's elements. They also collect the internal data providing the basis for the present report on RC.



Statistics

Since the previous report, the indicators used for polling RC activities in 2007 have been expanded to 116 questions. Taking into consideration the „Key Performance Indicators“ developed by the European chemical distributors association FECC for an EU-wide harmonization of RC activities, the questions are now more strongly directed at the performance of external service providers. As before, the indicators distinguish between different company structures (own/external warehouse resp. own/external vehicle fleet). 62 companies were members of VCH's RC programme at the end of 2007, but polling was limited to the 58 firms whose participation spanned the complete period under review. That meant data were collected from 134 sites with roughly 5,400 employees, supplying to about 135,000 customers (incl. multiple entries). Domestic turnover of these companies came up to 6.7 billion Euros, which corresponds to 83 % of the sector's overall turnover. 29 companies who have been members of the programme since 1996 went through their fourth resp. fifth „on-site audit“ by the „independent RC expert“, which means implementation of the RC Programme was re-assessed on basis of their updated „3-year plans“.

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



Company organisation, assignment of responsibilities and supervision

Responsible conduct in chemical trade starts with communicating RC throughout all levels of the company. Accordingly, 83 % of polled companies have

established RC as an integral part of their internal education and training programmes. 483 (8 per company) in-house events with the entire staff or at least all employees from individual departments were recorded with a direct focus on the obligations brought about by RC. Each company also conducted or offered approx. 10 information meetings/trainings regarding chemicals/hazardous substances legislation, which is ever more important due to the new EU REACH Regulation. Lastly, there was an average of 7 trainings for authorized personnel and drivers per company.



Product responsibility

In the wake of the new REACH Regulation, safety data sheets are of increasing significance for the „communication along the supply chain“. Considering an average delivery programme of 1,258 products, safety data sheets were made available for 93 % of hazardous and non-hazardous substances and preparations. In addition, the companies offered supplementary information like instruction manuals, technical data sheets, etc., for 60 % of the 73,000 products delivered by them. These publications provide customers with information about important chemico-physical characteristics of a substance, and its safe usage. 47 firms have implemented a quality management system according to ISO 9001, and 28 firms have so far undergone an ESAD II Assessment, by which the producers/suppliers of chemicals subject their distributors to a streamlined evaluation.



Plant safety and danger defence

The public's awareness of accidents in chemical companies is very acute – and rightly so. High technical standards and the employees' safety consciousness were again illustrated by the pleasingly low number of accidents at the 64 sites with own warehousing. They reported 164 alerts (2.5 per site), with 90 % of those being false alarms. Against a total of about 1.75 million handled liquid products there were just 9 cases (1 incident per 195,000 t) involving an accidental release of liquids, gases or vapours, and this figure takes also the release of smallest amounts into account. Every effort will be made to maintain or improve this high standard also in future.



Labour safety and health protection

According to the Hazardous Substances Decree and the Occupational Health and Safety Ordinance, occupational accident prevention's integral part is the assessment of risks associated with an employee's workplace; with it, necessary protection measures can be determined for each individual workplace. In 2007, 443 (8 per company) risk assessments and 585 (10) risk estimations were carried out, furthermore 166 (3) hazardous material instructions. The number of reportable occupational accidents remained on previous year's low level: roughly 3/4 of

the 135 reported occupational accidents were accidents en route or accidents caused by mechanical influence with no specific connection to chemicals related to the task.



Environmental protection

Regular internal exchange in the association shows that a commitment to the worldwide RC initiative is held in growing esteem by customers and suppliers. However, it is difficult to illustrate this development statistically – which is nonetheless possible for the participation in environmental management systems (ISO/EMAS): 27 firms maintain their own environmental system, 15 of these being certified according to ISO 14001. 30 firms have (alternatively or additionally) included environmental aspects in their internal („integrated“) management systems. A total of 1.2 million of liquid chemicals was bottled, with 77 % of bottling procedures applying gas-displacement systems or equivalent emission-decreasing measures.



Transport safety

There are 30 member companies with own vehicle fleets adding up to 435 trucks in all. These companies reported 94 internal complaints about transport-related incidents (non-conformances in packagings, tank trucks, carriage documents) which led to documented admonitions, instructions, trainings. Following the internal complaints, there were just 118 official complaints (hearings) which resulted in 48 legally binding penalty notices (1 notice per 604,000 km of mileage). The total mileage remained constant at about 29 million km, and accident events also remained on the same pleasingly low level as before: All of the 69 reported accidents caused material damages only, none involved any damage to man or environment.



Dialogue - Information of the public

The present report is one of the tools for promoting the public dialogue by which the chemical sector maintains well-aimed contacts to suppliers, customers, or for instance people in the neighbourhood of the sites. On an international scale, commitment to the RC initiative is symbolized by the characteristic logo showing two hands holding a fictitious chemical compound. Today, the RC dialogue takes mostly place via electronic communication, especially through company websites informing also about the chemical sector's RC activities. Therefore, part of the activities recorded for this RC element cannot be illustrated by exact figures. About 1,000 company brochures were distributed by each firm giving essential information on RC. 79 public company events supporting a deeper insight into chemistry took place, and in 23 of these particular information on RC was given.

A more **detailed presentation** of the results as well as the **questionnaire** they are based upon 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 and further information about chemical trade and distribution.

Your chemical trading company: