

RESPONSIBLE CONDUCT IN THE CHEMICAL TRADE AND DISTRIBUTION



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With the declaration of participation in the RC programme of the VCH (German Chemical Traders' Association), the companies undertake the obligation not only to comply, in particular, with the guidelines* of the Association regarding the safe handling of chemicals. More importantly, they also commit themselves to continuously improve their activities for more safety, health and environmental protection. Voluntary commitments, and thus also

the worldwide RC Initiative, are always quite rightly confronted with the question as to how the path which is being taken on the basis of such an initiative can be comprehensibly documented. The political discussion has shown that this can finally only be accomplished through verification by an external body. From the beginning, the RC programme of the VCH incorporates the monitoring of all activities by an independent consultant. How this path can be sustained with the new concept for verification of the RC programme, which commenced last year, is described in detail below. Incidentally, as a continuation of the reports since 1996, the RC values ascertained for last year are reported on page 2.

Initially, a central element of responsible care is the process of continuous improvement. This – according to the RC programme of the VCH – is to be defined and regularly updated in a “three year plan”. Secondly, the companies are obliged to have the goals and the improvement process scrutinised and verified by an independent external source. This procedure, which was previously limited to one auditor, has been placed on a wider basis in 2013 by the VCH: With the new concept, the scrutinisation of the RC activities in the companies has been opened for further auditors. Fundamental for the innovation was the fact that about half of the participants combine the monitoring of their RC activities with a „ESAD“-Audit** (European Single Assessment Document). From now on, a monitoring by both systems is also possible from a single source.

The new concept describes first of all the basic requirements for an “expert third party” named as such by the RC programme. Here, it relates closely to the prerequisites of the SQAS/ESAD system: Via this system, which in the meantime enjoys wide recognition, the requirements of RC are portrayed and there are correspondingly authorised and trained assessors available. The incorporation in ESAD also ensures that the assessors are familiar with chemical trading and the specific requirements associated with it.

In the meantime, on the basis of the concept, the VCH has made corresponding cooperation agreements with six au-

ditors who since then are available for commissioning by the VCH companies to verify their RC activities. As defined by the RC programme, every year, the auditors examine the continuation of the “three year plan”, and do this every three years with an inspection on site at the company premises, and establish whether the self-imposed targets of the company plan have been achieved. For companies which are not simultaneously undergoing an ESAD assessment, the on-site audit is carried out using a specially designed questionnaire which is largely oriented to the „self-evaluation questionnaire“ (as a component of the RC programme). In the case of a parallel ESAD assessment, there is the alternative of relating to the scrutinised documents and the facts gathered there. Through the use of the questionnaire and/or reference to the ESAD assessment, it is ensured that the companies activities are evaluated on a uniform basis in spite of auditing by different “expert third parties”.

The VCH awards the corresponding RC certificate to a company when the expert third party can confirm the improvement process and the achievement of the targets in the three year plan. If, however, the auditor comes to the conclusion that the company has not fulfilled the defined conditions, then, if necessary, an arbitration board takes the decision on the withdrawal of the responsible care logo. This chamber also regulates any other disputes between a company participating in the programme and an expert third party. The chamber consists of an expert third party (excepting the affected party), representatives of the German Chemical Industry Association and the VCH, thereby putting the final decision on the largest possible objective base, and importantly it is not the decision of the VCH alone.

From the beginning, the RC initiative of the VCH has taken on a pioneering role – not only in chemical trading - by introducing the direct monitoring of the participating company at its own premises by an independent third party. The new concept takes an important step towards more reliability and credibility. Already since 1996, with its RC programme, chemical trading thus confirms its industry-specific commitment - also with regard to the justified demands in the field of corporate social responsibility. With this in mind, in future, the VCH will continue to develop the programme together with its members and partners. For this purpose, our branch of industry gives an annual account of activities - see the following report.



**Responsible Care -
Verantwortliches
Handeln im
Chemiehandel**

* www.vch-online.de – „Responsible Care“ ; ** „European Single Assessment Document“ - www.sqas.org – „ESAD“



Together with their declaration to participate in the responsible care programme of the VCH, the companies undertake the obligation to provide an annual report of the measures they have taken in order to



meet the targets of the RC programme in their daily work inside the company. This occurs by reporting the „indicators for measuring performance“. Using the aggregate data, our industrial sector again submits evidence of the efforts undertaken to improve safety, health, environmental protection and accident prevention in chemical trading.

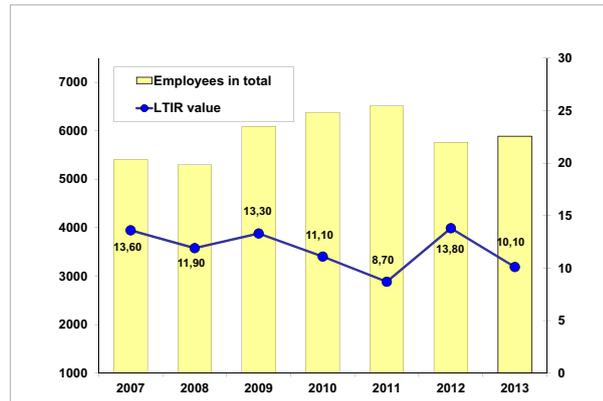
The questionnaire this year again includes the RC programme points „management organisation/delegation of responsibility/supervision“, „product stewardship“, „plant safety/averting danger“, „working/health protection“, „environmental protection“, „transport safety“ and „dialogue/information of the general public“. In the following, in continuation of the reports of previous years, examples* will be given using selected programme points of the efforts undertaken to implement the worldwide RC initiative. As a client, supplier, public authority or neighbour, contact the RC Representative of the chemical trader who will be pleased to provide you with further information.

Last year as well, due to operational restructuring (e.g. in the field of transport), alterations occurred in the scope of activities covered by the questionnaire. It is therefore not always possible to make a direct comparison with the results of previous years. Nevertheless, the acquisition of the values does always offer the possibility for the companies themselves of comparisons with their previous figures and thus of recognising improvement potential.

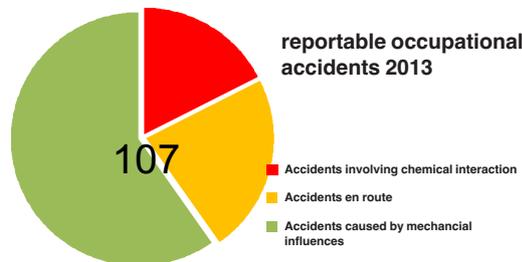
At the recording date 31.12.2013, 65 companies participated in the RC programme whereby figures for 132 operational plants of the chemical trading industry were recorded in the questionnaire. 51 of these locations has their own warehouse with filling operations, 8 locations had a warehouse but were without filling facilities. The remaining 73 business locations were sales/distribution agencies without their own warehouse. 12 companies specialised in foreign trade. With a total of 5,889 employees, the participating companies generated revenue in 2013 amounting to about 7.19 billion euros (81 % of the sector of industry as a whole). 72 % of the employees work in the commercial field and the remaining staff work in warehouses/transport or in QM/QS, laboratory, technical support or manufacturing operations.

Last year, in the 51 operational sites with their own warehouse and filling facilities 2,014 million tonnes of chemicals (of these 1,644 million tonnes of liquid) were transhipped. Here, 35 accidents occurred. This represents an accident for every 47,000 tonnes of liquid chemicals handled. Unscheduled releases of chemicals occurred in only 5 cases and even the smallest releases are counted as an incident. In none of the incidents was there any water or ground pollution.

Your Chemical Trading Company:

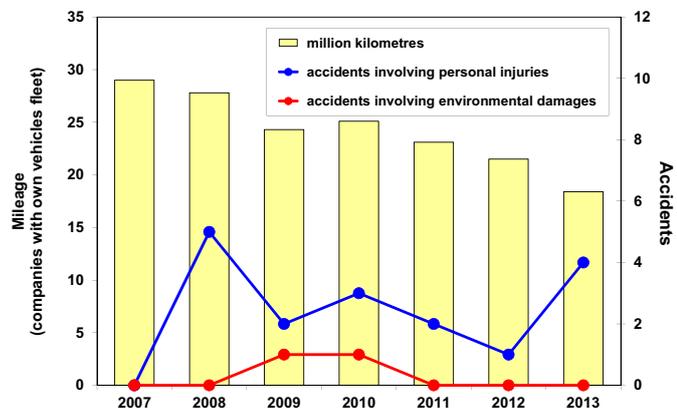


The number of reportable accidents at work remained at the low level of previous years: Of the 107 reported accidents only 25 were specifically connected to our sector of industry, i.e. as a consequence of the effects of chemicals. The LTIR value („Lost Time Injury Rate“) is the international classification index for accident occurrence. The number of accidents requiring notification is set in relation to the total working hours of all employees. For last year the figure was 10.1 for chemical trading (in comparison, the rate for the general trading and goods distribution sector in 2012 was 15.6).



For the 26 companies who run their own vehicle fleet (in total 305 commercial vehicles) there were 35 road traffic accidents. Four of the accidents involved injury to persons – the other cases involved damage to property, but no environmental damage occurred in any of the accidents. For the 305 registered vehicles, with a total distance travelled of 18.4 million km., this corresponds to an accident every 526,000 km.

Via their membership in the German Chemical Traders Association, the companies confirm their commitment to abide by the guidelines of the chemical traders* for the safe handling of chemicals – these are simultaneously a central feature of the RC programme of the VCH. With significant



support of the experts from the member companies, these guidelines – above and beyond individual company activities – are implemented and invigorated, also at the level of the Association, in various ways. For example, the expert bodies of the VCH provide **reference documents, information leaflets, implementation assistance and further guidelines** on proposed new legislative rules – as well as over and above these – all with the purpose of making handling chemicals safer. Examples of such publications can be seen under the heading „Publikationen“ on the VCH website. The RC representative of your chemical trader will be pleased to provide you with further details here. Even when these activities cannot be directly allocated to a certain feature of RC, it becomes manifest that the companies, also and above all, through their membership in the VCH provide a contribution to the realisation of the worldwide RC initiative.

* The indicators, a detailed description (in German) with all results and the guidelines can be consulted on the VCH-Website („Responsible Care“).