

RESPONSIBLE CONDUCT IN THE CHEMICAL TRADE AND DISTRIBUTION



**Uwe Klass, President
Verband Chemiehandel**

On the occasion of the UN conference in Rio, in 1992, the global community committed itself to the principle of sustainability. Since then, the integration of this concept into all aspects of life has become increasingly important for the future viability of society, the economy and our environment. Chemicals, and their subsequent distribution, as a key industry have a central role to play on the road towards a sustainable economy. In this process, it is indispensable that the many complex interrelations are continuously reviewed and – beyond the individual case – are always matched to meet the challenges related to sustainability. Here, sustainable actions must not be just a commitment owed to the “spirit of the times” or some portion of the company strategy. Sustainability is something enduring which means, first and foremost, that all decision makers in a company are rightly expected to assimilate this stance into their actions, with the purpose of always minimising future risks and making sure systems are not overburdened.

Mr. Friedek, you have been heading the „Responsible Care“ workshop in the German Chemical Trade Association since 2000, – what standing is given to the subject of „sustainability“ in this body?

Already since 1996, a long time before the term sustainability was part of the general discussion as is the case today, the German Chemical Traders Association (VCH), and the companies associated with it through the RC initiative, were living the concept of sustainability: Through its „Responsible Care – responsible activities in chemical trading“ programme, the industrial sector commits itself to contributing towards a future-compatible development, to continuously examining the consequences of its economic activities and to persistently integrate these findings into later decisions. „Responsibility“ – according to the RC-programme – also means: providing answers! Pursuant to the “dialogue with the public” embedded in the programme, as in previous years, together with this annual report, again answers and information are provided on the realisation of the RC initiative in German chemical trading.



RESPONSIBLE CARE

In chemicals distribution, how does the current situation from Responsible Care position itself in relation to other sustainability initiatives?

In this connection, first of all, I would like to enlarge on the evaluation system SQAS (Safety and Quality Assessment System) of the chemical industry: This was expanded to cover chemical trading at the end of the 1990s – the so-called European Single Assessment Document (ESAD) was created: With this, using a standardised questionnaire, the chemical manufacturers concerned have a uniform evaluation method available of the quality, safety and environmental standards of their distributors. Recently, this system was expanded beyond these core areas to cover classical themes of sustainability. The programme operat-

ed by the EU industrial chemical trade association CEFIC has, in the meantime, established itself successfully in chemical trading. Thus about half of the companies participating in the RC programme of the VCH use ESAD to verify their engagement. As well as the established systems „Responsible Care“ and „ESAD“, further initiatives have been launched specifically for sustainability – also by some manufacturers. About two years ago, chemical trading companies were first contacted by the initiative „Together for Sustainability“ (TfS).

What is at issue with TfS and how is the branch of industry handling this initiative ?

The aim of TfS is to introduce a standardised global programme for the responsible acquisition of goods and services in the chemical industry and to improve the ecological and social standards of suppliers. For this, an independent body examines the sustainability performance of the supplier with regard to the environment, health, safety, workers and human rights - through to matters concerning ethical corporate governance. The VCH and its member companies specifically support the target of sustainability and the corresponding initiatives – thus fundamentally also the approach of the TfS. With regard to the substantially identical contents of the systems of TfS and ESAD, in future here, as in other cases, a doubling of contents and systems with corresponding questionnaires, i.e. a counterproductive duplication of work, is to be avoided in order to increase the acceptance of the different systems. What is needed here is a consensus between the systems which also provides added value for the ultimate goal of sustainability.



**Reinhard Friedek, Nordmann,
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Chairman of the VCH-Workshop
"Responsible Care"**

How can chemical trading itself contribute towards sustainability?

In the previous annual reports, information was provided on multiple aspects of sustainable chemicals which are commensurate with the stipulations of RC. Here, the companies regularly exchange ideas within the scope of our RC workshop. In doing so, it becomes repeatedly clear that chemical trading, as part of the delivery chain, is inevitably included in the development of sustainability initiatives. Indeed, as distribution partners, the sector represents an important link between suppliers and customers. Importantly, in future, chemical trading can and will fulfil this function as the crucial link and consultation partner, and furthermore influence significant decision making which is focussed on a sustainable chemicals management for customers and suppliers in the supply chain. The chemical trading companies are well aware of global developments and are increasingly rising to the challenges of the requirements of the market and society. This is also consistent with the existing RC partnership agreement between the VCI and VCH (the German chemical industry and chemical traders associations).



With the declaration of participation in the VCH programme „Responsible Care – responsible activity in chemical trading“, the companies undertake the obligation to provide an annual report about the measures with which the programme is implemented in practice in their company. „Responsibility“ obliges the participating companies – according to the programme feature „dialogue with the public“ – to provide „answers“: With the current report, again* answers and information are provided on the realisation of the RC initiative in German chemical trading. This year as well, with the overall data gathered through the „indicators for performance measurement“*, the sector gives account of its endeavours to improve safety and environmental and health protection 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.

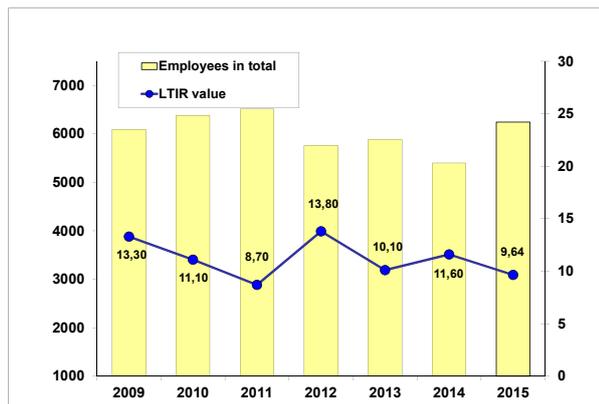
In 2015 as well, due to operational restructuring (e.g. in the field of transport), alterations occurred in the scope of activities covered by the questionnaire. It is therefore not always possible to make a direct comparison with the results of previous years. Nevertheless, the acquisition of the values does always offer the possibility for the companies themselves of comparisons with their previous figures, and thus of recognising improvement potential.



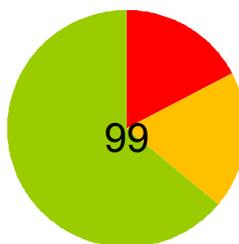
In May 2016, 72 companies participated in the RC programme whereby figures for 134 operational plants of the chemical trading industry were recorded which had been participating on the basis of their RC declaration since January 2015 or earlier. 51 of these locations has their own warehouse with filling operations, 8 locations had a warehouse but were without filling facilities. The remaining business locations were sales/distribution agencies without their own warehouse. 12 companies specialised in foreign trade. With a total of 6,244 employees, the participating companies generated revenue in 2015 amounting to about 6.79 billion euros (about 80 % of the sector of industry as a whole).

68 % 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 2,251 million tonnes of chemicals (of these 1,869 million tonnes of liquid) were transshipped. Here, 45 accidents occurred (on their own site or that of the customer). This repre-



sents an accident for every 41,533 tonnes of liquid chemicals handled. Unscheduled releases of chemicals occurred in only 4 cases. In none of the incidents was there any water or ground pollution.



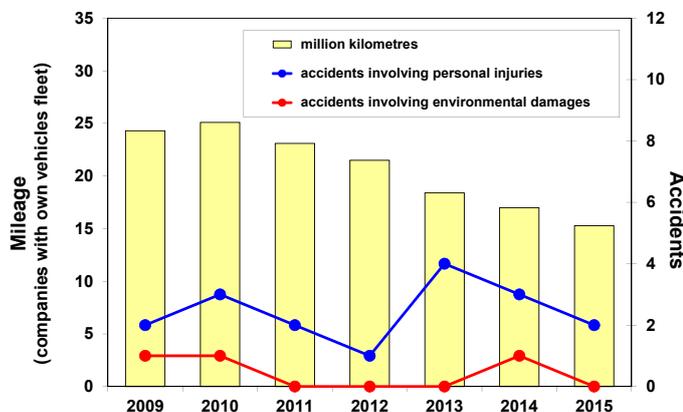
reportable occupational accidents 2015

- Accidents involv. chemical interaction
- Accidents en route
- Accidents caused by mechanical influences

The number of reportable accidents at work (i.e. incidents with harm to health due to working activity, involving subsequent inability to work of at least 3 days) remained at the low level of previous years: Of the 99 reported accidents only 18 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 9.6 for chemical trading (in comparison, the rate for the general trading and goods distribution sector in 2014 was 15.17).

For the 24 companies who run their own vehicle fleet (in total 282 commercial vehicles) there were 47 road traffic accidents. Two of the accidents involved injury to persons – the other cases involved damage to property, but no environmental damage occurred in any of the accidents. With a total distance travelled by the vehicles of 15.2 million km, this corresponds to an accident every 323,000 km.



The reports of previous years* contain various accounts of how, in many different ways, „responsible action in chemical trading“ (also beyond the programme) is understood and lived – company-specific, and also together at the VCH level: Via their membership in the VCH, the companies make a special contribution to the implementation of the RC initiative, in that there, in various bodies, they exchange details about aspects of a responsible, and thus sustainable, chemicals management. All activities serve the same goal of making the handling of chemicals safer. Talk about this, above and beyond the statistical information provided here, with the RC representative of your chemical trader and get a personal impression – there on site – of „responsible action in chemical trading“.

*The reports of previous years, the questionnaire for the acquisition of data, the detailed presentation of all results and further information can be accessed under www.vch-online.de „Responsible Care“.

Your Chemical Trading Company:

