

We're  
Connecting**Chemistry**



Sustainability Report  
for the Financial Year **2017**

BRENNTAG WORLDWIDE

# FACTS AND FIGURES

## NORTH AMERICA

EUR **4.4** BN  
EXTERNAL SALES

> **4,700**  
EMPLOYEES

ESSEN  
GERMANY

READING  
PENNSYLVANIA

HOUSTON  
TEXAS

## LATIN AMERICA

EUR **0.8** BN  
EXTERNAL SALES

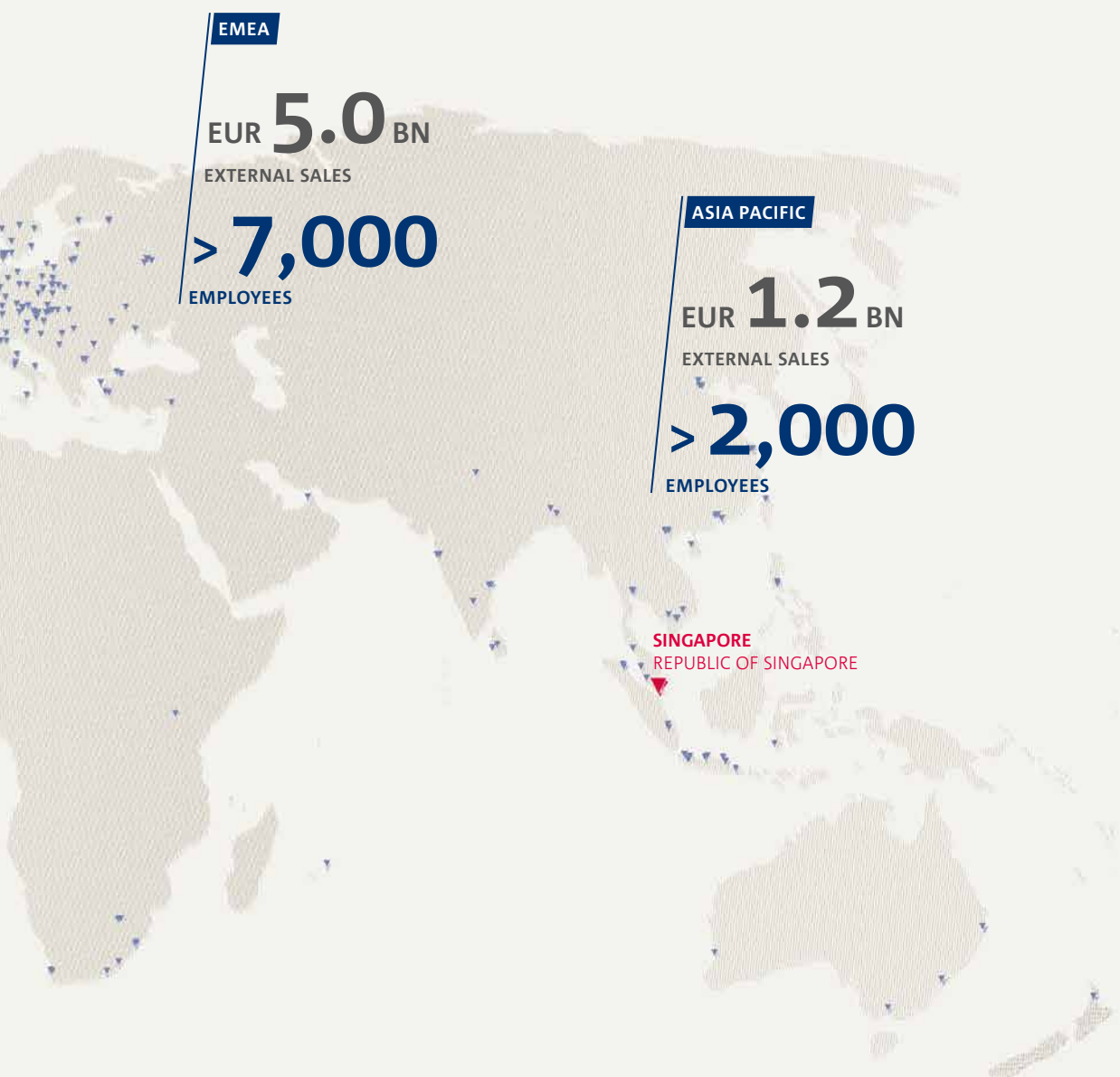
> **1,400**  
EMPLOYEES

- ▼ Regional headquarters
- ▼ More than 530 locations worldwide

## KEY FIGURES

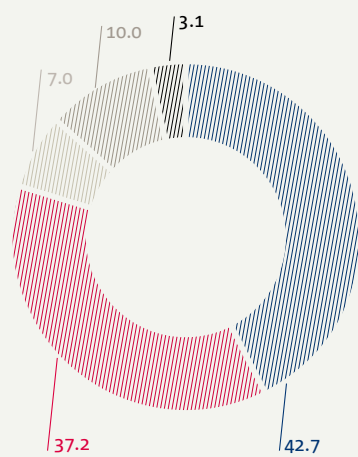
IN EUR M	2017	2016	2015
Sales	11,743.3	10,498.4	10,346.1
Operating gross profit	2,554.1	2,428.7	2,321.7
Operating EBITDA	836.0	810.0	807.4
Profit after tax	362.0	361.0	368.1
Free cash flow	440.3	641.4	764.3
Employees	at Dec. 31 15,416	15,072	14,707
Personnel expenses including social insurance contributions	990.8	913.0	853.0
Accident rate (LTIR) <sup>1)</sup>	1.7	1.5	1.6
Employee fluctuation	in % 7.7	5.9	5.8
ISO 9001 certifications	% of operating sites 86	90	89

1) Number of accidents resulting in at least 1 day's absence/1 million working hours



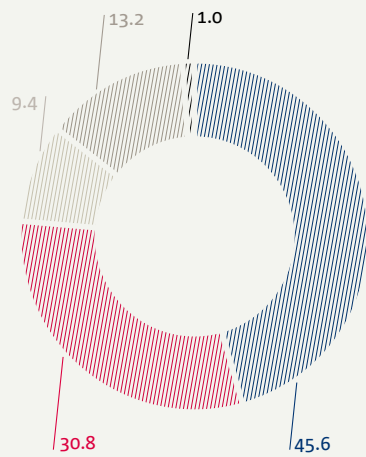
**SALES BY REGION**

AS AT DEC. 31, 2017 (IN %)



**EMPLOYEES BY REGION**

AS AT DEC. 31, 2017 (IN %)



- EMEA
- North America
- Latin America
- Asia Pacific
- All other segments

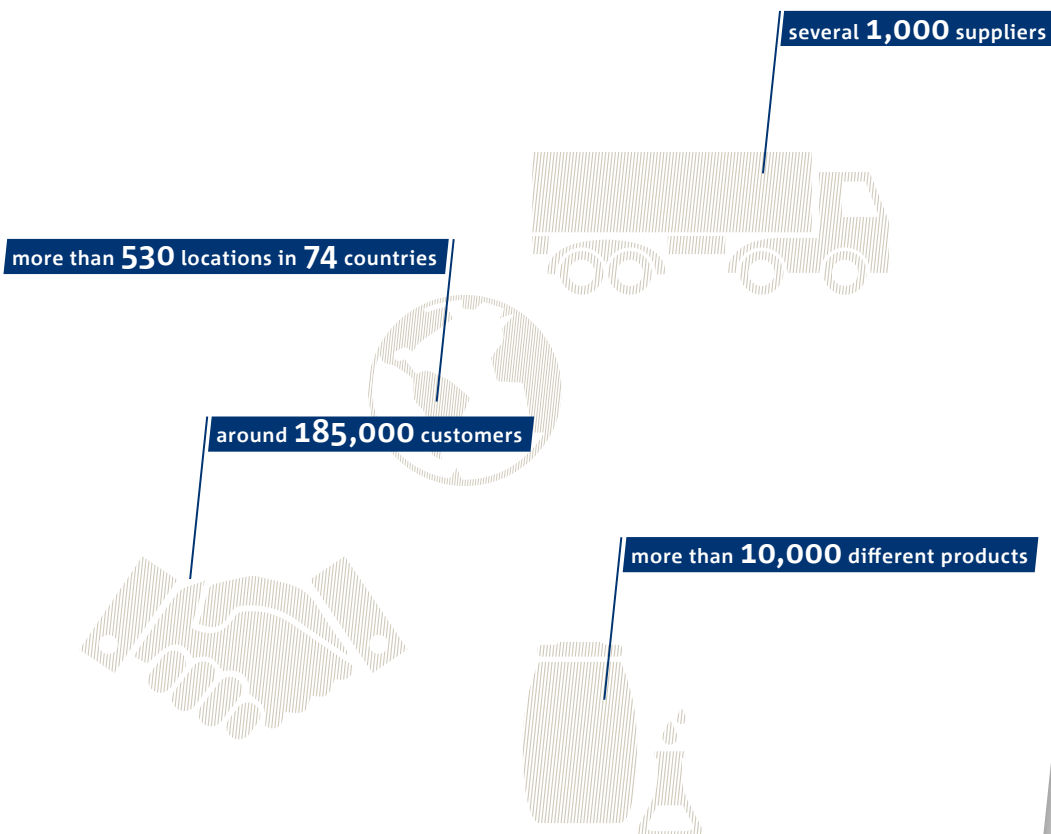
WE ARE BRENNTAG

# ABOUT BRENNTAG

Brenntag is the global market leader in chemical distribution. Connecting chemical manufacturers (our suppliers) and chemical users (our customers), we provide both complete distribution solutions as well as individual chemical products.

Brenntag distributes industrial and specialty chemicals for thousands of suppliers. We maintain a global network with more than 530 locations in 74 countries in the regions North America, Latin America, EMEA (Europe, Middle East & Africa) and Asia Pacific. We serve around 185,000 customers worldwide in various end-market industries.

With its corporate strategy<sup>1)</sup>, Brenntag pursues the goal of being the preferred distributor for both specialty and industrial chemicals for our customers and suppliers and, at the same time, the industry leader in safety, growth and profitability. A positive work environment and responsibility towards our more than 15,000 employees worldwide are fundamental aspects of our corporate strategy and therefore also of Brenntag's sustainability strategy.



1) For information on Brenntag's vision, objectives and strategy, please see from page 44 onwards of Brenntag's 2017 Annual Report.

## SUSTAINABILITY AT BRENNTAG

“ConnectingChemistry” – this is the brand promise of Brenntag and of each of its employees to our business partners. As the global market leader in chemical distribution, Brenntag connects chemical manufacturers and users in a value-creating partnership. Brenntag’s key role in the value chain offers huge potential – but also entails an obligation to contribute towards greater sustainability in the industry.

**RESPONSIBLE CORPORATE BEHAVIOUR** is part of Brenntag’s brand promise and self-image. For us, sustainability entails more than just commercial success. We also aim to achieve sustainable value creation. For this reason, Brenntag also considers the effects of its business activities on the environment and factors in social issues when making strategic decisions.

### We’re ConnectingChemistry

With Marco Riquelme, Plant Supervisor at our site in Santiago de Chile, we introduce you to an employee who connects all aspects of sustainability in his daily work. His personal ConnectingChemistry story offers an insight into how sustainability is put into practice at Brenntag. Learn more about Marco and watch his video at [www.brenntag.com/marcoriquelme](http://www.brenntag.com/marcoriquelme).

#### PUTTING RESPONSIBILITY INTO PRACTICE

Report on Marco Riquelme  
More on page 14




More ConnectingChemistry stories can be found online at [www.brenntag.com](http://www.brenntag.com).


In addition, follow our ConnectingChemistry campaign at Brenntag’s social media channels.




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 More information

 More information online

 Denoted Non-financial Report (NFB)



### LADIES AND GENTLEMEN,

Sustainably managing a globally operating, decentralized company such as Brenntag is a permanent challenge that we are happy to take. Occupational safety, environmental protection, efficient use of resources, honesty and integrity with our business partners and society are values that are deeply embedded within our company.

In this report, we are pleased to provide you with a practical real life example of sustainability in action with Marco Riquelme, Plant Supervisor at our site in Santiago de Chile, who, together with his team, incorporates sustainability into everyday work activities and embodies it in the truest sense of the word. The way in which he takes responsibility and practices it is exemplary and motivating. He and his team are part of our ConnectingChemistry campaign, in which our employees offer an insight into the world of Brenntag with their own personal stories.

As a Group, we have set targets to provide the strategic compass to initiate suitable projects aimed at improving our sustainability performance, to prioritize measures and to quantify our progress (see page 7).

For example, in the year under review, we succeeded in cutting Group-wide CO<sub>2</sub> emissions per tonne of goods sold by around 2.5% compared to 2016. The various efficiency measures at our

locations played a part in this, as did the increasing transparency in our energy consumption since we began recording data globally in 2016. This means that we have taken the first step towards achieving our goal of reducing CO<sub>2</sub> emissions per tonne of goods sold by 6% by 2020. In 2018, we will put energy-saving at the centre of a global communication campaign to further increase our employees' awareness of this issue and to identify energy-saving potential.

We have also had success with the topic of sustainable procurement. Within the scope of our membership of the "Together for Sustainability" industry initiative, we have now assessed the sustainability performance of a large number of our suppliers. These suppliers represent around 64% of our total chemical spend. This means that we have already achieved our target coverage ratio of 50% by 2020. The challenge now is to integrate the findings obtained even further into our purchasing processes and to enhance our supplier management accordingly.

**“SUCCESS AND IMPROVEMENT CANNOT BE  
TAKEN FOR GRANTED. THIS MAKES IT ALL THE  
MORE IMPORTANT THAT WE DO NOT EASE UP  
ON OUR EFFORTS.”**

STEVEN HOLLAND, CEO

However, success and improvement cannot be taken for granted. In 2017, the Group accident rate did not improve for the first time in years. The analysis shows that human error continues to be the main cause of accidents. This makes it all the more important that we do not ease up on our efforts in the area of occupational safety. “Safety First” does not happen by itself – it requires constant vigilance from all of us. With our Personal Safety Action Plans, we will work to further drive our safety culture and increase awareness of safe behaviour both in the workplace and in the personal lives of our colleagues worldwide in 2018.

In the forthcoming year, we are increasing the dialogue on the effective use of high performance plastics in our business and some of the highly innovative ways we are recycling, and we will use our supply chain management skills to cut waste, which will significantly benefit the overall environment. I hope to report more on the subject in our next sustainability report.

In 2017, there were a number of natural weather-related challenges affecting numerous Brenntag sites, employees and neighbouring communities in North and Central America and Asia. In the southern USA there was a succession of hurricanes causing devastation, and the quick and prudent actions of our employees ensured that the damage was kept to a minimum and – even more importantly – that nobody was harmed. Everyone was very impressed by the readiness of our employees in the USA to subsequently help not just their colleagues but also their neighbours and local communities who were affected. I would like to sincerely thank them and everyone else who went the extra mile to help others.

This sustainability report is based on the Sustainable Reporting Standards of the Global Reporting Initiative. It also serves as a progress report for the United Nations Global Compact (UNGC). As a participant, Brenntag affirms its commitment to the UNGC’s ten principles in the areas of human rights, labour standards, environmental protection and fighting corruption. These principles are among the key standards by which we evaluate all of our business activities.

Enhancing our global sustainability management and embedding sustainable action within our operational business around the world continuously gives rise to new challenges. Thank you for your interest in learning about our activities. Please feel free to send us any questions or suggestions by email to [sustainability@brenntag.de](mailto:sustainability@brenntag.de) or via our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability).

Best wishes,



**Steven Holland**

Chief Executive Officer Brenntag AG  
Essen, Germany, April 2018

## SUSTAINABILITY AT BRENNTAG


# BEING A GOOD EXAMPLE

As the number one in chemical distribution, Brenntag has a responsibility towards the environment and society. We aim to achieve successful long-term value creation as well as occupy a leading position in the area of sustainability. Sustainability issues such as safety, health and environmental protection, efficient use of resources and compliance with laws and regulations are deeply rooted in our company. They determine our behaviour towards our employees, suppliers and customers as well as society in general and they have a direct influence on the success of our company.

We aim to factor in the effects of our business practices on the environment and society in both our day-to-day activities and strategic decision making. To this end, we have established corresponding standards and processes in our international corporate structures. We raise our employees' awareness of these issues and provide them with corresponding training. In addition, we support sustainable development through our membership of various organizations and initiatives and discuss sustainability issues with other players in our industry.

NFB

## SEPARATE NON-FINANCIAL GROUP REPORT

Selected content in this sustainability report serves as the separate non-financial Group report (NFB) pursuant to Section 315b para. 3 of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the German CSR Directive Implementation Act (CSR-RUG). The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft pursuant to ISAE 3000 (Revised) to obtain limited assurance. The NFB is denoted with a blue line and the acronym NFB  in the sustainability report. **Detailed information on the NFB can be found in the Report Profile on page 60 f.** Information on the business model can be found in the management report of Brenntag's 2017 Annual Report on pages 42–43.

### ConnectingChemistry

## CREATING VALUE – BRENNTAG'S ROLE IN THE SUPPLY CHAIN

Brenntag's slogan ConnectingChemistry stands for our self-image as well as our objective and the promise that we make to all of our partners in the supply chain. As a provider of a full-line product portfolio and as a "one-stop-shop", Brenntag plays a key role in the chemical industry's value chain and, as a strategic partner, contributes to greater efficiency.

#### CHEMICAL MANUFACTURERS WORLDWIDE

- / Several thousand suppliers
- / > 10,000 industrial and specialty chemical products

#### PURCHASING

- / > 530 locations in 74 countries
- / Local purchasing teams and global sourcing organization with more than 1,000 experts
- / Cost of materials in 2017: EUR 9.2 billion

#### TRANSPORT

#### STORAGE



## SUSTAINABILITY STRATEGY AND MANAGEMENT

**SUSTAINABILITY ISSUES AND MATERIALITY ASSESSMENT:** In order to identify the sustainability issues that are of material importance to Brenntag and the relevant stakeholder groups, Brenntag conducted a **materiality assessment** in September/October 2015. The analysis was based on the principles formulated by the Global Reporting Initiative (GRI). The results are detailed in the materiality matrix on page 6. They were presented to the Management Board of Brenntag AG and discussed by its members.

Based on these material issues and our sustainability strategy, we set sustainability targets for Brenntag in 2016 (see table on page 7). As a guideline, they help to initiate suitable projects aimed at improving our sustainability performance, to prioritize measures and to make our progress quantifiable.

Our sustainability approach incorporates the guidelines of the **UN Global Compact** (UNGC). With regard to the ongoing development of our sustainability strategy, we also take the effects of our business activities on our natural and societal environment into account.

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**SUSTAINABILITY MANAGEMENT:** At Group level, there are numerous strategic guidelines, policies and projects in the area of sustainability that have a global focus. Standards and processes are implemented, established and optimized and responsibilities are allocated at the various levels of the Group. Moreover, in accordance with the Group's guidelines and objectives, Brenntag's individual companies and sites pursue a large number of activities of their own accord and in line with local and regional requirements and commitments. We raise our employees' awareness accordingly and provide them with further training. In this way, we intend to shape our sustainability strategy at a global level and to develop it further.

NFB



Information on the method used for the **MATERIALITY ASSESSMENT** can be found in the Sustainability Management section of our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability).



For information on the **UN GLOBAL COMPACT**, see page 11.

### FILLING PACKAGING LABELLING

- / Repackaging
- / Filling, labelling, barcoding and palletizing
- / Local distribution and marketing teams comprising more than 5,000 experts
- / Product mixing in line with specific customer requirements
- / Blending and technical service in our own application laboratories

### MIXING AND BLENDING

### EXTENSIVE TECHNICAL SUPPORT

### WAREHOUSE MANAGEMENT

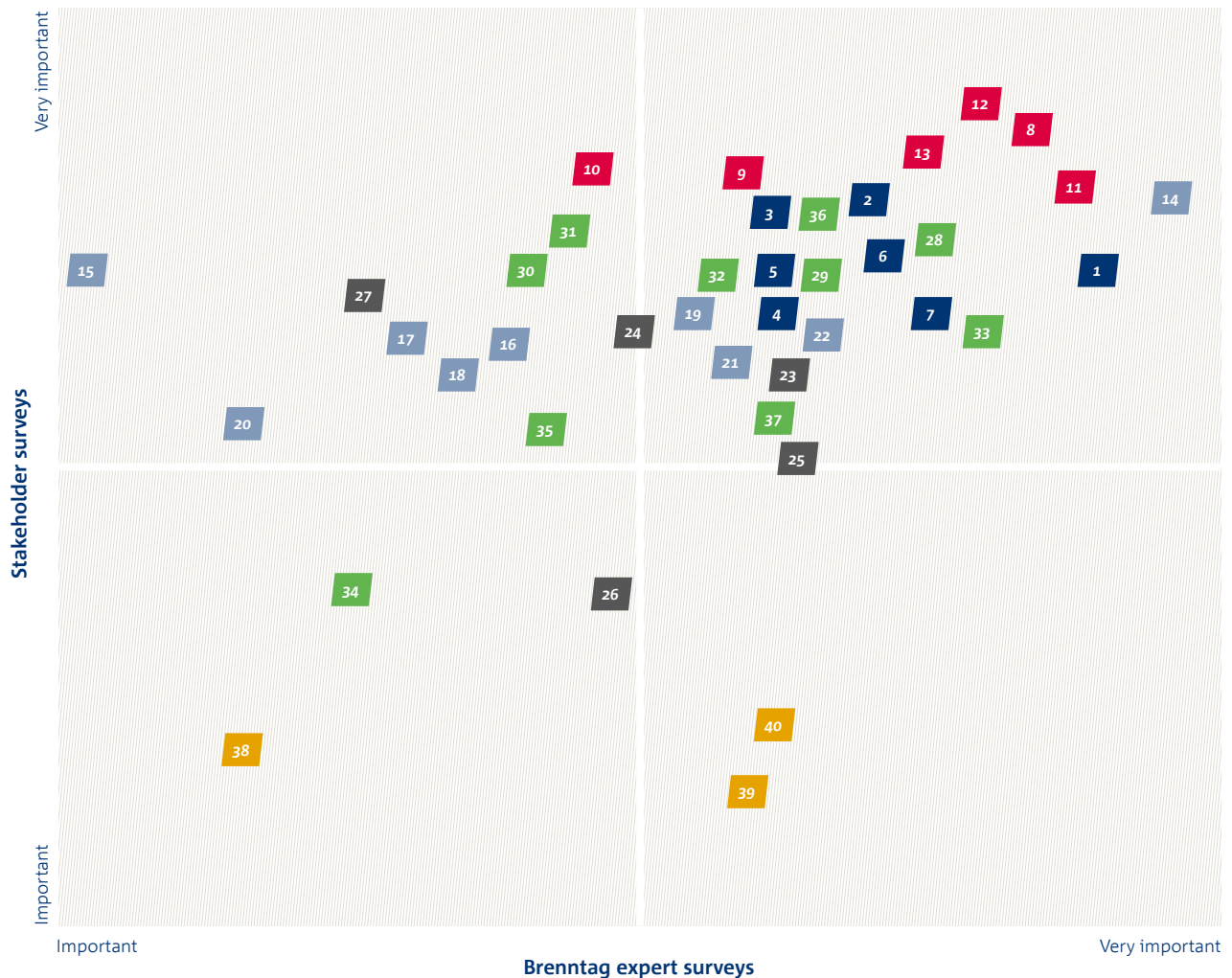
- / Just-in-time delivery and inventory management
- / Return of packaging drums
- / Efficient logistics and transport management

### PACKAGING TRANSPORT

### CHEMICAL USERS WORLDWIDE

- Around 185,000 customers in various end-market industries, e.g.:
- / Adhesives
  - / Paints
  - / Oil & gas
  - / Food
  - / Water treatment
  - / Personal care
  - / Pharmaceuticals

## BRENTTAG MATERIALITY MATRIX



### Corporate Governance

- 1 Compliance
- 2 Ethical/moral principles
- 3 Anti-corruption
- 4 Code of conduct
- 5 Risk management
- 6 Human rights
- 7 Anti-trust & competition laws

### Safety

- 8 Occupational safety and health protection
- 9 Product safety
- 10 Product quality
- 11 Process safety
- 12 Safe handling of chemicals
- 13 Risk prevention

### Environment

- 14 Protection of soil, air, water
- 15 Water management
- 16 Emissions reduction/climate protection
- 17 Resource efficiency
- 18 Energy efficiency
- 19 Environmental management
- 20 Recycling
- 21 Waste management
- 22 Transport

### Supply chain

- 23 Sustainable procurement
- 24 Supplier management
- 25 Supplier qualification/training
- 26 Sub-contractor management
- 27 Sustainable customer solutions (products/services)

### Employees

- 28 Personnel development
- 29 Training
- 30 Compensation and benefits
- 31 Working conditions
- 32 Work-life balance
- 33 Talent management
- 34 Diversity
- 35 Labour and social policy rights
- 36 Employee satisfaction and engagement
- 37 Recruiting

### Social Responsibility

- 38 Social/charitable commitments
- 39 Local community engagement
- 40 Participation in industry associations

## SUSTAINABILITY AT BRENNTAG: OUR TARGETS

	TARGETS	BY	STATUS
<b>SAFETY</b>	LTIR <sub>1 day/1 million</sub> < 1.0 for the Brenntag Group	2020	Group accident rate LTIR <sub>1 day/1 million</sub> in 2017 was 1.7 (page 36)
<b>SUSTAINABLE PROCUREMENT</b>	To analyze 50% of total chemical spend (in EUR) with sustainability assessments or audits as part of the membership of "Together for Sustainability"	2020	The supplier assessments performed by Brenntag and other TfS members as at the end of 2017 cover around 64% of Brenntag's total chemical spend (in EUR) (page 46). We will set a new target value or target during 2018.
<b>ENVIRONMENTAL PROTECTION</b>	To reduce Scope 1 and 2 CO <sub>2</sub> emissions (per warehouse tonne of goods sold) by 6% (compared to 2016)	2020	2017 Brenntag Group (per 1.000 warehouse tonnes of goods sold): Scope 1: 16.3 tonnes Scope 2: 7.2 tonnes Change compared to 2016: -2.5% (pages 39 f.)
<b>COMPLIANCE</b>	To achieve and sustain a coverage rate of 100% in compliance training for the relevant employees	2018	The coverage rate for global e-learning training on the Brenntag Code of Business Conduct was around 89% at the end of 2017. We have extended the period for achieving the target to the end of 2018 (page 12).
<b>EMPLOYEES</b>	To provide a working environment where the best people want to work	Ongoing	Various measures were initiated and implemented in the year under review in relation to the following issues: people performance management, HR development, identification and development of potential, and succession planning (pages 49 ff.).
<b>SUSTAINABLE SOLUTIONS</b>	To become the preferred distributor for sustainable solutions by setting up pilot projects with 10 selected key suppliers	2020	The marketing potential for sustainable products identified and discussed with BASF as part of the "Sustainable Solution Steering" approach will be further pursued in 2018. Brenntag is working to develop other projects with various partners.
<b>RATING</b>	To achieve and sustain an EcoVadis score of at least 62 points and gold status	Ongoing	Score in October 2016: 66 points, gold status; a new assessment is planned for 2018 (page 46).

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Brenntag has two working groups in the area of sustainability: an international project team, which consists of representatives of the areas HSE (Health, Safety and Environment), Compliance, Human Resources, Operations, Purchasing and Communications, is responsible for the systematic development of sustainability at Group level. The group meets on a regular basis as well as on a project-related basis. There is also a steering committee comprising individual representatives of the top management from Brenntag's various regions. This is also included on a case-by-case basis for strategic discussions in particular and primarily serves as an interface to the operating units and is intended to reinforce integration relating to the issue of sustainability at an operational level. Brenntag also has a central sustainability coordinator who is based in Brenntag AG's Corporate Development department. This coordinator initiates and coordinates global projects and initiatives in cooperation with these two working groups,

NFB

promotes the ongoing development of the company's sustainability strategy worldwide and maintains a dialogue with those colleagues responsible for sustainability issues at Group level and in Brenntag's regions. In 2016, the Board of Management tasked the coordinator with developing Brenntag's sustainability targets and subsequently assisting with and tracking their implementation. The coordinator reports on a regular basis as well as on a case-by-case and project-related basis to the Board of Management, which supports the working groups and the coordinator with their tasks.

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In 2017, the coordinator and the working groups focused on the following issues and projects:

- / “Sustainable procurement”: performance of sustainability assessments for suppliers
- / Implementation of the global energy report
- / Ongoing development of Brenntag’s sustainability strategy: tracking of Brenntag’s sustainability targets for 2020
- / Ongoing development of the reporting system in accordance with the German CSR Directive Implementation Act

### QUALITY MANAGEMENT

Brenntag is a chemical distributor which differentiates itself from its competitors through the high level of quality of its products and services as well as its strong customer focus and the excellent level of service provided by its employees. Our Group’s sustainability performance has now also become a competitive advantage.

Using [management systems](#), [certificates](#) and audits, we constantly ensure compliance with the quality standards required of us and which we ourselves define. Procedures are in place at our company which ensure that products are procured from reliable sources and meet quality standards. Through various mechanisms, we obtain customer feedback for the continuous monitoring and improvement of our service quality.

The basis for quality management within the Brenntag Group is the internationally applicable ISO 9001 standard. We aim for a global coverage rate of at least 90% at the relevant Brenntag locations.

Year	Relevant Brenntag locations worldwide	Locations with ISO 9001 certifications	
	abs.	abs.	in %
2013	390	342	88
2014	390	352	90
2015	398	356	89
2016	395	354	90
2017	422	363	86

For further information on **MANAGEMENT SYSTEMS AND CERTIFICATIONS**, please see the Safety chapter on page 33.

Brenntag’s **CONTROL AND RISK MANAGEMENT SYSTEM** as well as its report on opportunities and risks are described in detail on pages 92 ff. of Brenntag’s 2017 Annual Report.

### ✓ PRACTICAL EXAMPLE

**In the Netherlands** in 2017, Brenntag was awarded a tender as a result of its convincing and well-documented sustainability performance. The customer, an operator of municipal water treatment plants in the southwest of the country, issued the applicants with an extensive catalogue of requests, including questions on safety programmes incorporated into the company, environmental protection measures, CO<sub>2</sub> emissions, sustainability partnerships within the supply chain and ISO 14001 certificates. Brenntag also scored well here thanks to its gold status in the EcoVadis sustainability assessment. The responses to these questions had a weighting of 60% in the selection process, while the bidding price for the chemicals required had a weighting of 40%. Brenntag’s sustainability performance is also used in the internal score cards which many – predominantly globally operating – key accounts put in place for their suppliers and in which sustainability is a selection criterion.

### CORPORATE GOVERNANCE AND COMPLIANCE

Brenntag has always attached great importance to responsible, prudent and sustainable corporate governance. Our top priority is to comply with statutory requirements as well as voluntary internal policies on conduct. To ensure that this happens, management uses various internal [control and risk management systems](#) and has established a compliance organization within the company. Every Brenntag employee is personally responsible for complying with all applicable laws, directives, policies and regulations.

The risk inventories performed every six months by our Group companies are an important instrument for global risk management within the risk management system. They involve enquiring about existing risks and assessing these in terms of their probability of occurrence and their potential damage. First, the gross risk is examined. This is the maximum damage if no counteraction is taken. If a risk can be reliably counteracted by effective action, these measures are shown in risk profiles and assessed with regard to their effectiveness. The residual risk (net risk) is the gross risk less the effect of measures taken to reduce the risk. The risk assessment includes risks and opportunities with a sustainability dimension, such as environmental risks, employee fluctuation or risks in the area of law/compliance. In the year under review, Brenntag's Compliance Committee performed a supplementary risk assessment of the relevant areas in accordance with the requirements of the German CSR Directive Implementation Act (CSR-RUG). In future, we intend to give even greater consideration to Brenntag's business relationships and the expectations of stakeholders when performing the risk assessment with the current risk management system. The Brenntag Group has implemented measures to reduce risk as part of its control and risk management system. With regard to the non-financial aspects of the German CSR Directive Implementation Act (CSR-RUG), a net assessment of the risks did not identify any material risks which are associated with our business activities or our business relationships, products and services and which are very likely to have serious negative effects now or in the future.

**COMPLIANCE MANAGEMENT AND ORGANIZATION:** At the head of Brenntag's compliance organization is the Board of Management and, within this body, its chairman. The Governance, Risk & Compliance (GRC) manager in Brenntag AG's Corporate Internal Audit department regularly reports to the Board of Management on compliance issues. The regular meetings of the Supervisory Board's Audit Committee also include reporting on compliance and whistle-blowing as well as on the ongoing development of the Group-wide compliance management system. The GRC manager is supported by the Compliance Committee as an internal advisory body. This committee includes representatives from the areas of Legal, Audit, Accounting & Tax, Finance & Investor Relations, Communications, Risk Management, Information Security, HSE as well as Human Resources. Issues and measures aimed at observing human rights and fighting corruption are also on its agenda.

At a regional level, the Regional Executive Management is responsible for the issue of compliance. Regional compliance managers have been appointed here. They receive, assess and report any compliance issues and/or questions referred to them, coordinate the compliance management system at a regional level and regularly pass on information and experience through dialogue with Brenntag AG's GRC manager. This ensures that our compliance management is closely interlinked with our business activities at regional level.

**CODE OF CONDUCT:** As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance with regulatory frameworks, honesty and integrity are our top priority. All of our fundamental company values, ethical principles, compliance with laws, rules and regulations as well as the relevant guidelines and procedures which are of key significance for Brenntag and its reputation are summarized in a comprehensive **Code of Business Conduct and Ethics**.

The Code of Business Conduct and Ethics contains requirements for the following areas:

- / Health, safety and the environment
- / Human rights and working conditions
- / Relationships with business partners and public institutions
- / Bribery and corruption
- / Competition and antitrust law
- / Avoidance of conflicts of interest
- / Data privacy and information security

The Code applies to all employees at all levels of the company and is intended to give them guidance in the legal and ethical challenges of their daily work and to encourage proper conduct. It has been translated into various languages and



The Brenntag **CODE OF BUSINESS CONDUCT AND ETHICS** is freely available in German and English on the company's website at [www.brenntag.com/compliance](http://www.brenntag.com/compliance).



For information on the **TRAINING COURSES**, see page 11f. of this chapter.



For information on the **SUSTAINABILITY ASSESSMENT** and the **SUPPLIER CODE OF CONDUCT**, see the Supply chain responsibility chapter from page 45.

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has been distributed throughout the entire Brenntag Group and made available to all of our employees. Its observance is monitored by the management teams of Brenntag's various companies. Every infringement of this code of conduct may lead to disciplinary action and is punished in line with the common company policies. Since 2016, there has been global **online training** for all employees on the code of conduct.

As well as the Code of Business Conduct and Ethics, there are further Group guidelines which stipulate compliance requirements, including an anti-corruption guideline, an insider compliance guideline and an internal control guideline. The code of conduct and all guidelines that are applicable Group-wide can be accessed by all the Group's employees on the intranet.

**UN GLOBAL COMPACT:** As a signatory of the United Nations Global Compact (UNGC), Brenntag is required to make the UNGC's principles in the areas of human rights, labour standards, environmental protection and fighting corruption an integral element of its corporate strategy. They supplement our own corporate values and principles which guide our activities. This Sustainability Report is also a progress report which must be published annually within the scope of our UNGC membership ("Communication on Progress").

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**PREVENTING CORRUPTION:** Preventing corruption is an essential element of Brenntag's compliance management system. Group-wide requirements relating to anti-corruption are specified in codes and guidelines. They apply to all employees equally and compliance with them is monitored. If our employees fail to comply with these requirements, this could have reputational and financial risks for Brenntag. Employee misconduct is not tolerated by Brenntag (zero-tolerance policy) and can lead to corresponding disciplinary measures or have consequences under labour law.

In addition to the Code of Business Conduct and Ethics, there is a worldwide anti-corruption guideline for the Brenntag Group which specifies what type of conduct is expected of all employees in relation to anti-corruption and bribery and which provides guidance on how employees should behave in critical situations so that their conduct is compliant and risks are avoided.

The anti-corruption guideline contains and specifies requirements for the following areas:

- / Prohibition of corruption and bribery
- / Gifts, hospitality and other benefits
- / Donations and sponsorship, including prohibition of political donations on behalf of the company
- / Prohibition of facilitation payments
- / Relationship with third parties (sales brokers, agents, etc.)

NFB

The internal control guideline contains further requirements and measures to counteract corruption and bribery, such as ensuring the separation of functions, complying with the double-check principle and adhering to the requirement to obtain comparative bids from suppliers and service providers.

Internal audits are regularly conducted at our Group companies to ensure compliance with these guidelines. In the reporting year, no cases of corruption at Brenntag were reported.

Further elements of the compliance management system relating to the prevention of corruption at Brenntag are target-group-oriented training courses for employees, which are essentially rolled out via our e-learning systems, and a whistle-blowing system, which can be used to provide anonymous information.

**HUMAN RIGHTS:** Observing human rights is one of Brenntag's top principles and is regarded as an essential element of its general compliance management system. Through its voluntary commitment to the principles of the UNGC, Brenntag seeks to lend further weight to its position here. The Brenntag code of conduct stipulates that our company and employees must avoid violations of human rights in any form. We oppose all forms of forced labour or child labour, advocate equal opportunities and fair work conditions, and reject discrimination of any kind.

Violations of human rights can be reported internally via our compliance organization and anonymously via our whistle-blowing system. If any suspected violations of human rights are confirmed, they are strenuously pursued and sanctions are incurred.

In the reporting year, no violations of human rights within the corporate group were reported.

For several years, Brenntag has voluntarily undergone a regular **sustainability assessment** by the international rating agency EcoVadis. In October 2016, the Brenntag Group achieved a score of 66 points, thereby attaining gold status. EcoVadis assesses the sustainability performance of companies under the categories of environment, labour practices, fair business practices and sustainable procurement. The review of aspects in the area of human rights is an essential element of this external assessment of Brenntag. A new assessment of Brenntag is planned for 2018.

Brenntag believes that the biggest risk of potential violations of human rights is in our supply chain. In 2015, within the framework of our membership of the industry's "Together for Sustainability" initiative, we began to request that our suppliers undergo EcoVadis sustainability assessments which also include a review of compliance with human rights. Brenntag's **Supplier code of conduct** explicitly requests that our suppliers support the observance of international human rights and that they avoid violations of human rights. Furthermore, there are additional supplier assessments and audits based on standardized questionnaires that also deal with the observance of human rights.

Brenntag has formed a working group which will deal specifically with the issue of human rights in our company and supply chain during 2018 in order to further specify areas where human rights are a pertinent issue in our company and identify potential dangers in our supply chain.

**TRAINING:** Our compliance programme focuses particularly on observing antitrust law requirements, our code of conduct and environmental and health protection, since it is here that Brenntag sees the greatest risks. We hold regular employee training sessions covering these issues – through regional and global events which employees attend either in person or via e-learning systems. The aim is to keep all of Brenntag's employees' knowledge up to date and to avoid any illegal actions as well as to protect the environment from being damaged and employees from being injured.



## UN GLOBAL COMPACT: THE TEN PRINCIPLES

### 1 HUMAN RIGHTS

Businesses should support and respect the protection of internationally proclaimed human rights and...

...ensure that they are not complicit in human rights abuses.

### 2 LABOUR STANDARDS

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,...

...commit themselves to eliminating all forms of forced labour, ...

...commit themselves to abolishing child labour and ...

...commit themselves to eliminating discrimination in respect of employment and occupation.

### 3 ENVIRONMENTAL PROTECTION

Businesses should take a precautionary approach to dealing with environmental challenges, ...

...undertake initiatives to promote greater environmental awareness and ...

...encourage the development and distribution of environmentally friendly technologies.

### 4 FIGHTING CORRUPTION

Businesses should work against all forms of corruption, including extortion and bribery.

NFB

An obligatory, global training module on Brenntag's Code of Business Conduct and Ethics was executed in the reporting year. Employees can complete the one-hour training module online via the global e-learning platform at any time and from any location. A total of twelve topics are covered – including anti-corruption and the observance of human rights – using practical examples and exercise questions. The employees then take a test to ensure that the knowledge has been transferred. Since its introduction in 2016, a total of 10,079 Brenntag employees worldwide had participated in this training module by the end of 2017, representing about 89% of the relevant employees.

There are also in-depth compliance training modules at a global and regional level on the topics of bribery and corruption and on antitrust law. In the reporting year, the training modules on European antitrust law and on bribery and corruption were gradually rolled out on the e-learning platform. They are mandatory for all employees and managers working in commercial areas. In the 2017 reporting year, 1,751 employees participated in the training module on European antitrust law and 1,305 employees participated in the training module on bribery and corruption. These figures relate to the online training modules. Furthermore, there are additional on-location training modules on these topics in various countries and regions.

**WHISTLE-BLOWING SYSTEM:** Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints as well as compliance reports. Our employees can report relevant information either to their direct line manager or to the regional compliance manager, or alternatively via a central email address or a whistle-blowing system on the intranet or internet. The whistle-blowing system also provides the option of making anonymous reports, e.g. on violations of human rights or suspected cases of corruption. Third parties can submit complaints and report violations by getting in touch with the compliance contact indicated on Brenntag AG's website. The information received will always be dealt with on a strictly confidential basis. The reports received are examined and appropriate action is taken if a compliance infringement has taken place. The processes are managed by Brenntag AG's GRC manager. Email addresses and other whistle-blowing systems have also been set up at a regional level. The regional compliance managers receive and assess any incoming reports and initiate necessary measures.

Incoming reports mainly concern cases of suspected fraud and theft. Violations of the code of conduct (such as conflicts of interest and discrimination in the workplace) and reports concerning other compliance issues (such as violations of regulations) are also reported. Compliance managers also receive general inquiries, for instance concerning possible conflicts of interest, and inquiries regarding the acceptance of gifts or invitations. If a suspected case is confirmed, this will incur the sanctions permitted under employment law.



Usually, this excludes **EMPLOYEES** who do not have access to the e-learning platform (primarily warehouse employees). These employees shall receive training on the code of conduct using alternative methods.

Year	Number of confirmed compliance incidents <sup>1)</sup>
2015	12
2016	11
2017	13

1) These are cases notified to the GRC manager and for which sufficient evidence has been established. Compliance incidents may also occur which are notified, assessed and processed at a local or regional level but which are not reported centrally on grounds of insufficient relevance.

**STAKEHOLDERS**

Brenntag engages in regular, transparent and target-group-specific dialogue with its stakeholders. These include the interest groups that are significantly affected by the economic, ecological or social impact of our business or who may be so in future. They also include groups that may influence the economic, ecological or social impact of Brenntag now and in the future.

**The following persons and entities are Brenntag's key stakeholders:**

- / Suppliers
- / Customers
- / **Employees**
- / Investors and analysts
- / Journalists
- / Governments and authorities
- / Associations and organizations
- / Neighbours and local residents, local communities



For information on communication with our **EMPLOYEES**, see the Employees chapter on page 49 ff.



We aim to notify our various target groups promptly and appropriately regarding developments at Brenntag and its objectives, thus enabling our stakeholders to obtain a comprehensive picture of our company and its business activities. In return, this dialogue enables Brenntag to identify the needs and expectations of its stakeholders, to evaluate them and to appropriately reflect them in our business decisions. As well as specific business-related issues, sustainability issues such as safety, the environment, the supply chain and compliance also regularly feature in the discussions.

The Brenntag Group pursues dialogue with its stakeholders in various ways. Due to the nature of the business model, our employees maintain close contact with suppliers and customers on a day-to-day basis. Systematic customer and supplier surveys are also regularly carried out. In March 2017, for example, Brenntag in France launched a new online customer survey, which 2,700 customers had used by the end of the year to provide feedback on product and service quality and on their experience of safety. It is sent to customers after every delivery and processing of a complaint. The Brenntag employees responsible can view the responses directly using an online tool. This makes it possible to respond immediately to negative feedback. We pursue dialogue with business partners worldwide at the many trade fairs where Brenntag presents itself and its portfolio


of services. In April 2017, for example, our sustainability coordinator used the “Sustainability Corner”, which was set up for the first time at the international “in-cosmetics” trade fair in London, as a platform to present Brenntag’s sustainability activities to interested members of the public. As a **member of relevant technical and industry associations** at a local, regional and international level, Brenntag maintains an active dialogue concerning industry-specific issues. Brenntag’s Investor Relations and Corporate Communications departments regularly and promptly notify investors, analysts, journalists, etc. of developments within the company, e.g. by presenting the company at road shows, in analyst conference calls, press conferences and events as well as via the company’s website and social media channels. At its various locations, Brenntag pursues lively dialogue with local residents and local authorities. For example, open days provide the opportunity to inform the general public about Brenntag and to get to know one another.



You will find a list of **BRENNTAG’S KEY MEMBERSHIPS** in the Service and Contacts section of our website, at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability).

**IN DIALOGUE:** Just like at the international IHS Chlor-Alkali Conference in Antwerp in 2017, Brenntag keeps in regular communication with its business partners on a range of issues, including sustainability. The chlor-alkali industry currently faces big challenges – for example there is a demand for new technologies in Europe as a result of environmental concerns.





Marco Riquelme has been with Brenntag Chile for 20 years and knows the company by heart. He is Plant Supervisor and Head of the internal Emergency Brigade at the site in Santiago de Chile, and he takes his responsibility in regards to safety towards his team and the environment in general very seriously. Thinking of sustainability and acting to its principles is the basis of his daily work.



MARCO RIQUELME / CHILE

## PUTTING RESPONSIBILITY INTO PRACTICE

ConnectingChemistry

## WHERE OCCUPATIONAL SAFETY IS GENUINE TEAMWORK


His father has also worked at Brenntag for more than 25 years, as a truck driver. He was the superhero of his childhood, who went out every morning into a world of enormous tankers, a world of men with safety helmets and large goggles who always knew exactly what they were doing. In the evening, his father came home with stories about how he and his colleagues had safely delivered their dangerous cargo and successfully completed their tasks. And the most important thing was that his father returned home safe and sound every evening.

Marco Riquelme always wanted to be a hero like that. And so, at 19, he applied at Brenntag – and was accepted. That was 20 years ago. “Brenntag is my chosen family. My job is a constant challenge and a continuous process of improvement,” is his reply when asked how he would describe the company – his company.

At many more of the 530 Brenntag sites in 74 countries, employees have similar stories to tell. Stories about responsibility and solidarity, about challenges and goals achieved together. There is a lot involved in sustainably managing an international company and ensuring that all its employees complete their tasks safely. “ConnectingChemistry” also stands for this goal. The company slogan refers not just to the connections that Brenntag creates as a distributor between chemical manufacturers and chemical users. It refers also to the shared values which connect Brenntag’s employees all over the world with each other and which also incorporate the company’s customers and suppliers as well as the environment and society.

Marco’s father has been working for Brenntag for more than 25 years as a truck driver. These days, father and son often run into each other on the job and work hand in hand.



A photograph of two workers in safety gear (hard hats, safety vests) standing in a warehouse or industrial setting. The woman on the left is holding a clipboard and a pen, while the man on the right is holding a walkie-talkie. They are both looking towards the camera. The background shows a large industrial structure with a corrugated metal wall and a blue sky with green hills in the distance.

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“BRENNTAG IS MY  
CHOSEN FAMILY. MY  
JOB IS A CONSTANT  
CHALLENGE AND A  
CONTINUOUS PROCESS  
OF IMPROVEMENT.”

Marco Riquelme

## STARTING THE DAY WITH THE CASA TALK

Marco Riquelme has had several stops on his career path and is now Plant Supervisor at the Santiago de Chile site, where he is responsible for 13 employees. He is also Head of the plant's internal Emergency Brigade, comprising twelve men – something he is particularly proud of. His office is in the middle of the site, in the headquarters of the Operations Team. However, since he spends so much time out on the grounds, a radio unit has become his permanent companion.

It is seven o'clock in the morning, and his men have gathered in the small meeting room at the Operations headquarters – as happens before every shift. There's cheerful back-slapping and plenty of laughter already. "The best thing about my job is my team. They support me and assist me with everything I do, and they work with a lot of enthusiasm, even on the hardest days," says Marco with a beaming face. "We all take care of each other, encourage

each other and learn from one another." The morning kick-off meeting is called the CASA talk. CASA stands for Calidad (quality), Seguridad & Salud (safety and health) and Medio Ambiente (environment) and is the name of a programme that enables Brenntag to manage the issues of quality, safety, health and the environment throughout Latin America and document and measure its performance in these areas. Programmes like CASA also exist at Brenntag in Europe, North America and Asia and are an important element of the safety culture within the Group. At the CASA talk, the team is focused as it goes through the day's tasks in five minutes. "I address the points that are going to be relevant for us today in terms of quality, safety and environmental protection. As the Plant Supervisor, I put a lot of emphasis on our CASA programme and the daily realization of its core messages. It enables us to incorporate sustainability into our daily activities," explains Marco.

# CASA

WATCH A VIDEO ON THIS  
TOPIC AT BRENNTAG'S  
YOUTUBE CHANNEL

CASA is the name of the programme that enables Brenntag to manage the issues of quality, safety, health and the environment throughout Latin America.





Putting responsibility into practice

The meeting ends, and it is time to get to work. On this particular morning, three tankers with flammable products will be arriving – and all at the same time. “We must ensure that we coordinate the unloading of the trucks properly,” says Marco. “While the first tanker is being unloaded, a staff member must lead the waiting trucks to the safe parking zone for flammables.” And check whether the drivers also have the proper personal protective equipment.

“THE BEST THING ABOUT MY JOB IS MY TEAM. WE ALL TAKE CARE OF EACH OTHER, ENCOURAGE EACH OTHER AND LEARN FROM ONE ANOTHER.”

Marco Riquelme

## WELL PREPARED FOR AN EMERGENCY

While his people process the first trucks outside, Marco plans the rest of the day. "It's my job to monitor whether all the delivery requirements have been met and whether everything is prepared. And I have to respond flexibly to any changes that arise during a shift," he says. He always has an eye on safety here.



One thing Marco is particularly proud of is being Head of the internal Emergency Brigade. The team regularly practices to be prepared in case of an emergency.







# ZERO

IN 2017, BRENNTAG CHILE'S ACCIDENT RATE LTIR WAS AT ZERO.

The daily practice of raising their awareness at the morning CASA talk has often helped the team to deal with critical situations. One event left a particular impression on Marco. A few years ago, a colleague was hit in the face with a couple of drops of caustic soda while filling it despite using his protective equipment. His tongue and neck were burned as a result. "We were all frightened, but we followed the safety protocol exactly. I accompanied my colleague to the clinic and tried to calm him – although I was more nervous than he was." Luckily, the

colleague's injuries were only minor, and he was back at work a few days later. "The fact that we were all together in a situation like that bonded us even more as a team." Marco is certain of one thing: "That day proved once more to all of us how important it is to follow the CASA procedures, to use the personal protection equipment correctly and to continuously raise our awareness and attention – with all our colleagues and especially with new team members."

## ACTIVE LUNCH BREAK FOR A CONCENTRATED AFTERNOON



**“WE CALL THIS ACTIVE PAUSE. IT HAS A PHYSICAL FUNCTION, NAMELY TO RELAX THE MUSCLES, AND A VERY IMPORTANT MENTAL FUNCTION – TO BRING STRESS LEVELS DOWN AND RECHARGE THE BATTERIES.”**

Marco Riquelme

It is lunchtime now. But before they make their way to the canteen, Marco gathers his people for another daily ritual. Led by a colleague who is also a trained fitness instructor, they do some stretches together and sing songs, which provides plenty of laughter and also gets their heart rate up. Marco explains, “We call this active pause.

It has a physical function, namely to relax the muscles, and a very important mental function – to bring stress levels down and recharge the batteries.” As it is particularly hot today, he reminds his colleagues before they disperse to please drink enough water. And factor 50 sun cream is readily available throughout the site – this is CASA in practice.

# A DEMANDING WORK ENVIRONMENT

Energy and concentration are essential requirements for everyone working here. That is because the site in Santiago is the central warehouse facility for Brenntag Chile, along with two other sites – one in Antofagasta, 1,300 km to the north, and one in Concepción, 600 km to the south. Deliveries are sent all over the country from Santiago – to around 1,500 active customers in a dozen different industries. Around 800 different products are stored in the warehouses; the portfolio ranges from flammable, toxic or corrosive products, which are delivered to the paint and mining industries for example, to food grade products for the food, feed/ agricultural and pharmaceutical industries. The flammable products represent a significant fire risk, in particular due to electrostatic charging. In case of contact, spillage or release, the corrosive chemicals and toxic substances pose a danger to people and the environment. Even food products are subject to strict storage and handling regulations.

It is a high-risk and demanding work environment for everyone, where safety and caution must be exercised at all times. And it is Marco's job to monitor this in his area. Every day, his people fill 150 drums with these substances – some of which are dangerous – mix, blend and transport them, load and unload an average of ten tankers per day and services a total of 50 trucks. Marco is very aware of this: "Handling chemicals requires an enormous degree of responsibility. Even the smallest incident can have grave consequences. That is why it is so important for us to ensure we protect the environment as well as maintain occupational safety. If Brenntag did not act in a sustainable manner here, the company would ultimately destroy itself."

Handling chemicals demands caution and alertness at all times.

**ZONA DE MEZCLAS  
USO OBLIGATORIO DE EPP  
SOLO PERSONAL AUTORIZADO**



## MAKING ENVIRONMENTAL PROTECTION PART OF EVERYDAY ACTIVITIES

However, environmental protection does not just mean preventing “environmental incidents”, as they are called, but also actively protecting the environment. This is an issue close to Marco’s heart: “How could I be indifferent to it? We are part of the environment. If we ignore it, we neglect ourselves. If we destroy it, we destroy ourselves. Without the environment, there is no society.”

He is not the only one who takes this view. The team in Santiago has undertaken several initiatives in recent years. “During our daily activities, we always follow the 3R principle: reduce, reuse, recycle. Our CASA team has launched several programmes and we measure, discuss and seek to continuously

improve the results.” For example, they want to reduce waste and the consumption of water and energy. Drums and other containers are cleaned and reused several times. And, of course, pallets, cardboard, plastic, glass and paper are separated and sent for recycling. A solar panel produces electricity to heat water, and an intelligent route-planning system saves fuel. “Environmental protection is deeply embedded within all our actions – and has been for many years. Today, for example, it would be inconceivable to throw away paper or send recyclable waste to a landfill. And if you leave the light on in your office for too long, you can be sure that someone will call your attention or simply turn it off!”



The great safety performance of the site is genuine teamwork.

# ENVIRONMENTAL PROTECTION

IS PROVEN PRACTICE AND GOES WITHOUT SAYING

- / We observe the 3R principle: reduce, reuse, recycle!
- / Waste is avoided and reduced
- / Palettes, cardboard, plastic, glass and paper are separated and sent for recycling
- / Drums and other containers are cleaned and reused several times
- / Water and energy consumption is reduced

The CASA standards for quality, safety, health and environmental protection are not just an internal matter. They are passed on to customers, because in Latin America, as is the case worldwide at Brenntag, the principle of "Safety first!" extends beyond the company's own boundaries. For example, the sales manager coordinates customer visits to the site with the CASA Team. Customers'

employees learn how to safely take delivery of, store and use the chemical products supplied by Brenntag. In addition, the Brenntag experts also advise their customers on compliance issues, such as when there are regulatory requirements for a chemical product or a special handling permits.

# OPEN COMMUNICATION WITH THE NEIGHBOURS



Another reason why acting with responsibility is such an important issue for Brenntag in Santiago is that the site is right next to a residential area – which starts immediately on the other side of Avenida Lo Espejo. That was not always the case. Over the decades, the houses have edged their way closer to the industrial zone. They are small, simple houses with high walls, standing densely. Brenntag cultivates its relationship with the neighbourhood. There is a project in place with the school three streets away that enables the company to teach the students about handling chemicals and provides them with an insight into the world of work via internships and site visits. Once a year, an emergency drill takes place, which the neighbours are also invited to. The residents were initially sceptical and worried about living right next to a chemical distributor.

The company has therefore deliberately decided to engage in transparent communication and active dialogue with them. Brenntag is surrounded by fences instead of walls so that everyone can see what is happening on the grounds. Marco says, “We have nothing to hide.”

Meanwhile, the day is slowly drawing to a close at Brenntag – a day when, despite the usual challenges, everything went according to plan; a good day, in other words. For Marco, it is a priority to ensure that everyone from his chosen family goes home with a smile and – most importantly for him – unhurt. One last truck enters the site. The driver, no doubt, is a hero to his son, just as Marco’s father once was. Unload. Clear up. Lock up. Home.



BRENNTAG ENGAGES  
IN TRANSPARENT  
COMMUNICATION  
AND ACTIVE  
DIALOGUE WITH  
THE NEIGHBOUR-  
HOOD.

“WE HAVE NOTHING  
TO HIDE.”

Marco Riquelme

Connecting**Chemistry**

## FURTHER INFORMATION

Want to learn more about Marco Riquelme?  
You can find his interview and video at  
[www.brenntag.com/marcoriquelme](http://www.brenntag.com/marcoriquelme)







## SAFETY

# ACCEPTING NO COMPROMISES



For information on Brenntag's **CORPORATE VISION**, please see page 44 of Brenntag's 2017 Annual Report.

Safety is of paramount importance at Brenntag and is part of our corporate strategy. “We are the safest chemical distributor” – this is the primary objective of our [corporate vision](#). Worldwide, we operate in accordance with the “Safety First” principle as our most important company value. This applies both to the safety and health of our employees, as well as to product safety and environmental protection. We are bound by the highest standards in the industry and adopt policies which often exceed statutory requirements. We are working continuously to further improve safety within our company. We invest in our infrastructure and train our employees with this goal in mind. Our goal is to achieve a Group accident rate LTIR<sub>1Day</sub> of below 1.0 by 2020.

## NFB HSE STRATEGY AND MANAGEMENT

Brenntag has implemented a global health, safety and environment (HSE) strategy. This encapsulates our principles in the areas of safety, product stewardship, the environment, adherence to laws (compliance) and quality. The global strategy is implemented in the regions as part of their own HSE programmes. Our HSE manuals define processes, procedures and measures that are implemented at our regional sites.

Brenntag's global business operations and highly diversified customer and supplier structure subject the company to a diverse range of operating conditions (legislation, cultures, industry standards and other demands). In order to fulfil the resulting requirements as effectively as possible, Brenntag adopts a predominantly decentralized approach to its HSE management. The regional HSE organizations are incorporated into the existing company structures. They encompass officers at the company's sites and various teams, e.g. at national and regional level.

The operations and HSE managers responsible at regional level, together with the central Corporate Health, Safety & Environment department, form Brenntag's Global HSE Team. The team develops and coordinates globally applicable policies, programmes and other activities and regularly shares its experiences. The chairman of the team reports to the Board

**MUTUAL INTERESTS:**

In November 2017, Brenntag UK & Ireland invited customers, suppliers and other experts in the supply chain to its first ever "Safety Day" to discuss aspects of safety in chemical distribution and related fields as well as to exchange experiences.



## HSE AT BRENNTAG: OUR APPROACH

### COMMITMENT TO THE PRINCIPLES OF OUR RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION PROGRAMME



Product stewardship and product safety



Occupational health and safety, including transportation



Comprehensive protection of the environment (air, water, soil, raw materials and waste)

### THE BRENNTAG APPROACH

SAFETY AND A SAFETY CULTURE AROUND THE WORLD

HSE PROGRAMMES AND REGULAR TRAINING

CLEAR GUIDELINES AND PROCEDURES

APPROPRIATE TECHNOLOGY

REGULAR INTERNAL AND EXTERNAL REPORTING

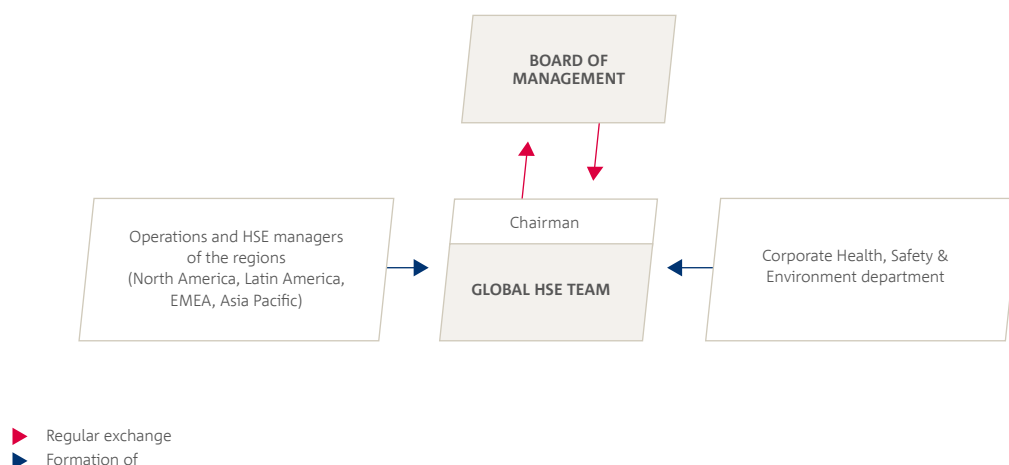
NFB of Management of Brenntag AG once a month. In order to further deepen their working relationship, a Board of Management member has also been taking part in the Global HSE Team's regular phone conferences and its annual meeting since the end of 2017.

All of this has created a global network of HSE managers and teams at the various levels within Brenntag. These experts regularly share their experiences in their teams, develop measures to remedy identified deficits and work together on further improving the company's safety culture. Decisions taken by the teams are then incorporated into the regulations and programmes within the respective organization in a suitable format. The local management in the respective company

NFB unit or country is responsible for defining processes, procedures and measures in accordance with local regulations and taking account of local requirements.

Compliance with the HSE programme is reviewed through regular internal and external audits. The decision on the frequency of these audits depends on various factors, such as the risk potential being assessed, legal regulations and customer requirements.

## HSE ORGANIZATION AT BRENNTAG



NFB Brenntag manages HSE data in various databases at regional level and also forwards them to the company's central HSE department. Working together with external experts, the environmental risks including historical data are continuously examined and evaluated at each site. This allows conclusions to be drawn about potential contamination, among other things. This information is collated in an environmental database and serves as a basis for the environmental provisions which are determined annually.

Brenntag has implemented various management systems in order to ensure its compliance with applicable HSE standards. Our performance is also regularly assessed and certified by independent third parties.

For information on the **ENVIRONMENTAL PROVISIONS**, see page 160 f. of Brenntag's 2017 Annual Report.

Certified and assessed operating locations <sup>1)</sup>	ISO 14001		OHSAS 18001		SQAS-ESAD <sup>2)</sup> (Europe)	
	abs.	in % <sup>1)</sup>	abs.	in % <sup>1)</sup>	abs.	in %
2013	108	28	59	17	74	69
2014	102	26	61	17	73	69
2015	105	26	59	17	78	73
2016	108	27	67	19	80	77
2017	109	26	65	17	72	71

1) The percentage figures for ISO 14001 include purely sales-based locations as well as warehouse locations. The OHSAS 18001 figures exclusively refer to warehouse locations.

2) SQAS-ESAD (Safety and Quality Assessment System, European Single Assessment Document) is a catalogue featuring more than 500 detailed questions on the handling of chemicals. It is intended to provide a uniform assessment of the HSE and quality management system of chemical distributors and is associated with the Responsible Care/Responsible Distribution industry initiative.

To ensure effective chemicals management, data that are necessary for the safe handling of our products during storage, transport and within the supply chain are stored in central databases at Brenntag. In Europe, for example, a central SAP-based system is used for this purpose, making it possible to implement relevant changes to European legislation in all countries at the same time and provide employees with access to them. Since 2017, all European companies have been connected to this database.

### PROCESS SAFETY

Process safety measures depend on the particular type of process and the risks associated with it. Many requirements are regulated by local legislation and industry standards, although regulations often vary widely from country to country. If Brenntag considers these regulations to be insufficient, we establish our own more stringent measures, which are defined in our HSE manuals. Selecting suitable containers – known as intermediate bulk containers (IBCs) – for flammable liquids is one example of this. While these liquids are filled

in metal IBCs as standard practice in many countries, special plastic IBCs are also permitted in Europe and are widely used in the industry. Several years ago, Brenntag decided to use only metal IBCs for non-conductible flammable liquids in Europe, as we consider them to be safer. Even though these IBCs are associated with higher costs and increased logistics, prompting concerns among some customers, we completed the transition phase in the year under review with the exception of a small number of countries. Plastic IBCs may now only be used for these liquids in exceptional circumstances where there is a reason for doing so.

The following aspects and levels of process safety are covered:

- / Use of suitable equipment
- / Work instructions on how to use the equipment correctly/safely and how to perform the process
- / Suitable technical and organizational safety measures that help to control process risks and prevent errors
- / Regular reviews (inspections, audits)
- / Regular checks of whether the specified inspections, audits and reviews have been conducted as scheduled and corrective measures have been implemented

**EXEMPLARY:** David Garner (second from left), Chairman of the Global HSE Team at Brenntag and Senior Vice President Operations Brenntag North America, was granted the NACD's prestigious Lifetime Achievement Award in November 2017.

In granting the award, the US National Association of Chemical Distributors rewarded his many years of exceptional work in the area of occupational safety. As a proven expert, mentor and trainer, David Garner has been involved in developing programmes and systems during his career and played a significant part in improving the safety culture within the industry.



For example, internal audits in North America and Europe in the year under review found the fittings and condition of pallet racks to be poor. As a result, guidelines on safe storage racks were drawn up in both regions. The racks are now being retrofitted as part of a multi-stage plan.

#### NFB **PRODUCT STEWARDSHIP AND SAFETY**

Brenntag takes appropriate measures to ensure the proper handling of our products. These measures include procurement, packaging, classification and labelling, handling, storage and transportation. We produce product dossiers and safety instructions and see to disposal. We act in accordance with the applicable standards and regulations and also cooperate closely with the industry's national and regional umbrella associations which our national organizations belong to.

**RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION:** For many years now, Brenntag has taken part in the Responsible Care/Responsible Distribution (RC/RD) programme of the International Chemical Trade Association (ICTA). As such, we implement the eight guiding principles laid down in this global programme covering the following areas:

- / Legal requirements
- / Management of risk
- / Policies and documentation
- / Provision of information
- / Training
- / Emergency response
- / Ongoing improvements
- / Community interaction

The policies of the RC/RD programme have been incorporated into our HSE strategy and programmes and therefore play a key part in the safe handling of chemical products and, as a result, in the protection of soil, air and water as well as

NFB occupational safety within our company. Adherence to these policies is verified and documented by external assessors.

Brenntag has also specified that all operating companies join the RC/RD programme. Due to the fact that an RC/RD programme is not offered by national organizations in every country in which Brenntag operates, programmes have been developed and existing processes optimized in the individual regions to verify internally that the guidelines in force in the relevant countries are adhered to. In this way, Brenntag companies play their part in the global obligation towards Responsible Care.

Brenntag's high standards in process safety and product responsibility continuously earn the company external recognition. In March 2017, three locations in North America were rewarded for their exemplary safety performance in the supply chain for chlor-alkali products. The Chlorine Institute, a national industry association, grants its Diamond Level award to sites which have recorded zero accidents or incidents and zero environmental releases over a period of five years.



Since 2002 Brenntag has been participating in the chemical industry's "Responsible Care" programme.

**RECOGNITION:** In 2017, Brenntag EMEA awarded our French site in Andance the gold "Safety First Award" for its special commitment to implementing safe behaviour in everyday activities.



Year <sup>1)</sup>	Proportion of Brenntag legal entities <sup>2)</sup> participating in the RC/RD programme	
	abs.	in %
2013	94	70
2014	92	76
2015	108	76
2016	113	76
<b>2017</b>	<b>114</b>	<b>76</b>

1) Only the values for 2017 quoted in the key figures are part of the NFB.

2) These data do not include pure sales and service entities with a revenue of under 100,000 EUR as well as acquired entities which, as at December 31, 2017, have been part of the Brenntag Group for less than a year.

**REACH:** Since June 1, 2007, regulation (EU) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) has formed the European legal framework for the safe handling of chemicals in order to protect the environment and human health. The regulation prescribes mandatory provisions for the production, import, handling and use of chemical substances as they are and when mixed. One of the cornerstones of REACH is the mandatory registration on the part of manufacturers and importers. Brenntag fulfilled its obligation to register in its area of responsibility before the required deadline. The final registration deadline is the end of May 2018.

Our REACH-trained product and sales managers are able to proficiently address the wishes of our suppliers and customers:

- / Ensuring a REACH-compliant supply and usage system
- / Safeguarding optimal communication within the supply chain
- / Support in relation to many REACH-related issues
- / Helping to ensure that imported substances are REACH-compliant
- / Identifying alternative substances

### OCCUPATIONAL SAFETY

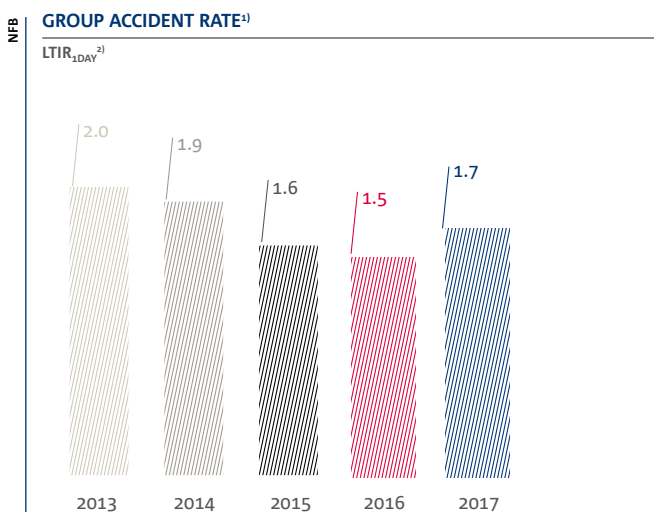
Our top priority is to ensure the safety of our employees and to protect their health. Brenntag continually works towards improving the company's safety culture and takes necessary and appropriate measures to prevent accidents and incidents.

**TRAINING AND EQUIPMENT:** Regular training for our employees is important in order to raise their awareness of potential hazards and to enable them to work safely. This training goes above and beyond the statutory requirements and ranges from safety instruction for new employees to comprehensive training measures that are specially tailored for the work situation and the risk potential of specific occupational groups or individual employees. Training is given by HSE managers

and also by external experts, both in the form of face-to-face events as well as digitally. For example, prior to Brenntag's relocation to its new headquarters in Essen, employees were given training on the potential risks during such a move – such as with clearing and packing up. In addition, they were familiarized extensively with the safety facilities and regulations in the new building.

Brenntag is also continuously investing in its equipment and infrastructure so as to optimize plant safety and work processes at its sites and thus further minimize safety risks and sources of accidents. For example, only intermediate bulk containers (IBCs) that are made of metal are used for non-conductive flammable liquids in almost all countries in the EMEA region. These are more expensive than plastic IBCs, which are also permitted, but they significantly reduce the danger of electrostatic discharging.

**ACCIDENT REPORTING:** Accidents at work, near misses and similar occurrences are recorded and evaluated centrally according to a standardized system. Any important conclusions are communicated throughout our organization. Furthermore, the findings and measures derived from these are incorporated into the global HSE guidelines, regional HSE manuals and prevention and training measures. For example, a new guideline for selecting and training temporary employees was introduced for Brenntag EMEA at the start of 2017 as a result of experiences in recent years. Although it is perhaps too early to talk about a sustainable improvement, we can report that accidents resulting in lost work days among temporary employees were halved in 2017. At the same time, the total number of incidents reported in the third quarter of 2017 was significantly lower compared to previous years. A relatively high number of temporary employees work for the company in the third quarter, as the holiday period in Europe occurs during this time.



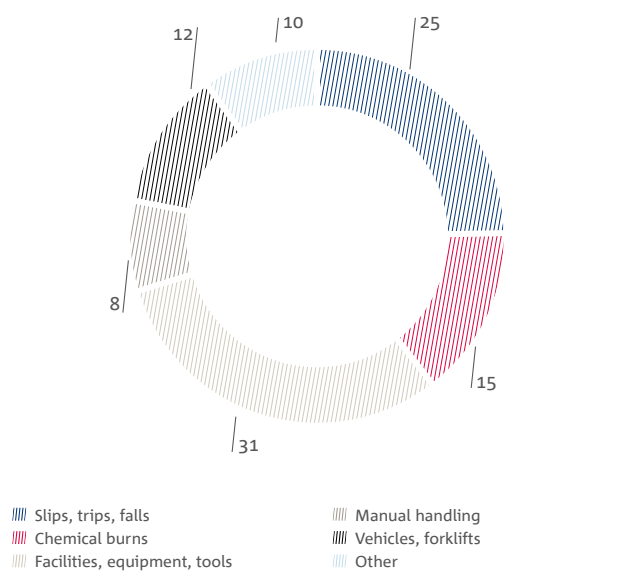
1) Only the values for 2017 quoted in the key figures are part of the NFB.

2) LTIR<sub>1Day</sub> (Lost Time Injury Rate): number of industrial accidents resulting in at least one day's absence from work per one million working hours

This ongoing process of improvement has enabled us to steadily reduce the number of reportable industrial accidents within the Group, resulting in a reduction of 66% in the Group accident rate between 2010 and 2016 to a value of 1.5. We must report that there was a slight increase again in 2017 to 1.7. However, we see no indication of a sustained trend reversal here and expect to return to our path of continuous improvement.

**CAUSES FOR LOST TIME INJURIES 2017**

(IN %)



A closer analysis of the accidents shows that slips/trips/falls, chemical burns, accidents involving vehicles and accidents involving equipment/tools are the most common causes of injuries with absences from work at Brenntag. Our measures are therefore focused on making improvements here. With regard to chemical burns in particular, which are an industry-specific injury, a wide range of measures has enabled us to reduce the number of incidents Group-wide by 71% between 2010 and 2017. Unfortunately, we saw a significant increase in accidents involving tools and equipment in 2017, particularly in the EMEA region. In almost all cases, the accidents were not caused by faulty equipment but rather by a lack of attention, incorrect behaviour or the use of an incorrect tool. As an immediate measure to remedy this, Brenntag EMEA increased the number of unannounced audits by senior management. Although the number of injuries resulting from slips/trips/falls has been more than halved since 2010 – through various training measures, for example – they are still one of the most frequent causes of accidents. As a result, they continue to be a focal point of the measures which are aimed at employee behaviour. Accidents involving vehicles (forklifts, trucks, cars, motorbikes) have also come under the spotlight. Although the number of incidents has remained relatively constant over the years, they are now also proportionally among the most frequent causes of injuries. Since accidents involving vehicles can also have severe consequences, extensive preventative programmes have been established in the Brenntag regions. The focus ranges from driving safety training, including for sales employees, to the use of devices to analyze driving in trucks, to improved road signage for works transport and for pedestrians at our sites. Since July 2017, for example, more than 1,200 employees in 20 countries within the EMEA region perform online training each quarter on a topic related to safe driving. Brenntag North America has had particularly good experiences with a system for monitoring driving behaviour and traffic using dashboard



cameras. If necessary, drivers then discuss critical situations and unsafe behaviour with their direct managers using video clips. The possibility of introducing the system in other regions is currently being examined. At Brenntag EMEA, special endangerment analyses for internal on-site transport were conducted in 2017. Where necessary, measures were specified for 2018 and the resulting investments budgeted for.

Brenntag's primary objective is to prevent all types of accidents and incidents. That is why rather than resting on our laurels, we continually endeavour to further improve our safety culture.

**BEST PROGRAMME:** A key element of our efforts to increase safety is the global Brenntag Enhanced Safety Thinking (BEST) programme. It focuses on the safety behaviour of Brenntag employees at all levels within the company, which is the primary cause of accidents in more than 80% of cases. Various programmes and measures were implemented in the Brenntag regions and national organizations in the year under review to promote safe behaviour and to correct dangerous behaviour. These centre on regular and extensive communication, greater involvement and motivation of employees and increased visibility of exemplary safety within the company.

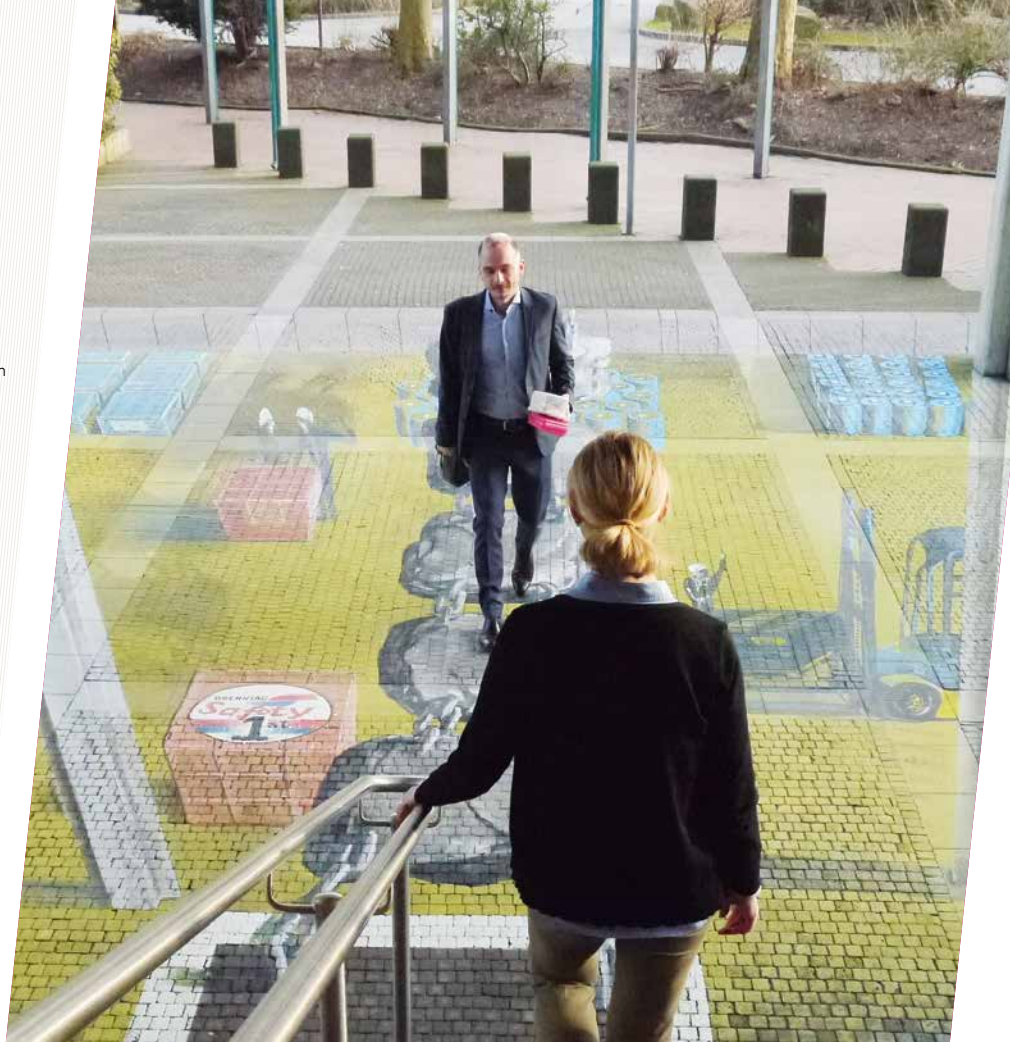
In addition, the BEST philosophy is to be expanded beyond occupational safety to the personal environment of Brenntag employees. The Latin and North America regions had positive experiences in the year under review with the "personalization of safety", and Brenntag's Global HSE Team was able to draw on this while developing the BEST – Personal Safety Action Plan (PSAP). As of the start of 2018, all Brenntag employees worldwide are asked to create a PSAP in which they list risks that they encounter daily while at work as well as in their personal lives. They discuss these situations with their managers and, based on this, they work together to develop and subsequently review an individual plan with measures to prevent accidents and incidents. The managers have been given training on this issue. Board of Management members and senior managers present their own personal plans in videos so that employees can learn about this new instrument for our safety culture. Employees are also invited to present their PSAPs in a video.



Below are a number of practical examples and highlights from our regions, giving an insight into the BEST practices and safety culture at Brenntag:

- / As part of the **global "Hold the Handrail" campaign**, the Brenntag regions and countries have adopted numerous measures and launched initiatives to raise awareness among employees on the safe use of stairs and the dangers of falling and tripping on stairs, as avoidable accidents repeatedly occur in this area. In North America, for example, special training was provided, and in Latin America, the stairs at all sites were fitted with anti-slip surfaces. In Asia Pacific, signs asking people to use the handrail were mounted on a gradual basis in offices and warehouses, and in Europe, innovative initiatives, such as a 3D design in front of the company headquarters, were used to attract people's attention (page 38).
- / **Brenntag Asia Pacific** has continuously promoted its HSE performance for ensuring that the organization is able to reach the targets of zero accident and sustainable development. Consequently, HSE is an important part in the integration process for mergers and acquisitions. In 2017, the employees of a newly acquired site in South Korea received appropriate safety training relating to Brenntag's product stewardship, fire prevention, first aid and cardiopulmonary resuscitation.
- / For many years, **Brenntag EMEA** has granted the Safety First Award to sites that performed particularly well with regard to safety in the financial year under review. The awarding process has been revised and now focuses more on the development and implementation of initiatives and programmes which foster a

**TAKE A LOOK:** Some innovative initiatives that were part of the global “Hold the Handrail” campaign, such as a 3D design in front of the company headquarters, generated a great deal of attention.



strong safety culture in line with the BEST behaviour standards. In the year under review, the Gold Award went to the Andance site in France for its particular commitment to implement safe behaviour in everyday activities.

- / Individual **Brenntag locations and companies** frequently dedicate an entire day to the issue of safety. In January and February 2017, Brenntag France’s Safety Day was held for the seventh time in Paris and Lyon and featured presentations, workshops and exercises on the issue of safety culture and best practice within the company. The **CASA Day** took place at all Brenntag Latin America locations in April 2017 and included a diverse range of activities, workshops, games and exercises, with customers, suppliers and service providers also involved in addition to the families of employees.

The effectiveness of the various measures is reflected in the **successes** celebrated by Brenntag in 2017:

- / At 33 of the 48 Brenntag sites in Europe with more than 40 employees, not a single lost time injury (LTI) was recorded in the year under review. Special successes were celebrated in February 2017 by the Rotterdam site with 65 employees and in August 2017 by the Munich site with 49 employees, both of which recorded five years without a lost time injury. In June 2017, Brenntag’s

Polish sites in Zgierz and Jankowice, which have a combined total of 170 employees, celebrated five and an impressive ten years of being LTI-free.

- / In Latin America, a number of sites reached significant safety milestones in the course of the year. The Ambato site, e.g., in Ecuador celebrated 10,000 days without an accident-related work absence, the warehouse in Santo Tomás de Castilla, Guatemala, and Brenntag Bolivia both 6,000 days and Brenntag Ecuador in Machala 5,000 days.
- / Special recognition goes to the Querétaro site of Brenntag Mexico and the Marine Terminal in Puerto Cortés, Honduras. In 2017, both Latin American locations have celebrated the exceptional achievement of 10 years without accident-related work absences.



**CASA** is the name of the HSE programme at Brenntag Latin America and stands for quality (CALIDAD), safety and health (SEGURIDAD & SALUD) and the environment (MEDIO AMBIENTE).

## ENVIRONMENTAL PROTECTION

# USING RESOURCES WISELY

Protecting the environment has always been of importance to Brenntag. As part of our business activities, we consume water, electricity and different types of fuel, while producing waste, waste water and various emissions. Moreover, as a chemical distributor we deal with products that could damage the environment if not handled with the necessary care. All around the world we aim to protect resources and use them optimally, and to minimize the impact that our business activities have on the soil, water and air. At the same time, Brenntag supports its customers with sustainable solutions and helps to preserve the environment with ecologically efficient products, processes and services.

When it comes to protecting the environment and climate, Brenntag also acts in accordance with the “Safety First” principle and has incorporated the fundamental aspects of its activities into its global [HSE strategy](#). Brenntag’s sites around the world implement numerous environmental protection and efficiency measures in the context of local and regional outline conditions and legislative requirements, tailored to their individual activities. These internal measures focus on energy and water consumption, the protection of soil, water and air, waste reduction, and transport and fleet management.

## ENERGY

We calculate our consumption of resources on the basis of the data which we collect through our HSE programmes. In 2015, Brenntag implemented Group-wide energy reporting in order to make its own energy consumption and associated CO<sub>2</sub> emissions more transparent. Since 2016, we have reported consolidated data for the Group. Sites’ energy consumption data are collected quarterly and are compiled and evaluated centrally by Brenntag’s sustainability coordinator. This data enables us to identify energy-saving potential. Our target is to reduce the Scope 1 and 2 CO<sub>2</sub> emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016. In the reporting year, we came one major step closer to achieving this goal. The Group managed to reduce its CO<sub>2</sub> emissions (per thousand warehouse tonnes of goods sold) by around 2.5% compared to the previous year. Almost all regions contributed to this reduction, but it was Brenntag North America, the Group’s largest energy consumer, that achieved the highest results.

NFB

NFB



For Brenntag’s [HSE STRATEGY](#) and organization, please see the [Safety chapter](#) on page 30.



**“GREEN” HEADQUARTERS:** The House of Elements, Brenntag’s new headquarters in Essen, Germany, was awarded the LEED Gold Certificate, which attests to sustainable building. Some of the aspects considered are energy and resource efficiency, indoor temperature, the emission of pollutants and accessibility using public transport.

NFB

ENERGY CONSUMPTION BRENNTAG GROUP<sup>1)</sup>

	2017 <sup>2)</sup>		2016 <sup>3)</sup>	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
Electricity (in MWh)	151,207	16.4	145,886	16.5
Gas (in MWh)	155,544	16.6	162,801	18.4
Diesel (in 1,000 litres)	36,787	4.0	35,723	4.0
Petrol (in 1,000 litres)	7,001	0.8	6,756	0.8
Other <sup>4)</sup> (in 1,000 litres)	4,175	0.5	4,106	0.5

CO<sub>2</sub> EMISSIONS<sup>5)</sup> BRENNTAG GROUP<sup>1)</sup>

	2017 <sup>2)</sup>			2016 <sup>3)</sup>		
	Scope 1	Scope 2	Scope 1 + 2	Scope 1	Scope 2	Scope 1 + 2
Total (in tonnes)	150,472	66,085	216,557	148,851	63,755	212,606
Electricity	–	66,085	–	–	63,755	–
Gas	28,068	–	–	29,955	–	–
Diesel	97,670	–	–	94,845	–	–
Petrol	16,040	–	–	15,478	–	–
Other <sup>4)</sup>	8,694	–	–	8,573	–	–
Per 1,000 warehouse tonnes of goods sold (in tonnes)	16.3	7.2	23.5	16.9	7.2	24.1
Electricity	–	7.2	–	–	7.2	–
Gas	3.0	–	–	3.4	–	–
Diesel	10.6	–	–	10.7	–	–
Petrol	1.7	–	–	1.8	–	–
Other <sup>4)</sup>	0.9	–	–	1.0	–	–

1) This data does not include the following operating units: Brenntag International Chemicals, J.A.M Group, Berlin Windward Group and all units in Africa and the Middle East.

2) Only the values for 2017 quoted in the key figures are part of the NFB.

3) Following the ongoing improvement of the Group-wide energy reporting, the energy consumption rates reported for 2016 were again revised and adjusted.

4) Gas oil, kerosene, propane gas

5) CO<sub>2</sub> emissions are calculated for electricity on the basis of the respective country-specific factors, in accordance with the Green House Gas Protocol Factors (2012), and for all other energy types on the basis of the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2016).



In the year under review, the Philadelphia, Pennsylvania, site of **Brenntag Specialties in the USA** was awarded an Energy Star environmental certificate from the USA's Environmental Protection Agency (EPA). This successful certification is mainly attributable to the completion of two comprehensive efficiency measures which have been gradually implemented at the site's warehouse since 2013. First of all, energy-saving fluorescent lighting with motion sensor activation was introduced. Subsequently, in 2016 a modern boiler system for the site's heated areas and storage tanks was installed which considerably reduced energy consumption thanks to its high level of efficiency. These measures have reduced greenhouse gas emissions by almost 28% on 2012 levels and resulted in an improvement in the company's Energy Star rating from 66 to 83 points in July 2017. An on-site audit performed by an independent auditor finally confirmed that the site had qualified for this certificate.

After an energy audit at its Trezzano site at the end of 2015, **Brenntag Italy** began to implement various measures with the goal of reducing energy consumption and improving its energy management. In the year under review, it focused on investments in its vehicle fleet: five diesel trucks were replaced with new hybrid vehicles, delivering fuel savings of around 10%. Its fleet of electric forklift trucks now includes a total of 14 vehicles with energy recovery systems. Energy consumption has thus been reduced by 7% on average. In 2018, internal and external lighting will be assessed for potential savings.

A total of ten company cars were replaced at **Brenntag Taiwan** in the 2017 financial year. This changeover to a petrol-saving model has reduced fuel consumption by more than 1,300 litres and CO<sub>2</sub> emissions by the equivalent of 3.1 tonnes.

## TRANSPORT/FLEET MANAGEMENT

As a distributor, Brenntag maintains its own fleet of vehicles. To keep fuel consumption and harmful emissions to a minimum, structured transport logistics are used at our sites to avoid unnecessary trips and to make the trips taken by our vehicles as efficient as possible. In regular training courses, Brenntag drivers receive instruction on matters such as fuel-conscious driving.

Many Brenntag companies use telematics systems in order to optimize the use of their vehicle fleets. They record vehicle and trip-related data such as fuel consumption, speed and driving duration. These on-board units directly facilitate safe and eco-efficient driving, for example by providing visual and acoustic warning signals for the driver or by displaying vehicle speed, braking behaviour and engine idling.



PRACTICAL  
EXAMPLE

At two of Brenntag's sites in **China**, a transport model is used which operates like a "shuttle bus". For each site, a route has been identified (45 and 100 kilometres in length) which makes it possible to serve most of the customers who receive daily deliveries through a single trip, without the need to return to the site. At the two sites together, this routing has delivered fuel savings of around 72,000 litres per year.

## WATER

Brenntag uses water in its business operations, for example to produce solutions, to clean pipe systems and to cool or heat chemicals and tank facilities. Water consumption varies widely at Brenntag's sites and is subject to fluctuations, as it is largely dependent on the nature and scope of the products handled and services provided. In addition, water is needed to operate the buildings and plants, for example in the sanitary facilities or to clean surfaces.

Brenntag obtains around 90% of its water from the public water supply network. Water consumption is currently not recorded or consolidated on a Group-wide basis.



PRACTICAL  
EXAMPLES

**Brenntag Latin America** regularly measures the water consumption at all of its sites as part of its extensive CASA programme (see graph on page 42). This data enables the region to document, analyze and manage the volume and type of consumption over time and to implement various efficiency measures. There are several reasons for the fluctuations in consumption over time. Changes in the acquisitions and

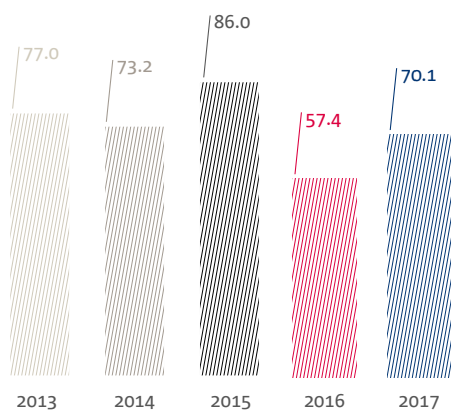
headcounts increase or reduce water needs. In addition, water-intensive processes, such as hydrostatic testing of new tanks or test operations on fire protection systems, also occur at irregular intervals. Total water consumption in the reporting period increased by around 22% compared to the previous year. One reason for this was the temporarily uncontrolled release of water due to a defective water softening system at one of Brenntag's sites in Chile. This water spillage was only completely stopped over the course of the year, following substantial repairs and extended maintenance work. Apart from this individual incident, the measures implemented in the region are paying off. The gradual improvement in reporting is helping to reduce water consumption – according to the HSE managers, employees are increasingly aware of the importance of efficient use of resources. Brenntag Latin America expects to be able to report a reduction in consumption for 2018.

In order to raise further awareness of the importance of careful use of natural resources and to achieve a lasting change in behaviour, in the year under review **Brenntag Colombia** launched an internal communication campaign. With the slogan "I can contribute", employees were asked to develop creative ideas, either on their own or in groups, on how to reduce consumption of water, electricity, paper and other materials in their daily working environment. Anyone interested was able to present their idea in a short video and thus motivate others to join in. An annual comparison of consumption levels and the related expenditure directly demonstrates the success of this campaign. Among other savings, the implemented ideas helped to reduce total water consumption in 2017 at all five of Brenntag's Colombia sites by around 9,800 m<sup>3</sup> on the previous year.

**BRENTTAG LATIN AMERICA: WATER CONSUMPTION**

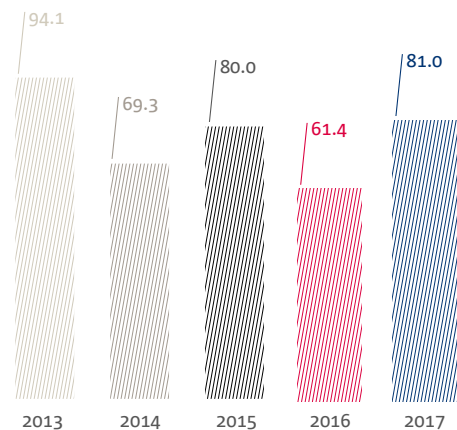
**TOTAL**

(IN MILLIONS OF LITRES)



**PER WAREHOUSE TONNE OF GOOD SOLD**

(IN LITRES)



See the **HSE STRATEGY AND MANAGEMENT** and Product Responsibility and Safety sections of the Safety chapter (pages 30 and 34).

**PROTECTION OF SOIL, WATER AND AIR**

We work continuously on minimizing the environmental impacts of our business activities on the soil, water and air. Our HSE strategy and various measures such as investments in the infrastructure, optimized work procedures and employee qualifications are implemented with a view to identifying environmental risks early on and to avoid environmentally related incidents. Brenntag's sites in all of its regions comply with the applicable rules and regulations relating to the protection of the environment as well as our Group's stringent internal environmental and safety standards.

With many of Brenntag's sites having been used industrially for decades, including those purchased through acquisitions, there is historical soil and groundwater contamination at the sites, which we are combatting with appropriate remediation measures. The soil and groundwater situation at all of the sites are reviewed and recorded annually in cooperation with external partners, and the necessary remediation measures will be derived and implemented. Whenever new buildings or plants are constructed or necessary modernization and renovation work is undertaken, environmental protection issues are considered and reflected both in terms of the construction approach and plant engineering.

All of Brenntag's sites implement suitable environmental protection measures that vary in their form and extent, depending on the work performed at the site, the legal requirements in the country and the site's construction history. Basic measures include multilayer soil protection in warehousing

areas, double-walled tanks and collection tanks, closed water cycles, multistage water purification and treatment processes, and modern air and exhaust air purification systems.

In the rare event that chemicals are released during processing, when being filled in or transferred between containers or during transportation, Brenntag takes the appropriate steps to rectify the problem, clean up and dispose of the chemicals as quickly as possible. Such spillages are recorded, categorized and evaluated using a standardized system.

**WASTE/RECYCLING**

The Brenntag sites have implemented processes for the handling of waste and also take-back and recycling systems for various types of packaging and containers, each in line with the site's type and volume of business. As part of this, we maintain a close dialogue with manufacturers and with the national umbrella associations of chemical dealers, with the common goal of reducing the volume of waste in the industry and increasing recycling rates.

Brenntag also ensures that unnecessary waste is avoided right from the outset and that the volume of waste is reduced by giving its employees intensive and regular training in the handling, storage and transportation of chemical products.

#### SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS

Brenntag's employees have in-depth expertise in the fields of chemicals, components, procedures, processes and application technologies. They are experts on the industries of individual customers, cooperate closely with the manufacturers and are familiar with applicable safety and quality regulations. Our technicians who work in numerous application industries assist our customers in developing tailored formulations and advise them on ways to optimize the use and handling of the products.

Brenntag also endeavours to continuously add new products to its portfolio which increase efficiency, reduce consumption or decrease environmental impact when applied, thereby providing sustainable alternatives to conventional products. In this regard, our goal is to set up pilot projects with ten selected key suppliers by 2020 and in doing so become the preferred distributor for sustainable solutions.

Brenntag's expertise and portfolio thus help improve the level of efficiency within the supply chain and support its customers' optimized use of resources and improved productivity.



Surface engineering and finishing is a relevant topic in many sectors, such as the automotive, aviation and aerospace industries where properties such as corrosion protection, paint adhesion and wear resistance are key. Surface engineering is also important in the housing industry for the finishing of household appliances, faucets or televisions. These are chemically highly intensive processes which are therefore subject to a large number of environmental restrictions. This includes the impact on water, waste water and sludge.

As an expert in the field of water treatment, **Brenntag Mid-South in the USA** supports its customers in this industry with a special product portfolio as well as providing technical services. For instance, the company has assembled a technical service team to assist a growing customer base in the environmentally-friendly disposal of residues from treatment processes. For this purpose, this team has developed various specialty chemical products, including coagulants, flocculants, dispersants and heavy metal precipitants. In various ways, they all help to improve the cleaning and disposal of contaminated process water.

For some years now, **Brenntag in Europe** has been handling the production, sales and marketing of Cloriox2. This patented, ready-to-use chlorine dioxide solution efficiently and sustainably controls microbial contamination in a wide array of water-based industrial processes. Cloriox2 has a favourable environmental footprint as its usage does not result in the formation of harmful by-products like chlorinated organic compounds ("green chemistry"). It offers many industries unprecedented options for environmentally-friendly water treatment. In the year under review, Brenntag reported marketing success in the food & beverages and corrugated board industries: Brenntag GmbH is supplying Cloriox2 to a well-known German wine and champagne producer for treating the drinking water

#### SMART SOLUTION:

The "liquid pool cover" Heatsavr™, distributed by Brenntag UK & Ireland, was awarded the Waterwise Efficiency Product Award. Heatsavr™ is a biologically decomposable fluid which forms a protective layer on the surface of swimming pools and thus slows evaporation.



**EXPERTISE:** All over the world, Brenntag serves customers in the field of water treatment with an extensive product portfolio as well as providing technical support. Our experts develop tailored formulations in special application laboratories. Facilities which opened in the year under review included a new water treatment application laboratory in Poland. For example, the laboratory examines wastewater or sludge and selects appropriate treatment technology based on the products offered by Brenntag.



that it uses. Brenntag UK & Ireland are offering this product to leading corrugated board companies as a concept to improve process hygiene and to enable the industry to reuse wastewater, thereby assisting them to meet zero discharge targets.

In March 2017, the “liquid pool cover” Heatsavr™ distributed by **Brenntag UK & Ireland** was awarded the Water Efficiency Product Award in the “Industrial & Business Use” category. With this award, the independent British organization Waterwise recognizes designers and businesses which are making intensive efforts in the development and marketing of water-saving products and services. Heatsavr™ is a biologically decomposable fluid which forms a protective layer on the surface of swimming pools and thus slows evaporation. This means that less water top-up is required and less energy for heating. It also brings down the costs for dealing with humidity and air heat in indoor pools. For instance, one swimming pool operator has been able to save more than 1,000 cubic metres of water per year by using Heatsavr™. Brenntag is now supplying this product to a large number of public swimming pools, schools, universities and hotels throughout the UK and is also exclusively distributing it in many other European countries.

In the year under review, the global RSPO membership of **Brenntag Holding GmbH** was approved on behalf of all Brenntag subsidiaries that trade palm oil products. At the end of 2017, the group membership included some 40 Brenntag companies worldwide. The non-profit organization Roundtable on Sustainable Palm Oil (RSPO) is committed to sustainable palm oil production and certifies producers and dealers of palm oil and palm oil products which comply with certain environmental protection and social standards, including conservation of the rainforests and the protection

of indigenous peoples. Through the enhanced coordination on a global level, Brenntag paves the way for integrating sustainably produced palm oil products in the supply chain.

Brenntag also offers sustainably produced products in a further area: in April 2017, **Brenntag Polska** successfully completed the certification process for trading of UTZ-certified cocoa and chocolate products. This certification covers the entire supply chain, from the producer and the initial purchaser to the manufacturer of the end product. Brenntag customers can thus trust in the fact that the certified products purchased at Brenntag – such as cocoa powder, cocoa butter and paste and various chocolates – are not only of the highest quality but have also been produced with respect to the needs of people and the environment. As well as Brenntag Polska, our companies in Croatia and Lithuania are also UTZ-certified.





## SUPPLY CHAIN RESPONSIBILITY

# ACHIEVING MORE TOGETHER

Safety and quality are key factors for success in the chemical industry. They can only be ensured through the close cooperation of all parties along the supply and value chain.

As the global market leader in chemical distribution, Brenntag serves as an important link between the manufacturers of chemical products and the companies that process these products. We maintain a close and ongoing dialogue with our suppliers and customers through our regional and global procurement and distribution organizations as well as our HSE structures. The majority of these business relationships and partnerships go back many years.

Brenntag has set itself the goal of monitoring its own supply chain more closely with regard to the various sustainability aspects and gradually making it more sustainable. Among our sustainability targets for 2020, we aim to analyze 50% of our total chemical spend (in EUR) with sustainability assessments or audits as part of our membership of the "Together for Sustainability" initiative.

## SUPPLIER MANAGEMENT

Brenntag's purchasing organizations have over 1,000 employees globally, including local and regional purchasing teams, specialists in sourcing chemical products from Asia, and product managers for specific chemicals and customer industries. These employees are in contact with several thousand suppliers worldwide. As a trading company, business relationships with suppliers have a direct influence on the product portfolio and are therefore a key differentiation point for distributors. These relationships are often more accurately described as sales partnerships rather than conventional purchasing relationships. For this reason, Brenntag maintains regular, close communication with its suppliers. At various levels throughout the Group, there are standardized processes in place for relationship management with suppliers. Supplier relationships are a management issue at all levels of our company and a key element of strategic decision-making.

In selecting new suppliers and evaluating existing supplier relationships, both economic and quality criteria and issues of environmental protection and safety, labour and social standards as well as compliance and governance are relevant for Brenntag.

A project team has taken charge of advancing the issue of sustainable procurement within our international corporate structures. The team consists of a steering committee comprising employees with strategic and operational experience, Brenntag's sustainability coordinator and representatives from the four Brenntag regions and from the Brenntag Global Sourcing Organization. The sustainability coordinator regularly reports on this issue to Brenntag AG's Board of Management.

**SUPPLIER CODE OF CONDUCT:** Brenntag has drawn up a code of conduct specifying what we expect of our suppliers in the areas mentioned. The code is based on the principles of the United Nations Global Compact, the chemical industry's global Responsible Care programme and Brenntag's Code of Business Conduct and Ethics. It can be found on the company's website and is therefore available to all suppliers. In order to verify compliance with the code of conduct, we invite selected suppliers to undergo a sustainability assessment or audit.

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**SUSTAINABILITY ASSESSMENTS FOR SUPPLIERS:** Within the scope of its membership of the “Together for Sustainability” (TfS) industry initiative, Brenntag requires a certain number of its suppliers to undergo sustainability assessments every year. We thereby achieve greater transparency in relation to our suppliers’ sustainability performance and are able to better consider sustainability issues in our purchasing decisions.



We work together here with EcoVadis, which is a leading provider of sustainability assessments and well established in the chemical industry. EcoVadis evaluates companies in terms of four categories: environmental protection, labour practices, fair business practices and sustainable procurement. On the basis of the responses provided in a comprehensive online questionnaire and on the accompanying documentation, EcoVadis awards scoring points and produces a detailed profile of strengths and weaknesses. Brenntag reviews the findings and, based on its suppliers’ performance, requires them to make improvements or to undergo a supplementary audit.

168 suppliers completed the assessment programme between its launch in 2015 and the end of 2017. In eight cases, a so-called “Corrective Action Plan” was initiated based on the findings of the assessment. The suppliers now have to provide further information on the relevant points and/or implement remedial measures within a certain period of time. Two of the suppliers were found to have already improved their sustainability performance following a re-assessment.

By obtaining full membership of the TfS initiative, Brenntag also gained access to the results of all the assessments performed by other TfS member companies on their suppliers. Together with these assessments performed by other TfS member companies on Brenntag’s suppliers, Brenntag was able to analyze around 64% of its chemical spend with regard to sustainability criteria by the end of 2017. This means that we have already achieved our target of 50% by 2020. Brenntag will set a new target in the area of sustainable procurement during 2018.

Since 2015, around 150 Brenntag purchasing staff have also undergone training covering the assessment procedure and thereby also sustainability issues, enabling them to assist and to advise their suppliers during the review process.

**BRENNTAG AS A SUPPLIER**

For a number of years now, Brenntag has registered an increasing demand for information on how we deal with sustainability issues – particularly on the part of its customers.

We are regularly asked to document our sustainability performance. We are pleased to respond to these needs by making our principles and activities transparent and measurable in various ways. As well as our annual sustainability report, this also includes our own regular EcoVadis assessment as well as issue-specific audits at our locations.

**ECOVADIS SCORE:** In its most recent EcoVadis assessment in October 2016, the Brenntag Group achieved a score of 66 points, thereby improving to gold status (Gold Recognition Level). This result ranks us among the top companies in our industry as well as among the top suppliers assessed overall by EcoVadis across all industry categories. As specified in our sustainability targets (see page 7), we will endeavour to maintain our gold status and our score. A new assessment is planned for 2018.

**SAFETY DATA SHEETS:** As a distributor, Brenntag plays a major role in safeguarding the seamless flow of information along the supply chain and must ensure complete product documentation. Together with every product sold, Brenntag therefore sends its customers safety data sheets that contain specific and detailed information on the appropriate and safe handling of the chemical in question. We thereby make a very concrete contribution to greater transparency and safety in the supply chain. In 2017, Brenntag EMEA alone sent a good 450,000 safety data sheets to customers.

**SUPPLY CHAIN SAFETY:** As a conscientious participant in the value chain, Brenntag does all that it can to promote increased safety for all parties involved. For this reason, we regularly incorporate our customers and suppliers into our safety culture.

See the “TOGETHER FOR SUSTAINABILITY” section of this chapter on page 48.

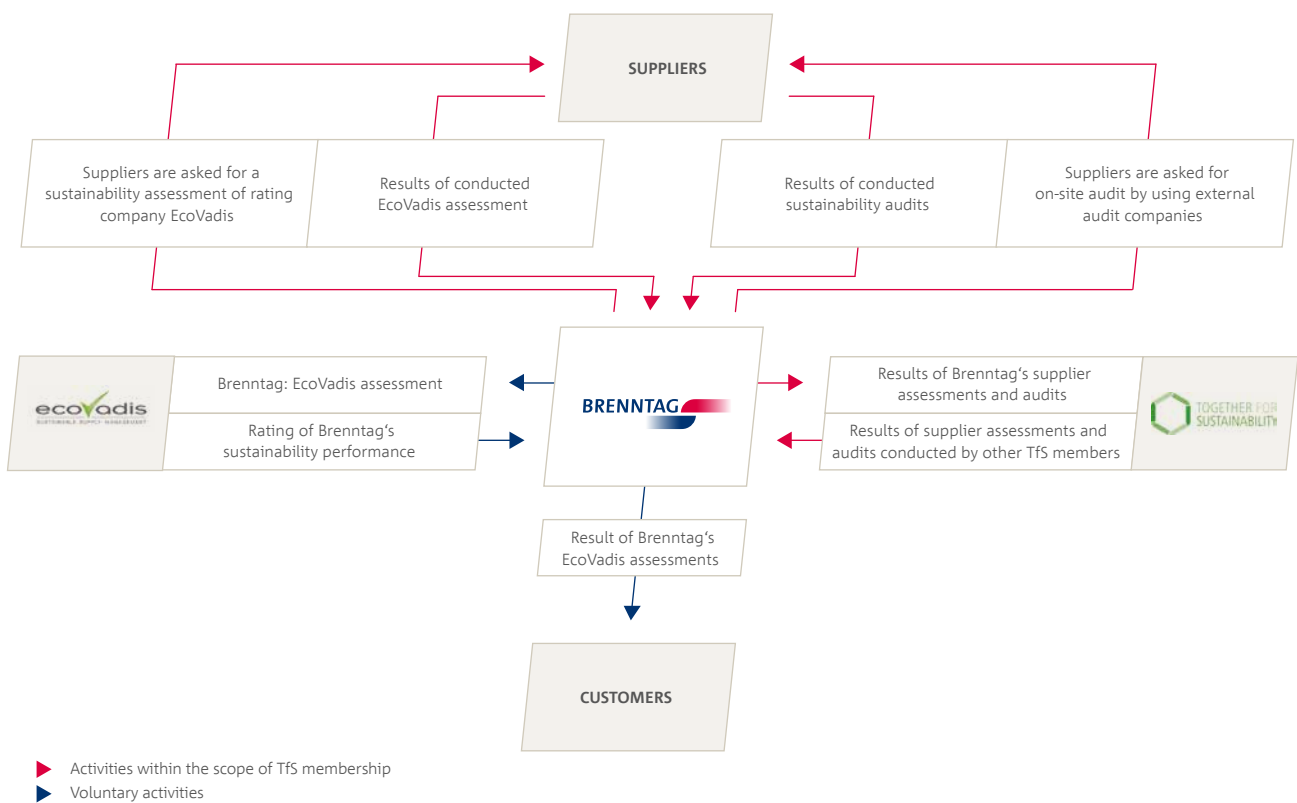
**✓ PRACTICAL EXAMPLES**

- / In November 2017, **Brenntag UK & Ireland** hosted its first ever Safety Day. Joined by customers, suppliers and key experts in the supply chain, Brenntag set the scene for the pertinent topics of the day. Followed by a number of interactive workshops and presentations, the day covered a diverse range of scenarios, examples and initiatives on safety issues in chemical distribution and the wider environment. Best practices were highlighted, the benefits of partnership programmes and industry voluntary initiatives were also discussed.
- / **Brenntag Thailand** provided trainings to its customers related to the safe handling of hazardous chemicals – e.g. ammonia – and emergency situations. This does not only help to prevent accidents that may happen at customers’ premises, but supports to maintain good relationship with our customers.
- / At **Brenntag in Singapore**, the managers from commercial, logistics and HSE functions work together to ensure that defined products are delivered and unloaded safely to customers’ storage areas and tanks. They conduct risk assessments at customers’ premises prior to the first

delivery and perform pre-unloading safety checks for ensuring that every filling device, connection, and relevant equipment is in good condition before unloading products. Any deficits or identified risks are addressed with the customer.

- / An initiative in place at **Brenntag Mid-South** in Atlanta, Georgia, focuses on safety issues outside the workplace. Once every quarter, the site’s customers receive a newsletter on safety-related issues that are specifically not work or business-related but rather are concerned with personal safety. These include e.g. a home fire escape plan or information on defensive driving. The customers have responded very positively to this unusual and interesting form of communication.

**SUSTAINABLE PROCUREMENT AT BRENNTAG**





[www.tfs-initiative.com](http://www.tfs-initiative.com)

#### NFB **TOGETHER FOR SUSTAINABILITY**

Brenntag has been involved in the chemical industry's "Together for Sustainability" initiative (TfS) since October 2014 and became a full member in October 2016 when it achieved an EcoVadis score of over 60 points – the first and, to date, only chemical distributor to do so.

TfS was established in 2011 and now has 20 members. Its goal is to establish a uniform global programme for the responsible procurement of goods and services in the chemical industry, to achieve transparency in relation to sustainability performance throughout the supply chain and to make further improvements to its suppliers' ecological and social standards. For this purpose, all TfS members regularly evaluate and review their suppliers by means of a standardized process. This information is shared confidentially and used jointly within the network, which provides efficiency benefits for every participant.

As a full member, Brenntag has a seat and voting rights at the general assembly, the top decision-making body of TfS. In addition, Brenntag employees in Europe, Asia and the USA are involved in working groups. Together with representatives of the other TfS members, they are working, for example, to further develop the audit programme, to increase awareness of the initiative and its objectives at events in the industry and to convince other suppliers of the added value created by the voluntary sustainability assessments and audits. Our involvement with TfS provides us with an opportunity not just to advance the issue of sustainability within the chemical industry's supply chain but also to learn from the best-practice experiences of the other members and to further professionalize our sustainability approach in the area of supplier management.

#### **EXTERNAL TRADE RESTRICTIONS: DUE DILIGENCE PROCESS AT BRENNTAG**

As the global market leader in chemical distribution, Brenntag must adhere to all applicable foreign trade and customs laws and regulations in the countries where we operate. As such, our Code of Business Conduct and Ethics stipulates that our employees must observe all applicable restrictions on local and international foreign trade, e.g. restrictions on the importation and exportation of certain goods, services and technologies into or out of countries that are subject to sanctions or embargoes. The same applies to supplies to or from companies or persons that appear on sanction lists. Furthermore, Brenntag employees must adhere to applicable trade restrictions resulting from international embargoes that typically restrict or prohibit funds transfers or capital transfers to or from certain countries.

Brenntag also fulfils this obligation by using an automated, IT-based screening solution. This involves the use of special software to regularly check our customers and suppliers against the sanction lists of the United Nations, the European Union, the USA and various other countries where Brenntag operates. If there are grounds for suspicion, an examination is conducted and, if necessary, delivery does not occur and further measures are taken in coordination with the authorities.

## EMPLOYEES

# SHAPING THE FUTURE TOGETHER

More than 15,000 people work at Brenntag worldwide. With their expertise and their dedication, they play a key role in the company's success and our long-term competitiveness. The primary goal of our human resources strategy is for us to be regarded globally as the preferred employer in the field of chemical distribution – both for current and potential employees – and this objective is embedded in our corporate strategy as well as [Brenntag's vision](#). We see it as part of our responsibility to offer good working conditions and a modern working environment and to encourage our employees' personal and professional development in a targeted manner.

## HUMAN RESOURCES STRATEGY AND MANAGEMENT

Skilled and motivated employees play a key role in Brenntag's global success. A globally uniform HR strategy has been developed and the priorities for the coming years have been determined on the basis of our corporate strategy and our corporate values. A key aspect of our HR strategy is to promote employee retention and HR development at every level.

The Global Human Resources Director is responsible for Brenntag's Global Human Resources area. Together with the Global HR Leadership Team, which includes the HR officers for Global Leadership & Development, Global Compensation & Benefits and the Brenntag's regions, the Global Human Resources Director seeks to ensure compliance with our global HR strategy and to put in place and centrally manage measures to ensure its implementation in the Group's various regions. The Global HR Director reports directly to the CEO and also regularly pursues discussions and dialogues with the entire Board of Management of Brenntag AG, through Board of Management meetings and executive committees such as the Executive Staffing & Development Committee.

The Global HR area has initiated and implemented various HR concepts in recent years. We are currently introducing a global HR information and management system for the implementation and guidance of our globally uniform HR processes and measures. The requirements for this IT system were specified in the year under review, and a software provider

was selected. The goal is to provide this system to all Brenntag's HR areas by the end of 2019 and to include all employees and line managers in HR processes through self-service modules.

## EMPLOYEE RECRUITMENT AND SUPPORT

In line with the Group's global HR strategy, the local HR departments in the various regions implement the programmes and measures in the areas of employee recruitment and support directly at the Group's locations.

**ONBOARDING:** With the "onboarding" programme, in 2016 a globally uniform minimum standard was defined to ensure that newly hired employees and employees changing jobs within Brenntag quickly find their way within our company and are successfully integrated into their new environment. The tools and processes provided here offer the Brenntag companies the opportunity to take into consideration regional and country-specific features and practices within the scope of the process and have met with a very positive response from all those involved.

## EMPLOYEE DEVELOPMENT

The Global HR Leadership & Development Team aims to develop and implement suitable human resources development concepts on the basis of our global learning and development strategy. The team reports directly to the Global HR Director. Brenntag's human resources development strategy

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For information on our **CORPORATE VISION**, please see page 44 of Brenntag's 2017 Annual Report.



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**EMPLOYEE FLUCTUATION** indicators can be found on page 56.

**NFB** includes measures for all groups of employees to ensure that our employees receive appropriate training and that crucial positions are filled at Brenntag in a timely manner and in line with requirements.

Monitoring the level of **employee fluctuation** on the basis of employee termination serves as a key indicator for us. This key figure is centrally determined every quarter for each Brenntag company and reported to the Group's HR management. Due to regional and country-specific variations, the figures are analyzed at local level. In the event of atypical deviations, the causes are identified, and suitable measures are considered as needed.

At a global level, in the 2017 financial year various measures were initiated and implemented in relation to the following issues: employee performance management, employee development, identification and development of potential, and succession planning. These measures are outlined in the following sections.

**EMPLOYEE PERFORMANCE MANAGEMENT:** Annual feedback dialogues are an instrument which is used to ensure long-term employee retention at our company. In all Brenntag companies, the dialogue between employees and their line managers promotes a feedback culture whilst also encouraging a change and performance culture. In 2017, these "People Performance Dialogues" were held within the scope of a globally uniform process for the first time. These meetings consider employees' performance and discuss their goals and personal expectations as well as individual development measures.

**IDENTIFICATION OF POTENTIAL AND SUCCESSION PLANNING:** In order to foster internal careers and to ensure the emergence of a new generation of Brenntag managers and experts, in the year under review a global concept for identifying potential was introduced with the goal of identifying, as early as possible, particularly high-performing internal candidates with a high level of development potential who fulfil the defined global criteria. For this target group, a special development programme has been established at a global level for the ongoing development of their personal abilities and in order to prepare them for the next stage of their career through targeted development measures. This programme also offers employees from various regions an excellent opportunity to discuss their thoughts and ideas and to develop a network throughout the company. From 2018 onwards, around 60 junior staff are expected to complete this new programme every year.

**NFB** Succession planning and structured, proactive HR development are also on the list of priorities for our HR strategy and are closely associated with the identification of potential. For this purpose, management and HR officers regularly hold meetings which have a globally uniform structure (what we call "People Reviews") to discuss possible succession scenarios and concepts in order to prepare candidates for their future roles.

Due to its high level of significance, the Global HR Director regularly discusses succession planning for global executive management with the Board of Management. In the year under review, these "People Reviews" were introduced for further organizational levels in the Group's various regions. They will be expanded in 2018.

**PROGRAMMES AND TRAINING:** In line with the Group's global concept, Brenntag-specific skills and expertise are taught through a globally uniform approach. Under the umbrella of the "Brenntag Academy", target group-specific and individual programmes and training are offered and, depending on the nature of this programme or training, are provided either in conventional events attended in person or through online training events. Regional and local HR development programmes and measures are also included.

At Group level and in Brenntag's regions, programmes are in place to meet the specific needs of our managers and junior staff, in order to prepare them for their responsibility as managers or experts and to support them in their role. As well as providing and enhancing management skills, in these development programmes Brenntag aims to encourage the systematic sharing and transfer of knowledge.



Our global executive management programme “Brenntag Organic Sustainable Strategies” (BOSS), for instance, is intended for our company’s experienced key players and is precisely attuned to Brenntag’s growth strategy. This programme is run in partnership with INSEAD, one of the world’s largest and most prestigious graduate business schools. Since its inception in 2012, around 100 employees from all Brenntag regions have participated in this programme. More than a third of its participants have now reached the next stages of their careers at Brenntag.

✓ PRACTICAL EXAMPLES

**Brenntag North America’s** “Catalyst Leadership Course”, which was launched in March 2017, is an example of a regional training programme. It is designed for the region’s earlier career leaders and is intended to encourage their personal and professional development in a practical way, while enabling them to manage employees in line with Brenntag’s corporate values. In the year under review, ten courses took place with a total of approximately 200 participants.

The mentoring programme which the **Brenntag Specialties** and **Brenntag Solutions Group** established in North America in 2014 is intended for junior managers as well as career entrants. Once a month, these employees have a discussion with their mentor – who is not their line manager – either in person or over the telephone, on the topics of sales, customer service, accounting, purchasing and marketing, and receive advice on their daily work as well as their career development. In 2017, this programme comprised 29 mentee-mentor pairs.

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**Brenntag UK & Ireland** has introduced a new training programme in the form of the “Brenntag Pathway Scheme” which aims to prepare promising junior commercial staff for the next stage of their career. The programme provides extensive support for the participants through regular mentoring sessions with experienced senior managers, as well as specialized formal supply and purchasing training by external experts to further develop and enhance their professional skills. The participants also benefit from the opportunity to communicate extensively with other employees in similar fields within the company through attending formal training and development programmes, and undergoing secondments to other operational sites.

In many countries, trainee programmes enable university graduates to combine their theoretical knowledge with practical experience while gaining an insight into our company’s many different divisions. In Germany, to date more than 30 career entrants have completed our specialized trainee programmes for management and specialist careers.

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Due to the various regional and local requirements of the working environment as well as cultural differences, Brenntag largely takes charge of and manages individual further training and development measures on a decentralized basis. Our employees receive training in accordance with their duties in the company and their personal development needs. The training measures, which take the form of face-to-face events, courses and workshops as well as online seminars, cover technical topics – including sales, logistics, chemistry, environmental protection and quality management – as well as personal development measures such as intercultural training, negotiating skills, presentation techniques and conflict management. In every Brenntag region, **occupational safety** is a core issue for training, since protecting our employees' health and safety is a top priority for us.

Employee development at Brenntag is supported by the use of a global e-learning management system. This enables us to manage and evaluate our training courses more effectively and helps us to ensure that mandatory and important material such as the global training course on the “**Brenntag Code of Business Conduct and Ethics**” reaches our employees even more effectively.

**APPRENTICESHIP:** Via the dual education and training system in Germany, Austria and Switzerland (DACH region), Brenntag is currently training almost 70 young people to become management assistants in wholesale and foreign trade, logistics management assistants, office managers, laboratory technicians and warehouse staff. Alongside comprehensive apprenticeship and the acquisition of technical skills and expertise, the transfer of our corporate culture and company-specific working processes as well as the personal development of the apprentices are at the forefront of this Brenntag scheme.

Thanks to the wide array of apprenticeships on offer in various commercial and industrial occupational areas, Brenntag trains junior managers and experts in a targeted manner. Once they have successfully completed their apprenticeships, Brenntag offers young key players attractive prospects and challenges.

## EMPLOYEE COMMUNICATION AND INVOLVEMENT

In addition to development prospects, open communication and an opportunity to play a part in shaping the company are important aspects which help to promote employee motivation and loyalty.

Brenntag's employees are regularly kept informed of current issues and company matters through their line managers and also through our internal print and online media. Conversely, our employees are able to discuss issues directly with their line managers or with the personnel managers responsible at any time.

Depending on the country-specific legislation, employees can also contact the persons representing their interests on elected co-determination bodies. Brenntag respects its employees' right to freedom of association and collective bargaining and will not pursue or tolerate any measures which are intended to restrict these rights.

A one-off event was held in April 2017 to promote the continuing integration of Brenntag's DACH region which was newly formed in 2016. This comprises around 1,700 employees at 25 locations in Germany, Austria and Switzerland. Almost 750 DACH employees met up in the arena of the Bundesliga football club FC Schalke 04 in Gelsenkirchen, Germany, for an internal football tournament followed by a party.

The “LINK” internal online portal supports and promotes the flow of information, communication and cooperation between Brenntag employees across different locations. This platform brings together our employees and facilitates the transfer of knowledge while offering an opportunity to share information, experiences and best-practice methods from different areas.



For information on training courses in the area of **OCCUPATIONAL SAFETY**, please also see the Safety chapter on page 35.



For information on **COMPLIANCE TRAINING** at Brenntag, see page 12.



Brenntag also has idea management systems in place at many levels, through which employees can make active contributions. At Brenntag in Germany, for instance, a steadily growing archive of ideas has been emerging for some years now via the “IN4PUT” platform which is accessible to all employees at all times. Any proposals which are put into practice are rewarded with a bonus. In the Philippines, an “ideas box” was introduced in 2017 which is intended to encourage Brenntag employees to submit proposals for improvements.

Moreover, every year the global and regional “Brenntag Awards” are presented to employees who have achieved outstanding success in the areas of sales, safety or professional performance. In addition, employees receive regional or local recognition for their performance and input. In Brenntag’s EMEA region, on a yearly basis, locations which have a particularly high level of achievement in the field of safety receive the “Safety First Award”. This award focuses on the development and implementation of initiatives and programmes which foster a robust safety culture in line with the **BEST** behaviour standards.

#### HEALTH AND WORK-LIFE BALANCE

Brenntag’s identity as an attractive and responsible employer includes promoting the health of our employees and their work-life balance. In all regions, we therefore offer measures which are in line with local social systems, while frequently going beyond national practices and statutory requirements. In countries with inadequate social security arrangements,

for example, supplementary private health insurance and life assurance policies are offered. In many countries, Brenntag also covers part of the cost of preventative measures or medical examinations and pays for vaccinations for its employees and their families, for example. Brenntag also promotes its employees’ physical fitness. For instance, individual companies contribute towards gym memberships or initiate campaigns and events which provide tips on healthy eating and lifestyles. Joint participation in company runs and other sporting competitions are also very popular. Many Brenntag companies help their employees to reconcile work and family life by offering flexible working time models and holiday arrangements as well as other supportive services such as childcare or care for relatives. Regular family days are also held at many Brenntag locations such as the “Kids Day” at Brenntag in India, where employees can show their relatives where they work and provide them with an insight into their job and the company.

For more details of the “BRENNTAG ENHANCED SAFETY THINKING” programme (BEST), see the Safety chapter on page 37.



**ACTIVE TOGETHER:** Joint participation in sporting events and competitions is extremely popular among Brenntag employees around the world. These events are also often paired with some form of charitable engagement.



For information on how Brenntag AG and Brenntag GmbH deal with the statutory requirement of **TARGETS FOR THE PROPORTION OF WOMEN** on the Supervisory Board, Board of Management/management and at the first two management levels, see page 34 f. of Brenntag's 2017 Annual Report.

## DIVERSITY AND EQUAL OPPORTUNITIES

Brenntag employs people from more than 100 different countries. Our employee structure is characterized by a good [balance between women and men](#) and a wide age range. The result of this is a social and cultural diversity which we use constructively. Worldwide, we work in teams which are mixed in line with various criteria, while considering the needs of various generations. The versatility of our employees' heterogeneous skills and experience is a cornerstone of our success.

Guaranteeing equal opportunities is a matter of course for Brenntag, as is counteracting and eliminating any form of discrimination and harassment. The recruitment, remuneration and development of employees solely reflect their qualifications and abilities in relation to their respective duties. For Brenntag, it is a matter of course and of the utmost importance that employees, business partners or third parties do not suffer any discrimination on grounds of their ethnic origin, gender, marital status, age, religion or belief, skin colour, disability or sexual orientation. This is stipulated in our Code of Business Conduct and Ethics. Violations of this code are investigated by our [compliance organization](#) with the necessary rigour and, if a violation is found to have occurred, corresponding action is taken.

In September 2017, Brenntag Química Brasil received the "Social Enterprise Award for Social Inclusion" from NURAP, a Brazilian NGO which is active in the field of vocational training and social work. It grants this award to companies which are committed to developing the potential of young people, social inclusion and encouraging diversity in the world of work, thus contributing to the common good. Among other reasons, Brenntag Brasil received this award for its effort and engagement in providing a structured development programme to young people and take on around 70% of them after they complete their apprenticeships.

## REMUNERATION AND PENSION SCHEMES

Brenntag's remuneration policy is defined by factors such as attractiveness, fairness and competitiveness. Employees' qualifications, experience and level of responsibility are paramount criteria. We offer a competitive remuneration and benefits package. Remuneration may vary in line with local market conditions, regulations and legislation. Our value-based remuneration system provides for fixed and variable salary components for the company's management level. The ratio of fixed to variable pay components depends on a specific manager's influence on the company's success. As an incentive system, the remuneration and agreement on objectives system is based on the Management by Objectives model. The variable remuneration components are closely linked to the company's results as well as personal performance.

There are both defined benefit and defined contribution pension plans for the employees of the Brenntag Group. The pension commitments vary depending on the legal, tax and economic circumstances in the individual countries and the employee's years of service with the company and pay grade. In addition to employer-financed company pension schemes, Brenntag also supports private pension schemes through various options and pension plans. For instance, through a deferred compensation scheme employees are able to forgo payment of specific pay components in favour of an employee-funded company pension commitment.



See **COMPLIANCE INCIDENTS** on page 12.



## EMPLOYEE STRUCTURE

The number of employees indicated are shown on the basis of the Group's headcounts as at the end of the year.

### EMPLOYEES BY REGION AND GENDER

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in %	abs.	in %
<b>EMEA</b>	<b>7,023</b>	<b>45.6</b>	<b>6,888</b>	<b>45.7</b>
Women	2,634	37.5	2,545	36.9
Men	4,389	62.5	4,343	63.1
<b>North America</b>	<b>4,747</b>	<b>30.8</b>	<b>4,631</b>	<b>30.7</b>
Women	1,034	21.8	1,003	21.7
Men	3,713	78.2	3,628	78.3
<b>Latin America</b>	<b>1,453</b>	<b>9.4</b>	<b>1,491</b>	<b>9.9</b>
Women	545	37.5	542	36.4
Men	908	62.5	949	63.6
<b>Asia Pacific</b>	<b>2,043</b>	<b>13.2</b>	<b>1,923</b>	<b>12.8</b>
Women	958	46.9	904	47.0
Men	1,085	53.1	1,019	53.0
<b>Other Segments</b>	<b>150</b>	<b>1.0</b>	<b>139</b>	<b>0.9</b>
Women	73	48.7	75	54.0
Men	77	51.3	64	46.0
<b>Brenntag Group</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>
Women	5,244	34.0	5,069	33.6
Men	10,172	66.0	10,003	66.4

### EMPLOYEES BY AREA OF WORK AND GENDER

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in %	abs.	in %
<b>Sales</b>	<b>5,859</b>	<b>38.0</b>	<b>5,748</b>	<b>38.1</b>
Women	2,897	49.4	2,798	48.7
Men	2,962	50.6	2,950	51.3
<b>Distribution</b>	<b>2,160</b>	<b>14.0</b>	<b>2,152</b>	<b>14.3</b>
Women	210	9.7	208	9.7
Men	1,950	90.3	1,944	90.3
<b>Warehouses</b>	<b>4,647</b>	<b>30.2</b>	<b>4,537</b>	<b>30.1</b>
Women	516	11.1	501	11.0
Men	4,131	88.9	4,036	89.0
<b>Administration</b>	<b>2,750</b>	<b>17.8</b>	<b>2,635</b>	<b>17.5</b>
Women	1,621	58.9	1,562	59.3
Men	1,129	41.1	1,073	40.7
<b>Brenntag Group</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

EMPLOYEE IN MANAGEMENT POSITIONS<sup>3)</sup> BY GENDER

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
Women	58	15.3	67	16.9
Men	320	84.7	330	83.1
<b>Brenntag Group</b>	<b>378</b>	<b>100.0</b>	<b>397</b>	<b>100.0</b>

## EMPLOYEE BY TYPE OF EMPLOYMENT AND GENDER

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
Full-time	14,805	96.0	14,477	96.1
Women	4,812	32.5	4,626	32.0
Men	9,993	67.5	9,851	68.0
Part-time	519	3.4	498	3.3
Women	394	75.9	406	81.5
Men	125	24.1	92	18.5
Apprentices	92	0.6	97	0.6
Women	38	41.3	37	38.1
Men	54	58.7	60	61.9
<b>Brenntag Group</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

## EMPLOYEES BY TYPE OF CONTRACT AND GENDER

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
Permanent contracts	14,367	93.2	13,946	92.5
Women	4,794	33.4	4,641	33.3
Men	9,573	66.6	9,305	66.7
Fixed-term contracts	957	6.2	1,029	6.9
Women	412	43.1	391	38.0
Men	545	56.9	638	62.0
Apprentices	92	0.6	97	0.6
Women	38	41.3	37	38.1
Men	54	58.7	60	61.9
<b>Brenntag Group</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

## NEW EMPLOYEES BY TYPE OF ENTRY

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
New hires	2,346	94.0	1,811	79.7
Company acquisitions	149	6.0	462	20.3
<b>Brenntag Group</b>	<b>2,495</b>	<b>100.0</b>	<b>2,273</b>	<b>100.0</b>

## NEW EMPLOYEES BY REGION

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
EMEA	855	34.3	787	34.6
North America	908	36.4	806	35.5
Latin America	198	7.9	242	10.6
Asia Pacific	516	20.7	422	18.6
Other segments	18	0.7	16	0.7
<b>Brenntag Group</b>	<b>2,495</b>	<b>100.0</b>	<b>2,273</b>	<b>100.0</b>

EMPLOYEE TURNOVER<sup>3)</sup> BY REGION

	Dec. 31, 2017 <sup>3)</sup>		Dec. 31, 2016	
	abs.	in%	abs.	in%
EMEA	446	5.6	268	3.7
North America	488	8.9	341	6.7
Latin America	131	7.4	117	6.5
Asia Pacific	326	12.7	255	11.2
Other segments	1	0.6	3	2.0
<b>Brenntag Group</b>	<b>1,392</b>	<b>7.7</b>	<b>984</b>	<b>5.9</b>

EMPLOYEES BY AGE<sup>4)</sup>

	Dec. 31, 2017		Dec. 31, 2016	
	abs.	in%	abs.	in%
< 20	26	0.2	36	0.4
20–29	1,453	13.6	1,496	14.3
30–39	3,216	30.1	3,183	30.5
40–49	3,124	29.3	3,027	29.0
50–59	2,322	21.8	2,186	20.9
> 59	528	5.0	513	4.9
<b>Brenntag Group<sup>4)</sup></b>	<b>10,669</b>	<b>100.0</b>	<b>10,441</b>	<b>100.0</b>

AVERAGE AGE AND AVERAGE LENGTH OF SERVICE BY REGION<sup>4)</sup>

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	Ø age in years		Ø length of service in years	
EMEA	44	43	11	11
Latin America	40	39	7	7
Asia Pacific	38	38	6	6
Other segments	45	45	11	10
<b>Brenntag Group<sup>4)</sup></b>	<b>42</b>	<b>42</b>	<b>10</b>	<b>10</b>

1) Comprises the global executive management and local management groups.

2) Termination by employees on the basis of Schlüter formula.

3) Only the values for 2017 quoted in the key figures are part of the NFB.

4) Excluding employees in the North America region; due to the legal situation in North America, the data in the region are not recorded in full for all employees and therefore cannot be evaluated on a valid basis.

## COMMUNITY

# GIVING BACK

Brenntag is present at more than 530 sites in 74 countries worldwide, where it is an employer, a business partner and a neighbour in local communities in many different countries and cities. We see ourselves as part of these communities, as a “corporate citizen”, and we maintain a lively dialogue with them and aim to contribute to a positive environment.

Brenntag’s social commitment is underpinned primarily by our employees. They collect money and donations in kind and invest their expertise, their time and their manpower in support of charitable causes. In many cases, Brenntag supports their contribution either financially and organizationally or else by releasing them from their work duties.

## PROMOTION OF EDUCATION

The promotion of education is a focus of Brenntag’s activities and the projects it supports in all of its regions. A large number of our sites have been cooperating with schools, universities and institutions for many years now with the common aim of encouraging young people’s interest in chemistry and our industry, sensitizing them regarding the handling of chemicals and supporting their education.



For many years, Brenntag North America has sponsored the local, state and national “You Be The Chemist Challenge”® school competition – involving great personal commitment from many of our employees. Organized by the Chemical Educational Foundation, it encourages 5<sup>th</sup>–8<sup>th</sup> grade students to take an interest in chemistry and its applications in everyday life. In Peru and Ecuador, Brenntag employees teach young people

about safety and the environment in seminars at public and church-run establishments. Another project supported by Brenntag Colombia in the reporting year is aimed at increasing environmental awareness. The recycling waste of the Brenntag site in Mosquera was given to an educational centre for children from low-income families who used it to generate money that was invested in the recovery of green areas and planting trees at the centre. In Thailand and Vietnam, Brenntag provides funding to educate the children of our operational employees and rewards strong school performance.



We provide information on training and career opportunities in our company at events worldwide. Through open days and internships as well as trainee programmes and scholarships, we give pupils and students in countries such as Germany, Thailand, Malaysia, Chile and Mexico the opportunity to develop an understanding of the work of a chemical distributor, to acquire practical experience and start a career in our industry. In Germany, Brenntag GmbH presents the “Brenntag Award”, which includes prize money, twice a year to the top graduate of the “Business Chemistry” course at Heinrich Heine University in Düsseldorf.

#### LOCAL COMMITMENT

Brenntag aims to provide assistance exactly where it is needed. Because local needs vary from country to country due to national, cultural and structural differences, the Brenntag sites decide autonomously where and to what extent they get involved in social initiatives. The company pursues so many different activities that only a few examples are provided here:



In the year under review, **Brenntag UK & Ireland** successfully continued “Brenntag Giving”, a programme that was launched and is organized entirely by its employees. As part of this award-winning programme, employees at a selected site can decide every month which good cause or registered charity should receive the funding provided by Brenntag. Brenntag also allows its employees to take a day off work so that they can support a charitable organization of their choice.

In the **Asia Pacific** region, our employees support local communities and institutions with donations in kind. In Malaysia, the Brenntag sports club team spent a day at an orphanage in the city of Klang, where they donated both their time and an abundance of presents collected beforehand by staff members. In the South Korean city of Anyang, Brenntag regularly supports an establishment for socially vulnerable seniors by donating nutritional supplements.

A close dialogue with local emergency forces and mutual assistance agreements are also typical of many Brenntag sites **around the world**. In North America and Latin America, for instance, we provide local fire brigades as well as police and emergency services with financial support and equipment, or we make our expertise and our sites available to them for seminars and joint rescue exercises. The experience gained by Brenntag here has made the company an ideal partner to organize the **Dominican Republic’s** first competition for company fire brigades together with the country’s Ministry of Labour. As part of this nationwide event, Brenntag Caribbean was able to pass on its expertise to over 60 participating companies.

Unfortunately, numerous Brenntag sites, employees and neighbouring communities in various countries were affected by serious **natural disasters** in 2017. Our employees here made tremendous efforts both individually and in teams by providing rapid and non-bureaucratic aid to the people affected by means of monetary donations and donations in kind. Brenntag also helped by offering additional financial assistance as well as materials to secure houses. In September/October, a succession of severe hurricanes and storms left major devastation and damage in their wake in numerous Central American countries and regions of the US. Brenntag set up relief funds here to raise money for the employees affected and topped up the donations. For example, employees of Brenntag Northeast in Reading, Pennsylvania, collected an impressive 15 tonnes of material donations for families that lost all their possessions and raised money to purchase additional aid supplies. In Bangladesh, our employees donated money to buy food for the victims of the devastating floods that ravaged large parts of the country during the year. At the start of November 2017, Brenntag employees in Malaysia collected material donations such as clothing, sanitary products and medicine for the people affected by flooding in the state of Penang.



## REPORT PROFILE

## ABOUT THIS REPORT

## REPORTING PRINCIPLES

Brenntag's Sustainability Report for the Financial Year 2017 is its fifth sustainability report. Brenntag reports on its sustainability activities every year. Its next report will therefore be published in 2019.

This report complies with international standards for sustainability reporting – the Global Reporting Initiative (GRI) and the principles of the United Nations Global Compact (UNGC).

- / This report has been prepared in accordance with the GRI Standards (2016): Core Option. The GRI Content Index can be found on page 65.
- / This Sustainability Report for the Financial Year 2017 is also an annual progress report (Communication on Progress – COP) for the UNGC, which Brenntag joined in October 2014. This report has therefore also been published on the organization's website.



[www.unglobalcompact.org](http://www.unglobalcompact.org)

## NFB SEPARATE NON-FINANCIAL GROUP REPORT

The content in this report marked with a blue line and the acronym NFB forms the separate non-financial Group report (NFB) pursuant to Section 315b, para. 3, of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the German CSR Directive Implementation Act (CSR-RUG). The NFB has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) pursuant to ISAE 3000 (Revised) to obtain limited assurance. The Practitioner's Report can be found on pages 63 to 64.

References to information not contained in the Combined Group Management Report or the Management Report of Brenntag AG are not part of the NFB.

Only the values for 2017 quoted in the key figures are part of the NFB.

**IDENTIFICATION OF MATERIAL CONTENT:** In order to determine the material issues for the NFB, Brenntag has followed the definition of Section 289c, para. 3, sentence 1 of the German Commercial Code (HGB). The issues presented in the materiality matrix on page 6 form the basis for determining

NFB

the NFB content. The matrix is the result of a materiality assessment which is based on the principles defined by the Global Reporting Initiative (GRI): sustainability context, materiality, completeness and stakeholder inclusiveness. These topics were then assessed for the NFB by using the following criteria:

- / Topics which are needed to understand the business performance, the business results, the company's position and the impact of Brenntag's activities on the non-financial aspects (environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, and supply chain responsibility)
- / Topics which appear in the "very important" section of the materiality matrix; applicable to both axes
- / Topics which form part of Brenntag's Group strategy and/or sustainability targets



This materiality process identified the following topics as being material to Brenntag within the meaning of the law:

**BRENTTAG: MATERIAL TOPICS PURSUANT TO SECTION 289C, PARA. 3, SENTENCE 1 OF THE GERMAN COMMERCIAL CODE (HGB)**

ASPECTS	TOPIC AND PAGE REFERENCE
Environmental matters	/ Protection of soil, air and water (pages 30–33, 34–35, 42) / Energy efficiency (pages 39–40)
Employee matters	/ Occupational health and safety (pages 30–33, 35–36) / Employee development (pages 49–52, 56)
Respect for human rights	/ Human rights (pages 9–12)
Anti-corruption and bribery matters	/ Anti-corruption (pages 9–12)
Social matters	/ Identified as being immaterial to the non-financial report within the meaning of the law
Supply chain responsibility	/ Sustainable procurement (pages 45–48)

Social matters were identified as being immaterial to Brenntag within the meaning of the law and were therefore not included in the NFB. We have reported on the social activities and wide-ranging involvement of our employees in the “Community” chapter on page 57. In addition to the aspects covered by the law, Brenntag has identified “Supply chain responsibility” as being material within the meaning of the law. As the market leader in chemical distribution, we believe we have a responsibility to promote the non-financial aspects within the chemical industry’s supply chain.

**DATA BASIS**

This sustainability report covers Brenntag AG, which is included in the consolidated financial statements, as well as the fully consolidated subsidiaries which are also included, along with structured companies. For information on the group of consolidated companies and consolidation method, see page 123 and page 127 as well as the list of companies included in the consolidated financial statements on page 199 of Brenntag’s 2017 Annual Report. Any deviations from these parameters are indicated in the relevant section of this sustainability report.

The reporting period for this sustainability report covers the 2017 financial year (Jan. 1, 2017 to Dec. 31, 2017) of the Brenntag Group and follows on from the Sustainability Report for the Financial Year 2016, which was published in July 2017. Any deviations regarding the reporting periods for individual data and contents are noted separately.

NFB

The contents and data provided in this report have been determined by way of internal processes. They derive from Brenntag’s existing management and data-recording systems and from company documents and have been obtained from the operational units of Brenntag’s regions as well as the responsible corporate departments. The contents of this report have been reviewed by employees with the relevant specialist expertise. The content of the NFB has also been audited by PwC pursuant to ISAE 3000 (Revised) to obtain limited assurance.

The data published in this sustainability report have been compiled and processed with the greatest care. However, we are unable to completely rule out the possibility of transcription errors.

For the purpose of readability, we use the term “employees” throughout this report, which refers to both male and female employees.

**BOUNDARIES OF KEY TOPICS PURSUANT TO GRI (103-1)**

The diagram on page 62 shows the boundaries of the key topics pursuant to the GRI (103-1). The relevant GRI standards covered by each topic are also indicated. For key topics that are not covered by the GRI guidelines, we have referred directly to the corresponding management approaches in the report and, if necessary, to our website as an additional source of information. We have combined the management approaches for the GRI-relevant standards and presented them for the areas of economical, environmental and social topics. There were no changes to the key topics or the boundaries compared to the previous year.

NFB

1) RELEVANT WITHIN THE ORGANIZATION	RELEVANT TOPIC	1)	2)	RELATED GRI STANDARD OR MANAGEMENT APPROACH FOR ADDITIONAL RELEVANT TOPICS
2) RELEVANT OUTSIDE THE ORGANIZATION	<b>CORPORATE GOVERNANCE</b>			
	Compliance	X		/ GRI 307: Environmental Compliance / GRI 417: Marketing and Labeling / GRI 418: Customer Privacy / GRI 419: Socioeconomic Compliance
	Ethical/Moral Principles	X		/ p. 8–11 / <a href="https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp">https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp</a>
	Anti-corruption	X	X	/ GRI 205: Anti-corruption
	Code of Conduct	X		/ p. 9–10
	Risk Management	X	X	/ Brenntag 2017 Annual Report, p. 92–94
	Human Rights		X	/ GRI 406: Non-discrimination / GRI 407: Freedom of Association and Collective Bargaining / GRI 408: Child Labour / GRI 409: Forced or Compulsory Labour / GRI 410: Security Practices / GRI 411: Rights of Indigenous Peoples / GRI 412: Human Rights Assessment / GRI 414: Supplier Social Assessment
	Antitrust and Competition Laws		X	/ GRI 206: Anticompetitive behaviour
	<b>SAFETY</b>			
	Occupational Safety and Health Protection	X		/ GRI 403: Occupational Health And Safety
	Product Safety		X	/ GRI 416: Customer Health and Safety
	Product Quality		X	/ p. 8
	Process Safety	X		/ p. 33–34
	Safe Handling of Chemicals	X	X	/ GRI 416: Customer Health and Safety / GRI 306: Effluents and Waste
	Risk Prevention	X		/ p. 8-9, 30–35 / Brenntag 2017 Annual Report p. 92–94
	<b>ENVIRONMENT</b>			
	Protection (Soil, Air, Water)		X	/ GRI 303: Water / GRI 306: Effluents and Waste
	Water Management	X		/ GRI 303: Water
	Emissions Reductions/Climate Protection		X	/ GRI 305: Emissions
	Resource Efficiency	X		/ p. 39–44
	Energy Efficiency	X		/ GRI 302: Energy
	Environmental Management	X		/ p. 30–33, 39–40
	Recycling	X		/ p. 42–43
	Waste Management	X		/ GRI 306: Effluents and Waste
	Transportation	X	X	/ p. 41
	<b>SUPPLY CHAIN</b>			
	Sustainable Procurement, Supplier Management, Supplier Qualification/Training, Sub-contractor Management	X	X	/ GRI 204: Procurement Practices / GRI 308: Supplier Environmental Assessment / GRI 414: Supplier Social Assessment
	Sustainable Customer Solutions (Products/Services)	X	X	/ GRI 417: Marketing and Labeling
	<b>EMPLOYEES</b>			
	Personnel Development/Training/Talent Management	X		/ GRI 404: Training and Education
	Compensation and Benefits	X		/ GRI 405: Diversity and Equal Opportunity
	Working Conditions	X		/ GRI 402: Labour-Management Relations
	Work-Life Balance	X		/ p. 53
	Diversity	X		/ GRI 405: Diversity and Equal Opportunity / GRI 406: Anti-discrimination
	Labour and Social Policy Rights	X		/ GRI 402: Labour-Management Relations / GRI 407: Freedom of Association and Collective Bargaining
	Employee Satisfaction/ Engagement	X		/ (GRI 401: Employment)
	Recruiting	X	X	/ (GRI 401: Employment)
	<b>PUBLIC RESPONSIBILITY</b>			
	Social/Charitable Commitments		X	/ GRI 413: Local Communities
	Local Community Engagement		X	/ GRI 413: Local Communities
	Participation in Industry Associations		X	/ p. 34–35, 46–48 / <a href="https://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf">https://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf</a>

## PRACTITIONER'S REPORT

### INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING<sup>1)</sup>

#### TO BRENNTAG AG, ESSEN

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Brenntag AG, Essen, (hereinafter the "Company") for the period from January 1, 2017, to December 31, 2017, which comprises the sections marked with a blue line and the acronym NFB in the Sustainability Report 2017 of the Company (hereinafter the "Non-financial Report").

#### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

#### INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January 2017 to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

<sup>1)</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- / Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- / Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- / Identification of the likely risks of material misstatement of the Non-financial Report
- / Analytical evaluation of selected disclosures in the Non-financial Report
- / Comparison of selected disclosures with corresponding data in the consolidated financial statements and the combined group management report and management report of the Company
- / Evaluation of the presentation of the non-financial information

#### **ASSURANCE CONCLUSION**

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1, 2017, to December 31, 2017, has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

#### **INTENDED USE OF THE ASSURANCE REPORT**

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, April 16, 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

ppa. Nicolette Behncke  
Wirtschaftsprüfer  
[German public auditor]

ppa. Mirjam Kolmar

## GRI CONTENT INDEX

GRI STANDARD AND DISCRPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
<b>GRI 101: Foundation</b>	SR: p. 5–8, 60–62		
<b>GRI 102: General Disclosures</b>			
<b>Organizational profile</b>			
102-01 Name of the organization		Brenntag AG	
102-02 Activities, brands, products and services	SR: p. 4–5 AR: p. 42	www.brenntag.com	
102-03 Location of headquarters		Messeallee 11, 45131 Essen, Germany	
102-04 Location of operations	SR: Inner fold-out page AR: p. 199–207		
102-05 Ownership and legal form	AR: p. 10, 42–43		
102-06 Markets served	AR: p. 42–43		
102-07 Scale of the organization	SR: Inner fold-out page AR: fold-out page, p. 112–113		
102-08 Information on employees and other workers	SR: p. 55–56		6
102-09 Supply chain	SR: p. 4–5, 45–48		
102-10 Significant changes to the organization and its supply chain	SR: p. 45–48 AR: p. 42–43, 50–51	In the reporting period there were no significant changes to the supply chain.	
102-11 Precautionary Principle or approach	AR: p. 45–46, 92–94		
102-12 External initiatives	SR: p. 10–11, 31, 34–35		
102-13 Membership of associations		<a href="https://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf">https://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf</a>	
<b>Strategy</b>			
102-14 Statement from the CEO	SR: p. 2–3		
<b>Ethics and integrity</b>			
102-16 Values, principles, standards and norms of behaviour	SR: p. 4–5, 8–11	<a href="https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp">https://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp</a>	10
<b>Governance</b>			
102-18 Governance structure	AR: p. 14–19, 20–22, 28–39		
<b>Stakeholder engagement</b>			
102-40 List of stakeholder groups	SR: p. 12		
102-41 Collective bargaining agreements		Due to its large number of international locations and the broad range of labour regulations applicable to these locations, Brenntag does not record these data in a consolidated format.	3
102-42 Identifying and selecting stakeholders	SR: p. 12–13		
102-43 Approach to stakeholder engagement	SR: p. 12–13, 45–48, 57–58		
102-44 Key topics and concerns raised	SR: p. 5–7, 12–13		
<b>Reporting practice</b>			
102-45 List of consolidated entities	AR: p. 123–124, 199–207		
102-46 Defining report content and topic boundaries	SR: p. 5–7, 60–62		
102-47 List of material topics	SR: p. 6, 62		
102-48 Restatements of information	SR: p. 40, 61 AR: p. 120–124		
102-49 Changes in reporting	SR: p. 60–61 AR: p. 120–122, 124–126		
102-50 Reporting period	SR: p. 60		
102-51 Date of most recent report		2017	
102-52 Reporting cycle		Annually	
102-53 Contact point for questions regarding the report	SR: Imprint		
102-54 Claims of reporting in accordance with the GRI Standards		Core	
102-55 GRI content index	SR: p. 65–68		
102-56 External assurance	SR: p. 63–64		

SR: Brenntag Sustainability Report for the Financial Year 2017

AR: Brenntag 2017 Annual Report

GRI STANDARD AND DISCRPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
<b>ECONOMIC</b>			
103-1	Explanation of the material topic and its boundary SR: p. 62 AR: p. 44–46		
103-2	Management approach SR: p. 4–8 AR: p. 44–46		
103-3	Evaluation of the management approach SR: p. 5–8, 8–12 AR: p. 53–60		
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed AR: fold-out page, p. 110, 147		
201-3	Defined benefit plan obligations and other retirement plans AR: p. 146, 163–173		
<b>GRI 204: Procurement Practices</b>			
204-1	Proportion of spending on local suppliers SR: p. 45–48	Local and regional purchasing is only of minor significance for the business model of a chemical distributor.	
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption SR: p. 9–10	Within the scope of internal audits, a total of 28 Brenntag companies were reviewed in relation to corruption risks, etc. in the reporting year.	10
205-2	Communication and training about anti-corruption policies and procedures SR: p. 9–10, 11–12		10
205-3	Confirmed incidents of corruption and actions taken SR: p. 9–10		10
<b>GRI 206: Anticompetitive behaviour</b>			
206-1	Legal actions for anti-competitive behaviour, antitrust and monopoly practices AR: p. 100–101		
<b>ENVIRONMENTAL</b>			
103-1	Explanation of the material topic and its boundary SR: p. 62		
103-2	Management approach SR: p. 4–8, 30–35, 39, 42–43		
103-3	Evaluation of the management approach SR: p. 7, 12–13, 30–34		
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization SR: p. 40		7, 8
302-3	Energy intensity SR: p. 40		8
302-4	Reduction of energy consumption SR: p. 39–40		8, 9
<b>GRI 303: Water</b>			
303-1	Water withdrawal by source SR: p. 41–42		7, 8
303-2	Water sources significantly affected by withdrawal of water SR: p. 41		8
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions SR: p. 40		7, 8
305-2	Energy indirect (Scope 2) GHG emissions SR: p. 40		7, 8
305-4	GHG emissions intensity SR: p. 40		8
<b>GRI 306: Effluents and Waste</b>			
306-2	Waste SR: p. 42–43	Waste volumes are not recorded or consolidated on a Group-wide basis at Brenntag.	8
306-3	Significant spills SR: p. 34–35, 42	In the reporting period no significant spills occurred.	8
<b>GRI 307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	The Brenntag Group paid fines of approx. EUR 1.37 million in the reporting period due to non-compliance with environmental regulations.	8
<b>GRI 308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria SR: p. 45–48		8

SR: Brenntag Sustainability Report for the Financial Year 2017

AR: Brenntag 2017 Annual Report

GRI STANDARD AND DISCRPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC	
<b>SOCIAL</b>				
103-1	Explanation of the material topic and its boundary	SR: p. 62		
103-2	Management approach	SR: p. 4–13, 35–37, 49		
103-3	Evaluation of the management approach	SR: p. 7, 49–51		
<b>GRI 401: Employment</b>				
401-1	Employee turnover	SR: p. 56	Brenntag only reports the level of employee fluctuation by region. A breakdown by age is not possible, since age data for the North America region have not been fully recorded for all employees due to North American legislation. Valid evaluation of these data is therefore not possible.	6
401-2	Benefits provided to full-time employees	SR: p. 53–54	Due to our company's decentralized and international structure, it is not possible to provide a complete list of the benefits which our employees receive. For this reason, only a few examples are provided in this report.	6
<b>GRI 402: Labour/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes		Brenntag informs its employees of impending operational changes at an early stage and comprehensively, while complying with applicable national and international notification periods.	3
<b>GRI 403: Occupational Health and Safety</b>				
403-2	Injuries, occupational diseases and work-related fatalities	SR: p. 35–38		
<b>GRI 404: Training and Education</b>				
404-2	Programmes for upgrading employee skills and transition assistance programs	SR: p. 49–52		
<b>GRI 405: Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	SR: p. 54–56 AR: p. 28–39		6
405-2	Ratio of basic salary and remuneration of women to men	SR: p. 54		6
<b>GRI 406: Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	SR: p. 11, 12	Brenntag reports on the total number of confirmed compliance incidents. More detailed information cannot be disclosed for confidentiality reasons. Accordingly, we do not explicitly report the number of complaints relating to discrimination.	6
<b>GRI 407: Freedom of Association and Collective Bargaining</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR: p. 10–11, 45–48, 52–53	Upon signing up to the UNGC, we carried out a global investigation within the Group in 2014. We did not identify any business units where freedom of association is restricted.  In 2015, within the framework of our TFS membership, we began to request that our suppliers undergo sustainability assessments which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's code of conduct as well as our supplier code of conduct also require the protection of human rights, equal treatment and fair working conditions.	3
<b>GRI 407: Child labour</b>				
408-1	Operations and suppliers at significant risk for incidents of child labour	SR: p. 8–12, 45–48		5
<b>GRI 409: Forced or Compulsory Labour</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR: p. 8–12, 45–48		4
<b>GRI 410: Security Practices</b>				
410-1	Security personnel trained in human rights policies or procedures		Brenntag will review the relevance of this aspect.	1
<b>GRI 411: Rights of Indigenous Peoples</b>				
411-1	Incidents of violations involving rights of indigenous peoples		We have not received any reports on incidents for the reporting period.	1
<b>GRI 412: Human Rights Assessment</b>				
412-1	Operations subject to human rights reviews or impact assessments	SR: p. 8–12		1
412-3	Investment agreements that include human rights clauses		For every company acquisition, aspects such as compliance and employment agreements are examined in addition to commercial factors as part of due diligence. We disclose information about these transactions in the annual report (pages 50-51). For information on the Due Diligence process on acquisitions please see our website at <a href="https://www.brenntag.com/corporate/en/sustainability/sustainability-management/compliance/index.jsp">https://www.brenntag.com/corporate/en/sustainability/sustainability-management/compliance/index.jsp</a>	2
<b>GRI 413: Local Communities</b>				
413-1	Operations with local community engagement, impact assessments and development programmes	SR: p. 57–58	Brenntag does not systematically assess the impact of its community and social activities.	1

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GRI STANDARD AND DISCRPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
<b>GRI 414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	SR: p. 45–48	Within the framework of its HSE guidelines, Brenntag Group has also determined processes and criteria for dealing with subcontractors, which carry out construction and maintenance work at Brenntag locations. They aim at preventing accidents and incidents, allowing safe execution of work and protecting the subcontractors' health.
<b>GRI 416: Customer Health and Safety</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.
<b>GRI 417: Marketing and Labeling</b>			
417-1	Requirements for product and service information and labeling	SR: p. 34–35	
417-2	Incidents of non-compliance concerning product and service information and labeling		There were no incidents during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications		There were no incidents during the reporting period.
<b>GRI 418: Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy	SR: p. 8–10, 12	Brenntag reports on the total number of confirmed compliance incidents. More detailed information cannot be disclosed for confidentiality reasons. Accordingly, we do not explicitly report the number of complaints relating to customer privacy.
<b>GRI 419: Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	AR: p. 100–101	

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This Sustainability Report is a translation of the original German version. In case of any differences only the German version is binding.



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