

Sustainability Report  
for the Financial Year

**2018**



We're  
Connecting **Chemistry**

BRENNTAG WORLDWIDE

# FACTS AND FIGURES

## NORTH AMERICA

EUR 4.6 BN  
EXTERNAL SALES

> 5,100  
EMPLOYEES

ESSEN  
GERMANY

READING  
PENNSYLVANIA

HOUSTON  
TEXAS

## LATIN AMERICA

EUR 0.8 BN  
EXTERNAL SALES

> 1,600  
EMPLOYEES



**100**

NATIONS REPRESENTED  
IN THE WORKFORCE  
*See page 45*

**68**

POINTS AND GOLD STATUS  
IN ECOVADIS SUSTAINABILITY  
ASSESSMENT  
*See page 38*



**1.5**

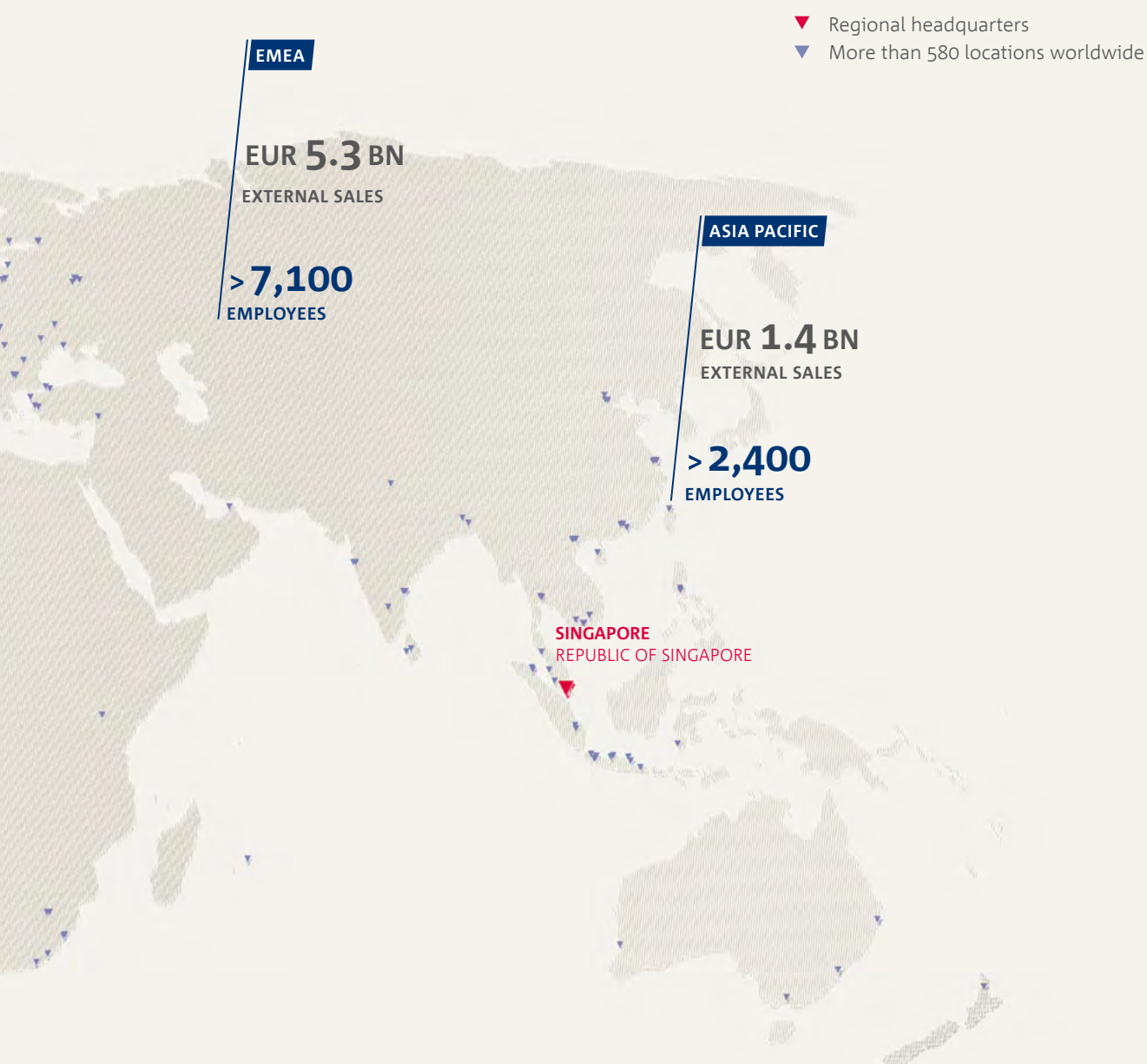


GROUP ACCIDENT RATE LTIR  
*See page 26*



**245,668.72**

TONNES CO<sub>2</sub> EMISSIONS  
*See page 30*



**KEY FIGURES**

IN EUR M	2018	2017	2016
Sales	12,550.0	11,743.3	10,498.4
Operating gross profit	2,660.9	2,554.1	2,428.7
Operating EBITDA	875.5	836.0	810.0
Profit after tax	462.3	362.0	361.0
Free cash flow	525.2	440.3	641.4
Employees at Dec. 31	16,616	15,416	15,072
Personnel expenses including social insurance contributions	1,004.7	990.8	913.0
Accident rate (LTIR) <sup>1)</sup>	1.5	1.7	1.5
Employee fluctuation in %	8.5	7.7	5.9
ISO 9001 certifications % of operating sites	91	86	90

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

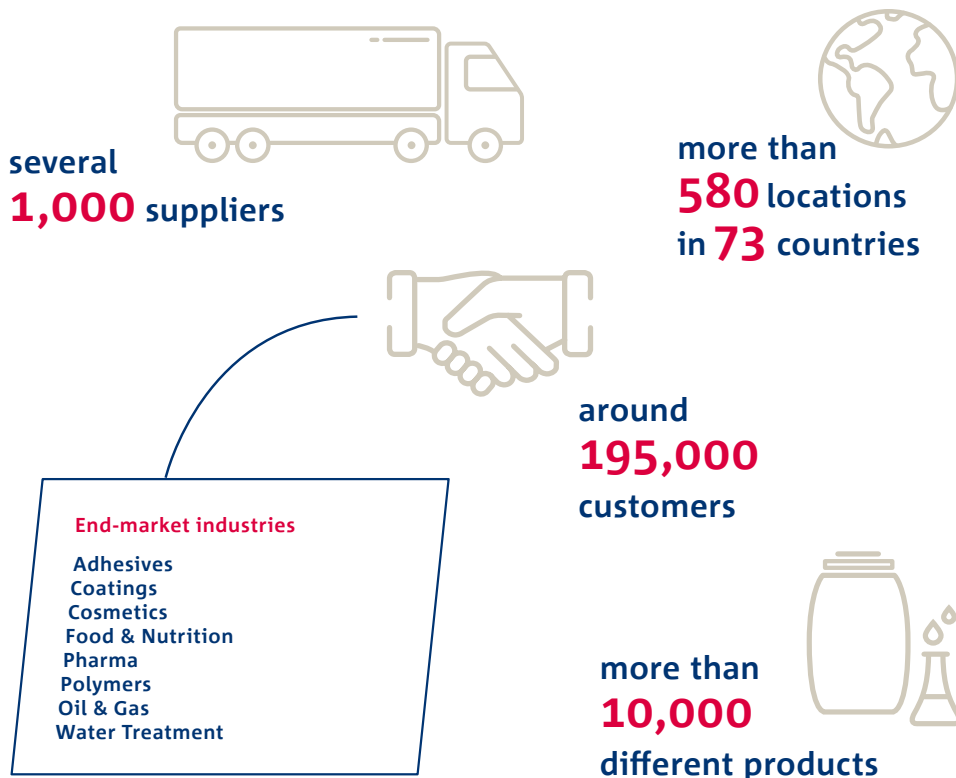
WE ARE BRENNTAG

# 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 580 locations in 73 countries in the regions North America, Latin America, EMEA (Europe, Middle East & Africa) and Asia Pacific. We serve around 195,000 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 16,600 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 32 onwards of Brenntag's 2018 Annual Report.

## SUSTAINABILITY AT BRENNTAG

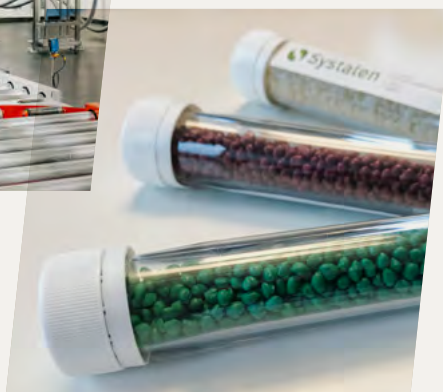
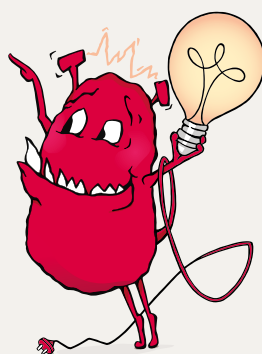
“ConnectingChemistry” – this is the brand promise of Brenntag and of each of its employees to our business partners. As the global market leader in chemical distribution, Brenntag connects chemical manufacturers and users in a value-creating partnership. Brenntag’s key role in the value chain offers 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.

In our day-to-day work, we always make sure that we use natural resources and other materials as efficiently as possible. In this report, we will illustrate our commitment to increasing efficiency in the use of resources with a selection of examples – both within our company and in cooperation with our partners in the industry.

### EFFICIENT USE OF RESOURCES


Here we like to be frugal  
From page 14



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 More information online

**NFB** | Denoted Non-financial Report (NFB)



### LADIES AND GENTLEMEN,

Resource efficiency, circular economy, waste avoidance – these issues have prompted numerous discussions at all levels of society and business for some time now. And rightly so, as they are among the major global challenges of our time. To ensure that subsequent generations have a future, sustainable solutions must be developed and implemented. And all parties – policy-makers, companies, institutions, organizations and private households – have to play their part.

As the global market leader in chemical distribution and central part of the chemical industry's supply chain, Brenntag also bears a responsibility here. Environmental protection and the responsible use of natural resources are values that are firmly embedded in our company. We want to continuously improve our performance in these areas by setting specific targets. At the same time, we are engaging closely and working with our business partners to develop more efficient processes for our industry and to launch sustainable products and solutions on the market.

We have therefore dedicated a special section of this sustainability report to the topic of resource efficiency (from page 14). Using a number of examples, we would like to provide you with an insight into our activities in and commitment to the areas of energy saving, packaging circularity and

environmentally friendly products such as recycled plastics. It may surprise you to read about how much of our standard packaging is reusable and about the efficient circuits we have established in this area by working with our suppliers and customers.

Sustainably managing a globally operating, decentralized company like Brenntag is a daily challenge. Our sustainability targets serve as a strategic compass that helps us to initiate suitable projects aimed at improving our sustainability performance, to prioritize measures and to quantify our progress (from page 7).

On the issue of "Sustainable procurement", our goal is to monitor our own supply chain more closely with regard to various sustainability aspects. To do this, we revised our target upwards in the year under review: By end of 2020, we are now aiming to check 80 per cent

## ENVIRONMENTAL PROTECTION AND THE RESPONSIBLE USE OF NATURAL RESOURCES ARE VALUES THAT ARE FIRMLY EMBEDDED IN OUR COMPANY.

STEVEN HOLLAND, CEO

rather than 50 per cent of our total chemical spend by conducting sustainability assessments and audits of our relevant suppliers. Our membership of the industry initiative “Together for Sustainability” serves as the framework for this. In addition, we now want to focus more on seeing continuous improvements in the sustainability performance of our suppliers. We have set a new target in relation to this: By 2020, we want 70 per cent of our suppliers undergoing reassessment to have improved their score by at least one point compared to their previous assessment.

I was very pleased about one positive development in particular in the year under review: The Group accident rate of 1.5 was lower than in the previous year (2017: 1.7). This means that we are back on the path of continuous improvement for this indicator which is so fundamentally important to Brenntag. Occupational safety is a top priority at our company. Along with suitable infrastructure and equipment, the behaviour and safety awareness of employees play a crucial role here. At the end of 2018, we conducted a voluntary employee survey on this issue for the second time. The participation level was exceptionally high at 82 per cent, and the results have sparked new momentum for us to enhance our safety culture.

I would like take this opportunity to express my gratitude to our more than 16,600 employees worldwide. With their expertise, commitment and willingness to help shape our future, they form the basis for Brenntag’s long-term success. Especially in considering the issues of resource efficiency and occupational safety, it is clear that we can only achieve our targets if we all play our part and are open to change and to new solutions.

Our sustainability report was prepared using the Global Reporting Initiative Standards. It also serves as a progress report for the United Nations Global Compact (UNGC). 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.

Thank you for your interest in learning about our activities in the area of sustainability. 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 2019

## SUSTAINABILITY AT BRENNTAG

# WE WANT TO MAKE VALUE CREATION SUSTAINABLE

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 § 315b ff. and § 289c ff. of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. 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 <sup>NFB</sup> in the sustainability report. **Detailed information on the NFB can be found in the Report Profile on page 51f.** Information on the business model can be found in the Combined Group Management Report and the Management Report of Brenntag AG of Brenntag's 2018 Annual Report on page 32.

### 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

### TRANSPORT

### STORAGE

- / > 580 locations in 73 countries
- / Local purchasing teams and global sourcing organization with more than 1,000 experts
- / Cost of materials in 2018: EUR 9.9 billion



**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, we conducted a **materiality assessment** in September/October 2015. The assessment 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. Since then, the assessment has been reviewed annually and the results confirmed. In 2019, we will carry out a new materiality assessment in order to determine the main impact that our actions have, address the concerns of our stakeholders and hone our strategic focus on sustainability issues.

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.



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) and in the About this report chapter on page 51.



For information on the **UN GLOBAL COMPACT**, see page 9f.

More than

**1,000**

experts are working in our local and global sourcing teams



**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

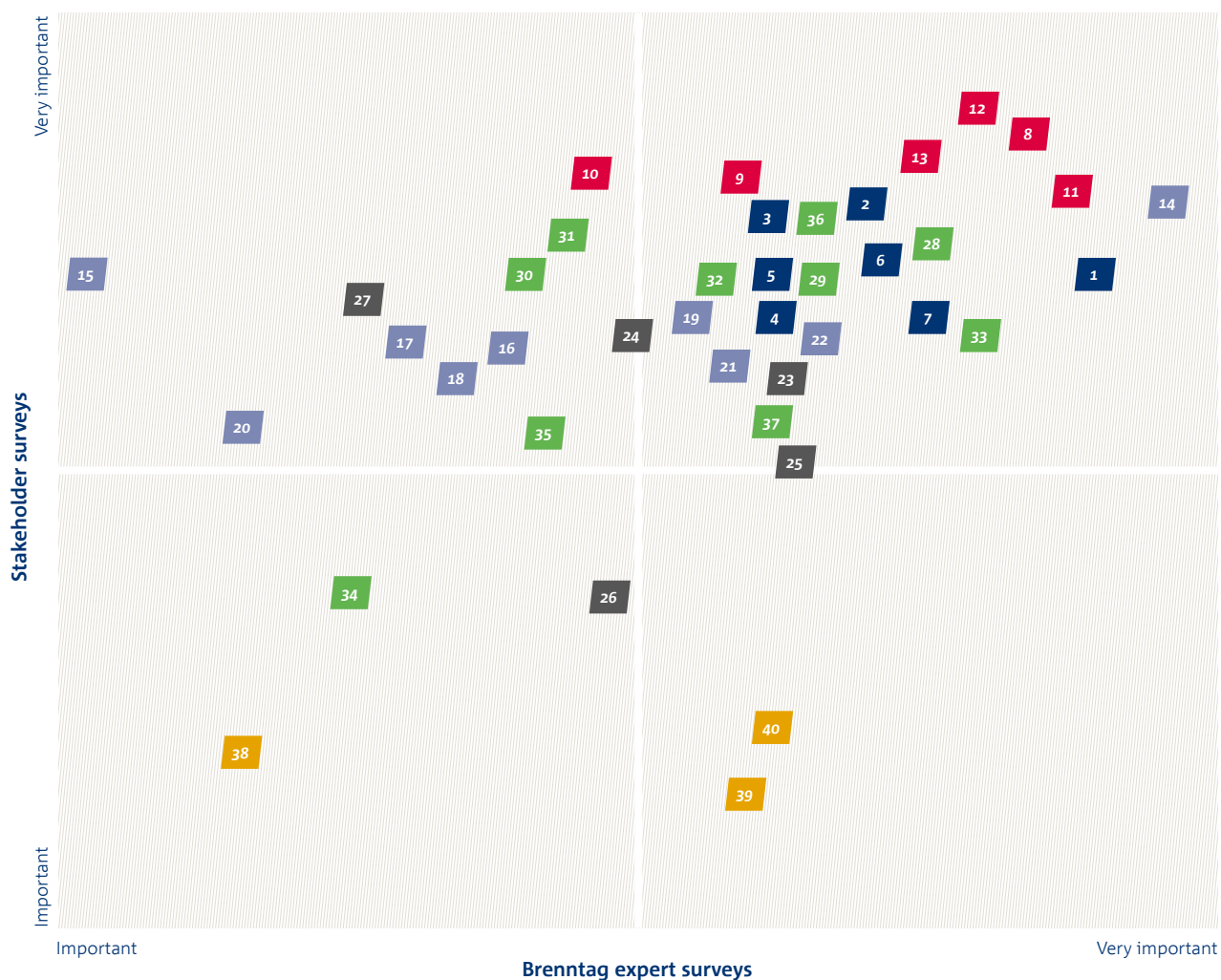
**PACKAGING  
TRANSPORT**



**CHEMICAL USERS  
WORLDWIDE**

- Around 195,000 customers in various end-market industries, e.g.:
- / Adhesives
  - / Coatings
  - / Cosmetics
  - / Food & Nutrition
  - / Pharma
  - / Polymers
  - / Oil & Gas
  - / Water Treatment

### 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	The Group accident rate LTIR <sub>1 day/1 million</sub> was 1.5 in 2018. (2017: 1.7) (page 26)
<b>SUSTAINABLE PROCUREMENT</b>	Check 80% of our total chemical spend (in EUR) through sustainability assessments and audits as part of the membership of "Together for Sustainability"	2020	The supplier assessments carried out by the end of 2018 cover around 70% total chemical spend (in EUR). (2017: around 64%) (pages 36–37) We were able to achieve our previous goal of covering 50% by the end of 2017, which is why we are now aiming for 80%.
	70% of our suppliers undergoing reassessment should be able to improve their score by at least one point	2020	The target applies from Jan. 1, 2019 and for all reassessments taking place from then on. (pages 36–37)
<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	2018 Brenntag Group (per 1,000 warehouse tonnes of goods sold): Scope 1: 18.08 tonnes (2017: 16.56) Scope 2: 6.69 tonnes (2017: 7.03) Change compared to base year 2016 <sup>1)</sup> : +3.11% (page 30)
<b>COMPLIANCE</b>	To achieve and sustain full coverage in compliance training for the relevant employees	2019	The coverage rate for global e-learning training on the Brenntag Code of Business Conduct and Ethics was approx. 88% at the end of 2018. (2017: approx. 89%) We have extended the period for achieving the target to the end of 2019. (page 11)
<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 related to the issues of HR development, identification and development of potential, and succession planning before being honed and rolled out more broadly as required. (page 40ff.)
<b>SUSTAINABLE SOLUTIONS</b>	To become the preferred distributor for sustainable solutions by setting up pilot projects with ten selected key suppliers	2020	BASF project: concluded Grüner Punkt: started (page 19) Schütz IBCs: started (page 17) Gas Engine Service Program: started (page 35)
<b>RATING</b>	To achieve and sustain an EcoVadis score of at least 62 points and gold status	Ongoing	Scoring in November 2018: 68 points, gold status (October 2016: 66 points) (page 38)

1) The values given for base year 2016 have not been audited by PwC.

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 Sustainability Manager Brenntag Group who is based in Brenntag AG's Corporate

Development department. He initiates and coordinates global projects and initiatives in cooperation with these two working groups, 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. The Sustainability Manager 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.

In 2018, the Sustainability Manager and the working groups focused on the following issues and projects:

- / Sustainable procurement: Initiating sustainability assessments and audits for suppliers
- / Continuation of global energy reporting and the implementation of the global energy-saving campaign "Fight the Energy Monsters" (pages 14ff.)
- / Ongoing development of Brenntag's sustainability strategy: Tracking of Brenntag's sustainability targets for 2020 and development of new targets



Brenntag's **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS** as well as its report on opportunities and risks are described in detail on pages 68ff. of Brenntag's 2018 Annual Report.

### 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. We increasingly receive enquiries from our customers who are themselves evaluating their suppliers according to sustainability criteria (for example, in the form of a "Sustainability Balanced Score Card") and who factor this in to their purchasing decisions. For example, we are asked for information about our carbon footprint or how we deal with the topics of recycling and waste. As a result of our sustainability monitoring and our participation in external ratings such as the [EcoVadis assessment](#) or the CDP climate rating, Brenntag is able to respond to these enquiries and meet the standards to which we are held.

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 %
2014	390		352	90
2015	398		356	89
2016	395		354	90
2017	422		363	86
2018	387		353	91

### RISK MANAGEMENT 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.

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**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, Controlling, 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.



For information on Brenntag's **ECOVADIS RATING**, see page 38.



For further information on **MANAGEMENT SYSTEMS AND CERTIFICATIONS**, please see the Safety chapter on page 23.

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.

**RISK REPORTING:** 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, we added further sustainability-related aspects to the Group risk management system concerning environmental and employee matters, human rights, and anti-corruption and bribery matters and the associated risks.

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.

**CODE OF BUSINESS CONDUCT AND ETHICS:** 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](#).

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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

NFB

The Code of Business Conduct and Ethics 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 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 Business Conduct and Ethics.

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 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



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



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).

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”).

**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 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.)

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. 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. In the reporting year, no cases of corruption at Brenntag were reported.

**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 Business Conduct and Ethics 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 November 2018, the Brenntag Group achieved a score of 68 points, thereby confirming its gold status that it achieved in 2016. EcoVadis evaluates the sustainability performance of companies in terms of four categories: 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.

Brenntag believes that the biggest risk of potential violations of human rights is in our supply chain. Within the framework of our membership of the industry’s “Together for Sustainability” initiative, we 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.



The **ANTI-CORRUPTION GUIDELINE** is available on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Service & Contacts.



For information on the **SUSTAINABILITY ASSESSMENTS** and the supplier code of conduct, see the Supply chain responsibility chapter from page 36.



The results of **THE ECOVADIS RATING** are available on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Service & Contacts.



The **SUPPLIER CODE OF CONDUCT** is available on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Service & Contacts.

A working group was formed in 2017 to concentrate on the issue of human rights in our company and our supply chain. In the year under review, the focus was on pinpointing where human rights issues affect our company and identifying approaches for a detailed analysis of potential dangers.

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**TRAINING:** Our compliance programme focuses particularly on observing our Code of Business Conduct and Ethics, anti-trust law requirements, anti-corruption 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.

The mandatory global **training** module on Brenntag’s Code of Business Conduct and Ethics was continued in the reporting year. Employees can complete the one-hour training module on the internet via the 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. Between its launch date in 2016 and the end of 2018, approximately 11,800 Brenntag employees worldwide completed this training module, representing around 88% of the relevant **employees**<sup>1)</sup>.

There are also in-depth compliance training modules at a regional and global level on the topics of bribery and corruption and on antitrust law. The training modules on European antitrust law and on bribery and corruption are mandatory for all commercially active employees and managers. In the 2018 reporting year, around 2,000 employees of the EMEA region completed the training module on European anti-trust law and approximately 4,200 employees completed the training module on bribery and corruption by the end of 2018. This corresponds to 87% of the relevant employees and managers for the antitrust law training module and 76% for the global corruption training module. With the EU’s General Data Protection Regulation (GDPR) coming into force in the year under review, a new multi-level training concept was developed and launched for the issue of data protection. Employees were informed of and trained on this issue through various channels, including email, a mandatory e-learning course, FAQs on the intranet and personal training modules for individual departments. The focus of the data protection training modules was on the EMEA region.

1) In general, 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 Business Conduct and Ethics using alternative methods.



## UN GLOBAL COMPACT: THE TEN PRINCIPLES

### 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.



### 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.

### 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.

### FIGHTING CORRUPTION

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

Around 3,000 employees received training via our e-learning platform in the year under review. There were additional classroom trainings on this topic in some countries.

**NFB** **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. Email addresses and other whistle-blowing systems have also been set up at a regional level.

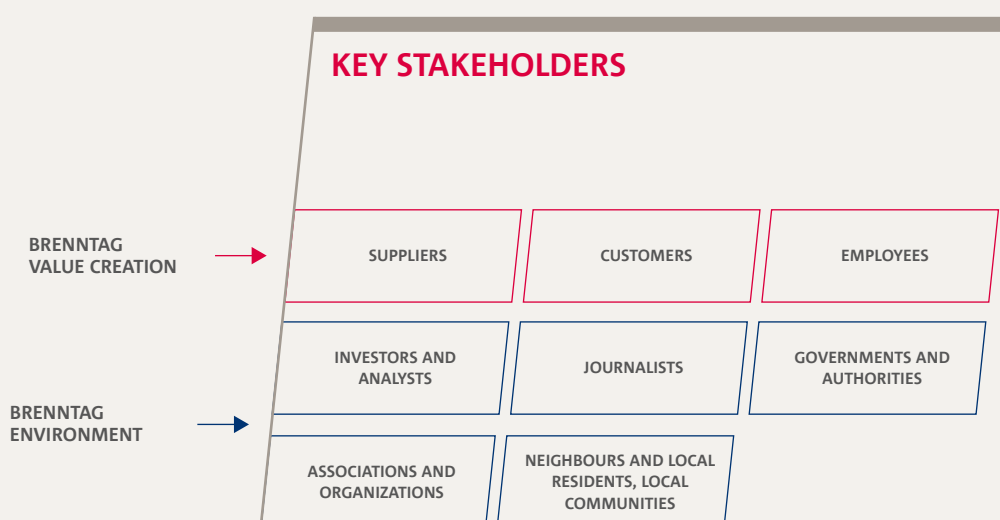
Incoming reports mainly concern cases of suspected fraud and theft. Violations of the Code of Business Conduct and Ethics (such as conflicts of interest and discrimination in the workplace) and reports concerning other compliance issues (such as violations of regulations) are also reported. Compliance 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.

Year	Number of confirmed compliance incidents <sup>1)</sup>
2016	11
2017	13
2018	11

<sup>1)</sup> 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.





**IN CLOSE CONTACT:** Brenntag also regularly consults its business partners on sustainability issues and shares its experiences with them. In one such example, Brenntag representatives spoke at the China Chemical Parks Green Development Conference in November 2018 before an audience of over 700 participants and representatives from more than 80 chemical parks and 150 chemical companies, highlighting Brenntag's HSE management in Europe and the contribution that chemical distributors can make to the sustainable development of Chinese chemical parks.



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. For example, Brenntag EMEA surveyed thousands of its customers in various sub-regions about their customer experiences and suggestions for improvements as part of a customer service campaign and 360-degree study. Safety issues were frequently brought up in feedback. We pursue dialogue with business partners worldwide at the many trade fairs where Brenntag presents itself and its portfolio of services. 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, including sustainability. As an example: As a member in the Spanish Chemicals Industry Association AECQ, Brenntag was invited to an event in late 2018 that was primarily aimed at small and medium-sized companies in the industry so that we could present our recognised practices and experiences in terms of filling flammable substances to metal containers.

During the reporting year, Brenntag hosted a meeting for the Responsible Care (RC) committee of the FECC, the European umbrella organization for the chemical distributor industry. As one of the biggest FECC member companies, Brenntag plays an active role in the committee, which promotes the implementation and development of the RC programme at a European level.

Brenntag's Investor Relations and Corporate Communications departments regularly and promptly notify investors, analysts and journalists 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).

# HERE WE LIKE TO BE FRUGAL – OUR COMMITMENT TO THE EFFICIENT USE OF RESOURCES

Every day, we move thousands of tonnes of chemicals while maintaining the highest standards in terms of safety, health and environmental protection. In doing so, we always make sure that we use natural resources and other materials as efficiently as possible. On the next few pages, we will illustrate our commitment to increasing efficiency in the use of resources by way of examples – both within our company and in cooperation with our partners in the industry. The aim is to reduce our energy consumption throughout the Group, establish an efficient circular economy for packaging, and position more sustainable product solutions on the market.

## GLOBAL ENERGY CAMPAIGN

### All hands on deck

Energy guzzlers often lurk in secret. We have highlighted them – with a Group-wide employee campaign. The focus of the campaign is on the little energy monsters Wasty, Trixi, Petro, Carby, Zino, Heaty and Chilly. They wreak havoc throughout the Group and waste energy wherever they can. With this fun approach, we want to highlight where and how energy is used in our company – as well as the ways we can spoil the monsters’ fun and reduce consumption and CO<sub>2</sub> emissions.

### Seven monsters, one challenge

It is inevitable that we will use energy during our day-to-day work. However, it is worth asking ourselves whether we always use resources in the most efficient way possible. We are sure that there is room for improvement in reducing our consumption. The reduction of our CO<sub>2</sub> emissions is one of our key sustainability targets.

The energy campaign, therefore, focuses on information and increasing awareness. We have identified six areas for action, illustrated by our little monsters:

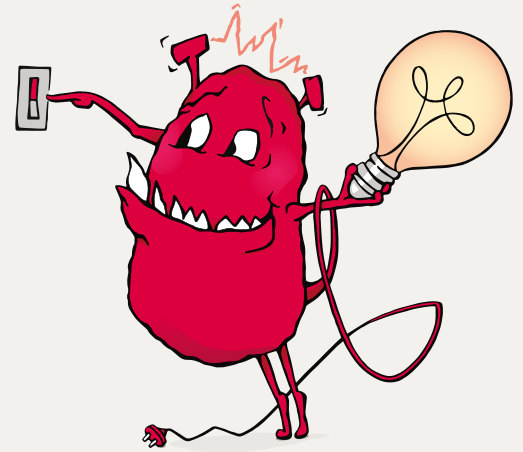
- / Fuel consumption of our vehicle fleet
- / Operation of electronic devices
- / Fuel consumption of forklifts
- / Indoor lighting
- / Heating and cooling
- / Hidden sources of CO<sub>2</sub> emissions

### Initiating change with humour

The aim is to raise every employee’s awareness of energy consumption. This is why the campaign is focused in a “local” way – via posters in the workplace, for example. In a humorous way, they show how we are all able to make small changes to our behaviour to achieve something great – and, at the same time, show the scale of energy consumption within the Group. In this way, we want to combine motivation with education. The campaign ran from May to December 2018 at our sites worldwide with some of the communication media appearing in over 15 languages.

### A campaign that leads to dialogue

Of course, the end of the campaign did not mean that the monsters had been “vanquished”. We continue to promote energy efficiency at Brenntag – for example, by creating a virtual space for sustainability on our internal communication platform. Here, our sustainability team uses concrete examples from the different regions to show how we can save even more energy – such as with the use of solar panels, as our colleagues in Hungary do, or with the help of wind turbines, such as those used by Brenntag in the UK.



RESOURCES IN FIGURES – KEY FACTS ABOUT OUR CONSUMPTION

GOOD TO KNOW, THAT:

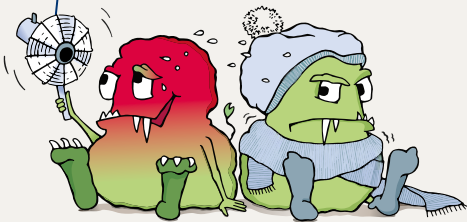
Brenntag's annual CO<sub>2</sub> emissions are roughly equal to those of a small American town with 13,000 residents.

**13,000**  
RESIDENTS



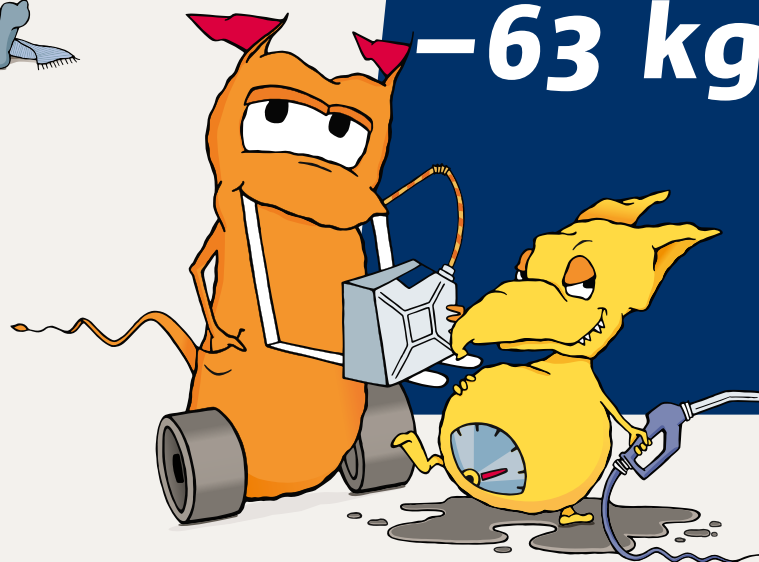
It is possible to save 300 kg CO<sub>2</sub> per year by setting the room heating just 1 degree cooler.

**-1°**



By switching off the engine of a forklift when it is idle, annual CO<sub>2</sub> emissions can be reduced by a good 63 kg.

**-63 kg CO<sub>2</sub>**





**DON'T LET ZINO DRIVE!**



**CARBY, THE BLIND PASSENGER ON EVERY FLIGHT.**

**ON LOCATION:** The energy-saving campaign started with numerous posters right where the energy is used – in the workplace.



**SELFIE WITH MONSTER:** Brenntag employees from all over the world participated in the photo campaign and took a photo of themselves and the energy monsters.

## BRENNTAG IN THE PACKAGING CYCLE

### Tearing into packaging – our commitment to an efficient circular economy

Chemicals have to be properly packaged. Standard container formats have become established in the industry in order to ensure safe transportation and storage. In our industry, for example, we use metal or plastic barrels, portable canisters or intermediate bulk containers (IBCs) – large plastic or steel tanks with a metal frame.

The fact is that the majority of these containers are reusable. In cooperation with our suppliers and customers, we are making every effort to establish a circular economy so that we can keep using and reusing our packaging materials.

### Less is more – reduce, reuse, recycle, rethink

This so-called 4R principle encapsulates our goal: We want to reduce the amount of packaging material, reuse materials, draw on better recycling options and use new technologies and methods in terms of packaging. After all, a functioning circular economy is not just good for the environment – it is also good for our business partners and our company, which both stand to benefit from efficient processes and lower costs.

### One container – multiple uses

At Brenntag, we have established suitable processes for the handling of waste and also take-back and recycling systems for various types of packaging and containers. With our expertise and logistics infrastructure, we are able to reuse IBCs without having to clean them first – provided that they are always refilled with the same

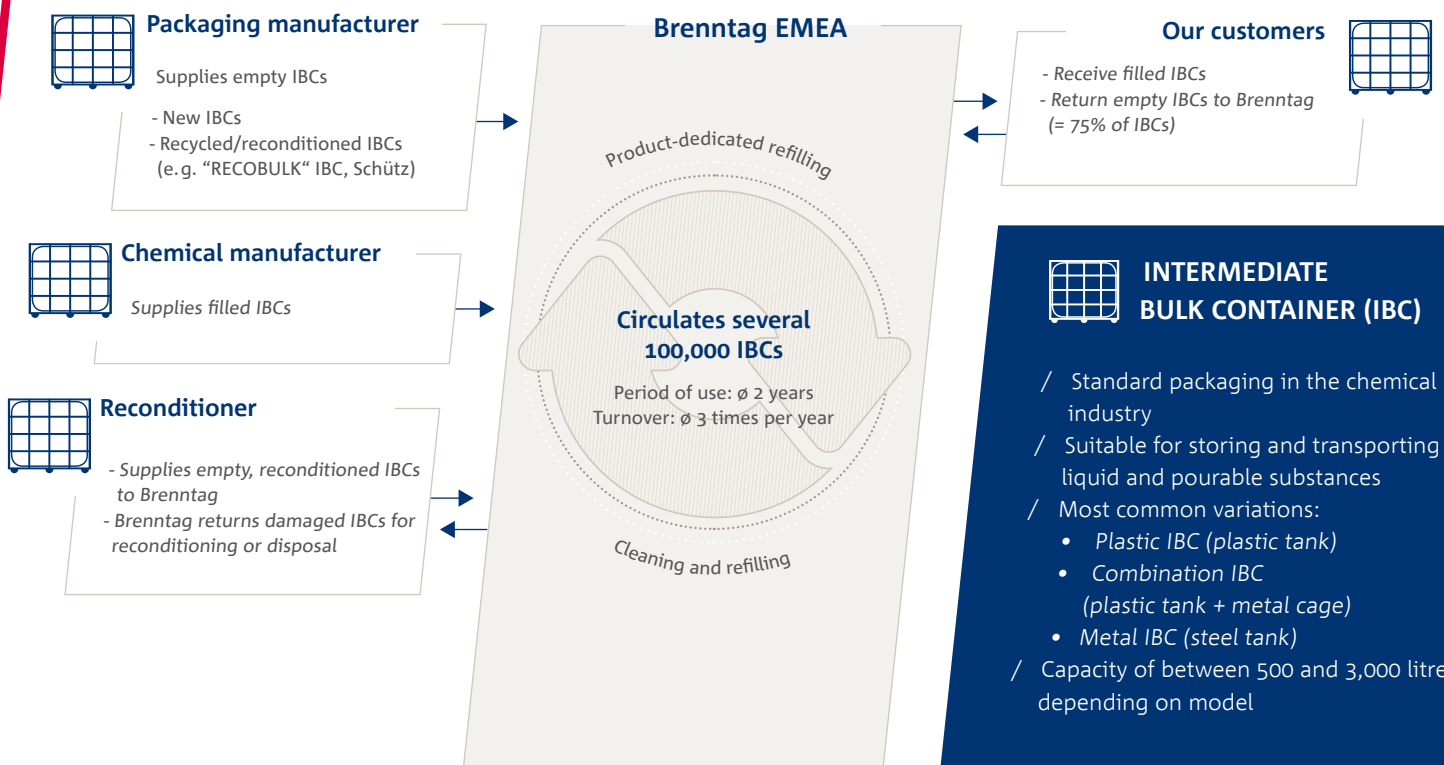
chemical (“product-dedicated container”). For example, at our Zwijndrecht site in the Netherlands, we have set up a closed cycle with several control points for IBCs that are dedicated to only contain the same acids or alkalis. The result: these IBCs can be reused over a period of several years. Not only does this significantly reduce the amount of packaging material but also decreases the amount of cleaning required, thereby lowering water consumption and the volume of wastewater.



Furthermore, we use **recycled packaging**: In our EMEA region, we target to reach 28,500 “RECO-BULK” IBCs made by Schütz to be put in circulation each year. Since summer 2018, we have introduced approximately 8,000 units in the market. They are characterised by a lower carbon footprint because they feature a reused, reconditioned steel cage. By using the target volume, Brenntag will save over 2,400 tonnes of CO<sub>2</sub> per year compared to standard IBCs, which are equipped with a new steel cage.



**OPTIMIZED PACKAGING CIRCULARITY – BRENNTAG EMEA AS AN EXAMPLE**





**STEVEN HOLLAND,  
CEO**

## THREE QUESTIONS FOR STEVEN HOLLAND

### HOW WOULD YOU DESCRIBE BRENNTAG'S SENSE OF RESPONSIBILITY TOWARDS PROTECTING RESOURCES?

The fact that we want to keep the environmental impact of our business activities as low as possible is part of our philosophy and also part of our global HSE strategy. This includes the efficient and responsible use of natural resources. Efficiency is one of our company's core areas of expertise – and that also goes for the use of materials, such as in packaging.

### WHAT DOES THAT MEAN IN CONCRETE TERMS?

We want to reduce the amount of materials used, reuse packaging materials wherever possible and recycle substances. This principle shapes operations at our sites, where we have established a wide range of circular systems for our standard containers, such as barrels and IBCs. Globally, tens of thousands of them are in circulation, reused by our suppliers, Brenntag

and customers, are cleaned, reconditioned and used for many years. At the end of their useful lives, they are also often recycled in the form of plastic Euro-pallets, for example. Reusing and recycling are part of our day-to-day operations, and we continue to work on developing this.

### HOW MIGHT THIS DEVELOPMENT LOOK AT BRENNTAG?

We see particular potential in closer networks with our business partners. The topic of the circular economy is becoming more and more important in the industry. Brenntag has already accumulated a lot of experience and expertise here, which we want to be able to draw on and market more effectively within the industry. We already have a few ideas of how we could take care of more services in terms of packaging on behalf of our suppliers, for instance – to the benefit of both parties and the environment.



## COOPERATING FOR MORE SUSTAINABLE PRODUCTS

### Working together for more sustainable products

As the world’s leading chemicals distributor, we have acquired a great level of trust on the market. We want to draw on our positive ties to our suppliers and customers in order to leverage sustainable solutions and products.

### “ConnectingChemistry” for more sustainability

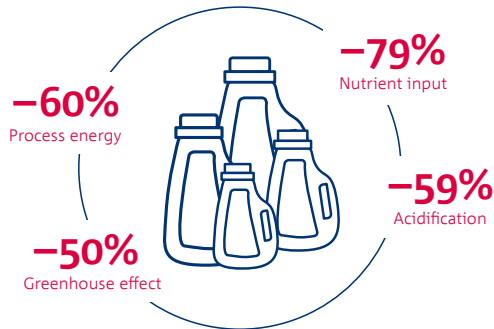
In this way we are able to use our market position to be able to bring together suppliers and consumers of environmentally friendly solutions – reflecting our corporate philosophy of “ConnectingChemistry”. In Chile, for example, we organized a workshop together with a manufacturer of chemical products at which we discussed technological developments in the packaging sector with our clients from the plastics processing industry. We presented new materials such as special resins that offer all the usual benefits in terms of safety, transparency and resistance but with low weight and high recyclability – characteristics that can significantly reduce the carbon footprint of a finished product.

### Go with the (material) flow

Since 2018, we have been working with the company “Der Grüne Punkt” (Green Dot) in order to develop application possibilities for the **recycled plastic** Systalen for our customers. Systalen is made from plastics obtained from the German domestic recycling system known as the “Gelber Sack” or “Gelbe Tonne” – one great example of a functioning circular economy. Systalen is a high-quality plastic granulate, which is able to replace new plastic in the manufacturing of various types of packaging and products used in the fields of building and construction and landscaping, logistics, transport and packaging technology. In this way, it is able to lower CO<sub>2</sub> emissions and the process energy required as compared to newly manufactured plastic. This makes it a sustainable alternative and useful innovation – which is why Brenntag is involved with a pilot project that has been launched in several European countries looking at the marketing of Systalen, contributing our application expertise and advising our customers.



### IN COMPARISON: RECYCLED PLASTIC VS. NEW PLASTIC



Recycled plastic produced on the basis of Systalen is significantly eco-friendlier than plastics made from primary raw materials like oil. Depending on the type of plastic involved, CO<sub>2</sub> emissions alone are reduced by half compared to the production of “new merchandise”. (Source: Der Grüne Punkt)



## SAFETY

# WE WANT TO BE THE SAFEST CHEMICAL DISTRIBUTOR



For the development of the **GROUP ACCIDENT RATE**, see page 26.



SAFETY

NFB 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>1 day</sub> of below 1.0 by 2020.

## HSE STRATEGY AND MANAGEMENT

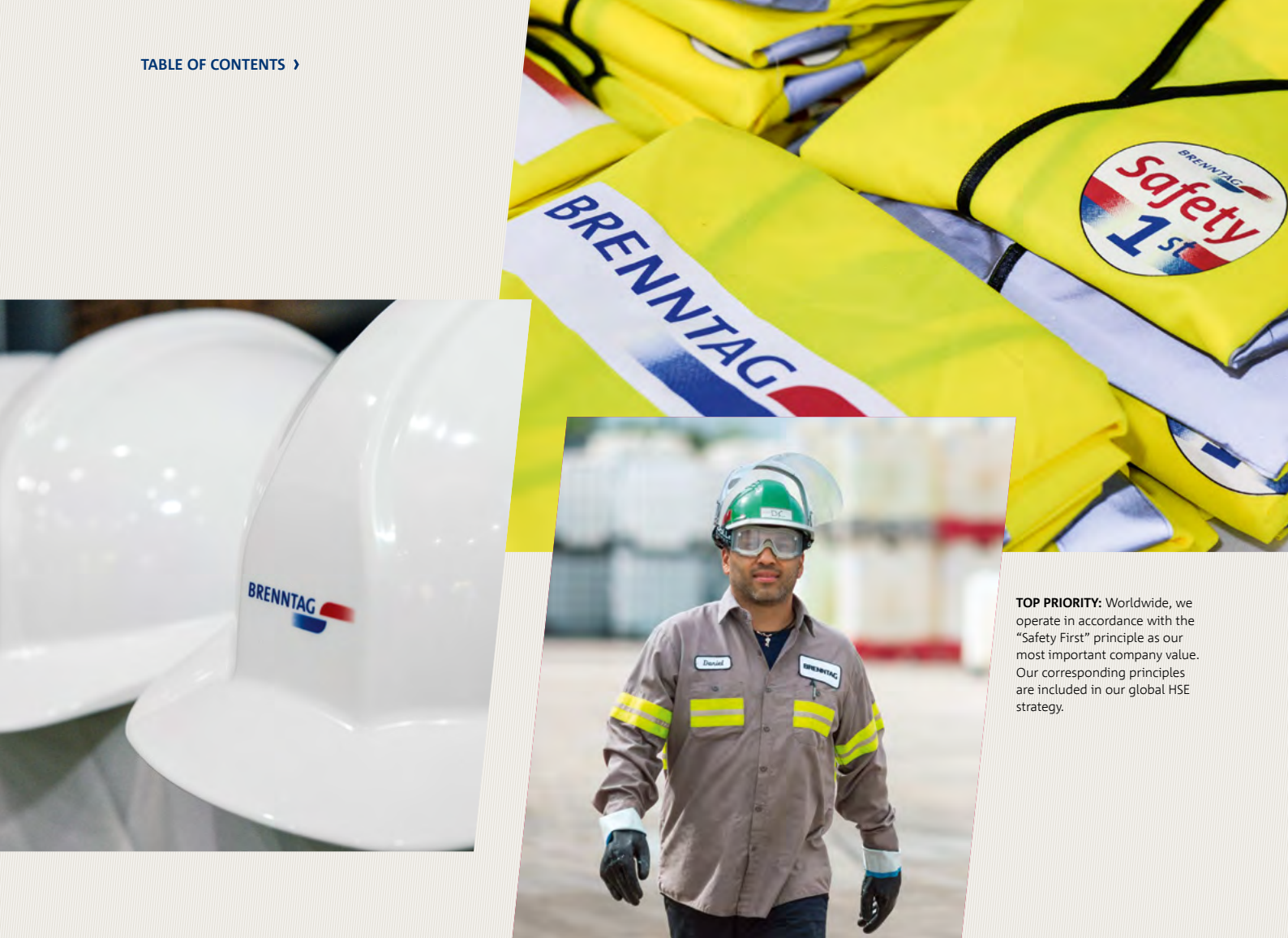
Brenntag has implemented a global health, safety and environment (HSE) strategy. This encapsulates our principles in the areas of safety, product stewardship, the environment, adherence to laws (compliance) and quality. The global strategy is implemented in the regions as part of their own HSE programmes.

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 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 regularly reports to the Board of Management of Brenntag AG. In order to further deepen their working relationship, every Board of Management member takes part at least once a year in the Global HSE Team’s regular phone conferences and its meetings.







**TOP PRIORITY:** Worldwide, we operate in accordance with the "Safety First" principle as our most important company value. Our corresponding principles are included in our global HSE strategy.

## 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

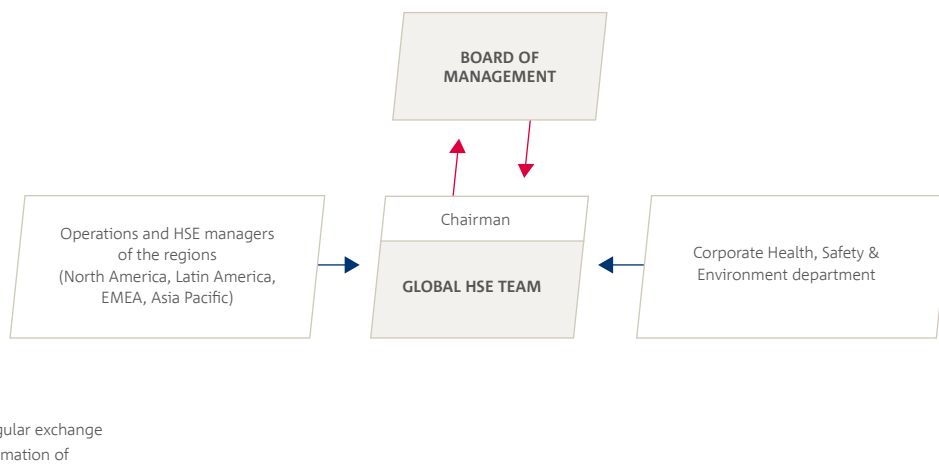
HSE PROGRAMMES AND REGULAR TRAINING

CLEAR GUIDELINES AND PROCEDURES

APPROPRIATE TECHNOLOGY

REGULAR INTERNAL AND EXTERNAL REPORTING

## HSE ORGANIZATION AT BRENNTAG



For information on the **ENVIRONMENTAL PROVISIONS**, see page 126 of Brenntag's 2018 Annual Report.

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There are HSE organizations with similar structures within the regions, countries and down to the individual locations. 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 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.

Brenntag manages HSE data in various databases at regional level that are forwarded 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

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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 (see page 23). Our performance is also regularly assessed and certified by independent third parties.

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To ensure effective chemicals management, data that are necessary for the safe handling of our products during storage, transport and within the delivery 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. All European companies are connected to this database.

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 %
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
<b>2018</b>	<b>108</b>	<b>28</b>	<b>64</b>	<b>19</b>	<b>72</b>	<b>73</b>

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.

## 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.

The following aspects and levels of process safety are covered:

- / Use of suitable equipment
- / Work instructions on how to use the equipment correctly and 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

## PRACTICAL EXAMPLES

**Brenntag EMEA** has specified four of its procedural instructions as “Critical Procedures”. Failure to adhere to the measures described could lead to significant risks. These include the handling of flammable liquids. An additional special compliance audit programme was developed for these instructions in the year under review. An audit catalogue was created based on several pilot audits at selected sites. An audit team of 18 Brenntag experts from several countries was then trained accordingly to this catalogue. Starting in the first quarter of 2019, these experts will audit Brenntag locations extensively, first in teams and then later as individual auditors. 31 audits are initially planned for 2019.

Following the successful completion of an extensive plant and warehouse expansion project, the Santiago site of **Brenntag Chile** was granted an approval by the country’s health department in 2018 in accordance with the new safety resolution 43. Under this resolution, the requirements for storing and handling hazardous substances are much stricter. Brenntag Chile was one of the firsts companies in the chemical industry to obtain this permit.

Internal audits in **North America and Europe** in 2017 uncovered issues with the fittings and condition of the pallet racks. As a result, guidelines on safe storage racks were drawn up in both regions. The racks have been retrofitted since then as part of a multi-stage plan. The retrofitting should be complete by the end of 2019.

Brenntag is increasingly taking advantage of the benefits of digital work methods. For example, **Brenntag North America and Brenntag UK & Ireland** have each introduced their own integrated IT system for stock management, product tracking and transport management. The purpose of these systems includes tracking goods on a paperless and real-time basis as they are moved from our suppliers to our plants and to the customer, thereby minimizing the risk of product mix-ups and incorrect deliveries. Since our drivers are equipped with corresponding tablets, required safety checks for vehicles and customer installations can be recorded with a time stamp. Any problems at the customer’s site can be documented immediately and forwarded to the relevant units at Brenntag. For example, if a driver is unsure whether a product he has on the tanker is correct for that customer’s storage tank, he can send a photo of it and obtain permission to unload. ■

### PRODUCT STEWARDSHIP AND SAFETY

Brenntag takes appropriate measures to ensure the proper handling of our products. These measures mainly 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.



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

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**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 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 2018, several sites 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.

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Year <sup>1)</sup>	Proportion of Brenntag legal entities <sup>2)</sup> participating in the RC/RD programme <sup>2)</sup>	
	abs.	in %
2014	92	76
2015	108	76
2016	113	76
2017	114	76
<b>2018</b>	<b>106</b>	<b>81</b>

1) The values given for 2014 to 2016 have not been audited by PwC.

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, 2018, 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 legal framework across Europe for the safe handling of chemicals in order to protect the environment and human health. The regulation includes mandatory provisions for the production, import, handling and use of pure and mixed chemical substances. One of the cornerstones of REACH is the mandatory registration on the part of manufacturers and importers. Brenntag complied with this mandatory registration in good time, with the result that all of the planned registrations had been successfully made before the final registration deadline at the end of May 2018.

Supported by our experts on regulatory matters, 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. We continually work towards improving the company’s safety culture and take 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. At **Brenntag North America**, a specific training programme for managers and line managers has been run by an external provider for many years. The programme provides them with the techniques and skills they need to make lasting improvements to the safety culture within their area of responsibility. 76 participants completed the programme in the year under review.

Brenntag continuously invests in its equipment and infrastructure in order to optimize plant safety and work processes at its sites and thus further minimize safety risks and hazards. At its **Belgian site in Deerlijk**, for example, the old installation for filling IBCs with acids and lyes was replaced with new equipment in the year under review. Brenntag’s experience from past accidents was incorporated into the design planning process. The result was a new filling line that has made significant ergonomic and safety improvements to the work done by employees on site.

**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.

A new guideline for selecting and training temporary employees was introduced for **Brenntag EMEA** at the start of 2017. In both 2017 and 2018, the number of accidents resulting in lost work days among temporary employees was only half the level recorded in the preceding years. At the same time, the total number of incidents reported in the third quarter of both years 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.



**SPECIALISED:** The training modules and measures are specially tailored to our employees’ work situation and occupational group and the potential dangers they face.

### IN CASE OF EMERGENCY

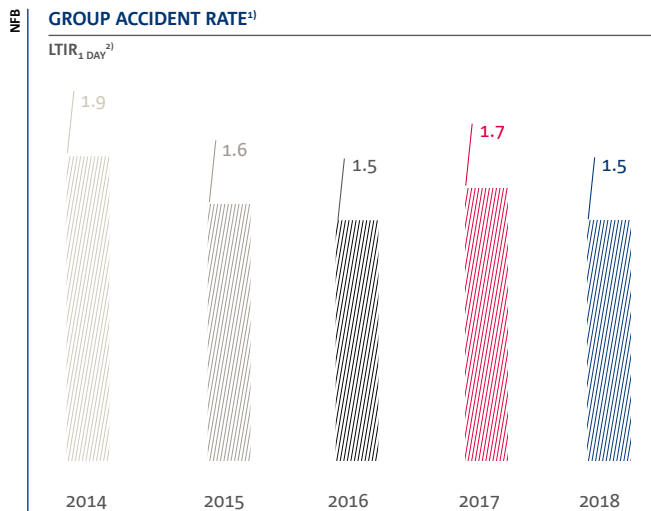
In the event of an emergency, they are there immediately – the responders from the emergency team. There are emergency teams at every Brenntag site. The team members receive special training and equipment and respond to events like fires and chemical spills. They perform a diverse range of tasks which are adapted to the individual circumstances at each site and coordinated with local authorities: organizing and carrying out evacuations, providing first aid or fire-fighting are just some examples.

During an incident on May 25, 2018, the emergency team at the **Zgierz site in Poland** demonstrated its reliability and professionalism. A fire broke out that evening on the premises of a plastic waste storage company located directly next to the site. This fire quickly developed into a major blaze that took several days to extinguish. When the flames threatened to spread to Brenntag's warehouses, the Brenntag team worked with the fire brigade to cool down the buildings from the outside, which preventing the situation from deteriorating. After the incident, representatives of the fire brigade repeatedly praised the professional actions of our employees, the effective cooperation and the Brenntag equipment on hand.

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 and absences from work at Brenntag. Our measures are therefore focused on making improvements in these areas. 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 79% between 2010 and 2018. The number of accidents involving equipment and tools, which increased significantly in 2017, decreased to a normal level again. However, there was a sharp increase in the number of injuries caused by slips/trips/falls. They were responsible for almost half of accidents resulting in work absences in 2018. The high number of accidents in warehouses was particularly notable here. In almost all cases, the accidents were caused by a lack of attention and incorrect behaviour. Brenntag has established a working group to analyse the underlying causes. Its findings will be used to develop a global campaign aimed at avoiding these accidents. Brenntag is also focusing on accidents involving vehicles (forklift trucks, trucks, cars, motorbikes). 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 analyse driving in trucks, to improved road signage for works transport and for pedestrians at our sites. More than 1,300 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 positive experiences using a system that records driving behaviour and traffic situations with a video camera. If necessary, truck drivers can then analyse



SAFETY



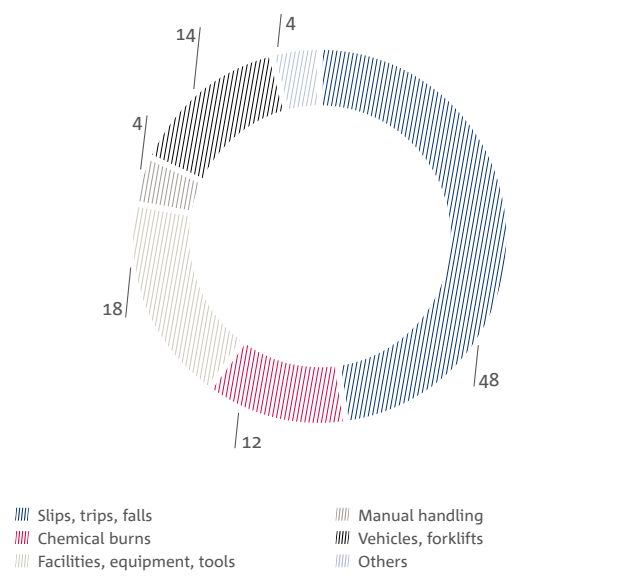
1) The values given for 2014 to 2016 have not been audited by PwC.

2) LTIR<sub>1 Day</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 over many years. Following a one-off increase in 2017, Brenntag is now back on the path of continuous improvement. Between 2010 and 2018, we were able to reduce the Group accident rate by 66% to a value of 1.5.

**CAUSES FOR LOST TIME INJURIES 2018**

(IN %)



critical situations and unsafe behaviour with their direct managers using video clips. Since the programme was introduced, the number of accidents per million miles travelled has decreased by 72%. Brenntag EMEA conducts special hazard analyses for internal on-site transport at its sites. Any necessary measures identified on the basis of these analyses are being implemented for 2018. These vary considerably in terms of complexity and costs, ranging from the simple installation of mirrors to the clear separation of pedestrian paths and vehicle roadways, right up to investment in vehicles and construction activities. In Deerlijk, for example, the old loading ramps were replaced in the year under review with new ones that enable safer loading.

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 a key cause of accidents in more than 75% of cases. Between October and December 2018, all Brenntag employees worldwide were asked to take part in our BEST employee survey for the second time since 2015. The aim was to find out how the safety culture at Brenntag has changed in the last three years from the perspective of employees. It also provided everyone with an opportunity to suggest ways in which the safety culture could be further improved. As with the first

survey, participation was very high: In total, 82% of Brenntag employees took part in the survey either online or at one of the 495 workshops held worldwide. The findings will be incorporated into the action plans for the coming years after they are evaluated.

In order to expand the BEST ideas beyond occupational safety and into the personal sphere of Brenntag employees, Brenntag developed the BEST – Personal Safety Action Plan (PSAP). At the start of 2018, all Brenntag employees worldwide were asked to create a PSAP and list the risks that they encounter daily while at work as well as in their personal lives. Together with their respective line managers – who had been given special training in this area – they developed individual plans consisting of measures to prevent accidents and incidents. Board of Management members and senior managers created catchy videos presenting their own personal plans so that all employees could learn about how they can contribute to Brenntag’s safety culture. In the year under review, many employees worldwide accepted the invitation to present their own PSAP in a video.

**PRACTICAL EXAMPLES**

A number of practical examples and highlights from our regions are provided below, giving an insight into our diverse range of practices and safety culture at Brenntag.

Thanks to its high profile within the industry, **Brenntag UK & Ireland** was invited to present its comprehensive safety approach as part of the “Solutions for our Future” campaign of the UK’s Chemical Industries Association (CIA). As part of this, a film about Brenntag’s “Safety First” culture was made at their Lutterworth site, Leicestershire. The processes and activities conducted on site are presented in the film, as are the BEST initiatives.



**FURTHER EXAMPLES** are presented on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Projects worldwide.



The **SAFETY VIDEO** from the UK can be found here: [www.youtube.com/watch?v=4PhgmuhQyA](https://www.youtube.com/watch?v=4PhgmuhQyA)



**HEIGHTEN AWARENESS:** The CASA Day in Latin America involves a whole day of joint exercises, games and activities focused on health and safety.

**Brenntag Asia Pacific** is continuously working to improve its safety performance, with a focus not just on reportable accidents, but also on near misses. Analysing these is essential for identifying risks as part of efforts to prevent accidents. In order to increase employees' awareness of this particular issue and prompt them to report incidents that almost led to an accident, Brenntag Asia Pacific recognizes one person every month in each country who has reported a near miss. The most suitable example is then chosen every six months and communicated to the entire region.

Individual **Brenntag sites and companies** frequently dedicate an entire day to the issue of safety. For example, the CASA<sup>1)</sup> Day took place once again at all Brenntag Latin America locations in April 2018 and included a diverse range of activities, workshops, games and exercises. Customers, suppliers and service providers are also often involved, in addition to the families of employees. The CASA Day focused on the health and safety of young employees in the year under review.

In November 2018, Shawn Wiram, Director Safety, Health and Environment at **Brenntag North America**, was awarded the title of "Distributor of the Year" by the USA's National Association of

Chemical Distributors (NACD) to honour his many years of work in the areas of occupational safety, health and environmental protection and his strong commitment to the principles of the Responsible Distribution programme.

In April 2018, employees at the Esteio site of **Brenntag Brazil** celebrated an important milestone in the area of safety: 5,000 days without any accidents and accident-related work absences.

34 of the 53 **Brenntag sites in Europe** with more than 40 employees recorded zero lost time injuries (LTI) in the year under review. Four of these sites have gone ten years without an accident-related work absence, and a further eleven sites have gone five years without one. ■

1) 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

# WE USE RESOURCES EFFICIENTLY

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. Brenntag implemented Groupwide energy reporting in order to make

its own energy consumption and associated CO<sub>2</sub> emissions more transparent. Sites’ energy consumption data are collected quarterly and are compiled and evaluated centrally by Brenntag’s sustainability manager. 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 base year 2016.

During the reporting year, the global activities of the Brenntag Group resulted in a total of 245,668.72 tonnes of CO<sub>2</sub> emissions (Scope 1 and 2). Indoor energy consumption (offices and warehouses) accounted for around 44% of this, while the vehicle fleet (trucks, company cars and other vehicles) accounted for around 56%. This means we must record an increase in total energy consumption and total CO<sub>2</sub> emissions, due primarily to the first-time inclusion of data from major

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For Brenntag’s **HSE STRATEGY AND ORGANIZATION**, please see the Safety chapter on page 20ff.



**SOLAR ENERGY:** Brenntag in Budapest is cutting its CO<sub>2</sub> emissions thanks to a solar array installed in summer 2018.



NFB company acquisitions in North America. The Scope 1 and 2 CO<sub>2</sub> emissions per tonne of goods sold also rose by 3.11% compared to the 2016 base year<sup>2)</sup>. A main reason for this was the expansion of the company's own truck fleet in the USA, which resulted in a lower proportion of transport through external companies. This led to a transfer of Scope 3 emissions to Scope 1 emissions. The

NFB analysis of the data also shows that energy consumption at the Brenntag sites may be subject to business-related variations, which are influenced by the nature and scope of the products traded there and the services provided.

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

	2018		2017 <sup>3)</sup>		2016 <sup>2),3)</sup>	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
Electricity (in MWh)	150,613	15.2	152,669	16.4	146,904	16.5
Gas (in MWh)	200,933	20.3	171,781	18.5	178,702	20.1
Diesel (in 1,000 litres)	44,971	4.5	38,059	4.1	36,290	4.1
Petrol (in 1,000 litres)	6,585	0.7	6,143	0.7	6,141	0.7
Other <sup>4)</sup> (in 1,000 litres)	3,991	0.4	3,719	0.4	3,870	0.4

#### CO<sub>2</sub> EMISSIONS<sup>5)</sup> BRENNTAG GROUP<sup>3)</sup>

	2018		2017 <sup>3)</sup>		2016 <sup>2),3)</sup>	
	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold	Total	Per 1,000 warehouse tonnes of goods sold
<b>Scope 2</b>						
Electricity (in tonnes)	66,353	6.7	65,416	7.0	62,712	7.0
<b>Scope 1</b>						
Gas (in tonnes)	36,900	3.7	31,547	3.4	32,818	3.7
Diesel (in tonnes)	119,381	12.0	101,032	10.9	96,336	10.8
Petrol (in tonnes)	15,091	1.5	14,078	1.5	14,072	1.6
Other <sup>4)</sup> (in tonnes)	7,943	0.8	7,439	0.8	7,933	0.9
<b>Scope 1+2</b> (in tonnes)	<b>245,669</b>	<b>24.8</b>	<b>219,512</b>	<b>23.6</b>	<b>213,871</b>	<b>24.0</b>
Changes compared to basis year 2016 <sup>3)</sup> (in %)	–	3.1	–	–1.8	–	–

1) This data does not include the following operating units: Brenntag International Chemicals, Raj Petro Specialities Pvt. Ltd., Alphamin Group, Comércio e Indústria Química S.A., Cofarcas Productos Químicos y Servicios, S.A., Whanee Corporation (included since Q3/2018) and all units in Africa and the Middle East.

2) The values given for basis year 2016 have not been audited by PwC.

3) Due to improved technical analysis possibilities, the energy consumption reported for 2016 and 2017 was again reviewed 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 Greenhouse 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 2018, Brenntag took part in the climate rating initiative of the international organization CDP for the first time and was given a rating of C (“Awareness”). CDP compares around 7,000 companies worldwide every year with regard to their strategic approach to the challenges of climate change and assesses their climate management system based on a comprehensive catalogue of criteria. By participating in the initiative, Brenntag is aiming to enhance its energy reporting using recognized standards. At the same time, it also allows us to address our customers’ and investors’ requirement for greater transparency and comparability in our energy consumption reporting and to demonstrate our progress in the areas of energy efficiency and energy management.

#### PRACTICAL EXAMPLES

We launched the internal campaign “Fight the Energy Monsters” in the year under review and rolled it out globally in order to raise awareness among all Brenntag employees of “energy monsters” within the company in a fun and memorable way. The aim is to ensure that every employee knows where and in what way we consume energy and how energy can be saved.

A wind turbine was installed at the new North East site of **Brenntag UK and Ireland** which was completed at the end of 2018 and commenced operations at the start of 2019. The turbine has a maximum output of 6kW and should be able to produce 13,000 kWh of electricity per year dependant on wind speed. Around 90% of the renewable electricity will be used by the location, with the remaining 10% fed into the national grid. This will cut the site’s CO<sub>2</sub> emissions by around 5.6 tonnes per year compared to conventional electricity production. The turbine is not just an investment in sustainable energy production. It will also be appreciated by those customers and suppliers that give regard to environmental awareness and sustainability programmes when choosing their business partners. In addition to the wind turbine, other measures were implemented at the North East site that will increase energy efficiency and therefore reduce energy consumption, these including motion sensors and energy-saving LED lighting. The roof of the warehouse was constructed in such a way that allows more natural light to pass through of the surface than conventional warehouse roofs.

In summer 2018, **Brenntag Hungária** in Budapest installed solar cells with a peak output of 13.5 kW (dependant on solar radiation). It produced around 5,200 kWh of electricity in the year under review, reducing CO<sub>2</sub> emissions by approximately 1.7 tonnes.

At Brenntag’s **Deerlijk** site in Belgium, an energy efficiency project was introduced in stages between 2016 and 2018. Based on a review of the various consumers of energy at the site, a total of ten packages of measures were specified. These included optimizing the office building’s heating system, repairing leaks in the compressed air production system, replacing the oil heating system with an efficient electrical heating system comprised of heat pumps and solar thermal panels, and installing motion sensors and economical LED lighting in the warehouses. By the end of 2018, the average quarterly energy consumption was almost 10% lower, which will reduce annual electricity consumption by up to 130 MWh. ■

#### 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.

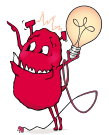
Many Brenntag companies use telematics systems in order to optimize the use of their vehicle fleets. They record vehicle and trip-related data such as fuel consumption, speed and driving duration. These on-board units directly facilitate safe and eco-efficient driving, for example by providing visual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



[www.cdp.net](http://www.cdp.net)



For information on the **ENERGY-SAVING CAMPAIGN**, please see page 14ff.





**MORE SUSTAINABLE FUEL:** As part of a test project, vehicles at Brenntag in Heilbronn and Frankfurt are using the innovative, particularly environmentally friendly diesel known as “R33 BlueDiesel”.

**PRACTICAL EXAMPLE**

Since September 2018, the 21-vehicle truck fleet at the Heilbronn and Frankfurt sites of the **Brenntag Group Germany** have been using the innovative, particularly environmentally friendly diesel known as “R33 BlueDiesel”. Its renewable fuel content is exceptionally high at up to 33%: 26% of the diesel is high-purity, renewable paraffin (e.g. from used cooking oil from the gastronomy) and 7% is biodiesel from used rapeseed oil, for instance. The use of these high-quality fuel components help to reduce CO<sub>2</sub> emissions by at least 20% in comparison to conventional diesel fuels, taking into account the manufacturing phase (“well-to-wheel” method). In addition, the fuel can be used without having to convert the engines of diesel vehicles because it fulfils all of the criteria for diesel fuel standard EN 590. By the end of the year under review, around 80,000 litres of R33 BlueDiesel had been used to refuel Brenntag vehicles, reducing CO<sub>2</sub> emissions by more than 50 tonnes in comparison to fossil-based diesel fuels. The use of R33 BlueDiesel at

the German locations mentioned above is part of a test project in partnership with the manufacturer Shell Global Solutions, as well as Tecosol and Neste, which provide the fuels certified in accordance with European standards. This may be expanded to other Brenntag locations. Suppliers and customers may also be permitted to refuel their cars with R33 BlueDiesel in future. ■

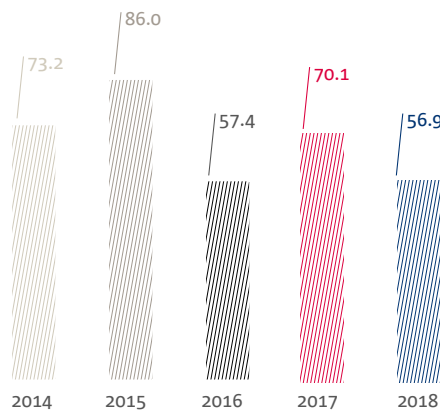
**WATER**

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

**BRENNTAG LATIN AMERICA: WATER CONSUMPTION**

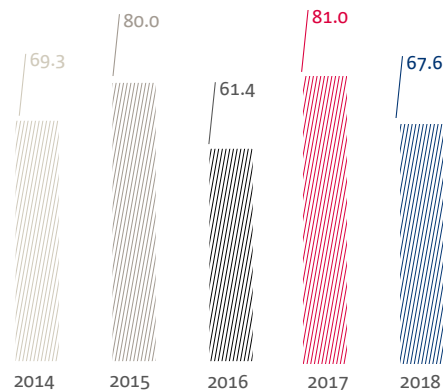
**TOTAL**

(IN MILLIONS OF LITRES)



**PER WAREHOUSE TONNE OF GOODS SOLD**

(IN LITRES)



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 EXAMPLE**

**Brenntag Latin America** regularly measures water consumption at all of its sites as part of its extensive CASA programme (see graphic page 32). There are several reasons for consumption fluctuating over time: Company acquisitions and changes in the number of employees increase or reduce water needs. 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 decreased by almost 19% compared to the previous year. A key reason for this was maintenance work carried out in the year under review to fix leaks in the Dominican Republic and Chile, which had led to increased consumption in 2017. ■

**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 placed in or moved between containers or during transportation, Brenntag has strict and effective measures in place to quickly rectify the problem and clean up and dispose of the chemicals. Spillages are recorded, categorized and evaluated using a standardized system.

**PRACTICAL EXAMPLES**

In July 2018, **Brenntag Honduras** was commended by the Puerto Cortés municipality for its exemplary implementation of local environmental regulations. More than 80 companies in the municipality underwent an environmental assessment and site inspections. These included an examination of the condition of facilities, warehouse conditions, the hygiene situation, waste management, emergency measures and safety equipment, and employee training. Brenntag Honduras was one of four companies to be 100% compliant with all of the requirements.

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See the **HSE STRATEGY AND MANAGEMENT SECTION** of the Safety chapter (pages 20 and 24).



At the start of 2019, the new Filago site in **Italy** commenced operations. Brenntag invested extensively in environmental protection for the development. Since the location had previously been used for industrial purposes, a comprehensive soil and groundwater inspection was first conducted. The low level of contamination identified as part of this was subsequently remedied. We removed all the existing underground installations and replaced them with a contemporary, new design. As a result, there are two completely separate wastewater systems for rainwater and industrial wastewater. All of the areas where operations occur have been made watertight and fitted with new retention systems. The retention basins have been built to withstand earthquakes, as have the shelf systems. The same applies to existing buildings on the premises which remain in use and have therefore been enhanced accordingly. The tank facilities are monitored during operations by a multi-stage control system. For example, the storage tanks are fitted with fill level displays for continuous and redundant measurement. These have integrated automatic shutdown functions to prevent inadvertent overfilling. All these measures are in place to prevent product releases or to intercept them immediately on site. However, if an uncontrolled release does occur, it is fed into an emergency storage basin via the wastewater system. The exhaust air from the tank facilities and filling lines is extracted and fed through suitable purification facilities (scrubbers) to ensure that the air meets the required quality standards when it is released. Energy efficiency was also taken into consideration when the new site was fitted out: all of the interior and exterior lighting is LED-based. Compared to similar neon tube technology, energy consumption is 50% less, and annual CO<sub>2</sub> emissions are at least 42 tonnes lower.

Despite all the preventative measures and investment in environmental protection and process safety at Brenntag's locations, significant product releases can occur on rare occasions. In the year under review, at the Haina site in the **Dominican Republic**, a transfer line was punctured while a ship was being unloaded. Around 30 m<sup>3</sup> of a surfactant was

subsequently released. Although this resulted in the formation of foam on a river and in a bay, it was not classified as environmental contamination. After undertaking measures to clean the water, Brenntag Caribe replaced the affected transfer line as well as another one and implemented an improved inspection and maintenance programme. Brenntag communicated closely with the local authorities and residents during the entire incident. ■

### 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.

### PRACTICAL EXAMPLE

The Esteio site of **Brenntag Brazil** was given the city's "Ecological Seal Award" in July 2018 for its waste separation and recycling programme, which it implemented together with the local municipality. To begin with, Brenntag HSE managers trained the employees on how to separate waste correctly, and a corresponding disposal system was put in place at the site. The waste collected and separated is sent to a local recycling cooperative which works to increase environmental awareness among the population and generates funding for social projects by reusing the waste. ■



Further information and practical examples on **RECYCLING** can be found on page 16ff.

### 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 target 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.

#### PRACTICAL EXAMPLES

With the "Fluid Management & Engineering Services Team", **Brenntag Lubricants** in the USA offers its customers a fee-based programme and on-site service to significantly increase efficiency when using oil, lubricants and other fluids. A team of chemical, mechanical and manufacturing engineers advises customers in the manufacturing industry on the selection, usage and handling of suitable products, and perform checks and analyses. By working closely together with customers at their facilities, processes can be optimized and adapted, thereby reducing consumption, waste volumes and costs. For example, one customer in the mechanical engineering industry reduced its liquid and solid waste volumes by around 295,000 litres over a period of three years.

A similar aim is pursued by the "Gas Engine Service Program", which was developed in the USA by the Brenntag subsidiary **Coastal Chemicals** – a specialist in the oil and gas industry – together with a major supplier of mineral oil products. As part of a multi-stage process (planning, execution, documentation and review), the customer's use of lubricants is optimized. For example, the frequency of oil changes can be significantly reduced, as the oil is not changed after a pre-specified number of operating hours, but rather only when it is actually necessary. Reducing the number of oil changes also lowers the volume of used and residual oil that has to be disposed of. The service also has a positive impact on occupational safety, since the reduced maintenance intensity means that employees have

to deal less frequently with hot machinery in an industrial environment. As part of a pilot project in the year under review, one customer was able to decrease its consumption of lubricants by around 328,000 litres, as it only had to perform one oil change instead of four on many of its more than 180 machines.

Brenntag is one of the world's leading distributors of AdBlue®. This is a high-purity, 32.5 % aqueous urea solution which is directly injected into the exhaust gas stream of diesel engines to reduce nitrogen oxide emissions. Since we created the AdBlue® business in 2005, we have gained great experience in handling this product. Our services related to the filling and delivery of AdBlue® in large and small quantities are tailored to our customers' individual needs. COSSU (Consumer Operated Self Service Unit), which was developed for AdBlue® by **Brenntag UK and Ireland**, received an environmental award in the year under review. The "APEA Environmental Protection & Improvement Award" is granted by The Sandu Foundation, a British non-profit organization. COSSU is an environmentally friendly alternative to selling the product in plastic canisters and makes it easier for fuel station operators as well as car and van drivers to avail themselves of this sustainable product. ■



**SUSTAINABLE SOLUTIONS**



Further practical examples of **SUSTAINABLE SOLUTIONS** can be found on page 19.

**PRACTICAL:** The COSSU (Customer Operated Self Service Unit) developed by Brenntag for the AdBlue® urea solution received an environmental award in the UK.



## RESPONSIBILITY IN THE SUPPLY CHAIN

# WE FOCUS ON TRANSPARENCY

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.

levels throughout the Group, there are standardized processes in place for relationship management with suppliers. In our company, supplier relationships are a management issue 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 representatives from the purchasing units of the four Brenntag regions, the Brenntag Global Sourcing Organization and Brenntag's sustainability manager. The sustainability manager 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.

**NFB** 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 analyse a specific percentage of our total chemical spend (in EUR) through [sustainability assessments or audits](#) as part of our membership of the "Together for Sustainability" initiative. In 2016, we set a target of 50% for our coverage rate, which we achieved by the end of 2017 with a rate of around 64%. We adjusted the target accordingly and are now aiming for a coverage rate of 80% by 2020. The rate was approximately 70% at the end of 2018.

In addition to achieving greater transparency in relation to its suppliers' sustainability performance through a higher coverage rate, Brenntag now wants to focus more on improvements in their sustainability performance. We have therefore specified another target in the area of sustainable procurement: By 2020, we want 70% of our suppliers undergoing [reassessment](#) to have improved their score by at least one point compared to their previous assessment.

## 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



### SUSTAINABLE PROCUREMENT



For the **SUSTAINABILITY ASSESSMENTS**, please also see the corresponding sections in this chapter on page 37.



The **SUPPLIER CODE OF CONDUCT** is available on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Service & Contacts.

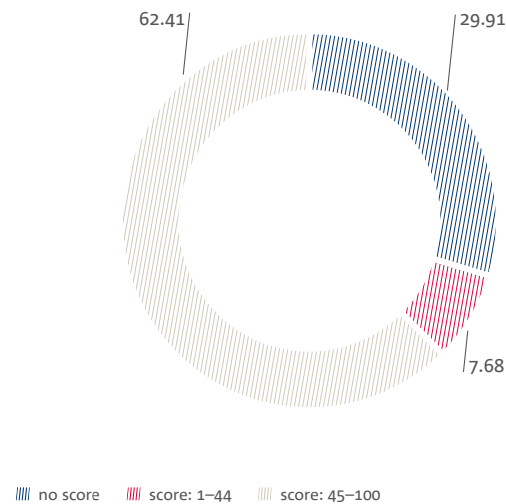


**SUSTAINABILITY ASSESSMENTS FOR SUPPLIERS:** Within the scope of its membership of the “Together for Sustainability” (TfS) industry initiative, Brenntag requires a certain number of its suppliers to undergo sustainability assessments every year. We thereby achieve greater transparency in relation to 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.

**ECOVADIS SCORING OF BRENNTAG’S SUPPLIERS**

SHARE OF TOTAL CHEMICAL SPEND IN EUR (IN %)



Brenntag evaluates its **suppliers’ assessment results**. It found that suppliers which represent some 62% of our total chemical spend scored 45 points or higher. According to the EcoVadis assessment system, these companies have, as a minimum, a structured and proactive sustainability approach, policies and tangible actions in relation to the areas evaluated and a basic reporting system or set of performance indicators. Depending on their performance, Brenntag requests that its suppliers take corrective measures (corrective action plan) or it arranges a supplementary audit. Starting in 2019, the focus will be on the suppliers which score less than 45 points and/ or have an outdated scorecard (older than three years). The targeted improvements will then be evaluated as part of a reassessment.

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Around 1,000 of our suppliers completed the assessment programme between its launch in 2015 and the end of 2018. In total, 64% of our suppliers which underwent reassessment were able to improve their score compared to the last survey.

NFB

The sustainability manager and the purchasing units at Brenntag maintain regular contact to discuss the issue of sustainable procurement and to develop our objectives. We regularly train our purchasing staff on the assessment procedure and therefore also on sustainability issues, enabling them to assist and to advise their suppliers during the review process.

**SUSTAINABILITY AUDITS OF SUPPLIERS:**

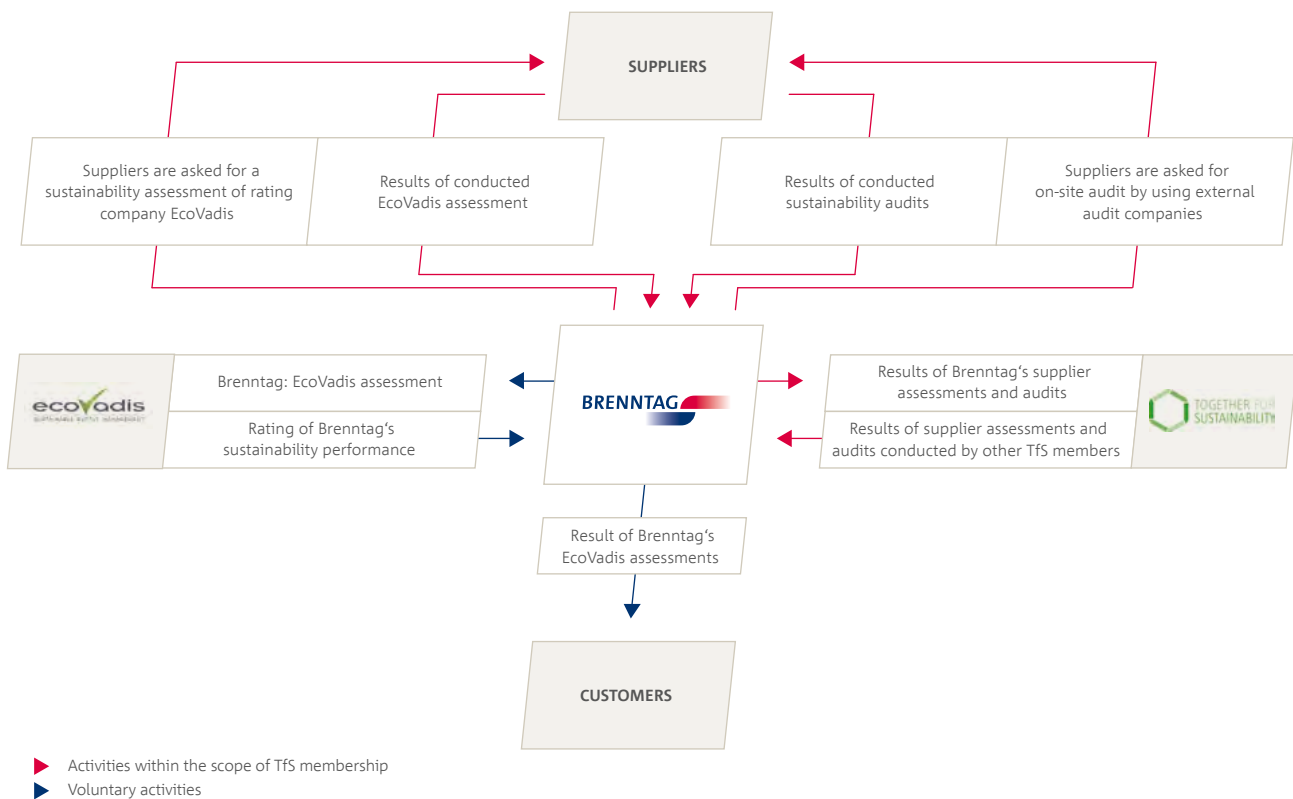
As a supplement to the assessments, Brenntag arranged an evaluation of a supplier in China by external, independent auditors on site for the first time in the year under review. More audits are planned in 2019. The audits are based on a catalogue of requirements developed by TfS and cover the areas of sustainability management, the environment, health and safety, labour and human rights, and corporate governance. The results of all audits are shared within TfS. Brenntag reviews its suppliers’ audit results. If necessary, it agrees on corrective measures with the company and the auditor and follows up on the implementation of these.

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Brenntag’s membership of TfS provides it with access to the results of all the **ASSESSMENTS** which TfS member companies conduct of their suppliers.

## SUSTAINABLE PROCUREMENT AT BRENNTAG



### 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, issue-specific audits at our locations as well as our participation in the climate rating initiative of the international organization CDP.

**ECOVADIS SCORE:** In its most recent **EcoVadis assessment** in November 2018, the Brenntag Group achieved a score of 68 points, thereby confirming the gold status (Gold Recognition Level) that it achieved in October 2016. This result puts us among the top 1% of companies assessed in our industry category. As specified in our sustainability objectives (see page 7), we will endeavour to maintain our gold status and our score over the long term.

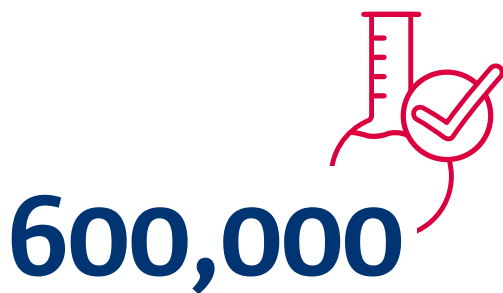


The results of the **ECOVADIS RATING** are available on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Service & Contacts.



For **CDP**, see the Environmental Protection chapter on page 31.

**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 2018, in the EMEA region and the USA, Brenntag sent a good 600,000 safety data sheets to customers.



safety data sheets for the safe handling of chemicals have been sent to our customers in North America and Europe

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.

**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 23 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

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In the EcoVadis sustainability assessment, we are among the top 1% of all companies assessed in our industry category.



## EMPLOYEES

# WE WANT TO RECRUIT THE BEST PEOPLE FOR OUR TEAM



For information on our **CORPORATE VISION**, please see page 33 of Brenntag's 2018 Annual Report.



## EMPLOYEES

More than 16,600 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. Embedded in our corporate strategy as well as Brenntag's **vision**, 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. We see it as our responsibility to offer fair working conditions and an attractive, safe and inspirational **working environment** while encouraging our employees' personal and professional development in a targeted manner.

## HR HUMAN RESOURCES STRATEGY AND MANAGEMENT

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 Chief Human Resources Officer is responsible for Brenntag's Global Human Resources area. Together with the Global HR Leadership Team, which includes the HR officers for Global Development & Talent Management, Global Compensation & Benefits and the Brenntag's regions, the Chief Human Resources Officer aims to ensure compliance with our global HR strategy and to put in place and centrally manage measures to ensure the implementation of this strategy in the Group's various regions. The Chief Human Resources Officer reports directly to the CEO and 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.

## AWARD-WINNING HR MANAGEMENT AT BRENNTAG INDIA

The HR management and HR activities of Brenntag India received more than one accolade in the year under review. At the start of 2018, the company was awarded the "Great Place to Work" certification by the Great Place to Work organization. In September, Brenntag India also received the "Award for Excellence in Human Resource Management in the Chemical Industry" from the Indian Chemical Council (ICC), which represents all sectors of the chemical industry in India. The award was granted because the principles and practices at Brenntag India – such as the training opportunities provided by the Brenntag Academy, family involvement and shared CSR activities – "are employee-focused and have a human touch".



**BRENNTAG HR PORTAL:** We are currently introducing a global HR management system in order to implement and manage our globally uniform HR processes in the areas of employee recruitment, onboarding, learning, people performance management, remuneration and succession planning. The new system is gradually replacing the wide range of applications in our heterogeneous HR system landscape, while also offering our employees an opportunity to work together and share knowledge and ideas. In the year under review, 96% of our employees' master data was migrated from the existing local HR systems, while the feedback dialogues as well as the target-setting agreements and annual salary reviews were conducted via the Brenntag HR Portal for a third of our staff. The target is to incorporate all of Brenntag's global HR processes across the board into the Brenntag HR Portal by the end of 2020.

**EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT**

The Global HR Development & Talent Management Team reports directly to the Chief Human Resources Officer. Its objective is to develop and implement suitable human resources development concepts based on our global HR strategy and in line with our corporate strategy. Brenntag's HR development strategy includes measures for all groups of employees to ensure that our employees receive appropriate training and that crucial positions are filled at Brenntag in good time and in line with requirements.

Monitoring the level of **employee fluctuation** on the basis of employee termination provides an indicator which can be used to identify a specific need for action. 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 analysed at local level. In the event of atypical deviations, the causes are identified, and suitable measures are considered as needed.

In 2018, we launched and provided information on a global job architecture for all employees. This is a framework that covers and organizes all of the job positions at Brenntag worldwide. The global job architecture offers greater transparency so that it will be possible in the future to identify career opportunities within a job family and across several job families, for example. Needs-based training and development measures can also be identified and subsequently provided. At the same time, the global job architecture serves as a basis and resource for

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implementing and enhancing measures in relation to feedback dialogues, identification of potential, succession planning and HR development, all of which are described in the following sections.

**FEEDBACK DIALOGUES:** 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 while also encouraging a change and performance culture. These meetings consider employees' performance and discuss their goals and personal expectations as well as individual development measures. The aim is to incorporate our globally uniform "People Performance Dialogue" for all employees into the Brenntag HR Portal. This will enable us to implement and track the process more efficiently in the future.

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Additional **EMPLOYEE FLUCTUATION** indicators can be found on page 47.



For information on the **COMPLIANCE TRAINING**, please see the Sustainability at Brenntag chapter on page 11.



For the **CONNECTING POTENTIAL** programme, please also see the Programmes and training section in this chapter.

**IDENTIFICATION AND DEVELOPMENT OF POTENTIAL:** In order to foster internal careers and to ensure the emergence of a new generation of Brenntag managers and experts, there is a global concept for identifying high-potential employees who fulfil our global criteria and are distinguished by their particularly strong performance. This approach enables us to identify employees with strong development potential at an early stage so that we can enhance their skills and provide the structure to prepare them for the next potential step in their career.

The global development programme “**Connecting Potential**” was initially launched for high-potential employees who are at the start of their career. In the year under review, we also began developing additional global development programmes for experienced high-potential employees at higher management levels. We plan to start implementing these new programmes in 2019 with around 90 participants annually.

**SUCCESSION PLANNING:** Succession planning and structured, proactive HR development are closely associated with the identification of potential what puts these topics on the list of priorities for our HR strategy. 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 possible future roles.

Due to its importance, the Chief Human Resources Officer regularly discusses succession planning for global executive management with the Board of Management. In the year under review, “People Reviews” were introduced for further organizational levels in the Group’s various regions. They may be expanded in 2019 on a regional needs basis.

**PROGRAMMES AND TRAINING:** At Brenntag, we want to create a working environment where each individual can identify and take advantage of the development opportunities that exist at our company. 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 at a global, regional and local level and, depending on the nature of this programme or training, are provided either in conventional events attended in person or through online training events.

Our global e-learning management system provides our employees with a flexible and digital-based opportunity to enhance their knowledge and skills independently and efficiently. By offering a comprehensive range of specific and professional training with presentations, videos and additional reference materials for self-learning, we foster a culture of

autonomous learning. We also reach all of our employees with access to a PC via our online platform, making it easier for them to take part in mandatory global and regional **compliance training**, such as on the Brenntag Code of Business Conduct and Ethics, anticorruption, competition law, antitrust law, fraud prevention and the EU’s General Data Protection Regulation.

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.

#### PRACTICAL EXAMPLES

In the year under review, the new **global development programme “Connecting Potential”** was conducted for all Brenntag regions for the first time. It is aimed at selected junior staff at the company who are at the start of their career. The three-part programme brings together talented and motivated high-potential employees from a wide range of areas in the region and helps them to grow as individual top performers and to expand their network. In 2018, almost 60 junior staff completed the “Connecting Potential” programme.

**Brenntag Benelux** has a special development programme “Learn2Lead” for junior managers who are leading or will soon lead a team for the first time. Over a period of several months, the ten participants in each class are trained on what it means to lead employees, how to motivate their team and how to give feedback. The programme encompasses both e-learning sessions and workshops.

The regional training programme “Catalyst Leadership Course” is also aimed at earlier career leaders. It has been operating successfully at **Brenntag North America** since 2017 and was completed by a total of 201 participants in nine courses in 2018. The focus is on providing employees with practical personal and specialist training and teaching them management skills. ■

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 areas. The specific trainee programmes for management or specialist careers which are offered in Germany were expanded to Austria and Switzerland in the year under review and have since been providing an additional international incentive to gain experience. To date, more than 30 career entrants have completed these trainee programmes.

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.

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**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 acquirement of specific skills and expertise, priority is given to the transfer of our corporate culture and company-specific working processes as well as the personal development of the apprentices.

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

In the year under review, Brenntag received the “Germany’s best trainers” award from the business magazine Capital and the HR marketing company Ausbildung.de and Territory Embrace. **Brenntag Germany** responded to a catalogue of 60 questions in the five



For information on **TRAINING COURSES IN THE AREA OF OCCUPATIONAL SAFETY**, please also see the Safety chapter on page 25.

**INSIGHTS:** Our employees provide young people with information on training and career opportunities at Brenntag at events worldwide.





**COMMON UNDERSTANDING:**  
Our six corporate values determine how Brenntag interacts with its business partners and employees.

categories of support, learning on the job, commitment of the company, opportunities for success and innovative learning methods. Having achieved the highest-possible rating of 5 stars, we are among the 500 best apprenticeship companies in Germany.

#### **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.

The internal online portal "LINK" 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.

Brenntag also has idea management systems and platforms at many levels, which employees can use to become actively involved and submit their suggestions and ideas for improving organizational aspects, processes and operations.

Moreover, every year the global and regional "Brenntag Outstanding Performance 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. Brenntag UK & Ireland, for example, awards the "Driver of the Year".

#### **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 initiatives also take place at many Brenntag locations, when employees can show their relatives where they work or when families are invited on group excursions.

### DIVERSITY AND EQUAL OPPORTUNITIES

At its more than 580 sites in 73 countries, Brenntag employs people from almost 100 different countries. 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.

### REMUNERATION AND PENSION SCHEMES

Brenntag's remuneration policy is defined by factors such as employer attractiveness, fairness and competitiveness. Employees' qualifications, experience and level of responsibility are the main criteria. We offer a competitive remuneration and benefits package. Remuneration may vary in line with local market conditions, regulations and legislation. The value-based remuneration system for management level consists of

three components: a fixed annual base salary, a short-term variable annual bonus and long-term variable remuneration. The ratio of fixed to variable remuneration depends on a specific manager's influence on the company's success. Variable remuneration is closely linked to personal performance and the company's results, and is also dependent on whether targets for key performance indicators (KPIs) are met. In addition to the aforementioned remuneration components, managers receive contractually agreed non-cash remuneration and other benefits.

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.

**580**  
locations in  
**73 countries –**

this creates great  
cultural diversity at  
Brenntag.





## EMPLOYEE STRUCTURE

The number of employees indicated are shown on the basis of the Group's headcounts as at the end of the year (Dec. 31).

### EMPLOYEES BY REGION AND GENDER

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
EMEA	7,162	43.1	7,023	45.6	6,888	45.7
Women	2,677	37.4	2,634	37.5	2,545	36.9
Men	4,485	62.6	4,389	62.5	4,343	63.1
North America	5,174	31.1	4,747	30.8	4,631	30.7
Women	1,162	22.5	1,034	21.8	1,003	21.7
Men	4,012	77.5	3,713	78.2	3,628	78.3
Latin America	1,610	9.7	1,453	9.4	1,491	9.9
Women	654	40.6	545	37.5	542	36.4
Men	956	59.4	908	62.5	949	63.6
Asia Pacific	2,486	15.0	2,043	13.2	1,923	12.8
Women	987	39.7	958	46.9	904	47.0
Men	1,499	60.3	1,085	53.1	1,019	53.0
Other segments	184	1.1	150	1.0	139	0.9
Women	87	47.3	73	48.7	75	54.0
Men	97	52.7	77	51.3	64	46.0
<b>Brenntag Group</b>	<b>16,616</b>	<b>100.0</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>
Women	5,567	33.5	5,244	34.0	5,069	33.6
Men	11,049	66.5	10,172	66.0	10,003	66.4

### EMPLOYEES BY AREA OF WORK AND GENDER

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
Sales	6,348	38.2	5,859	38.0	5,748	38.1
Women	3,079	48.5	2,897	49.4	2,798	48.7
Men	3,269	51.5	2,962	50.6	2,950	51.3
Distribution	2,305	13.9	2,160	14.0	2,152	14.3
Women	250	10.8	210	9.7	208	9.7
Men	2,055	89.2	1,950	90.3	1,944	90.3
Warehouses	4,977	29.9	4,647	30.2	4,537	30.1
Women	535	10.7	516	11.1	501	11.0
Men	4,442	89.3	4,131	88.9	4,036	89.0
Administration	2,986	18.0	2,750	17.8	2,635	17.5
Women	1,703	57.0	1,621	58.9	1,562	59.3
Men	1,283	43.0	1,129	41.1	1,073	40.7
<b>Brenntag Group</b>	<b>16,616</b>	<b>100.0</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

### EMPLOYEE IN MANAGEMENT POSITIONS<sup>1)</sup> BY GENDER

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
Women	78	20.1	58	15.3	67	16.9
Men	310	79.9	320	84.7	330	83.1
<b>Brenntag Group</b>	<b>388</b>	<b>100.0</b>	<b>378</b>	<b>100.0</b>	<b>397</b>	<b>100.0</b>

### EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
Full-time	15,978	96.2	14,805	96.0	14,477	96.1
Women	5,093	31.9	4,812	32.5	4,626	32.0
Men	10,885	68.1	9,993	67.5	9,851	68.0
Part-time	550	3.3	519	3.4	498	3.3
Women	441	80.2	394	75.9	406	81.5
Men	109	19.8	125	24.1	92	18.5
Apprentices	88	0.5	92	0.6	97	0.6
Women	33	37.5	38	41.3	37	38.1
Men	55	62.5	54	58.7	60	61.9
<b>Brenntag Group</b>	<b>16,616</b>	<b>100.0</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

### EMPLOYEES BY TYPE OF CONTRACT AND GENDER

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
Permanent contracts	15,881	95.6	14,367	93.2	13,946	92.5
Women	5,253	33.1	4,794	33.4	4,641	33.3
Men	10,628	66.9	9,573	66.6	9,305	66.7
Fixed-term contracts	647	3.9	957	6.2	1,029	6.9
Women	281	43.4	412	43.1	391	38.0
Men	366	56.6	545	56.9	638	62.0
Apprentices	88	0.5	92	0.6	97	0.6
Women	33	37.5	38	41.3	37	38.1
Men	55	62.5	54	58.7	60	61.9
<b>Brenntag Group</b>	<b>16,616</b>	<b>100.0</b>	<b>15,416</b>	<b>100.0</b>	<b>15,072</b>	<b>100.0</b>

## NEW EMPLOYEES BY TYPE OF ENTRY

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
New hires	2,824	72.2	2,346	94.0	1,811	79.7
Company acquisitions	1,090	27.8	149	6.0	462	20.3
<b>Brenntag Group</b>	<b>3,914</b>	<b>100.0</b>	<b>2,495</b>	<b>100.0</b>	<b>2,273</b>	<b>100.0</b>

## NEW EMPLOYEES BY REGION

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
EMEA	1,212	31.0	855	34.3	787	34.6
North America	1,321	33.8	908	36.4	806	35.5
Latin America	412	10.5	198	7.9	242	10.6
Asia Pacific	938	23.9	516	20.7	422	18.6
Other segments	31	0.8	18	0.7	16	0.7
<b>Brenntag Group</b>	<b>3,914</b>	<b>100.0</b>	<b>2,495</b>	<b>100.0</b>	<b>2,273</b>	<b>100.0</b>

EMPLOYEE TURNOVER<sup>2)</sup> BY REGION

	2018		2017		2016 <sup>3)</sup>	
	abs.	in %	abs.	in %	abs.	in %
EMEA	501	6.1	446	5.6	268	3.7
North America	620	10.2	488	8.9	341	6.7
Latin America	122	6.5	131	7.4	117	6.5
Asia Pacific	385	13.0	326	12.7	255	11.2
Other segments	16	7.8	6	3.7	4	2.6
<b>Brenntag Group</b>	<b>1,644</b>	<b>8.5</b>	<b>1,397</b>	<b>7.7</b>	<b>985</b>	<b>5.9</b>

NFB

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

	2018		2017		2016	
	abs.	in %	abs.	in %	abs.	in %
< 20	33	0.3	26	0.2	36	0.4
20–29	1,562	13.7	1,453	13.6	1,496	14.3
30–39	3,580	31.3	3,216	30.1	3,183	30.5
40–49	3,297	28.8	3,124	29.3	3,027	29.0
50–59	2,461	21.5	2,322	21.8	2,186	20.9
> 59	509	4.4	528	5.0	513	4.9
<b>Brenntag Group<sup>4)</sup></b>	<b>11,442</b>	<b>100.0</b>	<b>10,669</b>	<b>100.0</b>	<b>10,441</b>	<b>100.0</b>

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

	2018			2016			2017		
	Ø age in years			Ø length of service in years			Ø length of service in years		
EMEA	43	44	43	11	11	11	11	11	11
Latin America	40	40	39	7	7	7	7	7	7
Asia Pacific	38	38	38	6	6	6	6	6	6
Other segments	43	45	45	10	11	10	10	10	10
<b>Brenntag Group</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</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 the Schlüter formula

3) The values given for 2016 have not been audited by PwC.

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

## WE HELP OTHERS

Brenntag is present at more than 580 sites in 73 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.

## PRACTICAL EXAMPLES

For 13 years, **Brenntag North America** has sponsored local, state and the national “You Be The Chemist Challenge®” competition – involving great personal commitment from many of our employees. Organized by the Chemical Educational Foundation, it encourages 5th–8th grade students to take an interest in chemistry and its applications in everyday life.

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.

**At various locations**, such as in Mexico and Spain, Brenntag provides financial support to its employees so that they can purchase school materials for their children.

We provide information about 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 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 this way, Brenntag invited young students of chemistry and chemistry for business from all around **Germany** to the company headquarters in Essen as part of the “JuWiChem Meets Industry” event in June 2018 so that the young scientists could engage in in-depth conversations with company representatives about their career prospects and industry requirements. In **Thailand**, Brenntag holds regular open days for food science students from the universities of Kasetsart and Srinakarinwirot in Bangkok. Through workshops, talks and a visit to our development and application centre, the young people are given an insight into the day-to-day routine and work at Brenntag. ■



**FURTHER EXAMPLES** are presented on our website at [www.brenntag.com/sustainability](http://www.brenntag.com/sustainability) under Projects worldwide.



## 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 listed here:

### PRACTICAL EXAMPLES

Our employees in the **Asia Pacific** region support their local communities and institutions in a variety of ways through cash and in-kind donations, in addition to providing concrete local assistance through team events. In Yangon in Myanmar, the Brenntag Food & Nutrition team spent a day with orphans from the Andrew Youth Development Center in April 2018: After playing games together, they repainted the classroom and the team presented the children with several dozen sets of tables and chairs, mosquito nets, books, towels and bags. In India, the Brenntag staff took part in a collection by local NGO Goonj and donated items for a local orphanage.

In **Latin America**, a large number of Brenntag sites and employees are dedicated to protecting the environment and increasing environmental awareness in local communities. Brenntag Ecuador was particularly active in this regard during the reporting year: In February 2018, many Brenntag employees took part in a beach-cleaning initiative organized by the Ministry for the Environment in the provinces of Guayas and Santa Elena. To coincide with World Environment Day in June, the company attended an event held by the pharmaceutical distributor DIFARE with an information stand on “Preventing plastic pollution”, and also supported a reforestation project organized by the environmental foundation Proyecto Verde along a railway line in a residential district of the city of



Durán, with a financial contribution as well as hands-on involvement.

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.

Both **Brenntag North America and Brenntag Latin America** have supported the charitable organization Water For People since the beginning of 2018. This NGO promotes access to high-quality drinking water and sanitation worldwide by drawing on the support of local communities, companies and governments.

A close dialogue with local emergency forces and mutual assistance agreements are also characteristic 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. In October 2018, the Brenntag site in Dos Hermanas, **Spain**, was one of the main participants in a major emergency drill initiated by the Andalusian regional government in Seville. With over 100 operatives from various organizations involved, the drill practised the implementation of an external emergency plan for industrial parks, which will come into force in the event of serious accidents involving hazardous substances. ■



**WELL PREPARED:** To ensure that we can respond appropriately and quickly in an emergency, Brenntag regularly performs emergency simulations – often with emergency forces of the local communities.

## REPORT PROFILE

# ABOUT THIS REPORT

## REPORTING PRINCIPLES

Brenntag's Sustainability Report for the Financial Year 2018 is its sixth sustainability report. Brenntag reports on its sustainability activities every year. Its next report will therefore be published in 2020. 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 56ff.
- / This Sustainability Report for the Financial Year 2018 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.

## 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 § 315b ff. and § 289c ff. of the German Commercial Code (HGB) to ensure compliance with the legal requirements of the HGB. The NFB is based on the international Global Reporting Initiative (GRI) Standards as a framework. 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 54 to 55.

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

NFB

## IDENTIFICATION OF MATERIAL CONTENT

The issues presented in the materiality matrix on page 6 form the basis for determining 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. In order to determine the material issues for the NFB, Brenntag has adhered to the definition of Section 289c, para. 3, sentence 1 of the German Commercial Code (HGB). These issues were 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

NFB


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

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

**BRENNTAG: 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 20, 22, 24, 33) / Energy efficiency (pages 29–30)
Employee matters	/ Occupational health and safety (pages 20, 22, 25–26) / Employee development (pages 40–43, 47)
Respect for human rights	/ Human rights (pages 9–12)
Anti-corruption and bribery matters	/ Preventing 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 36–37, 39)

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 48ff. 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 97 and page 101 as well as the list of companies included in the consolidated financial statements on page 155ff. of Brenntag’s 2018 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 2018 financial year (Jan. 1, 2018 to Dec. 31, 2018) of the Brenntag Group and follows on from the Sustainability Report for the Financial Year 2017, which was published in April 2018. 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.

To provide better readability, we consistently use the term “employee” in the sustainability report. This refers to all our employees of any gender.

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

The diagram on page 53 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.



RELEVANT TOPIC	RELEVANT WITHIN THE ORGANIZATION	RELEVANT OUTSIDE THE ORGANIZATION	RELATED GRI STANDARD 2016 OR MANAGEMENT APPROACH FOR ADDITIONAL RELEVANT TOPICS
<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. 68–69
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. 23
Safe Handling of Chemicals	X	X	/ GRI 416: Customer Health and Safety / GRI 306: Effluents and Waste
Risk Prevention	X		/ p. 8–9, 20–24 / Brenntag 2018 Annual Report p. 68–69
<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. 14–19, 29–35
Energy Efficiency	X		/ GRI 302: Energy
Environmental Management	X		/ p. 20–24, 29–31
Recycling	X		/ p. 16–17, 34
Waste Management	X		/ GRI 306: Effluents and Waste
Transportation	X	X	/ p. 31
<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. 44–45
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. 24, 39 / <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 to December 31, 2018 (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 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 January 1 to December 31, 2018 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 group 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 in the group management report
- / 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 to December 31, 2018 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 18, 2019

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke  
Wirtschaftsprüfer  
(German public auditor)

ppa. Juliane von Clausbruch

## GRI CONTENT INDEX

GRI STANDARD AND DESCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
<b>GRI 101: Foundation 2016</b>	SR: p. 5–8, 51–53		
<b>GRI 102: General Disclosures 2016</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. 32	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. 157–165		
102-05 Ownership and legal form	AR: p. 9, 32		
102-06 Markets served	AR: p. 40–43		
102-07 Scale of the organization	SR: Inner fold-out page AR: fold-out page, p. 86–87		
102-08 Information on employees and other workers	SR: p. 46–47		6
102-09 Supply chain	SR: p. 4–5, 36–39		
102-10 Significant changes to the organization and its supply chain	SR: p. 36–39 AR: p. 32, 37	In the reporting period there were no significant changes to the supply chain.	
102-11 Precautionary Principle or approach	AR: p. 34, 68–70		
102-12 External initiatives	SR: p. 9, 11, 21, 24, 39		
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. 12–15, 16–17, 22–29		
<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, 14, 36–39, 48–50		
102-44 Key topics and concerns raised	SR: p. 5–7, 12–13, 16–19		
<b>Reporting practice</b>			
102-45 List of consolidated entities	AR: p. 97, 157–165		
102-46 Defining report content and topic boundaries	SR: p. 5–7, 51–53		
102-47 List of material topics	SR: p. 6, 53		
102-48 Restatements of information	SR: p. 30, 52 AR: p. 93–97		
102-49 Changes in reporting	SR: p. 51–52 AR: p. 93–95, 97–99		
102-50 Reporting period	SR: p. 51		
102-51 Date of most recent report		2018	
102-52 Reporting cycle		Annually	
102-53 Contact point for questions regarding the report	SR: p. 60		
102-54 Claims of reporting in accordance with the GRI Standards		Core	
102-55 GRI content index	SR: p. 56–59		
102-56 External assurance	SR: p. 54–55		

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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. 53 AR: p. 33–34	
103-2	Management approach	SR: p. 4–8 AR: p. 33–34	
103-3	Evaluation of the management approach	SR: p. 5–8, 8–12 AR: p. 38–43	
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	AR: fold-out page, p. 84, 114	
201-3	Defined benefit plan obligations and other retirement plans	AR: p. 114, 128–136	
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	SR: p. 36–39	Local and regional purchasing is only of minor significance for the business model of a chemical distributor.
<b>GRI 205: Anti-corruption 2016</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.
205-2	Communication and training about anti-corruption policies and procedures	SR: p. 9–10, 11	10
205-3	Confirmed incidents of corruption and actions taken	SR: p. 10	10
<b>GRI 206: Anticompetitive behaviour 2016</b>			
206-1	Legal actions for anti-competitive behaviour, antitrust and monopoly practices	AR: p. 76	
<b>ENVIRONMENTAL</b>			
103-1	Explanation of the material topic and its boundary	SR: p. 53	
103-2	Management approach	SR: p. 4–8, 20–24, 29–35	
103-3	Evaluation of the management approach	SR: p. 7, 12–13, 20–24, 29–35	
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	SR: p. 30	7, 8
302-3	Energy intensity	SR: p. 30	8
302-4	Reduction of energy consumption	SR: p. 14, 29–31	8, 9
<b>GRI 303: Water 2016</b>			
303-1	Water withdrawal by source	SR: p. 32–33	7, 8
303-2	Water sources significantly affected by withdrawal of water	SR: p. 32–33	8
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	SR: p. 30	7, 8
305-2	Energy indirect (Scope 2) GHG emissions	SR: p. 30	7, 8
305-4	GHG emissions intensity	SR: p. 30	8
<b>GRI 306: Effluents and Waste 2016</b>			
306-2	Waste	SR: p. 34	Waste volumes are not recorded or consolidated on a Group-wide basis at Brenntag. 8
306-3	Significant spills	SR: p. 24, 33–34	In the reporting period, there was one additional significant spill through which liquid chemicals were discharged into the environment. The chemicals were immediately rectified and there was no damage to the environment. 8
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations		The Brenntag Group paid fines of approx. EUR 185,000 in the reporting period due to non-compliance with environmental regulations. 8
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	SR: p. 36–39	8

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GRI STANDARD AND DISRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC	
<b>SOCIAL</b>				
103-1	Explanation of the material topic and its boundary	SR: p. 53		
103-2	Management approach	SR: p. 4–13, 25–27, 40–41		
103-3	Evaluation of the management approach	SR: p. 7, 40–42		
<b>GRI 401: Employment 2016</b>				
401-1	Employee turnover	SR: p. 41, 47	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. 44–45	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 2016</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 2016</b>				
403-2	Injuries, occupational diseases and work-related fatalities	SR: p. 25–28		
<b>GRI 404: Training and Education 2016</b>				
404-2	Programmes for upgrading employee skills and transition assistance programs	SR: p. 40–44		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity of governance bodies and employees	SR: p. 45–47 AR: p. 22–29		6
405-2	Ratio of basic salary and remuneration of women to men	SR: p. 45		6
<b>GRI 406: Non-discrimination 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	SR: p. 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 discrimination.	6
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</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, 36–39, 44	Within the framework of our TFS membership, we request our suppliers to 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 Business Conduct and Ethics 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 2016</b>				
408-1	Operations and suppliers at significant risk for incidents of child labour	SR: p. 8–12, 36–39		5
<b>GRI 409: Forced or Compulsory Labour 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR: p. 8–12, 36–39		4
<b>GRI 410: Security Practices 2016</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 2016</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 2016</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 (p. 37). For information on the Due Diligence process on acquisitions, please see our website at <a href="https://www.brenntag.com/corporate/en/nachhaltigkeit/management-nachhaltigkeit/compliance/index.jsp">https://www.brenntag.com/corporate/en/nachhaltigkeit/management-nachhaltigkeit/compliance/index.jsp</a>	2

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GRI STANDARD AND DISCRPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC	
<b>GRI 413: Local Communities 2016</b>				
413-1	Operations with local community engagement, impact assessments and development programmes	SR: p. 48–50	Brenntag does not systematically assess the impact of its community and social activities.	1
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	New suppliers that were screened using social criteria	SR: p. 36–39	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 2016</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 2016</b>				
417-1	Requirements for product and service information and labeling	SR: p. 24		
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 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy	SR: p. 8–10, 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 customer privacy.	
<b>GRI 419: Socioeconomic Compliance 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	AR: p. 76		

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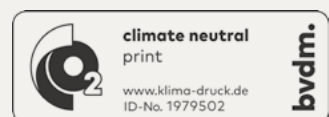
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