

**We're
Connecting**Chemistry



**Sustainability Report
for the Financial Year 2016**

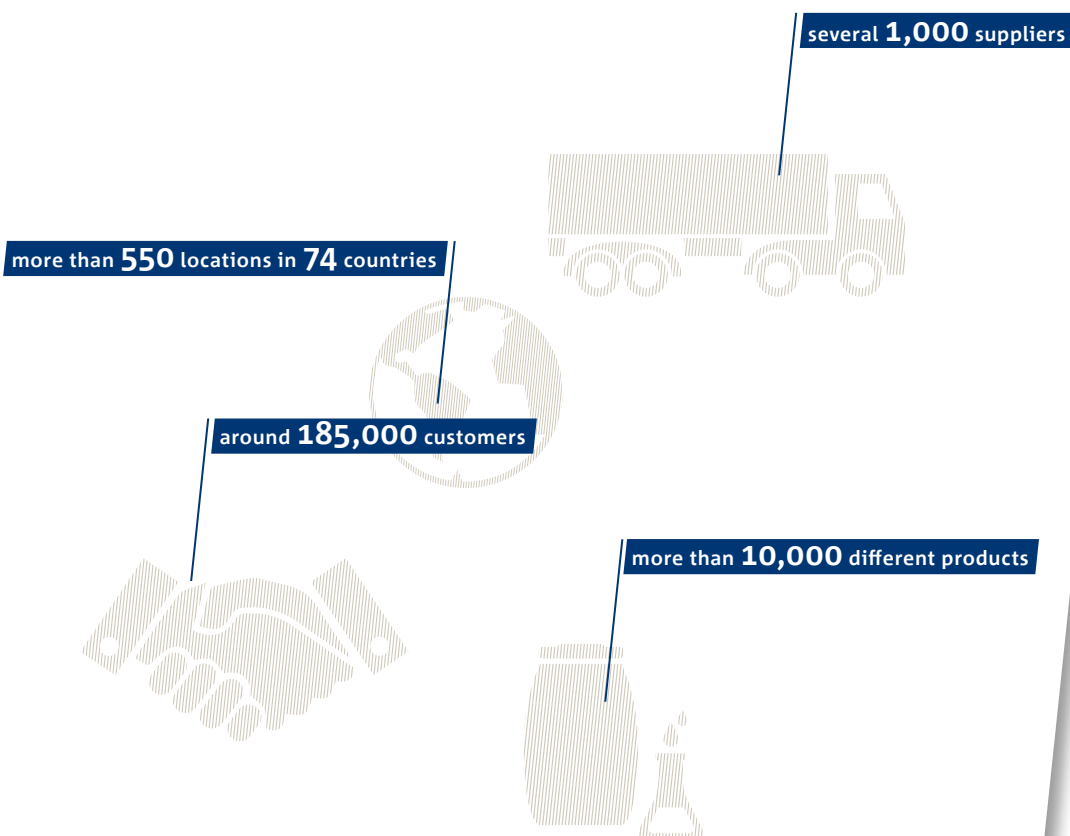
WE ARE BRENNTAG

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 550 locations in 74 countries in the regions North America, Latin America, EMEA (Europe, Middle East & Africa) and Asia Pacific. We serve around 185,000 customers worldwide in various end-market industries.

With its corporate strategy*, 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 employees are fundamental aspects of our corporate strategy and therefore also of Brenntag's sustainability strategy.



* For information on Brenntag's vision, objectives and strategy, please see from page 44 onwards of Brenntag's 2016 Annual Report.

SUSTAINABILITY AT BRENNTAG

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

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

We’re ConnectingChemistry

Day in, day out, Brenntag employees worldwide connect customers and suppliers, thus forming a hub for expertise and knowledge. In this report, some of them tell in their personal “ConnectingChemistry” stories how they put sustainability into practice in their working environment.

AAFKE DIJKSMA

Learn more from page 20



ROBINSON MUÑOZ

Learn more from page 30



WEISEONG FONG

Learn more from page 42

More ConnectingChemistry stories can be found online at www.brenntag.com and in Brenntag’s 2016 Annual Report

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



CONTENTS ›

- 2 CEO Letter
- 4 Sustainability at Brenntag
- 12 Safety
- 23 Environmental Protection
- 33 Supply Chain Responsibility
- 36 Employees
- 45 Community
- 47 Report Profile
- 49 GRI Content Index
- Imprint



More information



More information
online

BRENTAG WORLDWIDE

FACTS AND FIGURES

NORTH AMERICA

EUR **3.8** BN
EXTERNAL SALES

> 4,600
EMPLOYEES

HOUSTON
TEXAS

READING
PENNSYLVANIA

MÜLHEIM/RUHR
GERMANY

LATIN AMERICA

EUR **0.8** BN
EXTERNAL SALES

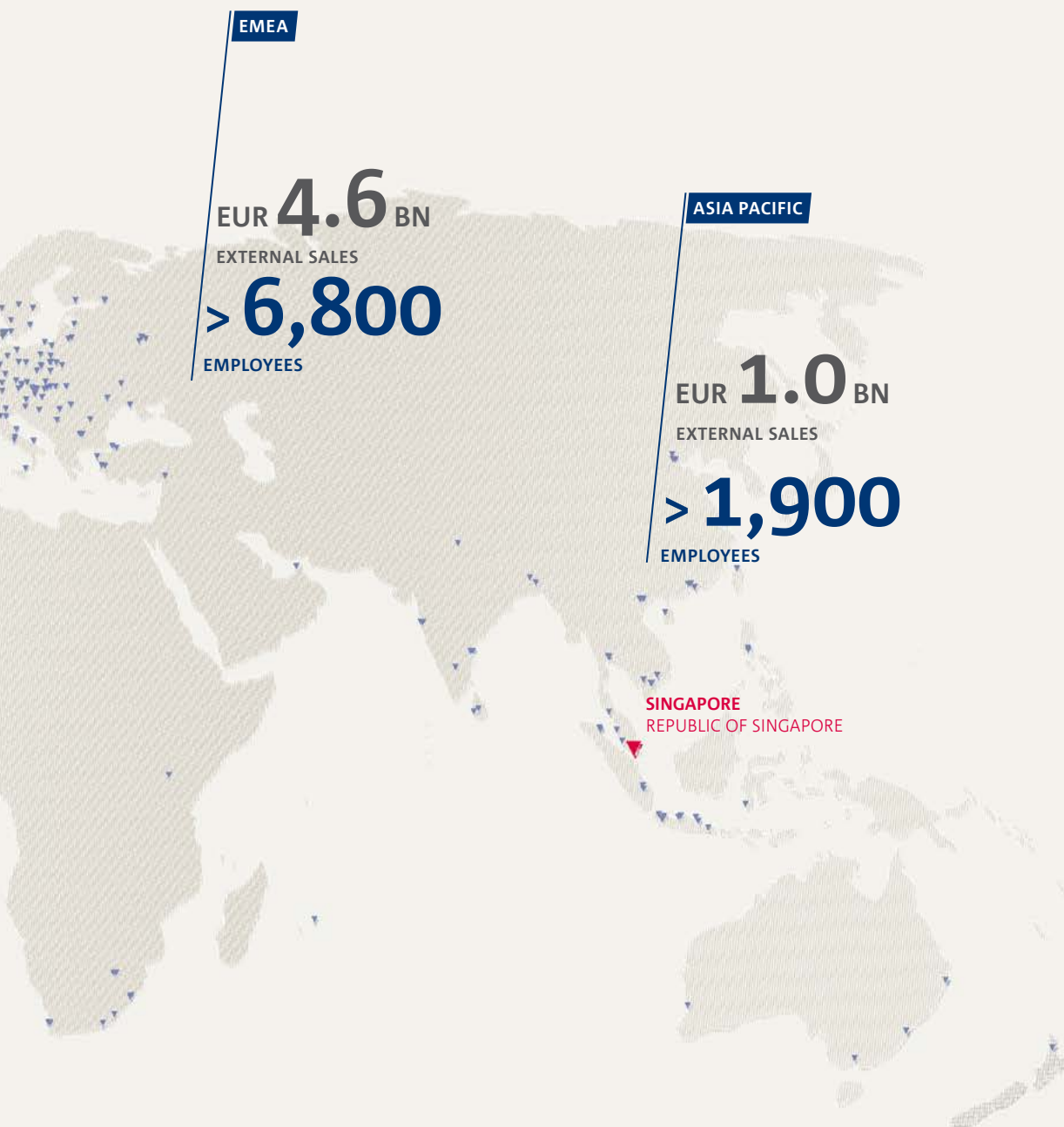
> 1,400
EMPLOYEES

- ▼ regional headquarters
- ▼ more than 550 locations worldwide

KEY FIGURES

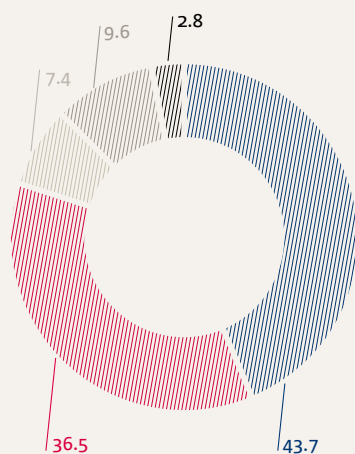
IN EUR M	2016	2015	2014
Sales	10,498.4	10,346.1	10,015.6
Gross profit	2,369.3	2,266.0	2,027.5
Operating EBITDA	810.0	807.4	726.7
Profit after tax	361.0	368.1	339.7
Free cash flow	641.4	764.3	521.6
Employees at Dec. 31	15,072	14,707	13,870
Personnel expenses including social insurance contributions	913.0	853.0	760.1
Accident rate (LTIR)*	1.5	1.6	1.9
Employee fluctuation in %	5.9	5.8	6.5
ISO 9001 certifications % of operating sites	90	89	90

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



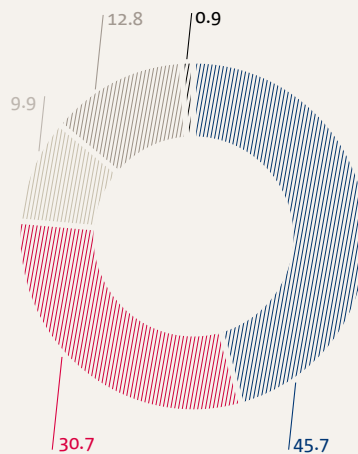
SALES BY REGION

AS AT DEC. 31, 2016 (IN %)



EMPLOYEES BY REGION

AS AT DEC. 31, 2016 (IN %)



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



DEAR LADIES AND GENTLEMEN,

Welcome to Brenntag's fourth sustainability report which closely follows our theme of "ConnectingChemistry", a statement that reflects Brenntag's identity and highlights our brand promise to our business partners. Brenntag is the global market leader in chemical distribution. We maintain a central position in the chemical industry's supply chain by connecting manufacturers and users of chemical products in a value-creating partnership.

We also aim to play a leading role in the area of sustainability and to achieve sustainable value creation. Our business activities affect the environment and the communities in which we operate. This entails a responsibility that we are acutely aware of and that we intend to

live up to in our daily work. We aim to achieve a continual improvement in our performance around sustainability and to contribute towards greater sustainability in the entire value chain of the chemical industry.

This sustainability report provides you with information about the progress that we have made in 2016. Our concrete sustainability targets, which we published for the first time in 2016 (see page 7), form an important framework for achieving this. They serve to enhance our sustainability strategy in a targeted manner and to make our progress quantifiable.

We reached an important milestone in the reporting year: in October 2016, our sustainability management was awarded gold status by the international rating agency EcoVadis. We are pleased that Brenntag's sustainability achievements have been recognized externally and are rated as above average within our industry. At the same time, this result marked the successful conclusion of the on-boarding process of the chemical industry's "Together for Sustainability" initiative. We are now a full member – and the only chemical distributor at this stage. Membership

**“WE ARE PLEASED THAT BRENNTAG’S
SUSTAINABILITY ACHIEVEMENTS HAVE BEEN
RECOGNIZED EXTERNALLY AND ARE RATED
AS ABOVE AVERAGE WITHIN OUR INDUSTRY.”**

STEVEN HOLLAND, CEO

provides us with greater transparency of our supply chain and enables us to support the development of sustainability standards in the industry.

We have set a target to reduce our company’s CO₂ emissions by 2020. To achieve this, we are working hard to develop transparency about our energy consumption. Our annual figures for 2016 are reported on a Group-wide basis for the first time. Global data collection enables us to more effectively manage the important issues of energy consumption and CO₂ emissions as well as to identify cost-saving potential and implement measures.

Our approximately 15,000 employees around the world possess excellent market and technical expertise and demonstrate a strong customer focus and unique level of commitment, making them a key factor for Brenntag’s success. Ensuring their safety and protecting their health is a top priority for us. We have been making great efforts for many years to continuously improve the safety awareness at our company. The Group’s LTIR_{1 day} (lost time injury rate) of 1.5 is once again a good, low figure for the reporting year. However, we do not want to rest on our laurels, but instead continue to invest in the area of occupational health and safety. We continued to implement our BEST initiative (Brenntag Enhanced Safety Thinking) in the reporting year with global, regional and local measures.

It is our employees who we have placed at the centre of our communications campaign on “ConnectingChemistry” launched in 2017: after all, they bring our ambitions to life every day. Their personal “ConnectingChemistry” stories provide an insight into the world of Brenntag, our achievements and our values. This report includes examples of how Brenntag’s employees put sustainability into practice in their working environment.

The sustainability report has been prepared in accordance with the Sustainable Reporting Standards of the Global Reporting Initiative. It also serves as a progress report for the United Nations Global Compact (UNGC). As a participant, Brenntag affirms its commitment to the UNGC’s ten

principles in the areas of human rights, labour standards, environmental protection and fighting corruption. These principles complement the standards which we apply in evaluating all of our business activities.

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

Best wishes,



Steven Holland

Chief Executive Officer Brenntag Group
Mülheim an der Ruhr, June 2017

SUSTAINABILITY AT BRENNTAG

OUR PATH TO MORE SUSTAINABILITY

The importance of sustainability and responsible business practices has continuously increased in recent years. Today, it is global issues that are on the agendas of multinational organizations such as the United Nations, national governments and also internationally operating companies. At the same time, these issues affect every person individually. Treating natural resources with care, protecting the climate, upholding human rights and fostering social communities – to name just a few examples of sustainability issues – are a shared concern, as they safeguard the existence and income of people and companies beyond the present. There is a general consensus that all areas of politics, business and society must play an active part in efforts to achieve sustainable, forward-looking development.

We are aware of our responsibilities towards the environment and society associated that come with our business activities and market position, and we aim to achieve sustainable value creation. Brenntag is the number one in global chemical distribution and also aims to assume a leading position in the area of sustainability.

Sustainability issues such as health, safety and environmental protection, resource efficiency and full compliance with laws and regulations are deeply embedded within our company. They determine how we interact with our employees,

suppliers, customers and society in general, and have a direct influence on our commercial success.

We aim to factor in the effects of our business practices on the environment and society in our day-to-day activities when making strategic decisions. To this end, we have established corresponding standards and processes in our international corporate structures. Brenntag continuously encourages a sense of awareness among its employees for this issue and provides them with suitable training. Sustainability is therefore a basic principle which is applied in Brenntag's day-to-day work. We also support sustainable development through our membership of various organizations and initiatives, and discuss sustainability issues with other players in our industry.

ConnectingChemistry CREATING VALUE – BRENNTAG'S CENTRAL FUNCTION 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

Our suppliers

- / Several thousand suppliers worldwide
- / Full-line product portfolio with more than 10,000 industrial and specialty chemical products

PURCHASING

- / Network with more than 550 locations in 74 countries
- / Local purchasing teams and global sourcing organization with more than 1,000 experts
- / Cost of materials in 2016: EUR 8.06 billion

TRANSPORT

STORAGE

SUSTAINABILITY STRATEGY AND MANAGEMENT

SUSTAINABILITY ISSUES AND MATERIALITY ASSESSMENT: In September/October 2015, Brenntag conducted a materiality assessment to identify the sustainability issues which are of material importance for Brenntag and the relevant stakeholder groups. It was based on the principles defined by the Global Reporting Initiative (GRI): sustainability context, materiality, completeness and [stakeholder](#) inclusiveness. The material issues identified in this way form the basis for further developing Brenntag's sustainability strategy.

To begin with, an internal survey of experts was conducted to determine the material issues for Brenntag. The group of experts comprised members of Brenntag's two [sustainability committees](#) as well as representatives of selected Corporate Departments. In their assessment of the material sustainability issues, the experts drew upon their experiences resulting from dialogue with the stakeholders as well as their own personal insights in relation to the competitive environment and the industry as a whole. An issue is material if it can directly affect our business development or performance, relationships with our business partners or our reputation.

The results show that the perception of sustainability at Brenntag is closely linked with the company's own value chain and that the material sustainability issues are derived from our business activities and our service portfolio.

The subsequent stakeholder survey was conducted online and focused on customers, suppliers and employees. They were invited to assess these issues in terms of their relevance for Brenntag's long-term commercial success.

The stakeholder survey confirmed the materiality of almost all of the issues determined by Brenntag's experts, which were found to be either "important" or "very important". The results of the expert and stakeholder surveys are compared in the materiality matrix shown on page 6. The results were presented to the Management Board of Brenntag AG and discussed. As a guideline, they help to further develop the Group's sustainability strategy in a targeted fashion, to initiate suitable projects to improve our sustainability performance, to prioritize measures and to provide greater focus for our reporting. The contents of this sustainability report are directly based upon the matrix. It comprises chapters on safety, environmental protection, supply chain responsibility, employees and community.



For further information on **BRENNTAG'S STAKEHOLDER GROUPS**, please see page 11.



On **SUSTAINABILITY MANAGEMENT** at Brenntag, see page 7.

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

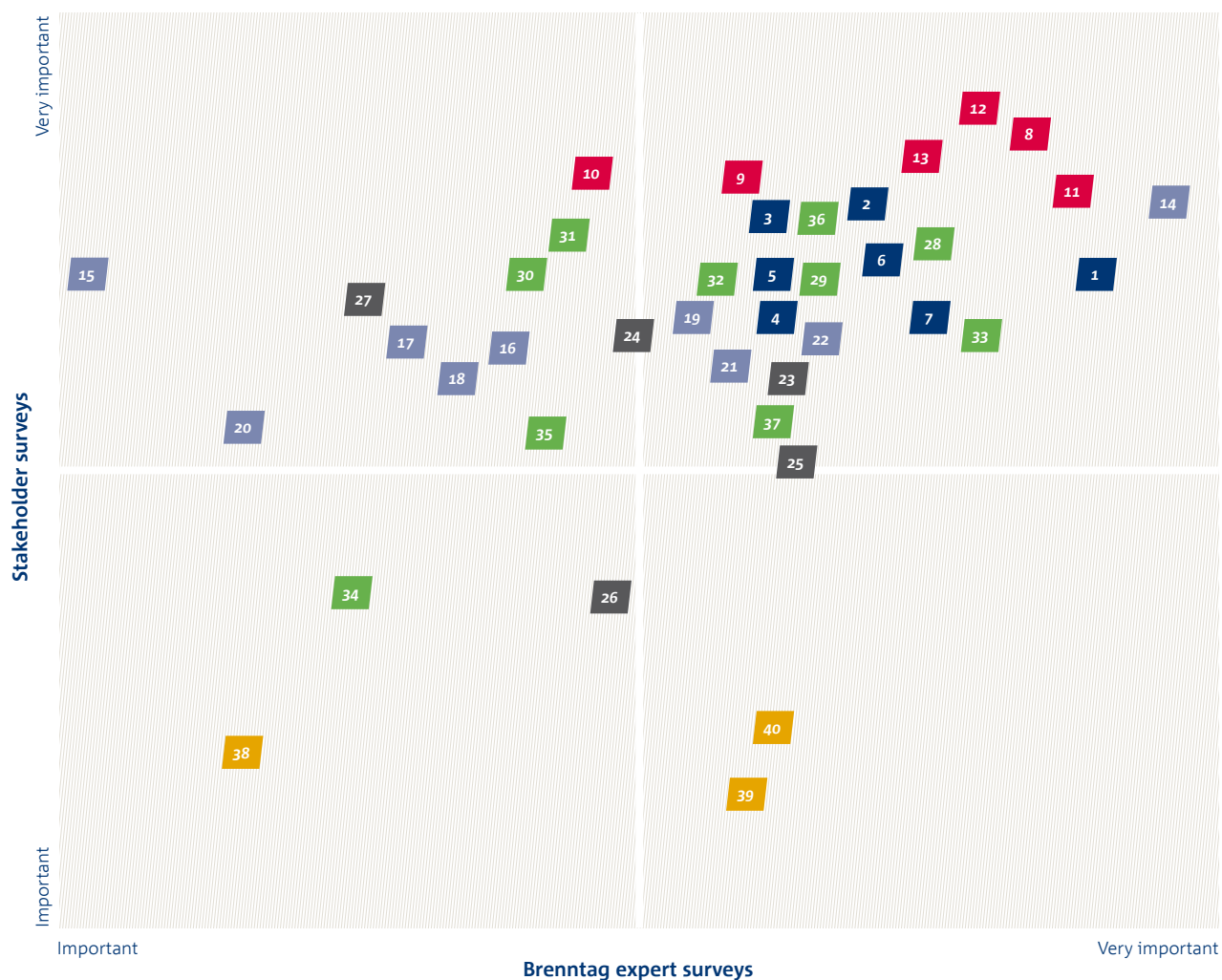
CHEMICAL USERS

Our customers

Around 185,000 customers worldwide in various end-market industries, e.g.:

- / Adhesives
- / Paints
- / Oil & gas
- / Food
- / Water treatment
- / Personal care
- / Pharmaceuticals

BRENNTAG 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

With regard to the further development of its sustainability strategy, Brenntag also takes into consideration the effects of its business activities on its natural and social environment. This is also included here in our sustainability report.

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. 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.

Brenntag has two committees working in the area of sustainability: an international project team, which consists of representatives of the areas HSE (health, safety and environmental protection), Compliance, Human Resources, Operations, Purchasing and Communications, is responsible for the systematic development of sustainability at Group level. There is also a steering committee comprising representatives of the top management from Brenntag's various regions. This primarily serves as a interface to the operating units and is intended to reinforce integration relating to the issue of sustainability at an operational level. A sustainability coordinator,

who is based in Brenntag AG's Corporate Development department, initiates and coordinates global projects and initiatives in cooperation with these two committees, promotes the ongoing development of the company's global sustainability strategy, and maintains a dialogue with those colleagues responsible for sustainability at Group level and in Brenntag's regions. This coordinator reports to the Management Board, which supports the work of the committees.

In 2016, the sustainability committees mainly focused on the following issues and projects:

- / "Sustainable procurement":
Performance of sustainability assessments for suppliers
- / Measures to improve Brenntag's EcoVadis score
- / Implementation of global energy reporting
- / Ongoing development of Brenntag's sustainability strategy: tracking Brenntag's sustainability targets for 2020

SUSTAINABILITY AT BRENNTAG: OUR TARGETS

	TARGETS	BY	STATUS
SAFETY	LTIR _{1 day/1 million} < 1.0 for Brenntag Group	2020	LTIR _{1 day/1 million} 2016: 1.5 (page 16)
SUSTAINABLE PROCUREMENT	Analyze 50% of total chemical spend (in EUR) with sustainability assessments as part of the "Together for Sustainability" membership	2020	The supplier assessments achieved by the end of 2016 represent around 16% of the total chemical spend (in EUR) (page 33).
ENVIRONMENTAL PROTECTION	To reduce Scope 1 and 2 CO ₂ emissions (per warehouse tonne of goods sold) by 6% (compared to 2016)	2020	For 2016, we are reporting consolidated data for the Brenntag Group for the first time. (page 23).
COMPLIANCE	Achieve and maintain a coverage of 100% in compliance training for relevant employees	2017	Coverage for global e-learning training on Brenntag's Code of Business Conduct and Ethics by end of 2016: 94% (page 10).
EMPLOYEES	Provide a working environment where the best people want to work	Ongoing	The HR projects developed in 2015 have been implemented; in 2016, additional HR initiatives were launched (page 36 ff.).
SUSTAINABLE SOLUTIONS	Become preferred distributor for sustainable solutions by setting up pilot projects with ten selected key suppliers	2020	Based on BASF's portfolio management approach "Sustainable Solution Steering", we are jointly working with BASF on marketing potentials for products with regard to assessable sustainability advantages. Concrete results are expected by the end of 2017.
RATING	Achieve and maintain EcoVadis score of at least 62 points and gold recognition status	Ongoing	Score in October 2016: 66 points, gold recognition status (page 34).



For further **MANAGEMENT SYSTEMS AND CERTIFICATIONS**, please see the Safety chapter starting on page 12.



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.



Brenntag's **CONTROL AND RISK MANAGEMENT SYSTEM** is presented in detail on pages 94ff. of Brenntag's 2016 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.

Using **management systems, certificates** and audits, we constantly verify and 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.

Year	Locations with ISO 9001 certification	
	abs.	in %
2012	318	86
2013	342	88
2014	352	90
2015	356	89
2016	354	90

CORPORATE GOVERNANCE AND COMPLIANCE

Brenntag has always attached great importance to responsible, prudent and sustainable corporate governance. Our top priority is adherence to statutory requirements as well as voluntary internal conduct policies (compliance). To enable this, 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.

COMPLIANCE MANAGEMENT AND ORGANIZATION: At the head of Brenntag's compliance organization is the Board of Management and, within this body, its chairman. Brenntag AG's Governance, Risk & Compliance (GRC) manager in the Corporate Internal Audit department regularly reports to the Board of Management on compliance issues and in urgent cases will do so immediately. 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 includes representatives from the areas of Legal, Audit, Accounting, Information Security, HSE and Human Resources.

At a regional level, the Regional Executive Management is responsible for the issue of compliance. Regional compliance managers have been appointed in Brenntag's regions. 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 allows us to ensure close integration of compliance management with our business activities at a regional level.

CODE OF CONDUCT: As a global company, Brenntag is subject to a large number of laws, directives, regulations and ordinances. In addition to compliance, honesty and integrity are our highest priorities. 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.

As a central part of our compliance system, the Code of Business Conduct and Ethics encompasses the fundamental requirements for Brenntag's overall business activities in fields such as:

- / 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



UN GLOBAL COMPACT: THE TEN PRINCIPLES

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

As well as the Code of Business Conduct and Ethics, there are further Group guidelines which stipulate compliance requirements.

UN GLOBAL COMPACT: In October 2014, Brenntag was the first-ever chemical distributor to sign up to the United Nations Global Compact (UNGC). This prestigious, international, voluntary initiative aims to encourage sustainable development and social commitment. To this end, ten principles in the fields of human rights, labour standards, environmental protection and fighting corruption have been endorsed. As a participant, Brenntag has undertaken to enshrine these principles as an integral part of its corporate strategy. They supplement the corporate values and principles which guide our activities. This Sustainability Report is also a progress report which must be published annually within the scope of our UNGC membership ("Communication on Progress").

PREVENTING CORRUPTION: Our Code of Conduct stipulates that Brenntag must in no way be involved, directly or indirectly, in bribery or corruption in order to obtain commercial advantages and that our employees should refrain from such conduct that could potentially be construed as inappropriate or unlawful. Any misconduct by its employees will not be tolerated by Brenntag (zero tolerance policy) and may lead to corresponding disciplinary consequences and sanctions under employment law.

An anti-corruption guideline was also implemented in the reporting year. As a minimum standard for the Brenntag Group, it specifies the conduct expected of all employees with regard to anti-corruption and anti-bribery and is intended to help them ensure that their conduct is compliant in critical situations and that they avoid risks.

Within the scope of internal audits, the Brenntag companies are regularly reviewed in relation to corruption risks, etc. There were no corruption incidents at Brenntag in the reporting period.

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

2 HUMAN RIGHTS Businesses should ensure that they are not complicit in human rights abuses.

3 LABOUR STANDARDS Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

4 LABOUR STANDARDS Businesses should commit themselves to eliminating all forms of forced labour.

5 LABOUR STANDARDS Businesses should commit themselves to abolishing child labour.

6 LABOUR STANDARDS Businesses should commit themselves to eliminating discrimination in respect of employment and occupation.

7 ENVIRONMENTAL PROTECTION Businesses should take a precautionary approach to dealing with environmental challenges.

8 ENVIRONMENTAL PROTECTION Businesses should undertake initiatives to promote greater environmental awareness.

9 ENVIRONMENTAL PROTECTION Businesses should encourage the development and distribution of environmentally friendly technologies.

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

TRANSPARENCY: The Board of Management and the Supervisory Board present business developments and answer shareholders' questions at Brenntag's annual General Shareholders' Meeting.



HUMAN RIGHTS: Brenntag respects and supports the protection of internationally recognized human rights and attaches great importance to observing these within its sphere of influence. Brenntag aims to safeguard these rights through its commitment to uphold the principles of the UNGC. The Brenntag Code of Business Conduct and Ethics stipulates that our company and all of our employees must not be involved in any violation of human rights. We reject any form of forced or child labour, advocate equal opportunities and fair working conditions and are against discrimination of any kind.

We are unaware of any business units at Brenntag where human rights are systematically jeopardized. In the reporting period, Brenntag did not learn of any violation of human rights within the Group.



For the **SUSTAINABILITY ASSESSMENT** and the **SUPPLIER CODE OF CONDUCT**, please see the Supply Chain chapter starting on page 33.

Brenntag has undergone the [sustainability assessments](#) of the EcoVadis rating agency for several years. In October 2016, the Brenntag Group achieved a score of 66 points, thereby attaining gold recognition level. EcoVadis assesses the sustainability performance of companies in the categories of environmental protection, labour practices, fair business practices and sustainable procurement. The review of aspects of human rights is a key element of this external assessment of Brenntag.

As part of its membership of the "Together for Sustainability" initiative, Brenntag has required its suppliers to also undergo EcoVadis sustainability assessments as at 2015, including a review that they observe human rights. In our [Supplier Code of Conduct](#), which we created in 2015, we also explicitly require our suppliers to support the protection of international human rights and to refrain from any involvement in violations of human rights.

TRAINING: Our compliance programme focuses particularly on observing anti-trust law requirements and our Code of Conduct as well as on 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 or 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, to avoid any illegal actions, and to protect the environment and employees from damage and injury.

A global training module on the Brenntag Code of Business Conduct and Ethics was launched in the reporting year. Employees can complete the one-hour training module online via the global e-learning platform anywhere, at any time. Twelve topic areas in total – including anti-corruption and human rights – are explained using examples and exercises. The employees then take a test to ensure that the knowledge has been absorbed. By the end of 2016, 94% of Brenntag employees worldwide had completed this training.

In addition, there is more in-depth compliance training at a global and regional level on the topics of bribery, corruption and antitrust law. This training is provided at events which employees attend in person and/or through e-learning platforms.

WHISTLE-BLOWER SYSTEM: Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints and compliance reports. Our employees can report relevant information either to their direct line manager, to the regional compliance manager or alternatively via a central email address. Third parties can submit complaints and report violations by getting in touch with the compliance contact indicated on Brenntag AG's global 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. These processes are managed by Brenntag AG's GRC manager. Email addresses have also been set up at a regional level. The regional compliance managers receive and assess any incoming reports and initiate appropriate measures, where necessary.

Incoming reports mainly concern cases of suspected fraud and theft. Violations of the Code of Conduct (e.g. conflicts of interest and discrimination in the workplace) and reports concerning other compliance issues (e.g. violations of regulations) are also reported. Compliance managers also receive general enquiries, for instance concerning possible conflicts of interest as well as enquiries 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*
2014	12
2015	12
2016	11

*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. Brenntag aims to notify its various target groups promptly and appropriately regarding developments at Brenntag and its objectives, thus enabling its 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 our stakeholders, to evaluate them and to appropriately reflect them in our business decisions. As well as specific business-related issues, there are also sustainability issues such as safety, the environment, the supply chain and compliance that also regularly feature in these discussions.

Our stakeholders include the interest groups that are significantly affected by the economic, ecological or social impact of our business or who may be so in future. They also include groups that may influence the economic, ecological or social impact of Brenntag now and in the future.

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

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

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. We pursue dialogue with business partners worldwide at the many trade fairs where Brenntag presents itself and its portfolio. As a [member of relevant technical and industry associations](#) at a local, regional and international level, Brenntag maintains an active dialogue concerning industry-specific issues. Brenntag's Corporate Investor Relations and Corporate Communications departments regularly and promptly notify investors, analysts, journalists, etc. of developments within the company, e.g. by presenting the company at road shows, in analyst conference calls, press conferences and events as well as via the company's website and social media channels. At its various locations, Brenntag actively engages with local residents and local authorities. Open days or events, for example, provide the opportunity to inform the general public about Brenntag and to get to know one another.



Regarding communication with our **EMPLOYEES**, please see page 36.



You will find a list of **BRENNTAG'S KEY MEMBERSHIP** in the Sustainability Management section of our website at www.brenntag.com/sustainability.

SAFETY

OUR HIGHEST PRIORITY



For information on “2020 VISION”, please see page 44 of Brenntag’s 2016 Annual Report.

Safety is of paramount importance at Brenntag and is part of our corporate strategy. “We are the safest chemical distributor” – this is the primary objective of our “2020 Vision”. Worldwide, we operate in accordance with “Safety First” as our first core 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. Our goal is to achieve a Group accident rate LTIR_{1 day} 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. Our HSE manuals define processes, procedures and measures that are implemented at our regional sites.

Regional HSE site teams and officers are responsible for coordinating the programmes and measures. Together with the central Corporate Health, Safety & Environment department, they form Brenntag’s global HSE network. The experts regularly share their experiences, develop measures to remedy identified deficits and work together on further improving the company’s safety culture. Compliance with the HSE programme is reviewed through regular internal and external audits.

Brenntag manages HSE data in various databases at regional level and also forwards them to the company’s central HSE department. Working together with external experts, the environmental risks including historical data are continuously examined and evaluated at each site. This allows conclusions to be drawn about potential contamination, among other



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



For details on **ENVIRONMENTAL PROVISIONS** in the reporting period, see page 163 of Brenntag's 2016 Annual Report.

things. This information is collated in an environmental database which also serves as a basis for determining **environmental provisions** and is an instrument for organizing necessary environmental remediation work.

Brenntag has implemented various management systems in the field of HSE in order to ensure its compliance with applicable standards. Our performance is also regularly documented by independent third parties on the basis of assessments and certifications.

Certified and assessed operating locations*	ISO 14001		OHSAS 18001		SQAS-ESAD** (Europe)	
	abs.	in %*	abs.	in %*	abs.	in %
2012	96	26	60	18	73	68
2013	108	28	59	17	74	69
2014	102	26	61	17	73	69
2015	105	26	59	17	78	73
2016	108	27	67	19	80	77

* 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.

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

To ensure effective and systematic chemicals management, data that are necessary for the safe handling of our products during storage, transport and within the supply chain are stored in central databases at Brenntag. These data are therefore available to most of the Group and in this way it is possible, for example, to implement all amendments to European laws simultaneously in all countries and make them accessible to the staff. Further Brenntag organizations are continuously signing up to these databases.

PROCESS SAFETY

The process safety measures depend on the particular type of process and the risks associated with it. Much is regulated by local legislation and industry directives, although regulations often vary widely from country to country. If Brenntag considers these regulations to be insufficient, we establish our own more stringent measures. These measures are defined in our HSE manuals.

The following aspects and levels of process safety are covered:

- / Use of suitable equipment for the process being performed
- / Work instructions on how to use the equipment correctly/safely and how to perform the process

- / Suitable technical and organizational safety measures that help to control process risks and prevent errors
- / Regular reviews (inspections, audits) of process equipment, execution of processes and safety measures
- / Regular checks of whether the specified inspections, audits and reviews have been conducted as scheduled and corrective measures have been implemented

PRODUCT STEWARDSHIP AND SAFETY

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

RESPONSIBLE CARE/RESPONSIBLE DISTRIBUTION:

For many years now, Brenntag has taken part in the Responsible Care/Responsible Distribution (RC/RD) programme of the International Chemical Trade Association (ICTA). As such, we implement the eight guidelines 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



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

**OUTSTANDING ACHIEVEMENT:**

Brenntag Mexico was awarded the "National Excellence Award" for its performance in the 2016 Responsible Care audit by the national chemical association ANIQ.

Brenntag's implementation of the contents of the RC/RD programme is reviewed by external experts. Brenntag's environmental performance and safe handling of chemicals are thus documented by independent third parties. Our national organizations are regularly recognized for their achievements following such audits: Brenntag Mexico received the National Award for Excellence in Responsible Care. With this award, the national chemical association ANIQ recognized the excellent performance of Brenntag Mexico in the RC audit for distributors in the year under review. For its outstanding safety culture and exemplary implementation of the RC principles throughout 2016, Brenntag UK & Ireland received the renowned Responsible Care Award for chemical distributors from the national Chemical Business Association (CBA).

Year	Proportion of Brenntag legal entities participating in the RC/RD programme	
	abs.	in %
2012	99	67
2013	94	70
2014	92	76
2015	108	76
2016	113	76

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 there is compliance with the guidelines in the relevant countries.

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

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

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

OCCUPATIONAL SAFETY

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

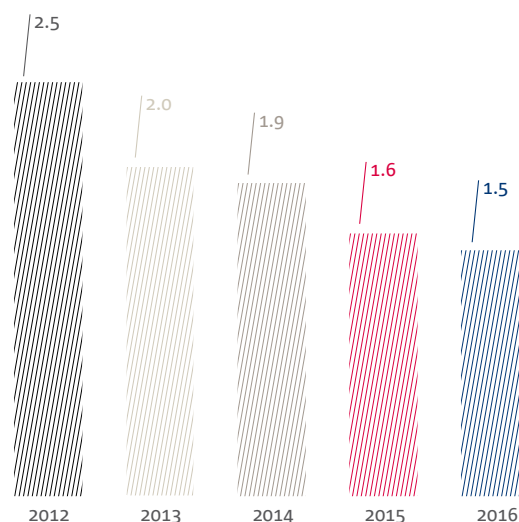
TRAINING AND EQUIPMENT: An important element is regular training for our employees, in order to raise their awareness of potential hazards and to enable them to work safely. This training goes above and beyond the statutory requirements and ranges from safety instruction for new employees to comprehensive 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 internal HSE managers and also by external experts, both in the form of face-to-face events as well as digitally. Brenntag is also continuously investing in its equipment and infrastructure so as to optimize plant safety and work processes at its locations and thus further minimize safety risks and sources of accidents. At the Brenntag site in Guarulhos, Brazil, for example, the entire area where flammable substances are filled was restructured in the year under review in order to prevent accidents between the forklift trucks and pedestrians and to increase traffic safety.

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. The assessment findings and the measures derived from these are

incorporated into the global HSE guidelines, regional HSE manuals, and prevention and training measures. For example, a new guideline for selecting and training temporary employees was drawn up for Brenntag EMEA as a result of experiences in recent years (in particular in 2016).

GROUP ACCIDENT RATE

LTIR_{1 DAY}*



* LTIR_{1 DAY} (Lost Time Injury Rate): number of industrial accidents resulting in at least one day's absence from work per one million working hours



This ongoing process of improvement has enabled us to steadily reduce the number of reportable industrial accidents within the Group, resulting in a reduction of 66% in the Group accident rate compared to 2010.

Unfortunately, despite our extensive preventative and safety measures, we suffered one fatal accident in the year under review: In Indonesia, an employee who was a passenger in a Brenntag truck was killed in a road accident not caused by the driver.

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 here. With regard to chemical burns in particular, which are an industry-specific injury, a wide range of measures has enabled us to reduce the number of incidents Group-wide by 79% between 2010

and 2016. Accidents involving equipment and tools have decreased by two-thirds since 2010. Although the number of injuries resulting from slips/trips/falls has been almost halved since 2010 – through various training programmes, for example – they are still the most frequent cause of accidents. As a result, they are a focal point of the measures which are aimed at **employee behaviour**. Accidents involving vehicles (forklifts, trucks, cars, motorbikes) have also come under the spotlight. Although the number of incidents has remained relatively constant over the years, they are now also proportionally among the most frequent causes of injuries. Since accidents involving vehicles can also have severe consequences, extensive preventative programmes have been established in the Brenntag regions. The focus here ranges from driving safety training, including for sales employees, to the use of devices to analyze driving in trucks, to improved road signage for internal transport and for pedestrians at our sites.

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.



See also the
BEST PROGRAMME
on page 18.



PROMOTE UNDERSTANDING:
Managers from Brenntag France accompanied Brenntag's drivers for a whole day and were thus able to gain an impression of the daily challenges they face regarding occupational safety.



HEIGHTEN AWARENESS:

The high-visibility jackets at Brenntag UK & Ireland encourage every employee to approach the wearer if they notice them behaving in an unsafe manner.

BEST PROGRAMME: A key element of our efforts to increase safety is the global Brenntag Enhanced Safety Thinking (BEST) programme, which was launched in 2015. It focuses on the safety behaviour of Brenntag employees at all levels within the company, which is the primary cause of accidents in more than 80% of cases. Based on action plans, various programmes and measures were implemented in the Brenntag regions and national organizations in the year under review to promote safe behaviour and to correct dangerous behaviour. These centre on regular and extensive communication on safety aspects, greater involvement and motivation of employees and increased visibility of exemplary safety leaders within the company.



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



CASA stands for quality (CALIDAD), health and safety (SEGURIDAD & SALUD) and the environment (MEDIO AMBIENTE).

In 2016, a regular “walk-around” was introduced at **Brenntag Benelux** for representatives from management. Following the walk-around, they discussed their impressions and the safety-related aspects of the various workflows with the employees working at the sites. This is enhancing the common understanding of safety across the various levels within the company. A similar initiative was launched by **Brenntag France**: the drivers here wanted improved communication with the managers and a greater understanding of the daily challenges they face in terms of occupational safety. The HSE team subsequently arranged for managers from the HSE,

Operations and Sales areas to spend a day travelling around with the drivers. A total of 68 accompanied tours took place in the reporting period and the positive feedback from both sides convinced the decision-makers to continue with this BEST practice in the future.

At **Brenntag UK & Ireland**, orange high-visibility jackets were introduced in July 2016, on the back of which is printed “Am I safe? Talk to me”. The aim is to encourage employees to speak directly to the person wearing the jacket if they see them engaging in unsafe behaviour – even if the person is a line manager or authorizing officer. Hierarchy levels are proven to be a reason why attention is not drawn immediately to dangerous behaviour.

To increase the “personalization” of safety, the Brenntag organizations in **Latin America** have launched various initiatives as part of their comprehensive **CASA programme**. Under the motto of “Safety is my option”, employees in Colombia are requested to perform their own individual risk analysis that also explicitly covers their personal lives in addition to their workplace and their job activities. The “Repositioning the family” programme at Brenntag Ecuador also aims to involve the families

of employees in the culture of safety through safety and rescue exercises and information events on health, group dynamics and alcohol and drug abuse, for example. Safety in their personal life and the desire to return home safely to their family every day are proven to motivate employees to engage in safe behaviour at the workplace. The annual “CASA Week”, which was held throughout the Latin America region in April, also focused on the personalization of safety. As part of this health and safety week, a diverse range of activities, workshops, games and exercises took place at all locations, with customers, suppliers and service providers also invited in addition to the families of employees.

Delivering long session of training on a regular basis especially to front line level is not practical. It also does not provide the desired impact. Therefore, **Brenntag Indonesia** is using alternative ways to ensure our front line employees are receiving and understand the messages and training we are providing to them by using tools such as daily toolbox talks, smartphone applications, notice boards, and utilizing brief time slots during no-production days such as on stock counting day to convey short but concise educational messages. This approach has helped Brenntag Indonesia continuously improve safety knowledge and awareness while making safety part of their normal routine. In 2016, Brenntag UK & Ireland also began sending short mobile text messages and notifications to the users of company phones. This means that safety issues can quickly and easily reach employees who are often on the road for Brenntag.

The effectiveness of the various measures is reflected in the **successes** celebrated by Brenntag in 2016:

- / At 36 of the 49 Brenntag sites in Europe with more than 40 employees, not a single accident-related day of absence (LTI) was recorded in the year under review. Furthermore, eight of these sites were LTI-free for five years.
- / Our location in East Point, Georgia, home to our North American organization Brenntag Mid-South, was even more successful in this regard: in April 2016, it celebrated 7,000 accident-free days.
- / In May 2016, the Mexican industry association ANIQ granted Brenntag Mexico the award for “Best Practices in Integral Responsibility” in the “Workplace Health and Safety” category for its exemplary occupational safety measures at the Querétaro facility. The site had been accident-free for 3,000 days at this time – a period during which approximately one million tonnes of chemicals were mobilized.
- / The performance of our Jordi Camp site in Spain with around 90 employees was also rewarded: in June 2016, the Brenntag Iberia site received an award from the Spanish chemical industry association FEIQUE for its particular efforts in the area of occupational safety and an accident rate of 0% in 2015.

RECOGNITION: The Spanish chemical association, FEIQUE, praised the Brenntag site at Jordi Camp for its exemplary approach to safety in the workplace.



“WE CAN ONLY
ENSURE GOOD
SAFETY WHEN
WORKING
TOGETHER.”



I'm Connecting**Chemistry**

AAFKE DIJKSMA

OPERATIONS MANAGER,
BRENNTAG NETHERLANDS

**WHAT EXACTLY DOES AN
OPERATIONS MANAGER HAVE TO
DO WITH SAFETY?**

As an Operations Manager, I have to make sure that Brenntag's policies are implemented correctly and that starts with making sure everybody clearly understands the rules. This includes our HSE strategy and regulations. We have regular HSE meetings on EMEA, Benelux and local level to share information about new procedures, near misses and accidents. Should an

accident occur, we interview all the people involved to make sure we identify the real cause of the accident, define the lessons learnt and implement an effective measure.

**SO YOU ARE DIRECTLY INVOLVED IN SAFETY
INVESTIGATIONS AND PROCEDURES?**

Management involvement is very important, that's the reason why I periodically organize safety meetings and safety walks. Formally, I have to do the safety walks twice a year per site – sometimes with full protection, so that I can closely see the condition of danger zones. In practice, I'm present at every site on a regular basis and always look out for safety breaches. After a while you learn to spot them immediately.

WHAT DO YOU CONSIDER AS THE MOST CRITICAL ASPECT FOR GOOD SAFETY PERFORMANCE?

Most of the accidents and near misses are caused by human behaviour, such as distraction, taking shortcuts or routine in the daily job. A certain routine may help to get a lot of work done more quickly but it raises the risk of forgetting about safety aspects at the same time. If you want to increase safety, you need to change their awareness and behaviour.

A strong communication and feedback culture is essential to improve safety behaviour. Speak up when you see something! That's what I try to live up to myself. When I spot an unsafe situation during my safety walks, it's important to directly intervene – not just write it down for documentation but to go to the co-workers and discuss it. I think we are on a good way, and just recently we achieved an important safety milestone in Rotterdam by passing five years without recording a lost time injury. We need to share positive stories and energize involvement.

BESIDES THE SAFETY WALKS, HOW DO YOU ENSURE THAT ALL THE FACILITIES YOU ARE RESPONSIBLE FOR ARE ON TOP OF SAFETY?

Safety must be present every day. That's why the shift leaders kick off each shift with a "Safe Start Moment" where they address a safety-related topic of the previous day or put focus on the risks related to a certain procedure or activity planned for the shift. On a regular basis, we have meetings with our co-workers about new safety instructions, new regulations, risk analysis but also to give them feedback on proposals they made. These meetings are a very good platform to discuss diverse topics and to get an insight of what our employees are facing during the day.

"Speak up when you spot unsafe behaviour! That's what I try to live up to myself and to encourage my co-workers to do."



In addition, we share best practices and experiences not only within Brenntag Benelux but also within the EMEA region. There are regular meetings with the operations managers or dedicated HSE meetings, and we share our safety knowledge via LINK which is an intranet platform.

So, communication is a big part of my job and I really enjoy working and interacting with all the different people here at Brenntag, exchanging experiences and ideas with plant managers, supervisors, shift leaders, operators and drivers. That's why my door is always open and I listen actively to their thoughts.

ROTTERDAM IS ONE OF THE BIGGEST BRENNTAG HUBS WITHIN EUROPE. ARE THERE ANY SPECIAL CHALLENGES OR REQUIREMENTS WHEN IT COMES TO SAFETY?

At Rotterdam, we receive around 120,000 tons of liquid bulk by ship each year, around 35,000 tons bulk in tanktrucks and an additional 25,000 tons in packed goods. We built this facility in 2008 and during the design process there was a constant focus on organizing all the different activities in

an efficient and safe manner. We invested a lot in safety systems, for instance in specialized fire-fighting systems, the way of loading and unloading the tanktrucks and the location of our underground tanks. And not only at Rotterdam but also at our other sites in the Benelux, we use highly-automated, dedicated filling lines which enable us to fill acids, lyes and solvents in a highly efficient but also safe way for our workers because it reduces their exposure to the products. At the end of the day, that's the most important thing.

WHAT DOES SAFETY MEAN TO YOU PERSONALLY?

For me "Safety First" is the most important of Brenntag's core values. Every colleague who leaves for work in the morning should expect to return home in good health at the end of the working day. That's not only the responsibility of the plant managers, supervisors and shift leaders, but the responsibility of everybody at Brenntag. Only together can we ensure the highest levels of safety.



Learn more about
AAFKE DIJKSMA at
[www.brenntag.com/
aafkedijksma](http://www.brenntag.com/aafkedijksma)

ENVIRONMENTAL PROTECTION

MAKING OUR CONTRIBUTION

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 simultaneously producing waste, waste water and various air emissions. As a chemical distributor, we also deal with products that could damage the environment if they are handled incorrectly. We aim to protect resources and use them optimally around the world, 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 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

The data collected in the course of the HSE programmes implemented give an insight into the type and volume of resource consumption. In 2015, Brenntag implemented a Group-wide energy reporting in order to make its own energy consumption and associated CO₂ emissions more transparent. This involves the sites’ energy consumption figures being recorded per quarter and compiled centrally. These data are then used to identify energy-saving potential. To complement this reporting, employees from the Brenntag regions share their experiences with best practices and successful energy-saving measures. Since the reporting system was only implemented at the end of 2015, we are reporting consolidated data for the Brenntag Group for the first time for 2016. Our target is to reduce the Scope 1 and 2 CO₂ emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016.

ENERGY CONSUMPTION BRENNTAG GROUP 2016

	Electricity (in MWh)	Gas (in MWh)	Diesel (in 1,000 litres)	Petrol (in 1,000 litres)	Other* (in 1,000 litres)
Total	173,171	273,230	43,031	9,144	4,742
Per 1,000 warehouse tonnes of goods sold	18.61	29.36	4.62	0.98	0.51

* Gas oil, kerosene, propane gas

CO₂ EMISSIONS* BRENNTAG GROUP 2016

	Scope 1	Scope 2	Scope 1 + 2
Total (in tonnes)	195,305	74,807	270,112
Per 1,000 warehouse tonnes of goods sold (in tonnes)	20.99	8.04	29.03

* CO₂ emissions are calculated for electricity on the basis of the respective country-specific factors, in accordance with the Green House Gas Protocol Factors (2012), and for all other energy types on the basis of the energy-specific factors defined in the UK Government GHG Conversion Factors for Company Reporting (2016). These data do not include the following operating units: Brenntag International Chemicals and the units in Africa and the Middle East.



For Brenntag’s **HSE STRATEGY** and organization, please see the Safety chapter on page 12. For ISO 14001 certifications at Brenntag, please see the Safety chapter on page 14.



During the year under review, **Brenntag Specialties in the USA** replaced a 40-year-old boiler at its site in Philadelphia, Pennsylvania, which is used to heat the large oil tanks. The investment is paying off with a significant reduction in energy consumption and energy costs as well as with lower emissions. Like the old boiler, the newly installed heating system uses natural gas, but has a heat conversion rate of 98%, making it a substantial 20% more efficient.

After an energy audit at its Trezzano site at the end of 2015, **Brenntag Italy** initiated a pilot project to test various efficiency measures and assess their impact on energy consumption in order to improve energy management. The focus in the year under review was on optimizing the compressor systems used. As a result of various measures, energy consumption was reduced by 15% compared to the previous year. For 2017, energy-saving measures are planned for forklift trucks, such as the use of hybrid vehicles.

The **Brenntag site in Chiajna, Romania**, began replacing its obsolete lighting system in 2015 as part of a gradual process, and only uses LEDs as of November 2016. This has led to energy savings at around six megawatt hours per month, which corresponds to a reduction in electricity consumption of 33%.

Various smaller measures were implemented at **Brenntag's sites in the Dominican Republic and Costa Rica** in the year under review: the offices and storage areas were fitted with energy-saving LEDs, motion sensors were installed and old air-conditioning units were replaced with more efficient models. This has cut electricity consumption in the Dominican Republic by around 20 megawatt hours, or roughly 8%, compared to 2015; in Costa Rica, a reduction of eleven megawatt hours, or almost 12%, has been recorded.

WATER

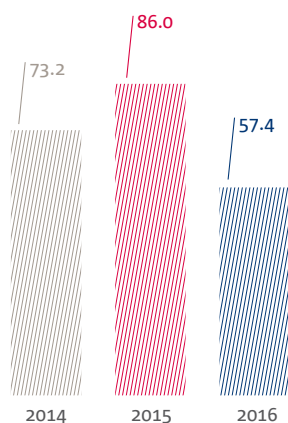
Brenntag uses water in its business operations, for example to produce solutions, to clean pipe systems and to cool or heat chemicals and tank facilities. As a result, water consumption varies widely at Brenntag's sites and is subject to fluctuations, as it is largely dependent on the nature and scope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

Brenntag obtains around 90% of its water from the public water supply network for the activities mentioned. At present, water consumption is not recorded and consolidated on a Group-wide basis, as it has proven to be more efficient to manage the issue regionally.

BRENTNAG LATIN AMERICA: WATER CONSUMPTION

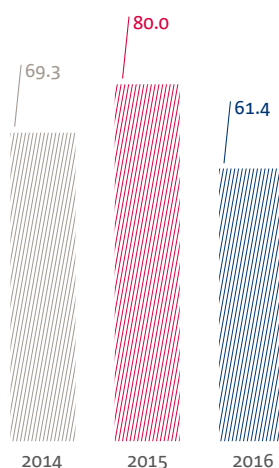
TOTAL

(IN MILLIONS OF LITRES)



PER WAREHOUSE TONNE OF GOODS SOLD

(IN LITRES)



✓ PRACTICAL
EXAMPLES

Brenntag Latin America regularly records the water consumption at all of its sites as part of its extensive **CASA** programme. This enables the region to document, analyze and manage the volume and type of consumption over time and to implement various efficiency measures. Total water consumption in the reporting period was reduced by around 33% compared to the previous year. There are several reasons for the fluctuations in consumption over time: changes in the product portfolio increased or reduced water needs, while acquisitions resulted in the addition of new sites. Water-intensive processes, such as hydrostatic testing of new tanks or functional tests of fire protection systems, also occur on an irregular basis. Overall, the measures implemented in the region and the gradual improvements in reporting are paying off with a reduction in water consumption, and the HSE managers are noticing an increased level of awareness among employees for the efficient use of resources.

In order to clean the instruments in its development laboratory in Buenos Aires, **Brenntag Argentina** consumes around 1,000 litres of water per month. Previously, this involved the

use of drinking water, which was collected after the cleaning operations and then disposed of as industrial waste water. The site has now installed a simple, cost-effective system in order to make this cleaning water reusable. In a first step, it is collected in a special tank and mechanically filtered using paper. It is then chemically treated so that the remaining dirt particles flocculate and the pH value of the treated water reaches the legally required level. 90% of the water purified and processed in this way is used for cleaning operations at the site. The positive effects: the volume of industrial waste water is reduced by around eleven tonnes annually, less drinking water is consumed and the laboratory's operating costs are cut.



For **CASA** see also
page 18.

By reconfiguring the tank and pipe system for caustic and bleach material at the Houston-Greens Bayou site in Texas, **Brenntag Southwest in the USA** has been able to reduce the impact of process flush water, cut disposal costs and recycle chemicals. Caustic and bleach material are handled and stored at the site. The tanks and pipelines have to be flushed regularly as part of this. This cleaning water, which contains around 14% Sodium Hydroxide and 4% Bleach deposits, was previously collected separately and sent directly to a third-party company for disposal. This resulted in around 16 truck loads per year, or roughly 330 tonnes. This process flush



WATER CONSUMPTION: Brenntag uses water in its operational activities, for example in the production of solutions, as well as for the general operation of buildings and plants like in cleaning purposes for example.

BY ROAD AND RAIL: Goods and products are transported by truck and train to and from the Brenntag sites – the mode of transportation depends on the type of goods and the infrastructure of the site.



water is now filtered and the bleach particles in it are collected. These are then piped to a Brenntag owned facility located on the site, where they are converted into a lower grade industrial bleach. Around 50% of the bleach flushed out and subsequently collected can thus be recycled into a lucrative product for suitable applications.

PROTECTION OF SOIL, WATER AND AIR

We work continuously on minimizing the environmental impacts of our business activities on the soil, water and air. 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 fully comply with the applicable rules and regulations relating to the protection of the environment and also fulfil our Group's stringent 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 cleaning measures. Since 2003/2004, the soil and groundwater situation at all the sites has been reviewed and recorded annually in cooperation with external partners and the necessary remediation measures have been 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 for acids and alkalis, 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 transferred between containers or during transportation, Brenntag takes the appropriate steps to remedy the problem, clean up and dispose of the chemicals as quickly as possible. Such spillages are recorded, categorized and evaluated using a standardized system.



WASTE/RECYCLING

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

Brenntag El Salvador has implemented an exemplary recycling project that benefits not just the environment but also the local neighbourhood at the site in San Salvador: non-hazardous chemicals and products are regularly delivered to Brenntag in what are known as flexibags. This packaging consists of metal bars, cardboard and various fabric and plastic covers, much of which does not come into contact with the products delivered. In line with the 3R principle ("reduction, reuse, recycling") as part of the CASA programme operated by Brenntag Latin America, our employees use the plastic covers to protect wooden pallets, the metal rods to fortify the warehouse racks and the cardboard as dividers. They donate the large fabric covers to various establishments in the neighbourhood: a school uses them to make sun protection shields for the students, while a church community uses them to make tarpaulins for their vans. As a result, roughly one tonne of material is recycled, which is a recycling rate of 67%.

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. Additionally, fuel-efficient driving is part of the regular training undergone by the Brenntag drivers.

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 also directly facilitate safe and eco-efficient driving, for example by providing visual and acoustic warning signals for the driver or by displaying driving speed, braking behaviour and engine idling.

✓ PRACTICAL EXAMPLES

In order to reduce fuel consumption of its fleet, **Brenntag Mid-South in the USA** analyzed the idle times of the engines. Thanks to the telematics systems installed and the analysis system connected to them, typical idle times can be attributed to certain operations and situations. For example, a tanker uses the auxiliary drive system to create air pressure for unloading the material. The analysis made it possible to identify drivers and situations whereby the expected idle times were exceeded. Discussions were conducted with the respective employees in order to identify the causes of the discrepancies and, if necessary, to bring about a change in their driving behaviour through coaching. The measure helped to improve the efficiency of the entire fleet of Brenntag Mid-South, which consists of 331 vehicles, by 0.8 kilometres per gallon of fuel (3.8 litres). This represents a fuel consumption reduction of around 8,880 gallons (around 33,600 litres) per year.



KNOW-HOW: Brenntag's experts possess in-depth knowledge in the fields of chemicals, components, procedures, processes and application technologies. They assist our customers in developing tailored formulations.

At **Brenntag in Austria**, all internal transport between the two sites Traun and Wiener Neustadt was switched from road to rail in the year under review. Around 520 truck trips per year are replaced on the 220-kilometre route. This will reduce the annual fuel consumption of Brenntag Austria by around 32,000 litres and its CO₂ emissions by approximately 85 tonnes.

SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS

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

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

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



In 2016, **Brenntag** added two innovative rheology modifiers to its range of products for the paper and pulp industry: both products are used as additives primarily in the production of corrugated cardboard, where they influence the flow properties. In contrast to conventional boron-containing substances, one product is free from carcinogenic, mutagenic and reprotoxic components (CMR-free). The second product still contains Borax but in a liquid form which makes handling and usage safer and more sustainable. Brenntag has acquired the licences for both of the patented products and the exclusive rights for blending, selling and distributing them **globally** (with the exception of North America and Mexico).

In the **Asia Pacific region**, Brenntag has been working with a Korean producer in the area of chemicals recycling since November 2015. The partner company treats chemicals used in the electronics manufacturing so that they can be reused in other industries. As part of a joint project, Brenntag Asia Pacific promotes the use of recycled solvents among its customers in the coatings industry. The purity requirements of the chemicals used determine whether treated chemicals are suitable for a particular application. Brenntag provides extensive application expertise for promotion of the recycled chemicals. Initial sales successes were recorded in Vietnam in the year under review.

Brenntag has been working with BASF for many years in the sale of plasticizers. Our portfolio here primarily comprises the non-phthalate **plasticizer** Hexamoll®DINCH, which was specially developed for applications with close contact with people. It is therefore particularly suitable for the manufacture of sensitive items such as toys, medicines or clothing. Brenntag sells the BASF products exclusively **in numerous European countries** and also began doing so in the African market in 2016. As part of a **project in Ghana**, for example, Brenntag advised customers on the use of plasticizers in the production of flip-flops. To ensure that top-quality advice is provided, the Brenntag employees in Africa received special training beforehand at BASF in Ludwigshafen on the properties and possible applications of the various plasticizers.

An issue of increasing importance in the agriculture and mining industry is dust formation. The dust raised up from the ground during the activities is deposited and bound by either water or chemicals. For this process, Brenntag provides its customers in the **Latin America region and in Canada** with a sustainable solution via the microbial dust suppressant

product EA1 manufactured by Earth Alive Clean Technologies. This is a 100% organic and biodegradable product based on the latest advances in microbial technology. It is free from hygroscopic salts such as calcium chloride and magnesium chloride, petroleum-based derivatives and other harsh chemicals usually used to control dust. It does not dry the soil out either. According to the manufacturer's estimates, as a result of the introduction of EA1, more than 80% of the fresh water used for dust control can be saved and used in the production processes of the minerals. In 2015, Brenntag entered into a multi-year exclusive distribution agreement for EA1 for the countries mentioned. In **Colombia**, Brenntag also works together with Earth Alive in the area of liquid fertilizer. As part of a joint project, we have achieved the stability and the compatibility between Brenntag's Agrofeed liquid formulations and Soil Activator™, with what we can offer to our clients in the flower and vegetable sector our liquid formulations combining the benefits of Agrofeed and Soil Activator™.

Air pollution emissions from shipping continue to grow and in order to improve this situation regulations have been introduced which specify that the sulphur content of ship fuels should be significantly reduced by the year 2020. As a leading distributor of specialty chemicals that reduce harmful emissions, Brenntag has been able to help both ship operators and specialist maritime service providers meet this challenge. Through the utilization of its extensive global operational footprint, experts at Brenntag have successfully developed a robust logistics and supply chain solution, which enables the safe delivery of both Liquid Caustic Soda and Urea Solution directly to cruise liners, which dock at **ten ports in Europe, plus Dubai, the Dominican Republic, Canada and the United States**. These products optimize the effectiveness of the systems that are used to purify ship emissions.



PLASTICIZERS are used to soften hard PVC, thereby making it flexible and durable.



“A COMPANY WITHOUT ENVIRONMENTAL PRINCIPLES IS A COMPANY WITHOUT A FUTURE”

I'm ConnectingChemistry

ROBINSON MUÑOZ

CASA MANAGER,
BRENNTAG COLOMBIA

I joined Brenntag Colombia in 2009 and since day one I have found that no two days are the same. Our business is very dynamic, so your mind is always alert and ready to make the right decision – especially when it comes to safety. My role as a CASA Manager is to support and implement Brenntag Latin America's Quality, Safety and the Environment program which is called **CASA** to ensure sustainability all throughout our company's supply chain and at all our six sites in Colombia.

Our challenge is a daily one. Each day we move hundreds of tonnes of chemicals within our various premises, by land and by sea. The nature of our

business is such that we cannot feel exempt from accidents that can potentially lead to injuries to people, damage to the environment or a less-than-expected level of service for our customers. Nonetheless, Brenntag Colombia has had a zero accident rate in the last five years. Seeing how each day ends with people going home safely and with zero impact on the environment fills us with pride. This is achieved because we have the best staff, working with the strictest of strategies and procedures.

“With our planet it's the same as with your home: you care for it, you repair it, you have rules, you educate your children.”



For **CASA** see also page 18.

The comprehensive CASA programme implemented at Brenntag Colombia comprises several policies, procedures and programmes that support our environmental objectives: it is in compliance with national legislation, international protocols as well as standards of chemical industry associations. We are working with suppliers that are seriously committed to protecting the environment. We are efficiently using natural resources like energy and water in our processes. For example, we have implemented recycling and water and energy saving campaigns and have modified our infrastructure to make it more environmentally friendly. From the moment when facilities are built or upgraded, we make sure that they meet the highest safety standards in issues such as containment, API standards for tanks, electrical standards, fire systems, certified hoses and safe processing equipment. In addition, Brenntag Colombia advises its customers on caring responsibly for the materials we sell them and offers them, whenever possible, a portfolio of environmentally friendly products for their processes and applications.

In addition, Brenntag Colombia's strategies include the development of social assistance programs with an environmental focus. To give an example: in a project called "Sowing hope" we gave recyclable waste that was generated at our site in Mosquera to an education center for children from low-income families. They use the recyclable resources to plant trees and sow seeds. This experience enhances the children's environmental education by raising their awareness for protecting the environment.

The challenge is to change habits

The most critical aspect for a good CASA performance is to continuously work on making safety a part of our DNA and our behavior. Changing behaviors may not be easy but it is possible. We need to be consistent with our policies and we need to transmit Brenntag's message of respect for the environment to each employee. That's why for example each day starts with five-minute talks with all the staff. This is the perfect time to convey messages focused on quality, safety and the environment. This is also a good opportunity to listen to people. I'm convinced that the day you stop talking about caring for the environment, you miss a great opportunity for directing habits towards an environmentally friendly culture.





We see that our efforts are paying off

We at Brenntag Colombia saw encouraging results in the field of environmental protection and a great CASA performance achievement in recent years. In the last five years we have had a zero accident rate and we have gained the internal CASA Award that is given annually to a company of the Brenntag Latin America region in recognition of being a leader in terms of safety, quality and the environment. Most recently, the CASA team successfully participated in managing the sub-contractors that built the storage units, tanks and filling stations at the Mosquera site – a huge project that was finalized with a zero accident rate.

Brenntag is a company that strives to improve on an ongoing basis and that poses professional challenges every day. I am proud to say that the CASA team at Brenntag Colombia is doing its best to contribute to Brenntag's vision of being the safest distributor worldwide and the

most responsible in protecting the environment. A company without environmental values and principles is a company without a future in the market. And in the end, everyone should care about environmental protection because this planet is our home. We only have this one earth and it is our responsibility to protect and care for it. It is like your home: you care for it, you repair it, you have rules, you educate your children – with our planet it's the same thing but on a larger scale.

SUPPLY CHAIN RESPONSIBILITY

OUR JOINT APPROACH

Safety and quality are key factors for success in the chemical industry. They can only be ensured through the close cooperation of all parties along the supply and **value chain**. Issues such as occupational safety, environmental protection, labour practices, supplier management and compliance are therefore key topics for the industry. When choosing business partners and therefore making purchasing decisions, they are important criteria alongside aspects such as product quality, reliability of supply and price.

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.

SUPPLIER MANAGEMENT

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.

SUPPLIER CODE OF CONDUCT: In October 2015, Brenntag drew 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.

SUSTAINABILITY ASSESSMENTS FOR SUPPLIERS: Within the scope of its membership of the "Together for Sustainability" industry initiative, Brenntag requires a defined 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 have set ourselves a target of analyzing 50% of our total chemical spend with assessments by 2020.

A project team has taken charge of conducting the assessments and advancing the issue of sustainable procurement within our international corporate structures. The team consists of a steering committee comprising employees with strategic and operational experience, Brenntag's sustainability coordinator and representatives from the four Brenntag regions and from the Brenntag Global Sourcing Organization. Since 2015, around 120 Brenntag purchasing employees have also undergone training covering the assessment procedure and thereby also sustainability issues, enabling them to assist and to advise their suppliers during the review process.

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



See Company Profile
and **VALUE CHAIN GRAPH**
on page 4.



95 suppliers have completed the assessment programme since it was launched in 2015. In eight cases, a “Corrective Action Plan” was initiated based on the findings of the assessment. The suppliers now have to provide further information on the points identified and/or implement remedial measures within a certain period of time. At the end of 2016, Brenntag analyzed around 16% of its chemical spend through supplier sustainability assessments.

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



EcoVadis-Scoring 2016:
GOLD STATUS FOR
BRENNTAG

ECOVADIS SCORE: In its most recent EcoVadis assessment in October 2016, the Brenntag Group achieved a score of 66 points, thereby improving to gold status (Gold Recognition Level). This result puts us well above the average within our industry sector (42.2 points in October 2016) and ranks us among the TOP 1% of suppliers in this category as well as among the TOP 2% of suppliers assessed overall by EcoVadis across all industry categories. As specified in our sustainability targets (see page 7), we will endeavour to maintain our gold status and further improve our score.

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 2016, Brenntag EMEA alone sent a good 450,000 safety data sheets to customers.

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 we achieved EcoVadis gold status – the first and, to date, only chemical distributor to do so.

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

As a full member, Brenntag has a seat and voting rights at the general assembly, the top decision-making body of TfS. This gives us an opportunity to work with the other member companies to shape the ongoing development of the initiative and to advance the issue of sustainability in the chemical industry’s supply chain.

**KARSTEN BECKMANN**

Member of the Board of Management of Brenntag AG and CEO of Brenntag EMEA

“ALL PARTS OF THE SUPPLY CHAIN NEED TO MEET THEIR RESPONSIBILITIES”

“As the world’s number one chemical distributor, Brenntag seeks to set standards in its industry in the area of sustainability as well. Our excellent performance in the last EcoVadis assessment, where we achieved gold status, reflects our efforts to continuously enhance our sustainability strategy and performance.

Both our excellent rating and our membership of the “Together for Sustainability” initiative (TfS) distinguish Brenntag from our competitors and will benefit us in particular among those customers and suppliers that take sustainability aspects into consideration when choosing their business partners – and their number is continuously increasing. The issue of sustainability has become a fundamental issue in the chemical industry’s supply chain. Against this backdrop, the TfS approach makes particular sense. The establishment of common standards and processes for assessing sustainability will increase

transparency in the supply chain while at the same time put in place a process to improve sustainability performance. This requires all parts of the supply chain to remain involved and meet their responsibilities.

As a common platform and international network, TfS provides all the parties involved with significant efficiency advantages and opportunities to interact. Brenntag can learn from the best-practice experiences of other TfS members and further professionalize its sustainability policies. The regular interaction and cooperation with other global players in our industry also on the issues of sustainable procurement will also strengthen our partnership.

At the same time, TfS membership and the associated effects on our supplier management system will also pose a challenge for our company and our purchasing organization. We need to continuously select relevant companies from our supplier base for the assessments and audits and prompt them to voluntarily participate. At the same time, processes and rules for dealing with assessment findings need to be established in our own organization. Based on all these activities, we will be able to further embed and professionalize the issue of sustainability in Brenntag’s purchasing operations.”

EMPLOYEES

OUR FOUNDATION FOR THE FUTURE



For information on “2020 VISION”, please see page 44 of Brenntag’s 2016 Annual Report.

More than 15,000 people worldwide work at Brenntag and with their expertise and their dedication, they play a key role in the company’s success and our long-term competitiveness. Embedded in the corporate strategy and in Brenntag’s “2020 Vision”, the primary goal of our human resources strategy is for us to be regarded globally as an attractive employer – for both current and potential employees. We believe we have a responsibility to offer them good working conditions and a modern working environment and to encourage their personal and professional development in a targeted manner.

HUMAN RESOURCES STRATEGY AND MANAGEMENT

Brenntag’s Global Human Resources Director reports directly to the CEO and is responsible for ensuring that there is one global HR strategy in place and for implementing corresponding measures together with the HR managers in the various regions and for centrally managing these measures. The HR department regards itself as a strategic partner that assists the company with the implementation of changes and creates an environment where the best people want to work. Its overarching objective is to position Brenntag as the preferred employer globally in the field of chemical distribution.

At a global level, various measures were implemented in 2016 in the areas of people performance management, employee development, identification and development of potential, succession planning and job structures. These are outlined in the subsequent chapters.

Brenntag’s operational human resources management activities are handled on-site in its regions and at its various locations. In line with our company’s global HR strategy as well as the goals and values, programmes and measures are implemented in the areas of employee recruitment, support and development.

EMPLOYEE RECRUITMENT AND SUPPORT

ONBOARDING: In an onboarding framework developed in 2016, we specified globally uniform minimum standards for ensuring that new employees and those moving to new roles within Brenntag can settle in quickly at our company and integrate properly into their new environment. The

framework enables the Brenntag companies to take account of regional and country-specific customs and practices in the process.

PEOPLE PERFORMANCE MANAGEMENT:

Annual feedback dialogues take place between employees and their direct managers in almost every Brenntag company. During these “People Performance Management” dialogues, the employee’s performance is usually considered, and upcoming targets and personal expectations as well as any necessary development measures are discussed.

In 2016, we introduced a globally standardized format for this annual dialogue as part of our people performance management, the aim being to encourage a culture of feedback among Brenntag employees. Training was provided to familiarize both managers and employees with the structure and content of the new format. It replaces the existing ones, with the result that all Brenntag employees will attend and document at least one formal people performance management dialogue per year with their direct manager from 2017 onwards.

EMPLOYEE DEVELOPMENT

PROGRAMMES AND TRAINING: During the reporting year, we continued to work on employee development formats and training programmes for our junior employees and managers. There are special programmes at both Group level and in the Brenntag regions which address the needs of these employee groups, prepare them for their management responsibilities and support them



in their role. As well as providing and enhancing management skills, Brenntag aims to encourage the systematic sharing and transfer of knowledge by means of these development programmes. One example is the **Brenntag Organic Sustainable Strategies (BOSS)** global executive management programme, which is aimed at our company's experienced key players.

Employee development at Brenntag is supported by the use of a global e-learning management system. The system makes it possible to manage and evaluate training modules better and helps to ensure that mandatory and important material reaches our employees even more effectively. The tool was used in 2016, for example, to conduct global training on the **Brenntag Code of Business Conduct and Ethics**.

Due to the various regional and local requirements of the working environment as well as to cultural differences, Brenntag largely takes charge of and manages further training and development measures on a decentralized basis. Our employees receive training in accordance with their duties in the company and their individual development needs. The training measures, which take the form of internal and external 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. The training courses in all Brenntag regions address the topic of **occupational safety**, as safeguarding our employees' health and safety is a top priority for us.

APPRENTICESHIP: Via the dual education and training system in Germany, Austria and Switzerland, Brenntag is currently training almost 80 young people as management assistants in wholesale and foreign trade, logistics management assistants, office management assistants, laboratory technicians and warehouse staff. Alongside comprehensive apprenticeship and the acquisition of technical skills and expertise, the transfer of our corporate culture and company-specific working processes as well as apprentices' personal development are at the forefront of the Brenntag scheme. For example, apprentices in Austria are offered personal development and team-building training via the "Young Talents" programme: at an interactive workshop held in 2016, they learned solution-based approaches and team skills through shared outdoor activities and team experiences.

Thanks to the wide array of apprenticeships on offer in various commercial and industrial occupational areas, Brenntag trains junior employees and managers in a targeted manner. After they have successfully completed the training, Brenntag offers attractive prospects and challenges to young high performers. Brenntag also provides graduates with a way into the world of work, for example by offering job-specific trainee programmes in Germany.



For **BOSS**, see also Weiseong Fong's "I'm **ConnectingChemistry**"-story on page 42.



For **TRAININGS ON OCCUPATIONAL SAFETY** see also the Safety chapter on page 16.



For information on **COMPLIANCE TRAINING** at Brenntag, see page 10.

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



EMPLOYEE INFORMATION AND INVOLVEMENT

In addition to development prospects, open communication and opportunities to play a part in shaping the company are important aspects that 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, at all times our employees are able to discuss issues directly with their line managers or with the HR managers responsible. Depending on the applicable laws in individual countries, employee representatives on selected co-determination bodies are also on hand as points of contact.

The internal online portal "LINK" helps and encourages Brenntag employees to exchange information, communicate and work together across locations. The platform serves to interconnect our employees within the company, facilitates the transfer of knowledge and provides an opportunity to share information, experiences and best-practice methods across different areas.

There are also idea management systems at many levels within Brenntag through which employees can become actively involved. For example, our subsidiary Multisol in the UK rewards employees for ideas submitted via an established system by giving them vouchers if the suggestions meet specific criteria. Brenntag Iberia presents the "Innova Awards" every year for the best ideas and unveils the innovations at internal "Innova" conferences.

Brenntag also presents the global and regional "Brenntag Awards" every year to employees who have achieved outstanding successes in the areas of sales, safety or professional performance. In addition, employees receive regional or local recognition for their performance and input. In the Brenntag EMEA region, locations which have made notable achievements in the area of safety are presented with the "Safety First Award" every year. Our US subsidiary Coastal Chemical Company recognizes model employees with the annual "Circle of Excellence Awards", while Brenntag Philippines honours top performers in the area of sales with an award.

Brenntag carried out an employee survey on safety culture at the company for the first time in 2015 in order to provide itself with an overview of its employees' needs in this area. At the same time, this further raised awareness among employees of the importance of safety in the workplace. Based on the findings, the company has since been developing suitable measures in order to further increase occupational safety.

EXEMPLARY: Every year, the Board of Management recognizes the outstanding performance of employees with the global "Brenntag Awards", commending them as role models for the company.



In March 2016, Brenntag Asia Pacific launched the monthly BEEPS (Brenntag Employee Engagement Pulse Survey) throughout the region. With just a few clicks, employees can assess their current engagement level online and give reasons for their present situation. This enables Brenntag to promptly identify developments and adopt countermeasures in time. BEEPS has since developed into an important means of expressing opinions for employees in the Asia Pacific region.

HEALTH AND WORK-LIFE BALANCE

As part of Brenntag's identity as an attractive and responsible employer, we promote our employees' health and their work-life balance. We have measures in place in all regions which are aligned with the various local social systems and often go above and beyond national practices and statutory requirements. In countries with inadequate social security arrangements, for example, supplementary private health and life insurance is offered. In many countries, Brenntag also covers part of the cost of preventative measures and medical examinations and pays for vaccinations for its employees and their families, for example. Some Brenntag companies also promote the physical health of their employees by contributing to their gym memberships. Group participation in corporate runs or other sporting competitions is also very popular. Mental health is a priority too: all managers in Australia received corresponding awareness training in 2015/2016, while a survey was conducted in Germany on the risk of psychological stress. Many Brenntag companies promote efforts to reconcile work and family life by offering flexible working time models and holiday arrangements as well as other supportive services such as child-care or care for relatives.

DIVERSITY AND EQUAL OPPORTUNITIES

Brenntag employs people from over 90 different countries. Our employee structure is characterized by a good balance between **women** and men and a wide age range. The result of this is a cultural and social diversity which we use constructively. The multifaceted nature of our employees' 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 utmost importance that discrimination does not occur against employees, business partners or third parties on the grounds of their ethnic origin, gender, marital status, age, religion or beliefs, 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 identified, corresponding action is taken.

REMUNERATION AND PENSION SCHEMES

Brenntag's remuneration policy is defined by factors such as attractiveness, fairness and competitiveness. Employees' qualifications, experience and level of responsibility are paramount criteria. Various pension plans are in place for employees of the Brenntag Group. The pension commitments vary depending on the legal, tax and economic circumstances in the respective countries. In addition to employer-financed company pension schemes, Brenntag also supports private pension schemes through various offers and pension plans. For example, the deferred compensation model enables employees to forgo receiving certain pay components in favour of an employee-financed company pension commitment.



For information on the approach taken by Brenntag AG and Brenntag GmbH to the statutorily required specification of **TARGETS FOR THE PERCENTAGE OF WOMEN** on the Supervisory Board, Management Board/Management and the first two management levels, see page 34 of Brenntag's 2016 Annual Report.



See **COMPLIANCE INCIDENTS** on page 11.



EMPLOYEE STRUCTURE

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

EMPLOYEES BY REGION AND GENDER

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
EMEA	6,888	45.7	6,681	45.4
Women	2,545	36.9	2,454	36.7
Men	4,343	63.1	4,227	63.3
North America	4,631	30.7	4,554	31.0
Women	1,003	21.7	998	21.9
Men	3,628	78.3	3,556	78.1
Latin America	1,491	9.9	1,523	10.4
Women	542	36.4	570	37.4
Men	949	63.6	953	62.6
Asia Pacific	1,923	12.8	1,817	12.3
Women	904	47.0	851	46.8
Men	1,019	53.0	966	53.2
Other segments	139	0.9	132	0.9
Women	75	54.0	71	53.8
Men	64	46.0	61	46.2
Brenntag Group	15,072	100.0	14,707	100.0
Women	5,069	33.6	4,944	33.6
Men	10,003	66.4	9,763	66.4

EMPLOYEES BY AREA OF WORK AND GENDER

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
Sales	5,748	38.1	5,531	37.6
Women	2,798	48.7	2,707	48.9
Men	2,950	51.3	2,824	51.1
Distribution	2,152	14.3	2,111	14.4
Women	208	9.7	228	10.8
Men	1,944	90.3	1,883	89.2
Warehouses	4,537	30.1	4,515	30.7
Women	501	11.0	504	11.2
Men	4,036	89.0	4,011	88.8
Administration	2,635	17.5	2,550	17.3
Women	1,562	59.3	1,505	59.0
Men	1,073	40.7	1,045	41.0
Brenntag Group	15,072	100.0	14,707	100.0

EMPLOYEES IN MANAGEMENT POSITIONS* BY GENDER

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
Women	67	16.9	69	19.1
Men	330	83.1	292	80.9
Brenntag Group	397	100.0	361	100.0

* Comprises the global executive management and local management groups.

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER*

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
Full-time	14,477	96.1	14,120	96.0
Women	4,626	32.0		
Men	9,851	68.0		
Part-time	498	3.3	478	3.3
Women	406	81.5		
Men	92	18.5		
Apprentices	97	0.6	109	0.7
Women	37	38.1		
Men	60	61.9		
Brenntag Group	15,072	100.0	14,707	100.0

* In 2015, the number of employees by type of employment was not yet broken down by gender.

EMPLOYEES BY TYPE OF CONTRACT* AND GENDER

	Dec. 31, 2016		Dec. 31, 2015*	
	abs.	in %	abs.	in %
Permanent contracts	13,946	92.5		
Women	4,641	33.3		
Men	9,305	66.7		
Fixed-term contracts	1,029	6.9		
Women	391	38.0		
Men	638	62.0		
Apprentices	97	0.6		
Women	37	38.1		
Men	60	61.9		
Brenntag Group	15,072	100.0	14,707	100.0

* In 2015, the number of employees by type of contract was not yet recorded.

NEW EMPLOYEES BY TYPE OF ENTRY

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
New hires	1,811	79.7	1,693	64.3
Company acquisitions	462	20.3	939	35.7
Brenntag Group	2,273	100.0	2,632	100.0

NEW EMPLOYEES BY REGION

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
EMEA	787	34.6	740	28.1
North America	806	35.5	1,041	39.6
Latin America	242	10.6	363	13.8
Asia Pacific	422	18.6	471	17.9
Other segments	16	0.7	17	0.6
Brenntag Group	2,273	100.0	2,632	100.0

EMPLOYEE TURNOVER* BY REGION

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
EMEA	268	3.7	279	3.9
North America	341	6.7	309	6.6
Latin America	117	6.5	124	7.1
Asia Pacific	255	11.2	199	10.1
Other segments	3	2.0	8	5.6
Brenntag Group	984	5.9	919	5.8

* Termination by employees on the basis of Schlüter formula.

EMPLOYEES BY AGE*

	Dec. 31, 2016		Dec. 31, 2015	
	abs.	in %	abs.	in %
< 20	36	0.4	47	0.5
20–29	1,496	14.3	1,490	14.6
30–39	3,183	30.5	3,085	30.4
40–49	3,027	29.0	2,974	29.3
50–59	2,186	20.9	2,071	20.4
> 59	513	4.9	486	4.8
Brenntag Group*	10,441	100.0	10,153	100.0

* 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.

AVERAGE AGE AND AVERAGE LENGTH OF SERVICE BY REGION*

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
	Ø Age in years		Ø Length of service in years	
EMEA	43	43	11	11
Latin America	39	39	7	7
Asia Pacific	38	38	6	6
Other segments	45	45	10	11
Brenntag Group*	42	42	10	9

* 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.

“IT’S LIKE PUTTING GLOBAL MANAGEMENT TALENTS FROM BRENNTAG IN ONE CLASSROOM”



I’m ConnectingChemistry

WEISEONG FONG

DIRECTOR – VENTURES & INTEGRATIONS,
ASIA PACIFIC, BRENNTAG PTE LTD

When it comes to the topic of integration, I have the experience – not only because of my past professional work with different organizations and my current role as a member in the Business Development team via Merger & Acquisition (M&A) for Brenntag’s Asia Pacific region but also because I joined Brenntag myself through an acquisition. At the end of 2015, Brenntag acquired

TAT Group, a Singapore-based distributor for industrial chemicals with subsidiaries in Singapore, South Korea, Vietnam, Hong Kong and Indonesia.

It is part of my job to contain and align the acquired entity with Brenntag’s environment, culture, values, practices, processes and policies. It was a big challenge to manage to get everyone at the TAT Group to understand, adopt and deliver all the requirements in terms of business, operations, reporting, risk management, etc. based on the standard operating procedures, policy, and guidelines of Brenntag right after the completion of the acquisition. I’m proud of what we have

achieved so far, which is the successful vertical integration of TAT Group within a year, and now we are going for horizontal integration. I see this as an opportunity to grow and bring our business to the next level under the leadership of Brenntag.

Integration of people is essential

Integrating a company is not only about aligning strategies, processes and structures. It's also essential to integrate people into the new corporate culture properly and make them feel part of the family. At Brenntag Asia Pacific this happens via structured onboarding programmes where they have the chance to meet with different functional heads to understand Brenntag, their respective functions and team members as well as how they connect internally and externally.

The main change for me after joining Brenntag came with the matrix organizational structure Brenntag uses, in which people are pooled with regard to their skills and capabilities. This structure was new to me and though it means that I have to include more

people in decision-making processes, I see the advantages this structure provides: we communicate more readily across the boundaries and this will help to create a good and cooperative work environment; business information silos are broken and we are able to respond more flexibly; there's the chance to develop broader people capabilities and the quality of the decisions made is higher as it comes from broader views, insights and perspectives.

BOSS helps me to grow as an individual

My personal integration and development within Brenntag was mainly supported by joining BOSS, Brenntag's global executive management programme. I was really surprised when I was informed of my nomination for the class 2016/2017. I am excited and grateful for this professional development and learning opportunity. As someone who is relatively new to Brenntag, I see my nomination as a testament to Brenntag's emphasis on full integration, not just the business aspect, but also on people investment.

"It's also essential to integrate people into the new corporate culture properly and make them feel part of the family."



BOSS is not just about studies, it is about learning new personal and business skills and growing as individuals through structured input by the professors, interaction and exchange of ideas as well as knowledge from different peers and networking across the Brenntag world so that I can further enhance my effectiveness and productivity in my work.

In order to maximize the learning experience from the BOSS program – knowing people tend to focus on what they already know and do well, and all participants in the programme are holding a senior executive position in Brenntag with great achievement and accomplishment – before going for the programme, I encouraged myself to unlearn what I have learnt and am good at so that I have an open mind with topics, discussions and situations that I have never experienced or am even less comfortable with. This not only maximizes my learning but also puts my perspectives and skills to the test during the programme.



Moreover, the diversity of people involved truly makes this programme so unique. We have 13 nationalities from 24 Brenntag offices around the globe in the class bringing in all their various backgrounds, work experiences and work functions. With such diversity, BOSS provides an unsurpassed platform for peer-to-peer learning, sharing of experiences and in-depth discussions of the most pressing business issues. It's like putting global management talents from Brenntag in one classroom. I'm really proud and happy to be part of this group.

“The diversity of people involved truly makes the BOSS programme so unique.

We have 13 nationalities from 24 Brenntag offices around the globe in the class.”

COMMUNITY

LIVING UP TO OUR RESPONSIBILITY

At its more than 550 sites in 74 countries worldwide, Brenntag is present as 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 driven 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 in all of its regions. A large number of our sites have been cooperating with schools, universities and institutions for many years now with the common aim of encouraging young people’s interest in chemistry and our industry, sensitizing them regarding the handling of chemicals and supporting their education. For many years now, Brenntag North America has sponsored the national “You Be The Chemist Challenge”® school competition – involving great personal commitment from many of our employees – which was initiated by the Chemical Educational Foundation. It encourages 5th–8th grade pupils to take an interest in chemistry and its applications in everyday life. This is also the aim of the British “Chemistry with Cabbage” initiative, which is financially supported by our subsidiary Multisol and which prompts young people to conduct fun experiments at schools, universities and museums. At a primary school near the Guadalajara site, employees of Brenntag Mexico explain to pupils how to handle everyday chemical products properly. In Bangladesh, Brenntag has set up a fund that supports the education of the children of our operators and drivers.

We provide information on training and career opportunities in our company at events worldwide. Through open days and internships as well as trainee programmes and scholarships, we give pupils and students in countries such as Thailand, Malaysia, Romania and Poland the opportunity to develop an understanding of the work of a chemical distributor, to acquire

practical experience and start a career in our industry. In Germany, for example, Brenntag GmbH presents the “Brenntag Award”, which includes prize money, twice a year to the top graduate of the “Business Chemistry” course at Heinrich Heine University in Düsseldorf.

LOCAL COMMITMENT

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



In **Latin America**, many Brenntag sites regularly support the communities in their immediate vicinity: In Costa Rica, Brenntag donated and installed a rainwater collector to a school, while in Guatemala, water purifiers were provided to families in need – the money for these was raised from the recycling of materials at the site. In the Dominican Republic, Brenntag Caribe sponsors a small park in front of the Herrera site, which is maintained together with the local community and used for communal and joint activities.



In Germany, **Brenntag GmbH** provides financial support to the not-for-profit association “Förderturm – Ideen für Essener Kinder e.V.”, which assists and supports children and young people from disadvantaged backgrounds in various projects.

In the year under review, **Brenntag UK & Ireland** successfully continued “Brenntag Giving”, a programme which was launched in 2015 and is developed and managed entirely by its employees. As part of this award-winning programme, every month Brenntag provides a fixed amount to a site whose employees demonstrate a particularly strong level of social commitment. This site is then free to decide which good cause or registered charity will benefit from this additional financial contribution.



A close dialogue with local emergency forces and mutual aid agreements are also typical of many Brenntag sites **around the world**. At the Deerlijk site in Belgium, for example, a theoretical tabletop safety exercise involving various local emergency units and Brenntag employees was conducted in the year under review to test coordination and the processes in place on all sides in the event of an emergency. 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 and make available to them our expertise and our sites for seminars and joint rescue exercises. At Brenntag's Esteio site in Brazil, for example, exercises and seminars like these take place every quarter.



REPORT PROFILE

ABOUT THIS REPORT

Brenntag's Sustainability Report for the Financial Year 2016 is its fourth sustainability report. Brenntag reports on its sustainability activities every year. Its next report will therefore be published in 2018.

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: Core option. You will find the GRI Content Index from page 49.
- / This Sustainability Report for the Financial Year 2016 also serves as 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](#).

In order to satisfy the informational needs of rating agencies and additional stakeholders, our reporting exceeds the scope of these requirements.

As a rule, this sustainability report covers all Group companies and business units in which Brenntag has a shareholding of over 50%. You will find a list of Brenntag's key shareholdings on pages 200ff. of Brenntag's 2016 Annual Report. Any deviations from these parameters are indicated in the relevant section of the report.

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

Our reporting focuses on key sustainability topics and activities at Brenntag. Our reporting also explains why these key topics are important to Brenntag. The key topics in this report are based on a materiality assessment, which included a survey of external stakeholders. We have prepared this report in accordance with the principles of balance, clarity, accuracy, timeliness, comparability and reliability.

The illustration on page 48 shows the boundaries of the key topics. 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 and the boundaries compared to the previous year.



www.unglobalcompact.org

The contents and data provided in this report have been determined by way of internal processes. They derive from Brenntag's existing management systems and from official 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 data published in this report has been compiled and processed with the greatest care. However, we are unable to completely rule out the possibility of transcription errors.

RELEVANT TOPIC	*	**	RELATED GRI STANDARD OR MANAGEMENT APPROACH FOR ADDITIONAL RELEVANT TOPICS	*RELEVANT WITHIN THE ORGANIZATION
CORPORATE GOVERNANCE				
Compliance	X		/ GRI 307: Environmental Compliance 2016 / GRI 417: Marketing and Labeling 2016 / GRI 418: Customer Privacy 2016 / GRI 419: Socioeconomic Compliance 2016	**RELEVANT OUTSIDE THE ORGANIZATION
Ethical/Moral Principles	X		/ p. 8–9 / http://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp	
Anti-corruption	X	X	/ GRI 205: Anti-corruption 2016	
Code of Conduct	X		/ p. 8–9	
Risk Management	X	X	/ Brenntag 2016 Annual Report, p. 94–96	
Human Rights		X	/ GRI 406: Non-discrimination 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 408: Child Labour 2016 / GRI 409: Forced or Compulsory Labour 2016 / GRI 410: Security Practices 2016 / GRI 411: Rights of Indigenous Peoples 2016 / GRI 412: Human Rights Assessment 2016 / GRI 414: Supplier Social Assessment 2016	
Anti-trust and Competition Laws		X	/ GRI 206: Anti-competitive Behaviour 2016	
SAFETY				
Occupational Safety and Health Protection	X		/ GRI 403: Occupational Health And Safety 2016	
Product Safety		X	/ GRI 416: Customer Health and Safety 2016	
Product Quality		X	/ p. 8	
Process Safety	X		/ p. 14	
Safe Handling of Chemicals	X	X	/ GRI 416: Customer Health and Safety 2016 / GRI 306: Effluents and Waste 2016	
Risk Prevention	X		/ p. 12–15 / Brenntag 2016 Annual Report, p. 94–96	
ENVIRONMENT				
Protection (Soil, Air, Water)		X	/ GRI 303: Water 2016 / GRI 306: Effluents and Waste 2016	
Water Management	X		/ GRI 303: Water 2016	
Emissions Reductions/Climate Protection		X	/ GRI 305: Emissions 2016	
Resource Efficiency	X		/ p. 23–29	
Energy Efficiency	X		/ GRI 302: Energy 2016	
Environmental Management	X		/ p. 12–14, 23	
Recycling	X		/ p. 27	
Waste Management	X		/ GRI 306: Effluents and Waste 2016	
Transportation	X	X	/ p. 27	
SUPPLY CHAIN				
Sustainable Procurement, Supplier Management, Supplier Qualification/Training, Sub-contractor Management	X	X	/ GRI 204: Procurement Practices 2016 / GRI 308: Supplier Environmental Assessment 2016 / GRI 414: Supplier Social Assessment 2016	
Sustainable Customer Solutions (Products/Services)	X	X	/ GRI 417: Marketing and Labeling 2016	
EMPLOYEES				
Personnel Development/Training/Talent Management	X		/ GRI 404: Training and Education 2016	
Compensation and Benefits	X		/ GRI 405: Diversity and Equal Opportunity 2016	
Working Conditions	X		/ GRI 402: Labour-Management Relations 2016	
Work-Life Balance	X		/ p. 39	
Diversity	X		/ GRI 405: Diversity and Equal Opportunity 2016 / GRI 406: Anti-discrimination 2016	
Labour and Social Policy Rights	X		/ GRI 402: Labour-Management Relations 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016	
Employee Satisfaction/ Engagement	X		/ (GRI 401: Employment 2016)	
Recruiting	X	X	/ (GRI 401: Employment 2016)	
PUBLIC RESPONSIBILITY				
Social/Charitable Commitments		X	/ GRI 413: Local Communities 2016	
Local Community Engagement		X	/ GRI 413: Local Communities 2016	
Participation in Industry Associations		X	/ p. 14–15, 33–34 / http://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf	

GRI CONTENT INDEX

GRI STANDARD AND DISCRIPTION	REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 101: Foundation 2016	p. 5–7, 47–48		
GRI 102: General Disclosures 2016			
Organizational profile			
102-01 Name of the organization		Brenntag AG	
102-02 Activities, brands, products and services	p. 4–5, Annual Report p. 42	www.brenntag.com	
102-03 Location of headquarters		Mülheim an der Ruhr	
102-04 Location of operations	Inner fold-out page, Annual Report p. 200–209		
102-05 Ownership and legal form	Annual Report p. 10, 42–43		
102-06 Markets served	Annual Report p. 42–43		
102-07 Scale of the organization	Inner fold-out page, Annual Report fold out page, p. 114–115		
102-08 Information on employees and other workers	p. 40–41		6
102-09 Supply chain	p. 4–5, 33–35		
102-10 Significant changes to the organization and its supply chain	p. 33–35, Annual Report p. 42–43, 51	In the reporting period there were no significant changes to the supply chain.	
102-11 Precautionary Principle or approach	Annual Report p. 46, 94–96		
102-12 External initiatives	p. 9–10, 13–15		
102-13 Membership of associations		http://www.brenntag.com/media/documents/sustainability_reports/brenntag_list_of_memberships_20150630.pdf	
Strategy			
102-14 Statement from the CEO	p. 2–3		
Ethics and integrity			
102-16 Values, principles, standards and norms of behavior	p. 4–5, 8–10	http://www.brenntag.com/corporate/en/about-brenntag/strategy-and-organisation/vision-and-values/index.jsp	10
Governance			
102-18 Governance structure	Annual Report p. 14–19, 20–22, 28–39		
Stakeholder engagement			
102-40 List of stakeholder groups	p. 11		
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	p. 11		
102-43 Approach to stakeholder engagement	p. 11, 33–35, 45–46		
102-44 Key topics and concerns raised	p. 5–7, 11		
Reporting practice			
102-45 List of consolidated entities	Annual Report p. 126–127, 200–209		
102-46 Defining report content and topic boundaries	p. 5–7, 47–48		
102-47 List of material topics	p. 6, 48		
102-48 Restatements of information	p. 47, Annual Report p. 122–126		
102-49 Changes in reporting	p. 47, Annual Report p. 122–125, 127–128		
102-50 Reporting period	p. 47		
102-51 Date of most recent report		2016	
102-52 Reporting cycle		Annually	
102-53 Contact point for questions regarding the report	Imprint		
102-54 Claims of reporting in accordance with the GRI Standards		Core	
102-55 GRI content index	p. 49–52		
102-56 External assurance		This report has not been subject to any external confirmation (audit).	
ECONOMIC			
103-1 Explanation of the material topic and its Boundary	p. 48, Annual Report p. 44–46		
103-2 Management Approach	p. 4–7, Annual Report p. 44–46		
103-3 Evaluation of the management approach	p. 7, 10–11, Annual Report p. 54–61		

Page references without any other details relate to this sustainability report. References to the annual report relate to the 2016 Annual Report.

GRI STANDARD AND DISCRIPTION		REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	Annual Report fold out pages, p. 112, 150		
201-3	Defined benefit plan obligations and other retirement plans	Annual Report p. 150, 166–176		
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	p. 33–35	Local and regional purchasing is only of minor significance for the business model of a chemical distributor.	
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	p. 9	Within the scope of internal audits, a total of 35 Brenntag companies were reviewed in relation to corruption risks, etc. in the reporting year.	10
205-2	Communication and training about anti-corruption policies and procedures	p. 8–10	Brenntag aims to achieve a coverage of 100% in compliance training for relevant employees by 2017. In the reporting year, 94% of Brenntag employees world-wide had completed the training on Brenntag's Code of Conduct that also includes anti-corruption.	10
205-3	Confirmed incidents of corruption and actions taken	p. 9	There were no corruption incidents in the reporting period.	10
GRI 206: Anti-competitive behaviour 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annual Report p. 102–103		
ENVIRONMENTAL				
103-1	Explanation of the material topic and its Boundary	p. 48		
103-2	Management Approach	p. 4–7, 12–15, 23, 26–27		
103-3	Evaluation of the management approach	p. 7, 11, 12–14		
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	p. 23		7, 8
302-3	Energy intensity	p. 23		8
302-4	Reduction of energy consumption	p. 23–24		8, 9
GRI 303: Water 2016				
303-1	Water withdrawal by source	p. 24–25	Water consumption is not recorded and consolidated on a Group-wide basis at Brenntag. Consumption in the Latin America region is reported here as an example only.	7, 8
303-2	Water sources significantly affected by withdrawal of water		Brenntag obtains around 90% of its water from the public water supply network.	8
303-3	Water recycled and reused	p. 25–26		8
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	p. 23	Since the reporting system was only implemented at the end of 2015, we are reporting consolidated data for the Brenntag Group for the first time for 2016. Comparable figures are thus not yet available. Our target is to reduce the Scope 1 and 2 CO ₂ emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016.	7, 8
305-2	Energy indirect (Scope 2) GHG emissions	p. 23	Since the reporting system was only implemented at the end of 2015, we are reporting consolidated data for the Brenntag Group for the first time for 2016. Comparable figures are thus not yet available. Our target is to reduce the Scope 1 and 2 CO ₂ emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016.	7, 8
305-4	GHG emissions intensity	p. 23	Since the reporting system was only implemented at the end of 2015, we are reporting consolidated data for the Brenntag Group for the first time for 2016. Comparable figures are thus not yet available. Our target is to reduce the Scope 1 and 2 CO ₂ emissions (per warehouse tonne of goods sold) by 6% by 2020 compared to 2016.	8
GRI 306: Effluents and Waste 2016				
306-2	Waste	p. 27	Waste volumes are not recorded and consolidated on a Group-wide basis at Brenntag.	8
306-3	Significant spills	p. 26	In the reporting period, one significant spill occurred through which fluid chemicals were discharged into the environment. This was immediately rectified.	8
GRI 307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations		The Brenntag Group paid fines of approx. EUR 129,000 in the reporting period due to non-compliance with environmental regulations.	8
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	p. 33–35	Brenntag aims to analyze 50% of its total chemical spend (in EUR) with sustainability assessments or audits by 2020. This entails a comprehensive review of ecological issues. We do not distinguish between new and existing suppliers in these assessments.	8

Page references without any other details relate to this sustainability report. References to the annual report relate to the 2016 Annual Report.

GRI STANDARD AND DISCRPTION		REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
SOCIAL				
103-1	Explanation of the material topic and its Boundary	p. 48		
103-2	Management Approach	p. 4–11, 12–13, 16–18, 36		
103-3	Evaluation of the management approach	p. 7, 12, 38–39		
GRI 401: Employment 2016				
401-1	Employee turnover	p. 41	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	p. 39	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
GRI 402: Labour/Management Relations 2016				
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
GRI 403: Occupational Health and Safety 2016				
403-2	Injuries, occupational diseases and work-related fatalities	p. 16–19	Brenntag reports the Group's LTIR accident rate as well as accidents resulting in death. Accidents at work and similar occurrences are recorded and evaluated centrally at Brenntag according to a standardized system. The precise causes of accidents and the nature of injuries are recorded and evaluated internally but are not reported in detail externally. However, the most common causes of injuries and their development are reported.	
GRI 404: Training and Education 2016				
404-2	Programmes for upgrading employee skills and transition assistance programs	p. 36–37, p. 42–44		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	p. 40–41, Annual Report p. 28–39		6
405-2	Ratio of basic salary and remuneration of women to men	p. 39		6
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	p. 10	Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints and reports. We record the precise reason for the complaint, verify reports and, in case of a violation of compliance rules and regulations, initiate appropriate measures. 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
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 10–11, 33–35	Upon signing up to the UNGC, we carried out a global investigation within the Group in 2014. We did not identify any business units where freedom of association is restricted. In 2015, within the framework of our Tfs membership, we began to request that our suppliers undergo sustainability assessments which also include a review of protection of the right of association and the right to collective bargaining. Brenntag's code of conduct as well as our supplier code of conduct also require the protection of human rights, equal treatment and fair working conditions.	3
GRI 407: Child labour 2016				
408-1	Operations and suppliers at significant risk for incidents of child labour	p. 10–11, 33–35	Upon signing up to the UNGC, we carried out a global investigation within the Group in 2014. We did not identify any business units where there was a risk of child labour. In 2015, within the framework of our Tfs membership, we began to request that our suppliers undergo sustainability assessments which also include a review of principles and measures implemented to prevent child labour. Brenntag's code of conduct as well as our supplier code of conduct also require the protection of human rights, equal treatment and fair working conditions.	5
GRI 409: Forced or Compulsory Labour 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	p. 10–11, 33–35	Upon signing up to the UNGC, we carried out a global investigation within the Group in 2014. We did not identify any business units where there was a risk of forced labour. In 2015, within the framework of our Tfs membership, we began to request that our suppliers undergo sustainability assessments which also include a review of measures implemented to prevent forced labour. Brenntag's code of conduct as well as our supplier code of conduct also require the protection of human rights, equal treatment and fair working conditions.	4
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures		Brenntag will review the relevance of this aspect.	1

Page references without any other details relate to this sustainability report. References to the annual report relate to the 2016 Annual Report.

GRI STANDARD AND DISCRPTION		REFERENCES	COMMENTS AND ONLINE RESOURCES	UNGC
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples		We have not received any reports of incidents for the reporting period.	1
GRI 412: Human Rights Assessment 2016				
412-1	Operations subject to human rights reviews or impact assessments	p. 10–11	In signing up to the UNGC, Brenntag has undertaken to protect human rights. Our code of conduct requires the protection of human rights. We are unaware of any business units at Brenntag where human rights are systematically jeopardized. In the reporting period, Brenntag did not learn of any violation of human rights within the Group.	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. 51–52).	2
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments and development programmes	p. 45–46	Brenntag does not systematically assess the impact of its community and social activities.	1
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	p. 33–35	Brenntag aims to analyze 50% of its total chemical spend (in EUR) with sustainability assessments or audits by 2020. This entails a comprehensive review of the impacts on society. We do not distinguish between new and existing suppliers in these assessments. 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.	
GRI 416: Customer Health and Safety 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no incidents during the reporting period.	
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	p. 14–15		
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.	
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy	p. 8–11	Tried-and-tested processes are in place at Brenntag for the orderly acceptance and processing of Group-wide internal and external complaints and reports. We record the precise reason for the complaint, verify reports and, in case of a violation of compliance rules and regulations, initiate appropriate measures. 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.	
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	Annual Report p. 102–103	No significant fines were incurred due to non-compliance with laws and regulations in the reporting period.	

Page references without any other details relate to this sustainability report. References to the annual report relate to the 2016 Annual Report.

IMPRINT

Issuer

Brenntag AG
Stinnes-Platz 1
45472 Mülheim an der Ruhr, Germany
T +49 (0) 208 7828 0
F +49 (0) 208 7828 698
info@brenntag.de
www.brenntag.com

Contact

Brenntag AG
Corporate Development
Dirk Eckert
T +49 (0) 208 7828 7710
F +49 (0) 208 7828 7734
sustainability@brenntag.de

Project Management/Editor-in-chief

Dirk Eckert
Corporate Development, Brenntag AG
Verena Blaschke
Corporate Communications, Brenntag AG

Concept and text

Verena Blaschke
Corporate Communications, Brenntag AG
Kirchhoff Consult AG, Hamburg, Germany

Design and layout

Kirchhoff Consult AG, Hamburg, Germany

Print

WOESTE DRUCK + VERLAG GmbH & Co KG
Essen, Germany

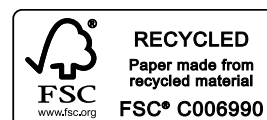
Productionsmanagement

Labude. corporate products, Essen, Germany

Picture Credits

Page 15: © ANIQ, Mexico; Page 19: © FEIQUE, Spain; Page 37: © innogy SE; Page 46: © Chemical Educational Foundation; Page 46: © Jochen Müller/HHU; Page 46: © Chemical Business Association, UK; other pictures: Brenntag

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



BRENNTAG AG

Stinnes-Platz 1
45472 Mülheim an der Ruhr
Germany
www.brenntag.com