



# Sustainability Report 2018







IMCD is a market leader in the marketing, sales and distribution of speciality chemicals and food ingredients. Listed on the Euronext, Amsterdam (IMCD), IMCD realised revenues of EUR **2,379 million** in 2018 with almost **2,800 employees** in **47 countries** on **6 continents**.

# CONTENTS

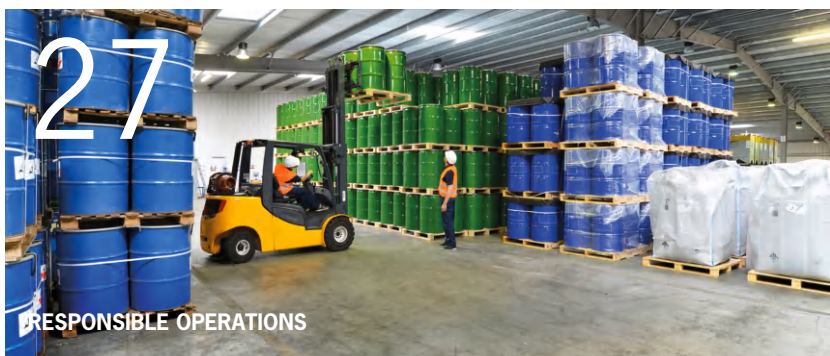


4

FOREWORD CEO

<b>Approach to sustainability</b>	<b>7</b>
Managing sustainability	8
Grievance mechanism and concerns communication	8
Key areas for sustainability	9
Sustainable Development Goals Alignment	10
Applying precautionary principle	10

<b>Financial resilience</b>	<b>13</b>
Direct economic value generated and distributed	13
Risk management	14



27

RESPONSIBLE OPERATIONS

<b>Business integrity</b>	<b>17</b>
Global Code of Conduct	17
Regulatory Compliance	18
Anti-corruption and anti-competitive behaviour	18
External initiatives and associations membership	19
Stakeholder Engagement	19
<b>Product stewardship</b>	<b>23</b>
Sustainability in the supply chain	23
IMCD Sustainable Solutions	24
Product quality and safety	24
Data protection	25

<b>Responsible operations</b>	<b>27</b>
Energy and emissions management	27
Sustainable transport	30
Operational water and wastewater management	32
Handling of chemicals	34
Operational waste management	35
Sustainable raw materials and recycling	36
Occupational health and safety	36

<b>People fulfilment and diversity</b>	<b>39</b>
Talent attraction, development and retention	40
Human and labour rights	41
Diversity and inclusion	41
Business impact on the community	42
<b>Assurance report</b>	<b>43</b>
<b>About this report</b>	<b>45</b>
Contact	45
About the Report	45



39

PEOPLE FULFILMENT AND DIVERSITY

<b>Other information</b>	<b>46</b>
Assumptions taken for the report	46





**FOREWORD**  
**CEO**



**Dear Reader,**

In the past few years, IMCD has seen significant growth in its operations and has become a global leader in distribution of specialty chemicals and food ingredients. We service customers and suppliers with formulation capabilities, technical knowledge, commercial reach and market penetration. Our business model has always facilitated this approach and will do so in the years to come.

The world in which we operate requires our commitment to sustainability and transparency along with open communication about our business, environmental footprint and social goals. Led by our Group Director Regulatory, Quality and Sustainability and his teams, we have developed an ambitious plan, set objectives and started to collect data.

The result is our first sustainability report. As you will read, we measure many variables to determine our environmental impact. We believe this is the only way to improve. Greenhouse gas emissions, waste, water use, diversity are just a few of the areas in which we want to improve further. Not only within the organisation, but also in collaboration with our suppliers and customers. We want to “create value through expertise”, commercially and responsibly.

2018, was a very good year for IMCD. We grew 25% in revenue as well as EBITDA. We also developed a core set of standards for our sustainability approach, which led us to become a bronze EcoVadis member in 2018 and in 2019 an EcoVadis silver member. Although we have had positive developments and results, more needs to be done.

In 2019, we will introduce the “IMCD Sustainable Solutions” program. Together with our suppliers



we will assess our product portfolio per business line to determine which products qualify as “sustainable” as defined by our standards. This program will enable us to help increase awareness of sustainable alternatives which can improve the footprint in the use phase of the products we supply. This includes topics such as; operational costing, waste processing and contributions to the circular economy, total cost of ownership and potential carbon tax implications.

Many IMCD employees contributed enthusiastically to gathering the data, setting up the metrics and coming up with ideas. I would like to thank each one of them. Through their contribution we were able to complete this task and ensure our company remains at the forefront within our industry.

Sustainability and digitalisation are the main challenges that face us globally. Our company is developing rapidly in this arena, we will remain dedicated to helping our suppliers and customers in a way that meets and exceeds the demands of today so that we can operate tomorrow.

Rotterdam, 30 September 2019

Piet van der Slikke



**FOREWORD  
CEO**

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION





**APPROACH TO SUSTAINABILITY**

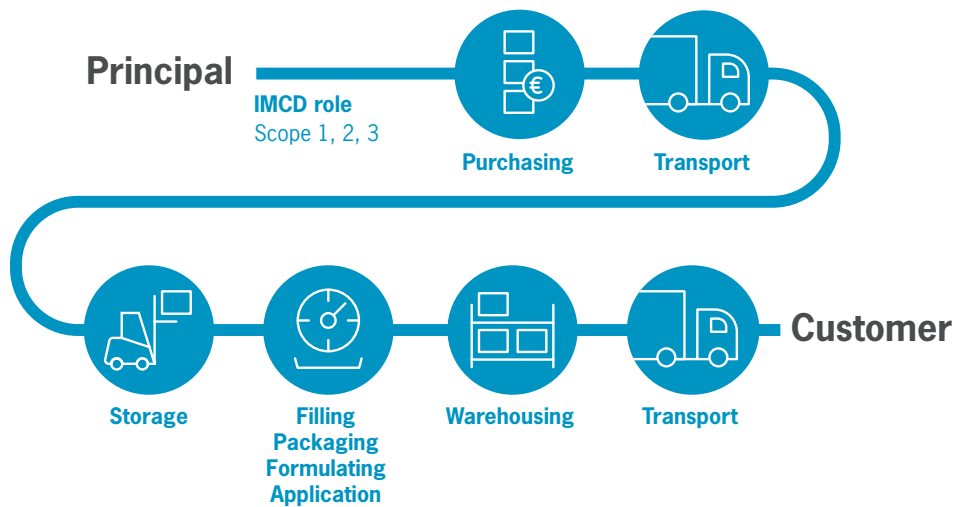


**CHAPTER CONTENTS**

Managing sustainability	8
Grievance mechanism and concerns communication	8
Key areas for sustainability	9
Sustainable Development Goals Alignment	10
Applying precautionary principle	10

**Our environmental impact**

Coming from our operations, mainly logistics



- Scope 1** Emissions are direct emissions produced by the burning of fuels of the emitter.
- Scope 2** Emissions are indirect emissions generated by the electricity consumed and purchased by the emitter.
- Scope 3** Emissions are direct emissions produced by the burning of fuels of the emitter of 3rd party logistics providers.



# APPROACH TO SUSTAINABILITY

IMCD recognises that as it increases its global presence, its impact on the environment and society becomes progressively more important. IMCD believes that growing sustainably is not only measured by its social or environmental impact, but also by its strive to improve financial performance and to embed it in the IMCD business model.

IMCD's efforts to reduce its environmental impact are directly linked to costs and revenue. Demands for sustainable and ethically sourced products are increasing and are clear business opportunities. IMCD's environmental and societal contributions begin with its suppliers and via its people, expands throughout the value chain.

The purpose of IMCD's sustainability approach is to grow the business while reducing its environmental footprint with clear and measurable metrics. We are committed to offering products and solutions within our portfolio that focus on health and wellbeing for our consumers, the environment and society whilst managing our operational footprint in a responsible way.

2018 was the first year we reported on sustainability information, we asked our external assurance provider to provide limited assurance on the 2018 report. 2017 was not in scope if this assurance.

FOREWORD  
CEO

**APPROACH TO SUSTAINABILITY**

FINANCIAL RESILIENCE

BUSINESS INTEGRITY

PRODUCT STEWARDSHIP

RESPONSIBLE OPERATIONS

PEOPLE FULFILMENT AND DIVERSITY

ASSURANCE REPORT

ABOUT THIS REPORT

OTHER INFORMATION



FOREWORD  
CEO

**APPROACH TO  
SUSTAINABILITY**

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

## Managing sustainability

IMCD's sustainability agenda and strategy is determined by its Management Board, which also reviews and approves the organisation's sustainability report and ensures that all material topics are covered. The Supervisory Board is overseeing, monitoring and advising the Management Board on the corporate social responsibility issues that are relevant to the business and the IMCD strategy for achieving its sustainability agenda. Both governance bodies review sustainability topics and their impacts, risks, and opportunities at least annually, as well as upon receiving critical concerns.

Sustainability aspects of IMCD operational activities are managed on a day-to-day basis within the group's Regulatory, Quality and Sustainability team, led by the Group Director Regulatory, Quality and Sustainability, who reports directly to the Management Board

The topics that are assessed by the management in consultation with internal stakeholders to be most relevant to IMCD's business are monitored at group level, by the appropriate directors and employees responsible for quality, health and sustainability, supply chain, human resources and legal affairs.

The Company's sustainability policies and procedures are in active review. The IMCD HSEQ Policy, which forms the basis for IMCD's sustainability policies and procedures, is developed by the Group Director Regulatory, Quality and Sustainability and approved by the Management Board (latest review in 2018). These policies cover all the companies within the IMCD group.

IMCD aims to be a valued partner to all its suppliers and customers by providing continuous training to its employees, ensuring they have the skills and ability to deliver a quality service. When regulatory, quality and sustainability aspects are changed or, new processes regulations or laws are implemented that are relevant to the staff, special training sessions are organised to ensure up-to-date knowledge and effective performance throughout the company.

## Grievance mechanism and concerns communication

All complaints and critical concerns regarding HSEQ-related topics are handled through the established complaint and incident handling procedure. Claims raised by (potential) third parties are reported to the group finance and legal department. Emergency situations can also be communicated to IMCD through a 24 hours emergency response provider (except for the US, Australia and New Zealand) or through a contact number specified on IMCD's website, as well as on every safety data sheet and/or product label.

All reported concerns, complaints and incidents are registered, investigated and concluded. Reported non-compliance claims are registered using global software. The local HSEQ manager is responsible for assessing the compliance impact of non-conformities and determining the actions required.

Significant complaints and incidents must be communicated to the relevant IMCD product manager, the local finance department and the local managing director, as well as to the Group Regulatory, Quality and Sustainability Director. The latter is responsible for the assessment of the concerns raised and communicating critical concerns to the Management Board and the Supervisory Board. The periodic reports of the complaints, claims and concerns are used to support trend analysis and to drive specific actions to improve performance.



## Key areas for sustainability

In 2018, IMCD started to work on redefining its group-wide sustainability approach. An internal sustainability task force was set up to determine the key sustainability topics for IMCD's business. The task force conducted an internal stakeholder survey, amongst a group of 100+ employees globally, with >80% respondents' rate, selected based on managerial responsibility and active involvement in (local) sustainability practices. Participants in the survey were invited to rate a list of selected economic, environmental and social topics in order of importance and relevance (impact on day-to-day decision making). The participants were also able to comment on the topics and indicate additional topics.

Based on the results of the stakeholder survey and the dialogue that emerged from it, IMCD identified the main topics of concern and analysed their importance for the development of the business. Overall, defining the material topics was guided by IMCD's core competences, estimating the significance of the Company's economic, environmental and social impacts as well as their consequences, taking into account the interests

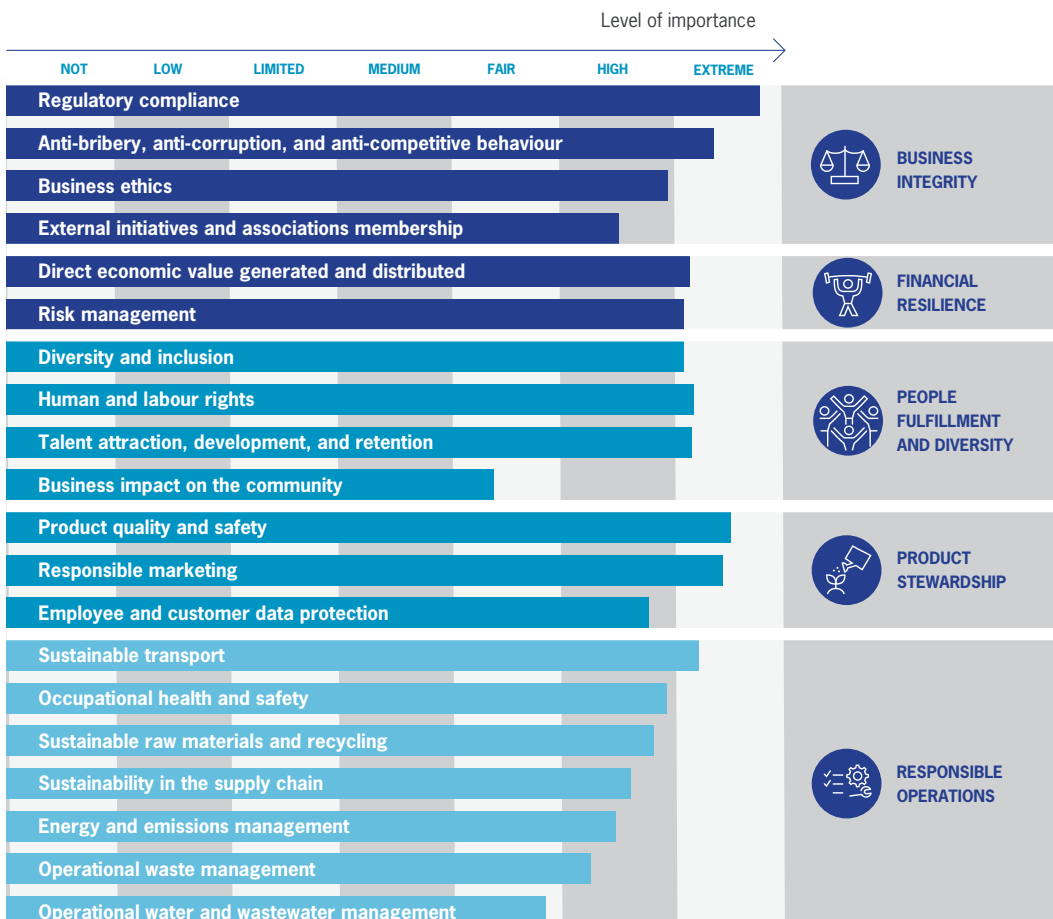
and expectations of the internal stakeholders (employees and shareholders), the main topics and future challenges for the sector, and the scope of laws and regulations of strategic significance. The chart below represents the main topics assessed.

The identified material topics further laid the groundwork for the formulation of five key areas where IMCD strives to stimulate sustainable practices: financial resilience, people fulfilment and diversity, product stewardship, responsible operations and business integrity.

This Sustainability Report follows the adopted approach and considers all key areas and the identified material topics in full for the group unless specified otherwise.

- FOREWORD  
CEO
- APPROACH TO SUSTAINABILITY**
- FINANCIAL RESILIENCE
- BUSINESS INTEGRITY
- PRODUCT STEWARDSHIP
- RESPONSIBLE OPERATIONS
- PEOPLE FULFILMENT AND DIVERSITY
- ASSURANCE REPORT
- ABOUT THIS REPORT
- OTHER INFORMATION

### Materiality bar: internal stakeholders assessment of the topics



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

## Sustainable Development Goals Alignment

A selection of leading chemical companies and industry associations have initiated the process of translating the United Nations Sustainable Development Goals (SDGs) into a Chemical Sector SDG Roadmap (published in July 2018 under the guidance of the World Business Council for Sustainable Development). IMCD fully supports the initiative, and we align our sustainability priorities with targets underlining at least four of the SDGs that the chemical sector identified, and that we feel the most power to contribute to:



IMCD is committed to product stewardship. Its technical experts constantly analyse new technologies and turn market trends into viable green, healthy and more sustainable applications, formulations and solutions. By putting this expertise to work for the benefit of our suppliers and customers, IMCD contributes to increased availability of products with health and safety benefits, while reducing their environmental footprint.



IMCD employs almost 2,800 people globally and through its operational activities, reaches more than 1,900 suppliers and more than 43,000 customers. Hence, IMCD plays a key role in generating rewarding work opportunities, high level working conditions and delivers an important contribution to economic growth, both directly and indirectly.



By simplifying its suppliers' supply chains on both a local and global scale, IMCD enhances process efficiency, leading to improved resource usage as well as emission, energy and waste reductions.



Not only does IMCD deliver this for its partners, but it is also committed to working in a way that is responsible, ethical and sustainable itself.

From the viewpoint of advancing our contribution to reaching the above-mentioned goals, we focus on reshaping our product portfolio and optimising our own operations in order to minimise our impact.

### Applying precautionary principle

IMCD believes in actively responding to the threat of serious and irreversible damage. Even when issues are considered to be uncertain, the possibility of adverse effects urges us to make discretionary decisions. When acting on its five pillars of sustainability, IMCD applies and encourages its partners to apply the precautionary principle to protect society and the environment from exposure to harm.



**FINANCIAL RESILIENCE**



**BUSINESS INTEGRITY**



**PEOPLE FULFILMENT AND DIVERSITY**



**RESPONSIBLE OPERATIONS**

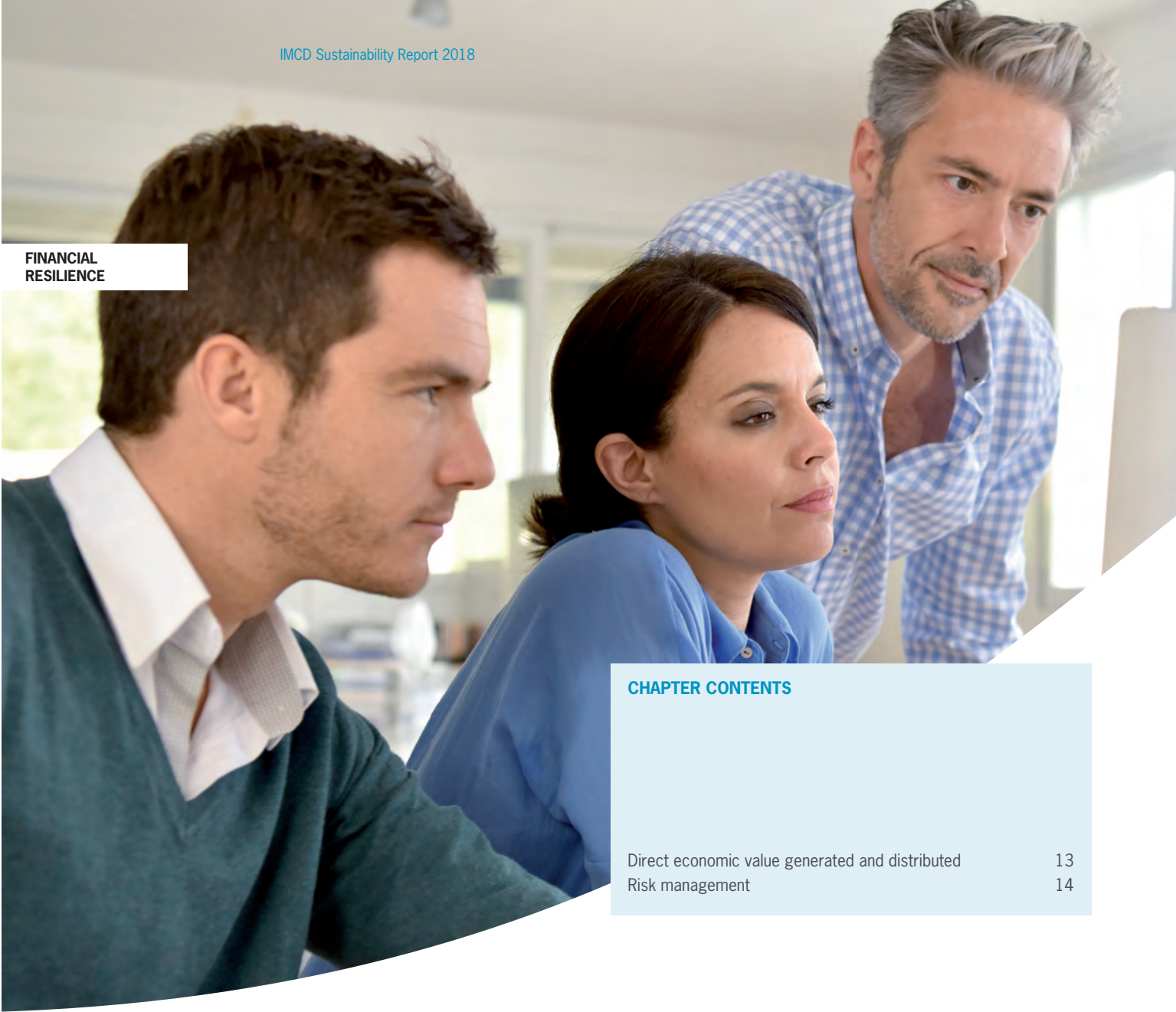


**PRODUCT STEWARDSHIP**

Five key sustainability areas form the foundation of our strategic approach and have the highest impact and importance to our business.

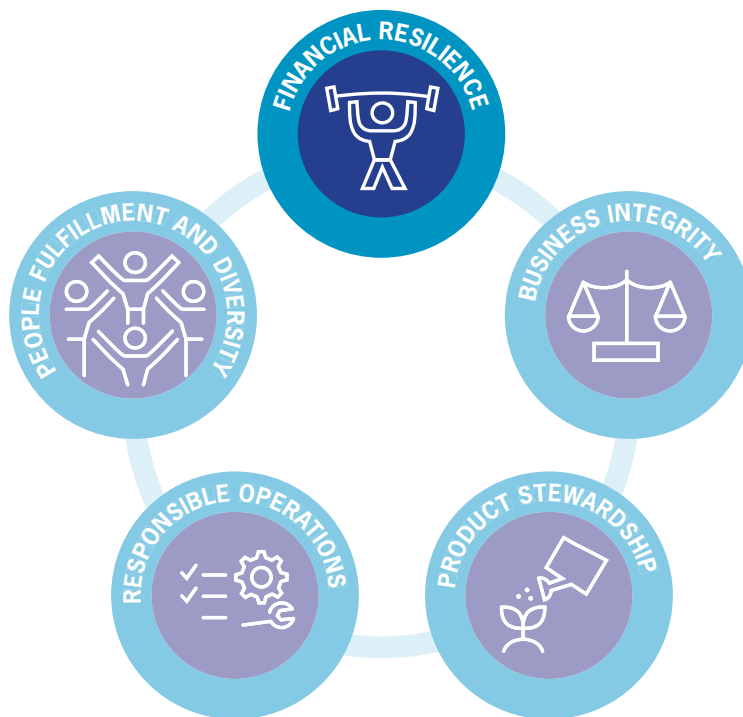


**FINANCIAL  
RESILIENCE**



**CHAPTER CONTENTS**

Direct economic value generated and distributed	13
Risk management	14





- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE**
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

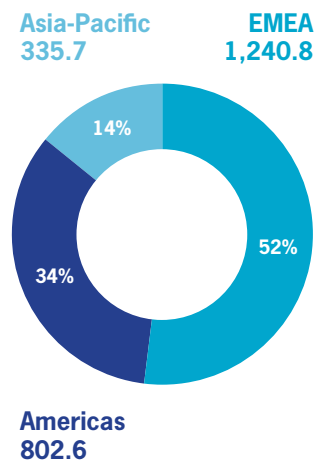
# FINANCIAL RESILIENCE

Operating globally, in a fast-paced and competitive market, exposure to risks is inevitable. Being able to adapt to disruptions and rebound quickly during adverse circumstances is paramount. IMCD works hard to cultivate a culture of resilience, combining an entrepreneurial spirit with sound financials and reporting discipline.

## Direct economic value generated and distributed

2018 was a successful year with strong growth for IMCD. Through its technical, marketing and supply chain expertise, IMCD continued to deliver added value and growth to both its customers and principal partners in over 47 countries around the world. New and further expansion of supplier relationships were realised and by means of offering a comprehensive and complementary product portfolio, IMCD was able to further grow its customer base. IMCD successfully integrated businesses acquired in 2017 and further expanded its infrastructure in Europe, the US and Asia by acquiring reputable speciality chemical distributors.

### Revenues by region in 2018



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

**FINANCIAL  
RESILIENCE**

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

## Key performance indicators

(IN THOUSAND EURO)	2017	2018
<b>Net revenues and other operating income</b>	<b>1,912,187</b>	<b>2,388,614</b>
<b>Costs</b>		
Operating costs	1,630,258	2,025,632
Employee wages and benefits	156,731	200,389
Payments to providers of capital	44,912	56,491
Payments to governments	32,723	39,134
Economic investments	12,814	12,735
<b>Total capitalization</b>	<b>1,654,241</b>	<b>1,949,329</b>
debt	925,060	1,162,981
equity	729,181	786,348
<b>Total assets</b>	<b>1,654,241</b>	<b>1,949,329</b>
<b>Direct economic value retained</b>	<b>34,749</b>	<b>54,233</b>

201-1 Direct economic value generated and distributed

Further information on our approach to managing financial resilience and our financial performance is available in the Financial Performance chapter of the Annual Report 2018.

## Risk management

In achieving its objectives, IMCD faces risks and uncertainties, including those due to macroeconomic conditions, regional and local market developments and internal factors. IMCD strives to identify and control those risks and uncertainties as early as possible. Risk management is an essential element of IMCD's corporate governance and is embedded in the Company's business processes.

Although the Company recognises the risks and uncertainties associated with its business activities, IMCD believes that the broad diversity of its business in terms of product portfolio, localisation, suppliers, end market sectors and customers can lessen the impact of local and regional economic changes. However, if adverse circumstances are pronounced and/or long-lasting, they can have a significant impact on the Company's business and operations.

The IMCD risk management policy aims to optimise the balance between maximisation of business opportunities within the framework of the Company's strategy, while managing the risks involved. The risk management systems, including supporting tools, are continuously monitored by the Supervisory Board, Management Board, Corporate Control, Internal Audit and by regional and local management, improved when required and modified according to changes in internal and external conditions.







Based on the internally conducted analysis, IMCD distinguishes strategic, operational, compliance, and financial risk categories in its risk management framework. Summary of their evaluation is presented below.

It is widely recognised that climate change poses significant risks to natural and socio-economical systems across the globe. The range of hazards is wide, from slow onset weather pattern changes to sudden extreme events. The consequent potential impacts affect ecosystems and natural environments, and therefore might directly or indirectly cause serious technical, financial, geopolitical and other changes in society. Some of these risks might impact IMCD’s activities, for example disruptions to transportation infrastructures due to extreme weather events, or shortages of some feedstock due to agricultural losses.

More about risks, impacts and opportunities, as well as about the Company’s risk management system, its elements and evaluations, can be found in IMCD’s Annual Report for the reporting year 2018.

- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE**
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

	RISK	LIKELIHOOD	IMPACT
 <b>STRATEGIC</b>	Decline in customer demand	Moderate	Moderate
	Supplier dependency	Moderate	Moderate
	Acquisition and integration risk	Moderate	Moderate
 <b>OPERATIONAL</b>	Dependency on key personnel	Moderate	High
	Cybercrime and continuity of ICT	Moderate	High
	Health / safety / environmental incidents	Low	High
 <b>COMPLIANCE</b>	Non-compliance with laws and regulations	Low	High
	Anti-corruption and bribery	Low	High
 <b>FINANCIAL</b>	Volatility of foreign currencies	High	Low
	Credit risk	Moderate	Low
	Liquidity risk	Low	Moderate
	Interest rate risk	Moderate	Low

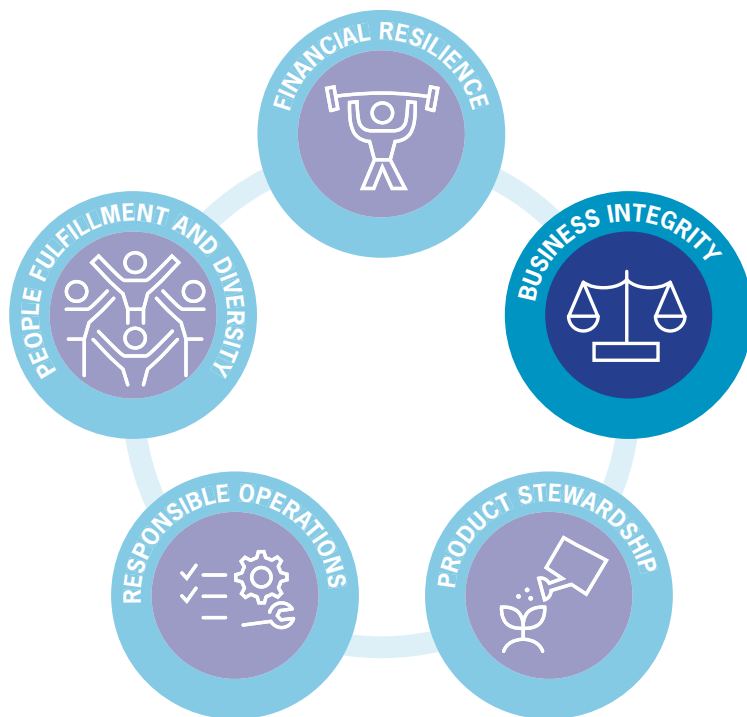




**BUSINESS  
INTEGRITY**

**CHAPTER CONTENTS**

Global Code of Conduct	17
Regulatory Compliance	18
Anti-corruption and anti-competitive behaviour	18
External initiatives and associations membership	19
Stakeholder Engagement	19



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY**
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

# BUSINESS INTEGRITY

Integrity is essential to the way IMCD does business. We are committed to creating and maintaining a culture that promotes trust, confidence and respect for both our employees and our external business partners and other stakeholders.

## Global Code of Conduct

Our Code of Conduct provides our employees worldwide with the framework for ethical decision making when representing IMCD. With a clear set of values and shared standards, it guides our employees in their behaviour and interactions and supports the desired ethical conduct within our organisation. The Code of Conduct gives support to our employees when faced with ethical or compliance-related questions. Clear prohibitions are included in the code itself. For questions that the Code of Conduct does not answer directly, our employees are encouraged to seek further consultation with management and/or legal counsel.

IMCD employees also have a channel to seek advice and report their concerns about ethical and lawful behaviour through an Internal Alert Procedure. This procedure enables IMCD employees worldwide to report any irregularities regarding the execution of applicable IMCD business principles, or any legal, operational or other issues that concern the IMCD group, a respective local subsidiary or any individual employee.

Our Code of Conduct applies to employees of IMCD globally, including all IMCD subsidiaries as well as members of IMCD's Management Board. It is kept up to date regularly, so that it maintains its relevance as a guide and as a true reflection of IMCD's culture. It is publicly available to all our stakeholders through our corporate website [www.imcdgroup.com]. IMCD employees also have access to our Code of Conduct via our





FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

**BUSINESS  
INTEGRITY**

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

intranet through which they are informed of any changes as well.

## Regulatory Compliance

Being an international organisation operating in many countries, it is IMCD's highest principle to respect all requirements of both local and international laws and regulations. This principle is laid down in our Code of Conduct.

A set up of policies and screening procedures, is implemented to create and maintain awareness of ethical business practices and ensures the screening, monitoring and compliance with applicable legislation, rules and other regulations.

In 2018, IMCD was subject to one substantiated complaint for environmental compliance in the Benelux, zero significant<sup>1</sup> fines, zero non-monetary sanctions for non-compliance with laws and regulations in the social and economic area, or environmental laws and regulations. The Company was also not in breach and did not receive significant fines or warnings in relation to non-compliance with regulations regarding product and service information and labelling, and marketing communications.

We intend to continue our work on advancing procedures and trainings, with a goal to uphold this excellent practice of compliance in the years to follow.

## Anti-corruption and anti-competitive behaviour

IMCD is committed to bribery prevention and does not tolerate any form of corruption or bribery, including illegal facilitation payments in connection with its operations. We support the principle of free market competition and wish to ensure that all IMCD employees comply with competition law. IMCD equally commits to comply with all applicable rules on export control in the countries and regions where it operates. IMCD expects its business partners to embrace a similar framework in which fair business and competition are upheld. For the topics mentioned here, we apply a 'zero tolerance' approach, which is detailed in our Code of Conduct.

Specific internal policies and guidelines are in place to support and guide employees on subjects of legislative compliance, including anti-corruption and anti-bribery, anti-competitive behaviour and trade restrictions. Our employees always have access to the latest versions of company policies including those on anti-corruption and prevention of anti-competitive behaviour through IMCD's Intranet

IMCD has specifically established internal guidelines on corruption and bribery for its employees based on the 2010 Bribery Act of the United Kingdom, which is considered to be one of the most stringent legislations in the world. In 2018, 60 out of our 92 entities (65%) - representing 92% of our revenue - were assessed for risks related to corruption. Excluding entities that were acquired during 2018, the percentage of entities assessed was 81%, representing 97% of our revenue. Based on our high performance, detailed procedures and continuous training, the likelihood of corruption-related risks (fines, potential prosecution of employees and substantially harming the Company's reputation) is estimated to be low.

In 2018 attention was also given to a revision of IMCD's global trade sanction policy and guidelines on restrictive measures and export control. These updated policies are used in combination with automated software to screen business partners against various sanction-related lists. This approach will be further automated and centralised in 2019.

Our policies and training include clear examples of the behaviour that must be avoided. In cases of any doubt, IMCD encourages its employees to consult management and/or IMCD's legal counsel for further advice. In addition, employees can report suspected irregularities or behaviour that may indicate a breach with IMCD's policies or national and international corruption legislation through IMCD's Internal Alert Procedure as a further means to ensure that all IMCD subsidiaries always comply. During 2019, IMCD has implemented an online (e-)learning platform, which will further strengthen IMCD's compliance programme.

In 2018, IMCD was not made aware of any violation in respect to its stringent anti-corruption and/or anti-bribery, anti-trust and monopoly policies within its corporate group.

<sup>1</sup> Significant penalties/fines are those in excess of €100,000.

## External initiatives and associations membership

Throughout 2018, IMCD remained a committed participant in various external initiatives, networks and platforms with a focus on sustainable logistics. Examples hereof are the Lean & Green initiative; Europe's leading programme for sustainable logistics, EcoVadis' Together for Sustainability (TfS) initiative, the Roundtable of Sustainable Palm Oil, and programmes of Responsible Care and Responsible Distribution.

By utilising alternative greener modes of transport and closely collaborating with its partners, IMCD promotes sustainable transport solutions for a cleaner, safer environment. In 2011, IMCD Benelux joined the Lean & Green initiative. In 2012, IMCD had successfully reduced its CO<sub>2</sub> emissions by 20%, becoming the first chemical distributor to receive the prestigious Lean & Green and Lean & Green Star Award in Belgium. Since then, the group's involvement with the initiative has expanded geographically. For example, in 2018, IMCD Spain was awarded the Lean & Green award. As a member of the programme, IMCD Spain set the goal of achieving a 20% reduction in its CO<sub>2</sub> emissions by the year 2020. Already by the end of 2017, IMCD Spain was able to reduce its carbon footprint by almost 10%.

EcoVadis' Together for Sustainability (TfS) initiative was founded in 2011 by six multinational chemical companies, aiming to develop and implement a global audit programme to assess and improve sustainability practices within the supply chains of the chemical industry. In previous years, IMCD entities in China, India, South Africa and the US all received bronze level recognition awards by EcoVadis. In 2018, further audits were conducted for IMCD entities in Italy, Norway, Sweden and the Philippines, leading to silver recognition level awards for all these companies received in 2019. In 2018, IMCD's entities in Spain and Germany were able to go one step further and achieve outstanding gold level recognition (previously also granted to IMCD France). IMCD Germany's excellent result puts it among the top 1% performers evaluated by EcoVadis for the German chemical distribution industry. On a group level, the recognition in 2018 was bronze and in 2019 was silver, showing significant improvement from the previous assessment.

Furthermore, since 2015, MCD is a member of the Roundtable of Sustainable Palm Oil (RSPO), a non-profit organisation that unites stakeholders from seven sectors of the palm oil industry, aiming to develop and implement global standards for sustainable palm oil. Last year, the number of

IMCD entities that joined the group membership increased to 17, with the addition of Sweden, Denmark, Canada and the US, joining IMCD's entities in Italy, Belgium, the Netherlands, UK, Spain, France, Australia, Poland, Switzerland, New Zealand, Germany and Austria (through which IMCD services a wide range of market sectors across the South East European region).

Most of IMCD's operating companies take part in the 'Responsible Care' or 'Responsible Distribution' programmes of the International Council of Chemical Associations (ICCA) through local associations.

IMCD is also actively participating in diverse industry associations, such as ACDV (Association de la "Chimie du Végétal"), which promotes and supports bio-sourced raw materials, minerals and biodegradable products, and FECC, an association of the European chemical distribution industry. IMCD holds a board position in both associations.

## Stakeholder Engagement

In close cooperation with the key stakeholders in its value chain, IMCD strives for operational excellence in all aspects of its business operations. Based on the principles of product stewardship and open relationships with its business partners, IMCD aims to create long-term value for its stakeholders. IMCD's value creation model shows how the Company uses the resources, capabilities and expertise at its disposal to create value for its customers, suppliers, supply chain partners, employees, investors and authorities, environment and society.

Stakeholder engagement takes many forms and touches multiple topics. We include stakeholder dialogue and consultations on economic, environmental, and social topics in our sustainability strategy. Frequency of the consultations and other forms of engagement depends on the business flow, fulfilment of the strategic tasks for the company, actual topics in society, and the market situation.

In 2018, we took big steps in engaging our internal stakeholders with the redefining of our sustainability approach of which there are many examples.

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

**BUSINESS  
INTEGRITY**

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

**BUSINESS  
INTEGRITY**

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

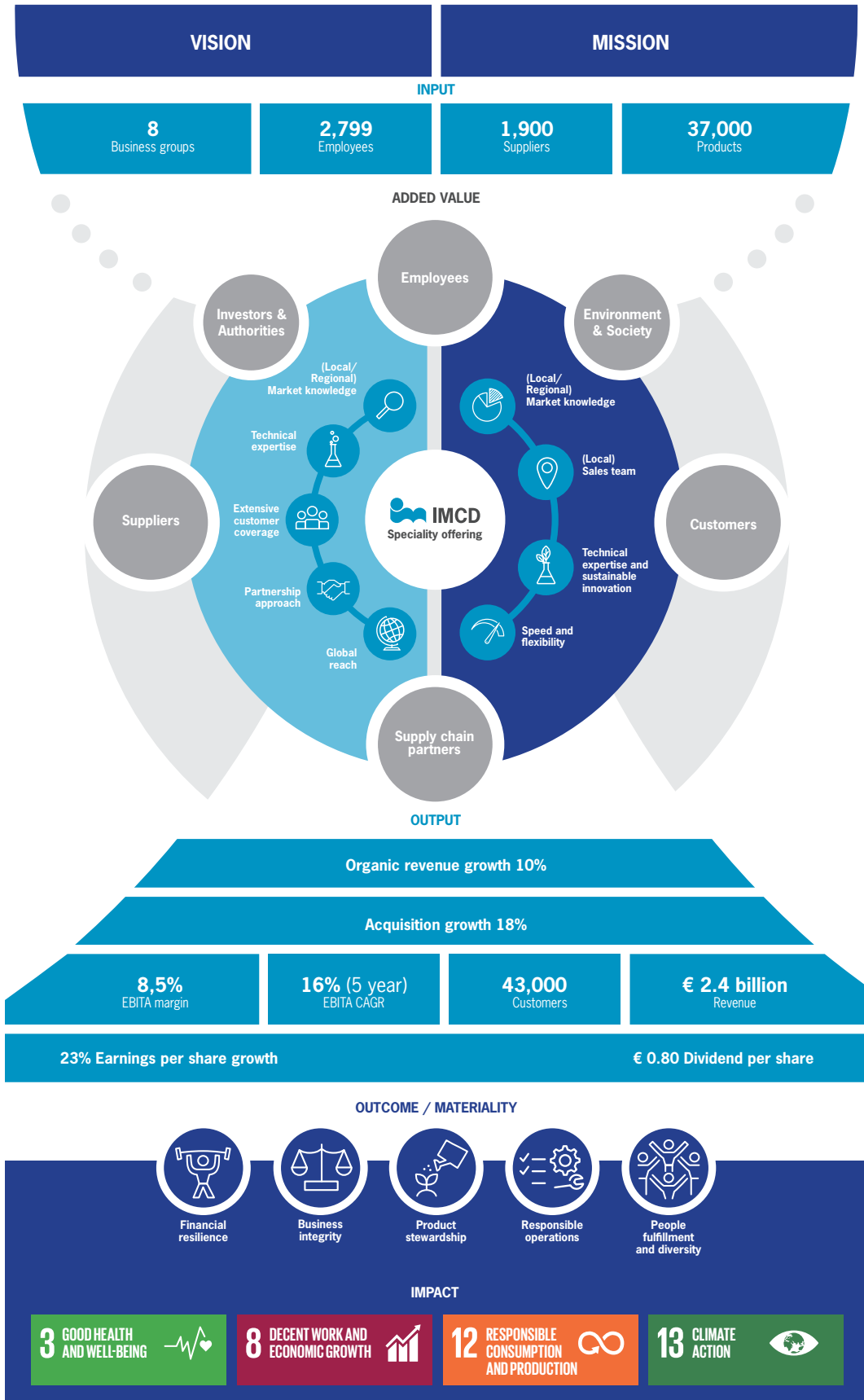
OTHER  
INFORMATION

One such example is IMCD's collaboration with customers participating in the A.I.S.E project to promote compaction in liquid laundry, where IMCD responded to the environmental concerns connected with the dosage of detergents. Our Home Care and I&I experts utilised their formulation knowledge to provide an innovative enzyme solution, reducing the dosage by 20ml and contributing towards a safer, more sustainable environment. Within the Coatings and Construction business group, IMCD resolved its customers' concern regarding the use of scarce materials in durable cementitious coatings. Our technical experts developed an alternative solution based on non-scarce resources that matched the performance of the material in short supply. More about these initiatives and other examples of our engagement with our stakeholders to tackle sustainability issues can be found in the Strategy and Business Chapter of our Annual Report 2018.

We are always available to speak with our partners on this topic, and all concerns raised by any of our stakeholders can be communicated via our responsible managers.



Value creation model



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY**
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILLMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

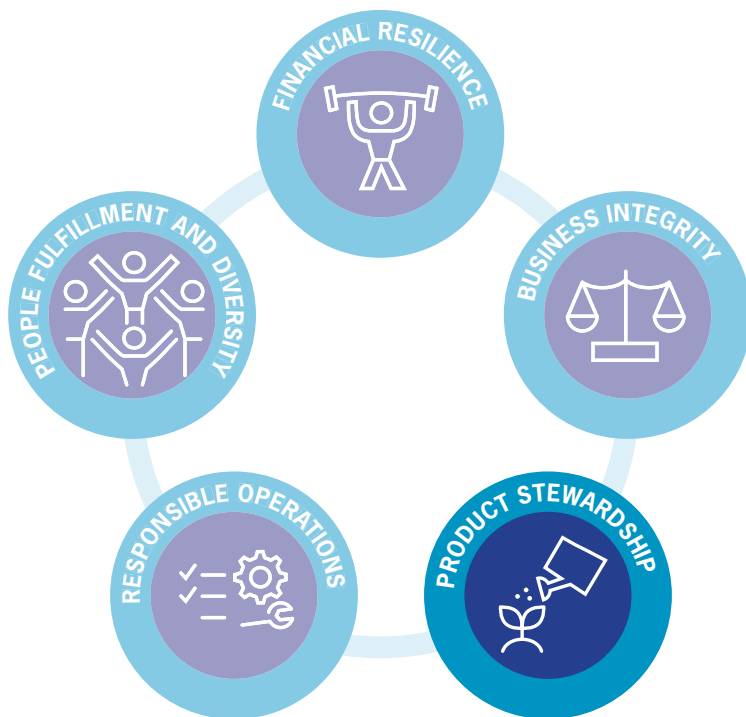
The numbers 3, 8, 12 and 13 refer to the respective sustainable development goal as adopted by the United Nations Member States as part of the United Nations' 2030 Agenda for Sustainable Development.



**PRODUCT  
STEWARDSHIP**

**CHAPTER CONTENTS**

Sustainability in the supply chain	23
IMCD Sustainable Solutions	24
Product quality and safety	24
Data protection	25



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP**
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

# PRODUCT STEWARDSHIP

Besides providing its customers with products coming directly from suppliers, IMCD's scientists and technical teams create formulations that can increase their sustainability throughout the whole development process. From IMCD's laboratories and technical centres, market trends and new technologies are screened and analysed, enabling its researchers to share their technical expertise and knowledge on product formulations, processes and applications to support sustainable innovation from both its suppliers and customers.

Neither research nor tests involving animals are carried out in any of the IMCD laboratories or technical centres.

## Sustainability in the supply chain

As a distributor of a wide range of speciality chemicals and food ingredients, IMCD takes full responsibility for its own operations and the impact it has on society and the environment. IMCD also acknowledges that the products it distributes could have societal and environmental impacts throughout their full life cycle. Therefore, IMCD encourages responsible business and sustainable operations in its full supply chain. IMCD supports the reduction of product life cycle greenhouse gas emissions and continuously explores further ways to reduce its carbon footprint together with its supply chain partners.

In order to evaluate compliance, IMCD assesses its third-party service providers at least once prior to engagement. The frequency of repeated assessments is based on the types and quantities of products stored or transported by that third-party service provider. All new 3<sup>rd</sup> party suppliers are screened. In 2018 IMCD engaged and screened 1 new 3<sup>rd</sup> party supplier, prior to contracting. As a result of screening, a potential supplier can be approved with or without minor improvements, put on hold for approval after the required improvements, or denied approval.





FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

**PRODUCT  
STEWARDSHIP**

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

IMCD requests quality management certifications (ISO 9001, Responsible Care, among others) from its third-party service providers, as well as disclosure of how they manage relevant environmental impacts as required by local regulations. In addition, IMCD has established procedures in order to confirm with third-party service providers that they comply with applicable health, safety and environmental legal requirements.

As a part of the sustainability collaboration with our partners, every year we run several projects to reduce the impact of our products upstream and downstream within the supply chain.

IMCD strives to ensure responsible operations and product use within the downstream supply chain. We ensure that all products we distribute are accompanied by additional information on responsible handling, safe use and disposal in order to equip our customers with the knowledge to reduce avoidable negative effects on the environment and society.

## IMCD Sustainable Solutions

At IMCD, we believe that we should go further and explore other paths to positively impact our environment along the life cycle of our products, from cradle to grave. To that end, we need to act outside of our own gates and involve suppliers and customers in the implementation of a unique portfolio of products. These products are not only safe for the environment and for people, but also generate value for our partners and for ourselves while reducing their overall carbon footprint.

These products, called 'IMCD Sustainable Solutions', are products that provide environmental, social and economic benefits over their whole life cycle when compared to existing mainstream products.

Starting in 2019, IMCD's product portfolio for each of its business groups will be screened in order to select our future Sustainable Solutions by means of concrete analyses of data concerning production and use phases. This programme will also serve as an instrument for our suppliers to place their own new sustainable products on the market, by marketing them through IMCD Sustainable Solutions.

Every product promoted as an IMCD Sustainable Solution will be supported with tools, compiling sets of data that better enable IMCD's sales people to guide customers towards choosing responsible alternatives to products already in use.

IMCD Sustainable Solutions will be launched at the end of 2019. By measuring and assessing the relevant environmental impacts associated with all the stages of the product life cycle, we forecast that the overall carbon footprint associated with our product offering will decrease in the years to come.

## Product quality and safety

We are committed to providing our customers with products and services that meet their requirements while being compliant with all regulations globally.

To do so, IMCD's group Regulatory, Quality and Sustainability department ensures that our products are safe, of high quality, and meet labelling standards.

Given the vast number of products in the Company's portfolio (more than 37.000 in 2018), IMCD's product quality and safety policies are focussed on the assessment of our suppliers' products and compliance with applicable regulations on safety, quality and labelling.

To fulfil these policies, IMCD has established a product compliance assessment policy within its HSEQ policy. Critical categories included in the assessment are; hazard, classification, labelling, handling and transport, drug precursor and other special conditions with immediate effect on the handling and distribution of the product.

## Safety

IMCD performs chemical identity analysis in respect of its own formulations only. IMCD does not perform chemical analysis of distributed products, but through a specifically established procedure we do issue suppliers' Certificate of Analysis (CoA).

## Quality

The local IMCD entities are required to implement and maintain a quality management system based on ISO 9001 and environmental management based on 14001. Beyond legal requirement, our operating companies also execute other quality management systems if relevant to the specific products distributed. This includes; ISO 22000 / HACCP / BRC for food safety management, OHSAS 18001 for occupational health and safety, GMP+ for good manufacturing practices for food, pharmaceutical and cosmetic products, GDP for

good distribution practices for pharmaceutical products and even ECO concerning organic products. In some areas or regions, Responsible Care® or Responsible Distribution® are applicable as standards. Any IMCD affiliate not yet accredited will explore and plan the introduction of a quality management system according to international standards in the years 2019 and 2020. Additional standards may apply or are introduced based on supplier requirements such as HACCP, GMP+, FAMI QS, EXCIPACT, ISO/ FSSC22000, etc. In the upcoming years, IMCD intends to implement ISO 14001 certification across more sites as part of its environmental measurement methods. The goal for 2019 is to define the implementation approach and set an ambitious, but realistic quantitative target on that measure.

### Labelling

Labelling for all products distributed by IMCD, including information on content, sourcing of the components and its environmental or social impacts, is ensured to comply with local labelling standards by local HSEQ managers.

For each product distributed by IMCD, a Safety Data Sheet (SDS) must be available if deemed necessary. In 2018 this applied to almost 100% of IMCD's product portfolio.

An SDS is the tool to communicate risk and hazards along the supply chain. Customers plan their workplace safety and storage upon the information provided within the SDS. Provided by suppliers and approved by IMCD's local HSEQ manager, the SDS must be proactively distributed to the warehouses and customer upon the purchase, detailing information on labelling, safe use, and instructions for safe disposal. For hazardous products, the established CLP/ GHS labelling procedure is applied to inform the user about the hazard, as well as the risk when handling the material. In 2018, IMCD encountered 195 cases of internal non-compliance caused by incorrect labelling, markings or paperwork. None of these incidents resulted in a significant fine. These cases include the incidents of non-compliance with IMCD's own procedures concerning labelling and the assurance of health and safety impacts of products and services.

IMCD's target is to achieve 0% missing SDS's for hazardous materials. In order to guarantee compliance and to provide workers and clients with the correct safety information, IMCD is developing a new system which will provide safety data sheets, using information and limits for all

products across all regions and countries for the various applications in which IMCD sells. This new system will allow IMCD to act more quickly in any cases of quality non-compliance and thus will allow IMCD to inform its customers and where relevant recall products that do not meet the required standards.

### Data protection

IMCD acknowledges the fundamental rights and freedom of its employees, suppliers, customers and other third parties it deals with. This includes the rights that concern protection of privacy and of personal information. IMCD respects local privacy laws and regulations and will always ask permission for using any personal information if so required.

As of the end of 2018, IMCD has not received any substantiated complaints concerning breaches of privacy of employees, customers, suppliers or other third parties, nor did it identify any leaks, thefts or losses of personal or corporate data in its internal screening.

- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP**
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

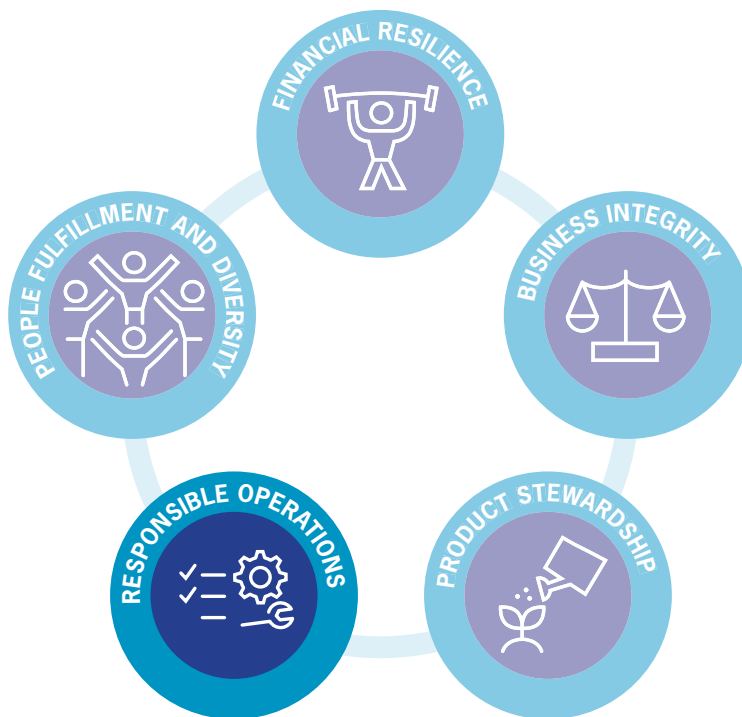




RESPONSIBLE OPERATIONS

**CHAPTER CONTENTS**

Energy and emissions management	27
Sustainable transport	30
Operational water and wastewater management	32
Handling of chemicals	34
Operational waste management	35
Sustainable raw materials and recycling	36
Occupational health and safety	36







- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

# RESPONSIBLE OPERATIONS

In order to deliver on IMCD's sustainability agenda, we recognise that clear and concrete performance targets are required. Therefore, in 2018 as well as 2019, we have focussed on developing the strategic metric system for sustainability. As this metric system is not yet in force fully, throughout all group companies, the presented GHG values are partly based on estimates for our own operations.

At the first stage of the new sustainability programme, we base the resource efficiency index on the measurements of greenhouse gas emissions per operating EBITDA. In 2019, we will expand the index with the inclusion of additional impacts. We believe that this approach helps us to prioritise our activities, allocate resources, and decide where we need to develop key processes and metrics to track our performance today and in the future.

Already within the first stage of our programme, we have a goal to deliver a 15% reduction in our GHG emissions per operating EBITDA by 2024 vs. base year 2019. This concerns our total global carbon footprint resulting from our own activities, consumed purchased energy and logistics provided by our third-party service providers.

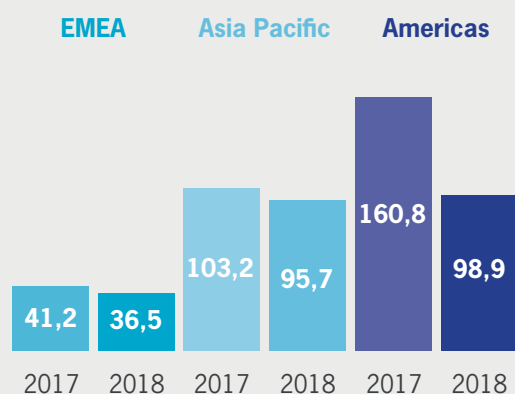
- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION



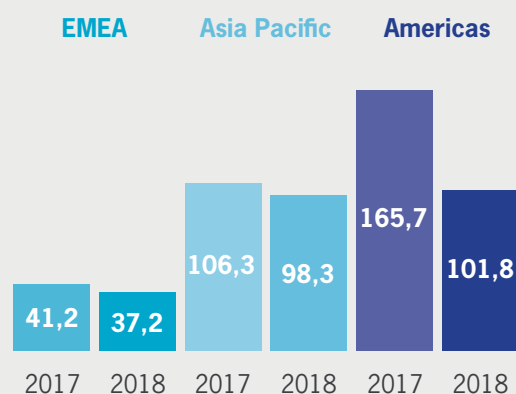
## Energy and emissions management

ENERGY CARRIER	ENERGY CONSUMPTION TOTAL, GJ		ENERGY RELATED EMISSIONS, TCO <sub>2</sub> EQ	
	2017	2018	2017	2018
<b>Direct energy carriers use (Scope 1)</b>	<b>94,756</b>	<b>97,842</b>	<b>6,190</b>	<b>6,406</b>
natural gas	23,652	23,651	1,303	1,303
petrol	21,605	22,180	1,689	1,729
diesel	49,431	51,943	3,193	3,368
heating oil	67	67	5	5
<b>Provided energy (Scope 2)</b>	<b>49,810</b>	<b>51,325</b>	<b>6,381</b>	<b>6,549</b>
electricity	40,849	42,366	6,136	6,305
supplied heating	8,962	8,960	245	244
<b>Total energy consumption within organisation (Scope 1 and 2)</b>	<b>144,566</b>	<b>149,167</b>	<b>12,571</b>	<b>12,955</b>
Intensity per tonne of purchased product	0.210	0.163	0.018	0.014
Intensity per FTE	63.83	53.29	5.55	4.63
Intensity per million euro of operating EBITDA	870.24	718.42	75.67	62.39

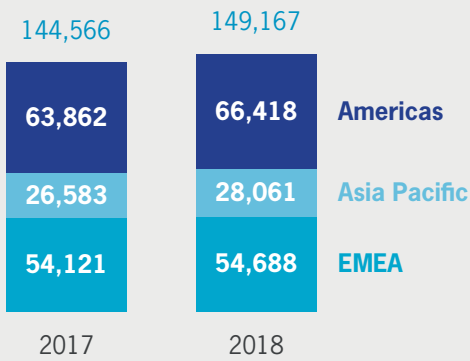
**Energy associated emissions intensity within the organization by region**  
tCO<sub>2</sub>eq per mln euro operating EBITDA



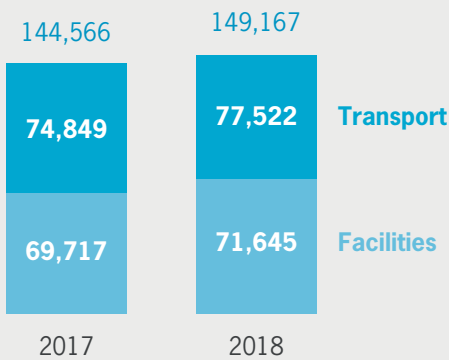
**Total GHG emissions intensity within the organization by region**  
tCO<sub>2</sub>eq per mln euro operating EBITDA



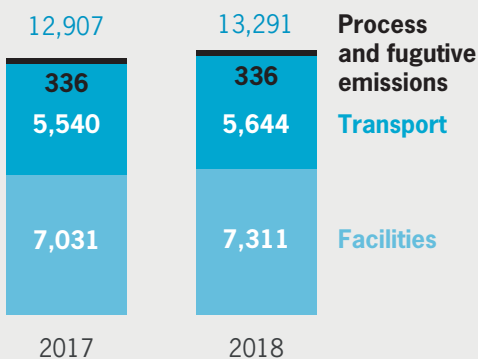
**Total energy consumption within the organization by region of operation**  
GJ



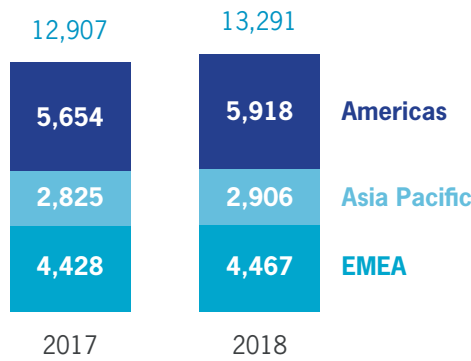
**Energy consumption by activity**  
GJ



**GHG emissions by activity**  
tCO<sub>2</sub>eq



**Total GHG emissions within the organisation (Scope 1 and 2) by region of operation**  
tCO<sub>2</sub>eq



At IMCD, we understand our responsibility for the impact caused by our main activities, energy consumed in our facilities, transport of goods and production processes.

Last year, IMCD implemented operational and organisational measures to be able to start reporting on its own greenhouse gas emissions. Although the system is undergoing a process of improvement to ensure optimal accuracy and completeness, it allows IMCD to set the base for the development of its energy and emissions strategy.

Overall, the presented energy consumption in Scope 1 is based on assumptions on the reported data for 5% in 2017 and 29% in 2018, comprising 6% of the Scope 1 emissions in 2017 and 26% in 2018. Energy consumption in Scope 2 is estimated based on the reported values for a higher degree (60% in 2017, 63% in 2018), relating to around 66-67% of the Scope 2 emissions. For the estimation methodology and list of assumptions please refer to the Annex.

Last year, IMCD's total energy consumption and emissions grew in comparison to 2017 due to organic growth and acquisitions. The subsequent growth of transportation services is reflected in the increased use of petrol and diesel, while growth in office operations reflected in increased use of electricity. However, the emissions level per EBITDA has decreased significantly in all regions, showing improvement in supply chain optimisation and energy efficiency. Most of IMCD's energy and emissions originate from the EMEA and Americas regions. At the same time, considering regional market volumes and employment, the EMEA region demonstrates the lowest levels of energy and emissions.

- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION





FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

Energy consumption in Scope 1 and 2 (energy consumption within the organisation) is divided approximately even between use in transport and facilities, with a slightly higher use in transport. Contributions from IMCD's own transportation make up a reasonable proportion of the energy consumption with the use of passenger cars as well as the few instances where the Company operates its own logistic transport. This distinction is also reflected in associated greenhouse gas emissions from energy use within the organisation. Process and fugitive emissions, not directly associated with energy use, are indicated in the Company's impact mostly due to air conditioning and cooling, and the associated leakage of cooling agents. By our estimations, the total impact of these emissions contributes less than 3% of the energy use-related impacts and adds around 336 tCO<sub>2</sub>eq globally. Although this could be perceived as quite high, it can be explained by the air

conditioning set up in all IMCD facilities, which is often also used for space heating when necessary.

Using the baseline metrics set in 2018, IMCD is defining a global strategy to approach greenhouse gas reduction, including the development of operational and organisational measures and initiatives. Target areas include optimisation of activities, uncovering energy saving potential and increasing sustainable energy sourcing. Implementation of measures in these target areas will contribute towards achieving IMCD's goal of a 15% reduction in GHG emissions per operating EBITDA by 2024 vs. base year 2019. The reporting per site was not always complete and we estimated values which were not available (for example, specification of kilometers of road trips or energy and/or water use in locations where IMCD resides in shared offices, etc).

## Sustainable transport

	2017	2018
<b>Scope 1: Direct energy carriers use for own transport</b>		
Business trips with company's transport, tCO <sub>2</sub> eq	3,409	3,530
Warehouse logistics, tCO <sub>2</sub> eq	281	373
Distribution, tCO <sub>2</sub> eq	1,191	1,193
<b>Total, tCO<sub>2</sub>eq</b>	<b>4,881</b>	<b>5,096</b>
<b>Scope 2: electric warehouse logistics, tCO<sub>2</sub>eq</b>	<b>659</b>	<b>548</b>
<b>Total energy use within organisations, tCO<sub>2</sub>eq (Scope 1 and 2)</b>	<b>5,540</b>	<b>5,644</b>
<b>Emissions intensity per FTE</b>		
Scope 1: Direct energy carriers use for own transport	2.2	1.8
Scope 2: Electric warehouse logistics	0.3	0.2
<b>Total Scope 1 and 2, tCO<sub>2</sub>eq/FTE</b>	<b>2.4</b>	<b>2.0</b>
<b>Emissions intensity per tonne of purchased product</b>		
Scope 1: Direct energy carriers use for own transport	0.0071	0.0056
Scope 2: Electric warehouse logistics	0.0010	0.0006
<b>Total Scope 1 and 2, tCO<sub>2</sub>eq/t</b>	<b>0.0080</b>	<b>0.0062</b>
<b>Emissions intensity per mln euro operational EBITDA</b>		
Scope 1: Direct energy carriers use for own transport	29.4	24.5
Scope 2: Electric warehouse logistics	4.0	2.6
<b>Total Scope 1 and 2, tCO<sub>2</sub>eq/mlin EUR</b>	<b>33.3</b>	<b>27.2</b>

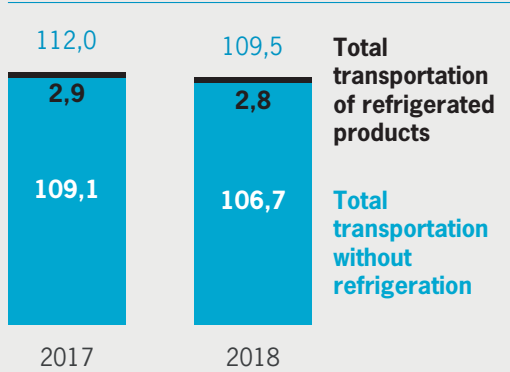
\* please note that transport-related emissions were also included in the reporting in chapter "Energy and emissions management"

6-8% of the total emissions from own transport are based on reported fuel consumption, all other values presented in the table are modelled based on reported and estimated numbers of vehicles, distances, hours of work, and average typical values. For the methodology and list of assumptions please refer to Annex B.

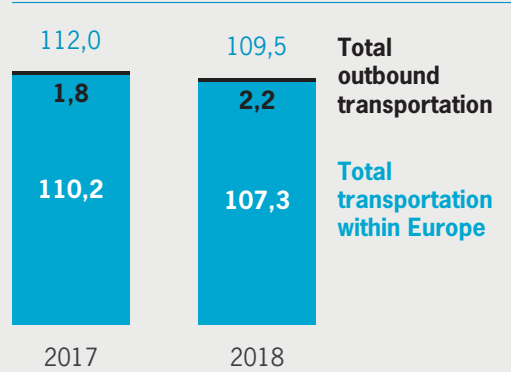


- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILLMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

**GHG emissions from transportation in Europe, by refrigeration**  
thousand tCO<sub>2</sub>eq



**GHG emissions from transportation in Europe, by destination**  
tCO<sub>2</sub>eq



*As a global distributor, transportation services are an important part of IMCD's day-to-day operations. The company recognises that these services have a significant impact on the environment and is committed to achieving more sustainable transportation solutions.*

Transport sustainability is managed by the Group Regulatory, Quality and Sustainability function in close cooperation with the supply chain function. The focus of the sustainability approach for this topic is twofold. The first focus is on direct and indirect emissions associated with Company's own transport. IMCD regional offices own several passenger cars, trucks and other vehicles used for business related transportation. In some exceptional cases, IMCD also operates its own logistics transportation. Emissions associated with IMCD's own transport are directly controlled

by the company, but only a modest share its of transportation is carried out through these means.

IMCD's emissions increased in 2018 in comparison to 2017 due to organic growth and acquisitions. IMCD is, however, satisfied to see that its level of emissions per operating EBITDA fell last year.

Furthermore, most of IMCD's logistics are managed within the services provided by its contracted partners. Although IMCD does not have a direct impact on how its contractors implement sustainable solutions in their business, the Company believes that it is its responsibility to consider their impacts. For this reason, IMCD aims to look beyond the emissions within its direct control. For the reporting period 2017 – 2018, only the data for third-party logistics in Europe was

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

	2017	2018
<b>Scope 1: Direct energy carriers use for own transport (Europe)</b>	<b>2392</b>	<b>2439</b>
<b>Scope 2: Own electric transport (Europe)</b>	<b>144</b>	<b>144</b>
<b>Scope 3: Third parties logistics (Europe)</b>	<b>109,443</b>	<b>106,972</b>
Road transportation	107,698	104,785
Sea freight	292	366
Air freight	1,454	1,822
<b>Total transport in Europe</b>	<b>111,980</b>	<b>109,555</b>
Emissions intensity per FTE (Europe)	107.4	85.3
Emissions intensity per tonne of purchased product (Europe)	0.1546	0.1541
Emissions intensity per mln euro of operating EBITDA	1,131.7	974.0

\* Emissions reported in tCO<sub>2</sub>e

available for analysis. For future years, IMCD is working on improving data registration and collection with the aim to expand its analysis and reporting to a global scale.

Less than 1% of the total emissions from own transport are based on reported fuel consumption; all other values presented in the table are modelled based on reported and estimated masses of products to transport, numbers of vehicles, logistical points, distances, and average typical values. For the methodology and list of assumptions please refer to the Annex.

Last year, third-party transportation emissions decreased due to improved logistics and a shift in the portfolio towards less bulk and more valuable products. Road transportation accounted for the vast majority of emissions due to predominant regional logistics operated by trucks. While transportation within Europe decreased, outbound transportation increased due to the Company's growth and the need for additional product streams, causing a respective increase in emissions associated with sea and air transportation. At the same time, the level of emissions per operating EBITDA declined, demonstrating improvements.

This analysis shows that the impact of third-party transportation is substantially higher than the impact of IMCD's own vehicles.

In 2018, IMCD continued to optimise its logistical solutions, reducing necessary distances to connect suppliers and customers and minimise both transport and storage emissions. IMCD's centralised supply chain team and local supply chain experts are committed to ensuring the most efficient routing, the optimal volume mileage ratio and the implementation of sustainable transport modes, wherever possible. In this respect, IMCD partnered with several of its principal suppliers last year to redesign their logistics set-up, which

resulted in more cost-effective models, faster market access and a carbon footprint reduction. One such case was a project engineered in 2018 by our Group Supply Chain for a customer in Switzerland. There, the supply of Purified Terephthalic Acid (PTA) was switched from road to rail transport, resulting in growth of the business and a cost-effective solution that drastically increased site handling efficiency while also reducing the carbon footprint by 71%<sup>2</sup>.

For its efforts, IMCD has been honoured with various awards worldwide. For example, IMCD Spain was the first distributor in Spain to receive the Lean & Green Award, for its progress towards reaching the set goal of reducing its carbon footprint emissions by 20% over a five-year period. IMCD received this award following its submission of an audited and approved action plan to significantly reduce its carbon footprint emissions. This was mainly achieved by acting on transport, ensuring materials were stored at the most convenient warehouse location to avoid transport over long distances, as well as putting various policies in place for the optimisation of the order process.

Last year, IMCD established that transport, and specifically transport provided by its logistics partners, is the single largest contributor towards its GHG emissions within reasonable control. Therefore, sustainable transport is intended to become one of the core directions of the Company's sustainability strategy. IMCD expects this to be the biggest contributing factor towards reaching its goal of a 15% reduction in GHG emissions per operating EBITDA by 2024 vs. base year 2019. The ongoing process in 2019 involves establishing the base level performance of the Company, the elaboration of main metrics and methodology and setting effective and specific measures, initiatives and programmes for both its own transport and the transport provided by third parties.

<sup>2</sup> Direct impacts reductions, calculated using the methodology developed by Lean and Green (Connekt), [www.lean-green.nl/downloads/publicaties/](http://www.lean-green.nl/downloads/publicaties/). Base year 2017





- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

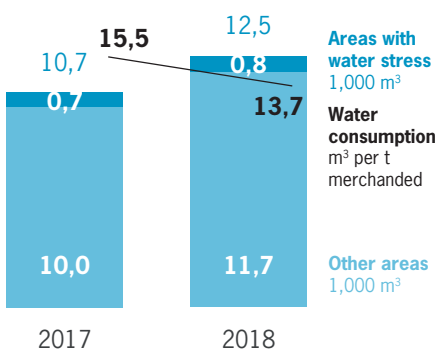
## Operational water and wastewater management

	2017	2018	CHANGE
Water withdrawal from municipal source, 1000m <sup>3</sup>	49.42	52,74	6.7%
Incl. in areas with water stress <sup>1</sup>	25.92	26.83	3.5%
Water consumption, 1000m <sup>3</sup>	10.67	12.51	17.2%
Incl. in areas with water stress <sup>1</sup>	0.70	0.82	17.1%

<sup>1</sup> Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on May 1, 2019. Water consumption is based on local water withdrawal minus discharge. Water discharge is based on 77% assumptions. For the estimation methodology and list of assumptions please refer to the Annex.

14-16% of the water withdrawal presented is based on estimations provided by the sites, HSEQ, or modelled values.

### Water consumption and water consumption intensity per ton merchanded



*Apart from direct use of water on IMCD sites, water-related impacts can be found along the whole value chain of IMCD. IMCD supports responsible water management and water use reduction in the supply chain. We facilitate the reduction of water use downstream, providing information on the hazards posed by our products as well as their safe use and disposal.*

Access to reliable sources of clean freshwater is essential for IMCD as a speciality chemicals distributor. Our direct water-related impacts are connected with fresh water use in our facilities, including offices, laboratories, production sites and warehouses. Water is consumed as an ingredient in our blended products, or used for drinking and general household-like needs. Due to the types of the facility buildings we use, and the minimal amount of water used in our own production, we do not source water ourselves, but instead use water supplied by local fresh water providers (municipal source). For the same reason, we do not handle used water discharge.



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

Our wastewater, generally having the same characteristics as municipal wastewater<sup>2</sup>, is sent to third parties for treatment.

Since some of our operations are located in water-stressed areas, we understand our duty to manage our water use responsibly and pay special attention to our water management in those areas. We are developing approaches to encourage water saving in our production processes and water saving measures by our employees in every facility.

Water withdrawal and consumption have increased in absolute terms in 2018 compared to 2017. Water consumption in the areas with water stress contributes around 7% in the total water consumption of the Company, although an increase in consumption was found in both water-stressed and non-water stressed areas. Generally, the increase in water use relates to the growth of the business. Evidently from the analysis of water consumption per ton of products purchased (see the chart below), water consumption has decreased by nearly 12% in 2018, demonstrating a shift in the product portfolio towards less water-intensive products.

## Handling of chemicals

*Most of IMCD's operating companies take part in the 'Responsible Care' or 'Responsible Distribution' programmes of the International Council of Chemical Associations (ICCA) through local associations. These operating companies have stated their commitment to sustained development and observance of the guidelines outlined in the global programme that covers eight guiding principles.*

IMCD fully endorses the objectives of the European Union's regulation on Chemicals: REACH (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals. Following this legislation, IMCD supports improved handling of chemicals in order to protect human health and the environment via REACH compliance in the EU and upgrading the regulatory chemical compliance system in 2019 REACH encourages the chemical industry to innovate and to either replace substances of very high concern with suitable alternatives, or to use them in a way in which risks are adequately controlled. IMCD cooperates with (co-)producers, suppliers, and customers to fully and successfully implement REACH objectives. REACH became fully operational mid-2018, when registration of all chemical substances became mandatory. Most of the Registrations have been performed by our suppliers or their representatives. IMCD also owns 21 active REACH registrations itself in 2018.

In 2018, three significant spills<sup>3</sup> of hazardous substances were registered by the companies within the IMCD group: one in the United Kingdom, one in Brazil and one in California, USA.



<sup>2</sup> According to FAO, [www.fao.org/3/t0551e/t0551e03.htm](http://www.fao.org/3/t0551e/t0551e03.htm), the main concern for municipal wastewater is caused by dissolved and suspended solids, nitrogen, phosphorus, chloride, alkalinity, grease and BODs.

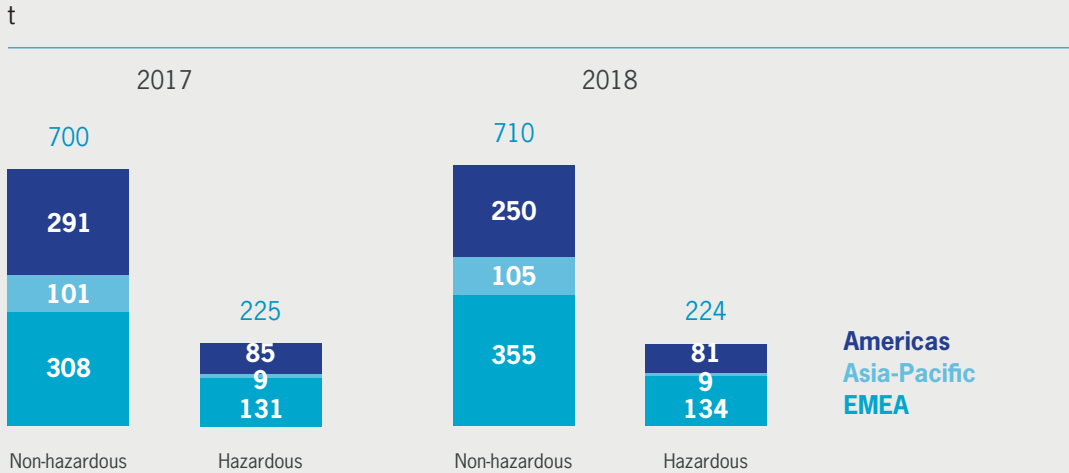
<sup>3</sup> A significant spill is defined as a spill of any volume of a substance, registered in a list of substances of very high concern, or candidate list of substances of very high concern by REACH



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

## Operational waste management

### Hazardous and non-hazardous waste generation by region



*At IMCD, we understand that working with chemicals can potentially mean a considerable amount of waste is generated by the Company itself and along the supply chain. That is why responsible waste management is part of our sustainability approach. We are committed to sustainable waste management on our sites and encourage it along our supply chain.*

Offices, warehouses, and production sites are the main sources of the company’s waste generation. All produced waste is handed over to third parties for treatment, and it is the responsibility of the local HSEQ manager to make sure that disposals are always performed according to local laws and by accredited disposal companies. Waste management hierarchy is embedded into the company’s policy

40% of the presented non-hazardous waste generation and 29-30% of the presented hazardous waste generation are based on

estimations provided by the sites, HSEQ, or modelled values.

Although the amount of generated non-hazardous waste increased in absolute terms in 2018, the amount of waste generation per purchased ton decreased. We are also satisfied to see that despite growth in production and distribution volumes, we did not experience an increase in hazardous waste generation, meaning an even larger decrease in the amount of hazardous waste generation per purchased ton.

At the end of 2018, waste management metrics on a global scale were limited due to waste treatment undertaken by third parties. We are working towards a system that collects more comprehensive data. Ultimately, this will allow us to incorporate more detailed waste management measures into our overall sustainability strategy.





FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

**RESPONSIBLE  
OPERATIONS**

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

## Sustainable raw materials and recycling

*Specific products distributed by IMCD have the potential to have significant impacts on the environment and society. We understand that reduction of material usage, reusing and recycling, as well as use of more sustainable raw materials by the Company itself and by suppliers is crucial for building a more sustainable and future-proof supply network. This was confirmed in the 2018 task force meeting where the sustainability focus topics among our employees were identified.*

For 2019 and beyond, IMCD supports its customers in their sustainable sourcing of raw materials via its “IMCD Sustainable Solutions” program.

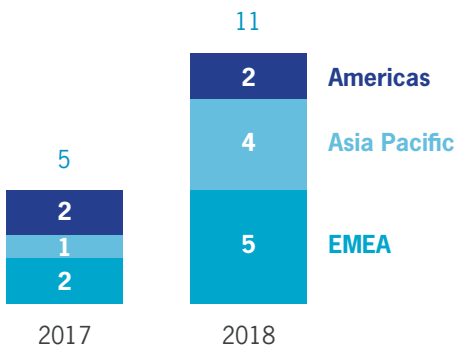
One example of our efforts on this topic in 2018 comes from IMCD’s Coatings & Construction business group. Experts in our international Coatings laboratories have drawn on decades of technical experience to develop a unique range of sustainable solutions with a significantly reduced amount of hazardous materials, minimising environmental impact without sacrificing product performance. From decorative paints to eco-friendly paint strippers, we’re proud to have developed a customisable range of high performance, environmentally sensitive solutions that deliver reduced odours and emissions, whilst at the same time encouraging the use of sustainable water-borne systems wherever feasible. In 2019, products such as these will be selected from each Business Group to create an IMCD Sustainable Solutions portfolio. This portfolio will promote environmentally friendly chemicals within our supply chain, providing customers with more sustainable feedstock.





## Occupational health and safety

### Number of registered time lost incidents



*Our business relies heavily on our people, that is why our management approach is people-centric, and the health and safety of our employees is of the utmost importance to us. We aim to minimise occupational risks for our employees through provision of safe environments and equipment, effective communication on safe handling of the products, and health and safety training. Our ultimate goal is to achieve 0 lost time incidents.*

An occupational health and safety management policy (part of the IMCD HSEQ policy) has been implemented across all companies of the Group.

Local HSEQ managers are responsible for conducting employee training on occupational health and safety. The training is regularly completed by each employee and brings greater attention to the handling of hazardous products using safety data sheets, as well as evacuation, first aid and emergency instructions. Every (warehouse/production) site has a trained first aider and when applicable, a fire helper. Every work-related incident on production sites needs to be investigated, including identification of the hazards, assessment of risks, and determining corrective actions and necessary improvements in the health and safety management system.

Continuing the performance of 2017, in 2018 no fatalities or high-consequence work-related injuries were registered in the companies of the Group. Whilst the number of total recordable work-related injuries have increased from 5 in 2017 to 11 in 2018, rates are remaining low, with the recorded rate for the Group totalling way below 1 (0.21 in 2017 vs. 0.47 in 2018, based on 200 000 worked hours).

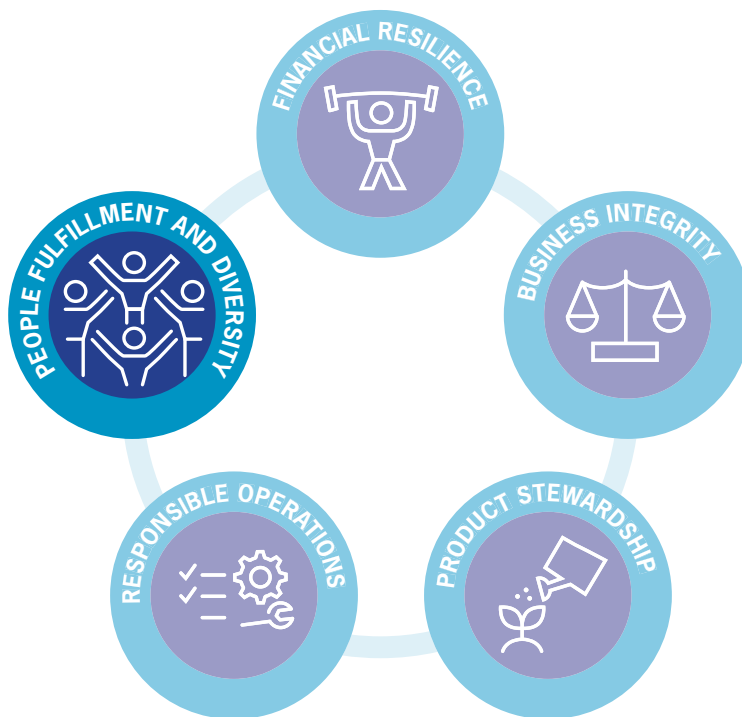
- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS**
- PEOPLE  
FULFILMENT  
AND DIVERSITY
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION



**PEOPLE  
FULFILMENT  
AND DIVERSITY**

**CHAPTER CONTENTS**

Talent attraction, development and retention	40
Human and labour rights	41
Diversity and inclusion	41
Business impact on the community	42







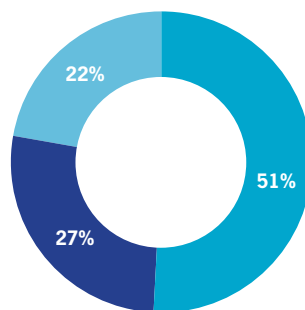
- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY**
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

# PEOPLE FULFILMENT AND DIVERSITY

IMCD is a diverse group of 2,799 women and men who live and work in many different places around the world. We operate in the Americas, EMEA and Asia Pacific. Our business relies heavily on the quality of our people and that is why leading responsible employment and community practices is crucial for us. We aim to minimise bureaucracy in the workplace and instead encourage an organisation based on transparency, integrity and trust. Borders and backgrounds do not matter when it comes to working together.

## Employment in 2018 by region

Asia-Pacific                      EMEA



### Americas

\* Data is census data, based on country organisation input and verified by Group office. Data is presented on a Full Time Equivalent basis, based on the definitions of national laws where the respective operations are located, as of the end of the reporting period (December 31).

Our management approach is people centric, decentralised with an *entrepreneurial* culture, where people can enjoy what they do, have the freedom to act and decide what is best for the business.

The IMCD Management Board and Executive Committee are responsible for and committed to achieving the highest levels of people fulfilment and diversity, meeting, as a minimum, all legal requirements whilst going above and beyond with supporting training and worldwide rollouts. The IMCD Code of Conduct cites safe and stimulating



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY**
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

working conditions, equal opportunities, and human and labour rights as core values of the Company. The Code of Conduct also governs the behaviour of all employees, whilst the Management Instructions Guide provides details for management.

### Talent attraction, development and retention

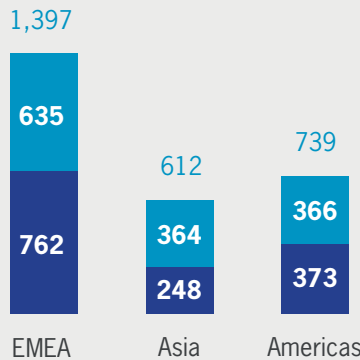
*At IMCD, we place great importance on the quality and expertise of our people, since we do not have our own manufacturing facilities, products or unique Intellectual Property.*

This is one of the reasons why no company activities are performed by workers who are not employees of IMCD, and less than 2% of our staff are temporary employees. We have 1,383 females and 1,367 males on permanent contracts, reflecting our commitment to our staff. Around 4% of IMCD's employees work part time, with most of these having requested a part-time schedule to better suit their requirements. The remaining 96% of staff work full time.

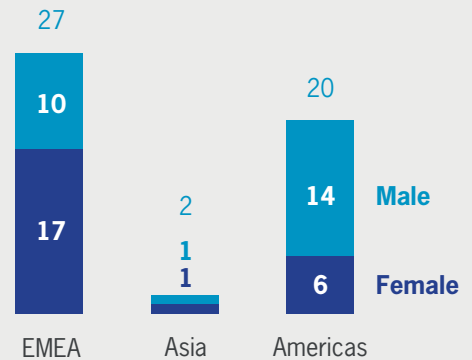
Last year, the IMCD team grew significantly in all operating regions, due to both organic growth and acquisitions. The highest growth was registered in the Americas (32%), and the lowest in Asia-Pacific (19%). Through acquisitions, IMCD welcomed 471 new colleagues last year, of which 192 are based in the US (E.T. Horn), 208 in Europe (Velox) and 71 in India (Aroma Chemicals). Excluding acquisition, the number of FTEs increased by 63, reflecting our organic growth.

IMCD's employee attrition levels have been reasonably constant. Last year, the total employee turnover was 10.7% worldwide. This includes voluntary resignations, terminations, retirement and all other circumstances. The attrition rate for sales employees decreased in 2018 to 10.2%, which is lower than the Company's average. IMCD's biggest region - EMEA - has the lowest attrition rate at 9.4%, despite strong business results, growth and a changing labour market that is bouncing back after many years of oversupply. Turnover rates are significantly lower than new hire rates in all employee categories (apart from the "over 50" age category), demonstrating high levels of retention.

#### Permanent employees in 2018

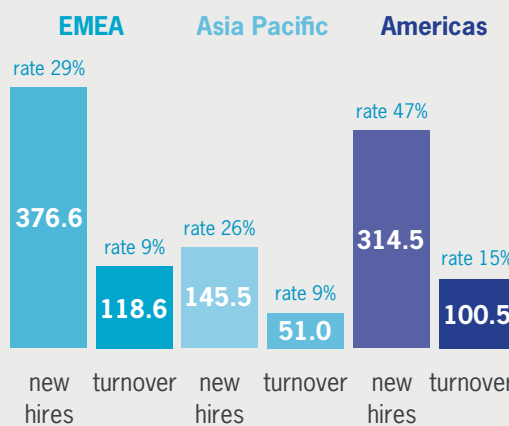


#### Temporary employees in 2018

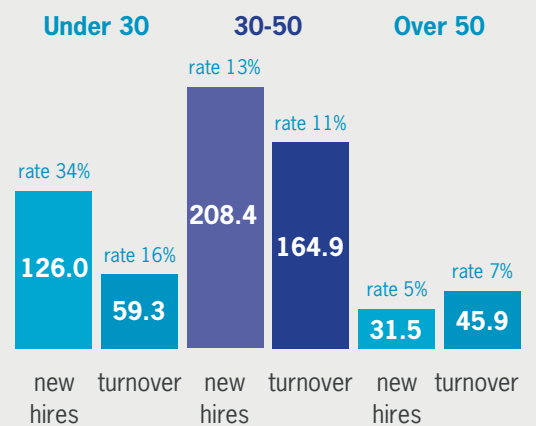


#### New hires and staff turnover in 2018

by region



by age

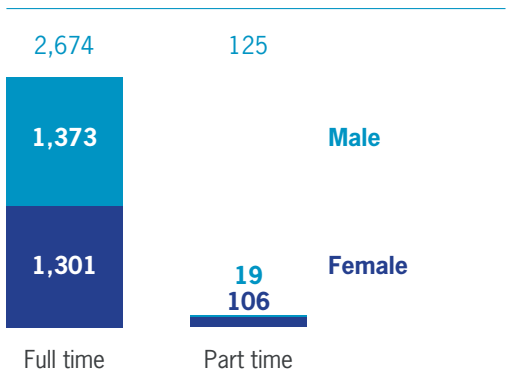


Most of our employees joined IMCD with previous extensive knowledge and experience in speciality chemicals or food ingredients, or were working in sales, marketing and product management or in technical development/application. Commercial employees account for the vast majority of IMCD's organisation. In 2018, 64% of IMCD staff worked in a supplier or customer-facing role. This experience is incredibly valuable to the Group and marks the difference between a good organisation and a great one. The number of IMCD employees with an education qualification is also high. IMCD employs 600 individuals who have completed a master's degree or higher and another 1,195 who have a Bachelor's degree or equivalent.

Workshops and training sessions are held within IMCD's facilities for the sales force, ensuring they stay abreast of market trends and developments and fully understand the functionality and characteristics of the products within the portfolio. This enables them to better understand issues that customers may face and supports the development of their skills to the highest level.

We are in 2019 implementing a new global Learning Management System (LMS) that will serve as an instrument to offer technical, commercial, compliance, management and business skills training to all our employees at any time and at any location. This will enhance their professional and personal development whilst at the same time providing a tool to track and certify the development progress. We continue to offer event-based training programmes such as new employee inductions, onboarding, management training and skills-based courses in classroom settings when and where needed.

**Total number of employees by employment type and gender in 2018**



**Human and labour rights**

*IMCD neither engages in nor supports the use of forced, bonded, involuntary or child labour in any way. IMCD complies with the standards of the International Labour Organisation and the minimum age requirements in all countries in which it conducts business.*

Meeting legal requirements (including legislation on human and labour rights and social standards) also plays a central role in the screening procedure of future suppliers. As of July 2018, a new supplier screening process was implemented in the HSEQ policy.

Last year, there were no IMCD operations, or, to the best of our knowledge, no suppliers of IMCD, that were considered to have significant risk for incidents concerning child, forced, or compulsory labour.

IMCD recognises and respects its employees' rights to freedom of association and assembly, as well as collective bargaining and does not interfere with the exercise of such rights in any way. As of the end of 2018, 23% of our employees are covered by collective bargaining agreements. It has not come to our attention that any IMCD suppliers violate or may be violating workers' rights to exercise freedom of association or collective bargaining.

**Diversity and inclusion**

*IMCD values diversity amongst its employees and believes that a diverse workforce is a contributor to the Company's success.*

At IMCD, we are committed to providing equal opportunities for all applicants and employees. Our Code of Conduct, business principles and management instructions are clear that discrimination in the workplace is not tolerated and we provide opportunities for everyone.

It is IMCD's fundamental philosophy to respect and adhere to the principle of non-discrimination based on race, caste, colour, national origin, religion, age, sexual orientation, gender identity or expression, disability, protected veteran status, union membership, political affiliation or any other characteristic protected by law.

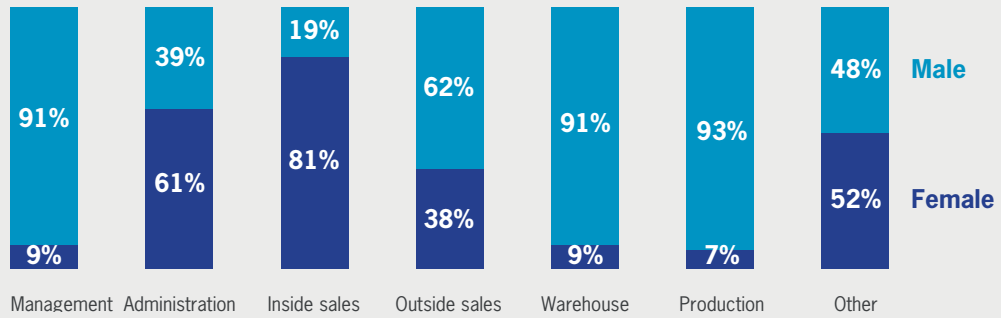
IMCD employs 2,799 people, with an almost equal split between females (1,407) and males (1,392).

- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY**
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION



- FOREWORD  
CEO
- APPROACH TO  
SUSTAINABILITY
- FINANCIAL  
RESILIENCE
- BUSINESS  
INTEGRITY
- PRODUCT  
STEWARDSHIP
- RESPONSIBLE  
OPERATIONS
- PEOPLE  
FULFILMENT  
AND DIVERSITY**
- ASSURANCE  
REPORT
- ABOUT THIS  
REPORT
- OTHER  
INFORMATION

### Gender distribution among the employees in 2018, by employee category



Females form the majority of client and supplier-facing roles/internal and external sales functions with 976 FTEs versus 800 males in similar functions. A similar pattern is seen in administrative roles such as Finance, Legal, IT, HR and HSEQ, with 247 female professionals versus 160 males. In management, we still have an opportunity to improve with a ratio of 5:53. At the other end of the spectrum, we can report 90 young trainees spread over our various country operations, of which 57 (65%) are female. We are confident that with a strong female talent pipeline in client-facing and administrative roles, the ratio will further improve in the years to come. IMCD has female Managing Directors leading businesses in Turkey, Vietnam, the Philippines and Indonesia, as well as various senior females leading functions in the Group office.

Last year, no incidents of discrimination were registered within the Group. Our goal is to further promote our values on diversity and equal opportunities internally and externally, maintain our high moral standards, and investigate potential barriers for transparent and non-punishable alert.

### Business impact on the community

*At IMCD, we care about the communities in which we are located.*

We understand that our operations have an impact and as such, we strive for strong engagement with local communities to understand their expectations and needs. Being present in more than 45 countries on 6 continents, we did not want to select only one cause for the whole company. Instead, we opted to support smaller local initiatives. By doing so, we enhance engagement with local communities and fulfil our full potential to make a positive impact. We also encourage our employees to support local initiatives to make a

lasting and personal difference in our immediate communities.

Examples of IMCD's support for local communities include:

- Making a difference in South Africa: Better future for disadvantaged children
- Making a difference in South Africa: Helping Nora Maaga to realise her dream
- Making a difference in China: Ensuring Wang gets the education he deserves
- Making a difference in Ghana: Creating opportunities for local women
- Making a difference in Germany: Supporting children with disability and illness
- Making a difference in Brazil: Transforming the Coca Shantytown in Diadema
- Making a difference in Brazil: Encouraging potential in low-income communities
- Making a difference in France: Working to improve our immediate communities

IMCD refrains from political involvement of any kind. It respects its employees' rights to be politically active, however, in doing so, it must always be clear that they do not represent IMCD as a company. IMCD does not make financial donations or other contributions to political parties, organisations or individuals engaged in politics.

# ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

- FOREWORD  
CEO
- APPROACH TO SUSTAINABILITY
- FINANCIAL RESILIENCE
- BUSINESS INTEGRITY
- PRODUCT STEWARDSHIP
- RESPONSIBLE OPERATIONS
- PEOPLE FULFILMENT AND DIVERSITY
- ASSURANCE REPORT**
- ABOUT THIS REPORT
- OTHER INFORMATION

To the Shareholders of IMCD N.V.,

## Our conclusion

We have reviewed the sustainability information in the accompanying sustainability report for the year 2018 of IMCD N.V. at Rotterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2018 in accordance with the reporting criteria as included in the sustainability report.

The sustainability information consists of performance information in the sections 'Approach to sustainability', 'Financial resilience', 'Business integrity', 'Product stewardship', 'Responsible operations' and 'People fulfilment and diversity'.

## Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of IMCD N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other

relevant independence regulations in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. IMCD N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

## Unreviewed corresponding information

No review has been performed on the sustainability information for the period up to 2018. Consequently, the corresponding sustainability information and thereto related disclosures for the period up to 2018 is not reviewed.

## Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

## Responsibilities of the management board for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as disclosed in the sustainability report, including the identification of stakeholders and the definition of material matters. The choices made by the



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

**ASSURANCE  
REPORT**

ABOUT THIS  
REPORT

OTHER  
INFORMATION

management board regarding the scope of the sustainability information and the reporting policy are summarised in the section 'About the report' on page 45.

The management board is also responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

## Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the management board regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, September 30, 2019

Deloitte Accountants B.V.

J. Hendriks



# ABOUT THIS REPORT

## Contact

Head office IMCD N.V.

Wilhelminaplein 32

3072 DE Rotterdam

The Netherlands

Phone: +31 10 290 86 84

Fax: +31 10 290 86 80

If you have questions regarding the report or its content, please contact us

[ir@imcdgroup.com](mailto:ir@imcdgroup.com)

Phone: +31 10 290 86 84

## About the Report

The Sustainability report has been prepared as IMCD's first comprehensive report on the topic as a part of the Sustainability Strategy of the Company<sup>4</sup>. The current report covers the full year 2018 and all companies of the IMCD Group unless stated otherwise. Reporting is aimed to be conducted on an annual basis. All entities included in the Company's consolidated financial statements or equivalent documents are covered by the report.

The scope of the report for qualitative KPI's is global with the exception of Vietnam since in 2018 this organization experienced a full personnel change and was considered too small to be relevant. With exception of the relevant HR topics where it is still was included.

With the support of the Management Board, it is the Company's policy to seek review of its sustainability reporting by external independent parties. This report has therefore completed the external assurance procedure implemented by Deloitte Accountants B.V. at limited assurance level.

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

**ABOUT THIS  
REPORT**

OTHER  
INFORMATION

<sup>4</sup> IMCD has not published sustainability reports previously. Consequently, no data changes or restatements are applicable.



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

**OTHER  
INFORMATION**

# OTHER INFORMATION

## Assumptions taken for the report

This annex presents estimations, extrapolations and assumptions for all reported indicators, in cases when primary data was not available. Indicators not considered in this chapter were reported based on the primary data collected by IMCD.

Estimations, extrapolations and assumptions necessary for reporting the indicators considered in this chapter are connected with:

- datagaps in primary data reported from the sites (local/regional HSEQ managers)
- impossibility to perform direct accounting (e.g. direct accounting of volumes of emitted GHG)

Company specific data used in the calculations is of four quality and assurance levels:

1. Data reported by the site with a proof document
2. Data estimated by the sites with no proof document
3. Data estimated by the HSEQ department and Sustainability management with no proof document
4. Data estimated by the calculations practitioner based on the literature and assumptions presented below

### Energy consumption within the organization and direct (Scope 1) emissions.

Energy consumption within the organisation and associated with it emissions have two main source activities: energy use in facilities (space heating and electricity generation – stationary combustion), and own transport (mobile combustion).

Stationary combustion energy consumption data was collected from the sites for 2017 and 2018 on the volume or mass of the fuels consumed, with two cases where the emissions from use of natural gas and diesel were reported instead of the fuel consumption. Some assumption and estimations were performed to fill the datagaps and derive direct emissions associated with stationary consumption. We have performed the following estimations:

- Space heating demand for sites that did not report a value was estimated based on the

heating demand per m2 for the region and climate (IIESA data[1]) with a pessimistic assumption of used facilities belonging to the existing no-retrofit stock.

- For the US sites (excluding situated in California – reported separately), heating demand was estimated in MJ/m2 based on the floor area of facilities (primary data) and heating demand per m2 for the state region (IIESA data<sup>1</sup>, demand for tropical and subtropical climate is taken as 0). Sources of heat generation are assumed to be in accordance with the US heat generation mix, based on the EIA data[2], and include for Scope 1 natural gas and heating oil, an approach discussed with HSEQ director for this particular region.
- Space heating in Japan and Singapore was assumed to be performed by air-conditioning systems (regional practice), as well as for the Nordic region (as reported by the sites). Thus were included in scope 2 (electricity consumption).
- Conversion between volumes/massed of fuels and consumed energy was implemented based on the heating value of the respective fuels.
- GHG emissions associated with the stationary combustion were calculated based on the emission factors extracted from the database Ecoinvent 3.5 balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon). In order to include direct emissions only, the datasets of Ecoinvent were modified by removing upstream processes from consideration.
- The same emission factors were used to estimate use of natural gas and diesel for electricity generation in two cases, when the emissions were reported instead of the fuel use.

Energy use and emissions in mobile combustion includes use of own transport fleet. The estimation was made majorly based on the reported by the sites or by the HSEQ Director total number of vehicles by type and average distance made per year (for passenger cars). The following estimations have been made for these cases:

- For passenger cars the fuel use was calculated based on the average passenger car (EURO 4) from database Ecoinvent 3.5, in a respective mix of petrol, diesel, and natural gas mix. In order to include Scope 1 emissions only, the upstream processes were excluded from

consideration. The same dataset was used to extract the GHG emissions factor balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

- For the sites that did not report the number of passenger cars, the estimation was made based on the floor area of the site and the functionality (with warehouse or without warehouse).
- For the "US (all other sites)" this approach included division of the total floor area into two: warehouses and other (respectively, different number of passenger cars rate is applied). This is in agreement with the HSEQ Director.
- For diesel-fuelled inhouse transport vehicles (loaders), the energy use was estimated based on the reported number of vehicles (primary data), assumed hours of work per year, and diesel use per hour of work (based on Ecoinvent 3.5 dataset for diesel machine operation, 18.64-74.57 kW in high load – corresponding to average warehouse diesel loader). Same dataset was used to extract GHG emissions factor of combustion of a kg of diesel used in the activity (balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).
- For Brazil, petrol-fuelled fork-lifts the site has reported the GHG emissions in m3 of CO2eq. The reported number was converted to tCO2 based on the molar mass of CO2. In absence of petrol warehouse transport datasets in Ecoinvent 3.5, the energy use was calculated based on the emissions factor of petrol burned in a passenger car (Scope 1 only, excluded upstream processes).
- For other petrol fuelled fork-lifts, the energy consumption per year was estimated to be equal to the one in diesel (in Mj/year), and the associated emissions were calculated based on the emissions factor of petrol burned in a passenger car (Scope 1 only, excluded upstream processes).
- For the logistics with truck, the energy consumption was estimated based on the reported number of trucks (primary data), assumed transportation distance per day, and average load of a truck. All transportation was assumed to be performed by diesel trucks, respectively energy consumption was extracted from an Ecoinvent 3.5 dataset in respect to tkm transportation services (Scope 1 only, excluding upstream processes). The same dataset was used to extract GHG emissions factor per tkm of transportation (Scope 1 only).
- Conversion between volumes/massed of fuels and consumed energy was implemented based on the heating value of the respective fuels.

For the sites that reported volume of fuel used (three sites, using diesel) the following estimation was made:

- the estimated emissions were calculated as assumed for other sites for each of the transportation mean, then the proportion of the estimated emissions was allocated accordingly. These proportions were used to allocate actual energy consumption from burning diesel between different transportation means. Emissions were calculated based on the emission factors extracted from the modified Ecoinvent 3.5 datasets.

Additionally to energy consumption associated GHG emissions, the reporting includes fugitive emissions associated with space cooling (air conditioning) in facilities. These scope 1 fugitive emissions were estimated based on the reported floor area with air conditioning, with assumed split-air AC capacity 60m2 per 1.7kg of charge (R410A as a pessimistic assumption), and leakage rate according to the IPCC guidance 2006 (3%). Fugitive emissions of cooling agents from small refrigeration units in own warehouses were assessed to be neglectable.

Estimated GHG gases include CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, and others. Equity share consolidation approach was consistently applied in reporting. 2017 was chosen as a base year for reporting as a closest continuous identical period of time to reported year 2018, meaning the closest in organisational scope and data configuration and quality. That decision allowed to carry out most consistent calculations and precise short-term, useful reduction calculations.

[1] [http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA\\_Chapter10\\_buildings\\_hires.pdf](http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA_Chapter10_buildings_hires.pdf)

[2] <https://www.eia.gov/consumption/commercial/data/2012/index.php?view=consumption#c1-c12>

**Energy consumption outside the organization: Energy indirect (Scope 2) GHG emissions.**

Relevant energy consumption outside the organisation and associated with it emissions have three main source activities: energy use in facilities (space heating and electricity use), and own transport (warehouse).

Data on consumption of supplied heat was provided from the sites in GJ when possible.

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION

- For the sites that reported space heating with supplied heat but did not report consumed volumes (due to use of facilities shared with other companies), the heat use was estimated based on floor area (primary data), and heating demand per m2 for the region (IIESA data[1]). Heating demand for tropical and subtropical regions were assumed to be 0. Averaging heating demand based on the consumption of the sites that had reported the values was not reasonable due to relatively small number of the reported sites, and large climate differences.
- Energy carriers for space heating were taken as reported by the sites (incl NA, value not available, as an indicator of one or another carrier).
- For the SEE region (South East Europe) reporting the data as a group while including facilities in several countries, the consumed heat is calculated for each country separately based on the floor area.
- For the US sites (excluding situated in California – reported separately), heating demand was estimated in MJ/m2 based on the floor area of facilities (primary data) and heating demand per m2 for the state region (IIESA data<sup>1</sup>, demand for tropical and subtropical climate is taken as 0). Share of district heating (supplied heat) in meeting space heating demand was assumed to be in accordance with the US heat generation mix, based on the EIA data[2].
- Emissions associated with supplied heat consumption were estimated on the location-based approach. In absence of the information on the supplied heat sources, it was assumed that 50% are coming from natural gas combustion, and 50% from sources other than natural gas (majorly municipal waste incineration). Emissions factors were extracted from the datasets of Ecoinvent 3.5 for respective regions and technologies, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

Data on electricity consumption was obtained from the sites in MWh when possible.

- For the sites that did not report the electricity consumption for year 2017 (2 sites, 3% of the total by floor area), the equal to 2018 electricity consumption was assumed. That is connected with the fact of facilities use predominantly by offices, that did not change in year 2018, and relative consistency in electricity intensity per floor area.
- For the sites that could not report electricity consumption due to the use of facilities shared with other companies, electricity consumption

was estimated based on floor area of the facility (primary data), function of the facility (office with warehousing or office without warehousing – primary data), and average electricity use per floor area by the reported sites based on their functionality.

- For the regions that report the data as a group while including facilities in several countries, the consumed electricity is distributed equally between the sites of different countries
- For the SEE region (South East Europe) the consumed electricity is estimated for each country separately based on the floor area. For the UK region, Nordic region and Benelux, the floor area is assumed to be split equally between the countries of the region.
- Emissions associated with electricity consumption were estimated on the location-based approach. Emissions factors were extracted from the datasets of Ecoinvent 3.5 for respective regional electricity mixes, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

Energy consumption and Scope 2 emissions associated with transport refer to use of electricity for electric loaders at own warehouses. These indicators are calculated only for the purposes of reporting within the chapter “Sustainable transport”, and in principle are included in overall electricity consumption. Electricity consumption for transport is estimated based on number of electric inhouse vehicles (primary data), assumed hours of work per year, and electricity use per hour of work with 15% time loading use (based on specifications of a commonly used articulated loader[3]). Emissions associated with electricity consumption were estimated on the location-based approach. Emissions factors were extracted from the datasets of Ecoinvent 3.5 for respective regional electricity mixes, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years' time horizon).

Electricity use for facilities and associated with it emissions are calculated as a difference between the total electricity use and electricity use for transport.

Estimated GHG gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. Equity share consolidation approach was consistently applied in reporting. 2017 was chosen as a base year for reporting as a closest continuous identical period of time to reported year 2018, meaning the closest in organisational scope and data configuration and quality.



[1] [http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA\\_Chapter10\\_buildings\\_hires.pdf](http://www.iiasa.ac.at/web/home/research/Flagship-Projects/Global-Energy-Assessment/GEA_Chapter10_buildings_hires.pdf)

[2] <https://www.eia.gov/consumption/commercial/data/2012/index.php?view=consumption#c1-c12>

[3] <https://www.wackerneuson.eu/en/products/wheelloaders/articulated-wheelloaders/model/wl20e/type/TechnicalData/>

### Other indirect (Scope 3) GHG emission

Scope 3 transportation emissions volume was modelled based on the available data of delivery distance, mass, and general mean of transportation.

Logistics database extracts were used, containing the primary data on the netto mass of a product delivered, country and postal code of starting point, country and postal code of the destination point. For the emissions calculations, the following assumptions and estimations were made:

- Mass of packaging for all of the products was estimated as 3% of the netto mass of the delivered products: the pessimistic estimate provided by the logistics department, and harmonized with the active logistics software
- 2% of the products (w/w) is estimated to be transported with refrigeration (based on a pessimistic assumption of the logistics department)
- All inner European transactions are assumed to be performed by road transportation (articulated lorry, based on the estimation provided by the logistics department). That also concerns all transportation inner Europe with the island countries (Ireland, UK, Farloa islands, Malta, Cyprus). This is based on the fact of unknown actual routes of transportation, traditionally preferred maximum of road transportation, and minimal share of such transactions. While a presumably non-material leg of the route can be covered by ferry transportation, impacts of road transportation per tkm of service are higher and thus the assumption presents a rather pessimistic approach, and does not understate the total emissions.
- The outbound transportation from Europe include transportation to Serbia and intercontinental transport. Transportation to Serbia is assumed to be performed 100% by road (articulated lorry), while intercontinental transportation is assumed to be performed 10% by air (air freight for high importance transactions, pessimistic assumption by the

logistics department), and 90% by sea (transoceanic ship).

- Distances for the road transportation are calculated as distance by roads (including road with tolls) from postal code of start to postal code of destination, using Google Maps GIS. A one postal code territory is commonly small enough to reasonably approximate the location. When one of the postal codes is unknown or not identifiable by Google GIS (number does not exceed 5%), the region postal code is taken, or in absence of the latter, the country postal code (based on the postal code of the central post office).
- Air freight transportation distance is identified as a straight line between the locations in question) in Google GIS.
- Sea freight distance is calculated as a straight line distance adjusted on the coefficient of 2,1516. The coefficient is extracted based on the analysis of the relation between straight line distance in Google GIS and marine navigation distance[1] for a sample of locations that contained short-, medium-, and long- distance freight. The differences are assumed to be coming from the water-routes available for navigation; manoeuvring; and navigation dispatching.
- Transportation services are calculated as a result of multiplying the mass of the delivered product with packaging multiplied by the transportation distance. The sum of transportation services volumes for inner Europe in tkm is adjusted from directly calculated, by adding the percentage equal to the percentage of “mass lost”: mass of products for which no distance calculation was possible (does not exceed 1% of all transactions) over total mass of purchased products with packaging.
- For each of the types of freight two generic means of transportation were identified: with refrigeration and without refrigeration. Respective datasets are chosen from Ecoinvent 3.5 and approved as an approximation by the logistics department. The datasets are used to extract the GHG emissions factors per tkm of transportation services, balanced on the method of IPCC 2013 for GWP 100a (global warming potential in 100 years’ time horizon).
- Final GHG emissions are calculated as a product of multiplication of transportation services for each mean of transportation and respective emission factor.

Estimated GHG gases include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. Equity share consolidation approach was consistently applied in reporting. 2017 was chosen as a base year for reporting as a closest continuous identical period

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

OTHER  
INFORMATION



of time to reported year 2018, meaning the closest in organisational scope and data configuration and quality.

[1] Tools used: <https://sea-distances.org/>

### Energy intensity and GHG emissions intensity

Energy and GHG emissions intensity is calculated as a result of division of respective energy consumption or amount of emissions by the intensity base. Three intensity bases are used throughout the report:

- FTE: based on the primary data
- Mass of product purchased: based on the primary data
- EBITDA:
  - Total EBITDA is taken based on primary data on the Group level
  - EBITDA per region is calculated as EBITDA generated by companies of the region plus proportionally allocated EBITDA of the holding companies.

### Water withdrawal

Water withdrawal data is obtained from the sites in m3 (1000l) when possible. All sites use fresh water supplied by third parties (municipal water) – based on the information provided by the sites and by the HSEQ Director.

- For the sites that did not report the water withdrawal for year 2017 (2 sites, 3% of the total by floor area), the equal to 2018 water withdrawal was assumed. That is connected with the fact of facilities use predominantly by offices that did not change in year 2018, and relative consistency in water use intensity per floor area.
- For the sites that could not report water withdrawal due to the use of facilities shared with other companies, water withdrawal was estimated based on floor area of the facility (primary data), function of the facility (office with warehousing or office without warehousing – primary data), and average water withdrawal per floor area by the reported sites based on their functionality. Extreme outliers' data is excluded for the purpose of averaging.
- For the regions that report the data as a group while including facilities in several countries, the water withdrawal is distributed equally between the sites of different countries (excl. SEE – see below).
- For the SEE region (South East Europe), the withdrawn water is distributed proportionally to the reported floor area of the sites included.
- For South Africa where two locations are situated in areas with different water stress,

the total water withdrawal is distributed between the two locations equally.

- Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on May 1, 2019

### Water discharge

Water discharge data is obtained from the sites in m3 (1000l) when possible. All sites use water for near to domestic use purposes or for production (consumed in the process and is not discharged), and hand it over for treatment to third parties (assumed not fresh water at the moment of hand over) – based on the information provided by the sites and by the HSEQ Director.

- For the sites that did not report the water discharge for year 2017 (2 sites, 3% of the total by floor area), the equal to 2018 water discharge was assumed. That is connected with the fact of facilities use predominantly by offices that did not change in year 2018, and relative consistency in water use intensity per floor area.
- For the sites that reported 0 water discharge, or did not report water discharge while reporting water withdrawal, water discharge was estimated to be equal to water withdrawal, based on correction of miscommunications of “discharge” during data collection, and validated by the HSEQ Director.
- For the sites that could not report water discharge due to the use of facilities shared with other companies, water discharge was estimated based on floor area of the facility (primary data), function of the facility (office with warehousing or office without warehousing – primary data), and average water discharge per floor area by the reported sites based on their functionality. Extreme outliers' data is excluded for the purpose of averaging.
- For the regions that report the data as a group while including facilities in several countries, the waste generation is distributed equally between the sites of different countries (excl. SEE – see below).
- For the SEE region (South East Europe) the discharged water is distributed proportionally to the reported floor area of the sites included.
- Water stress areas are identified as areas with baseline water stress high (40-80%) or extremely high (>80%), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas. Accessed on May 1, 2019.

## Water consumption

Water consumption is based on local water withdrawal minus discharge. Water discharge is based on 77% assumptions.

## Waste generation by type

Data on hazardous and non-hazardous waste generation is obtained from the sites in ton (1000kg) when possible. All sites hand over waste to third parties for treatment – based on the information provided by the sites and by the HSEQ Director.

- For the sites that did not report the waste generation for year 2017 (2 sites, 3% of the total by floor area), the equal to 2018 waste generation was assumed. That is connected with the fact of facilities use predominantly by facilities the floor area of which did not change in year 2018, and relative consistency in waste intensity per floor area in offices (predominant occupation of facilities).
- For the sites that could not report waste generation due to the use of facilities shared with other companies, hazardous and non-hazardous waste generation was estimated based on floor area of the facility (primary data), function of the facility (office with warehousing or office without warehousing – primary data), and average hazardous and non-hazardous waste generation per floor area by the reported sites based on their functionality.

FOREWORD  
CEO

APPROACH TO  
SUSTAINABILITY

FINANCIAL  
RESILIENCE

BUSINESS  
INTEGRITY

PRODUCT  
STEWARDSHIP

RESPONSIBLE  
OPERATIONS

PEOPLE  
FULFILMENT  
AND DIVERSITY

ASSURANCE  
REPORT

ABOUT THIS  
REPORT

**OTHER  
INFORMATION**

