



EMPOWERED
PERFORMANCE
UNRIVALED
EXPERTISE

Safety, Sustainability and Continuous Improvement through the Supply Chain

Alliance for Chemical Distribution (ACD), formerly NACD
Responsible DistributionTM



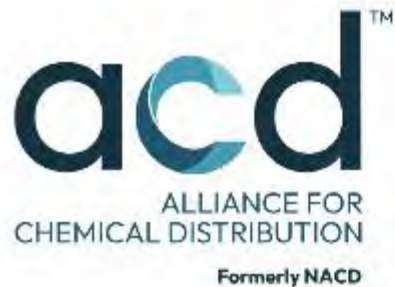
Caroline Brooks

**Senior Director
Responsible Distribution**

Alliance for Chemical Distribution (ACD), formerly NACD

Agenda

- Quick recap NACD → ACD
- Responsible Distribution Background
- Sustainability Code development
- Sustainability in the supply chain
- Current and future sustainable activities



Empowered Performance.
Unrivalled Expertise.



The Alliance for Chemical Distribution **supports and champions** the **chemical distribution experts** the world depends on to safely, reliably, responsibly, and sustainably move the **chemical products essential to our daily lives.**

Rebrand & Four Pillars



Education



Connection



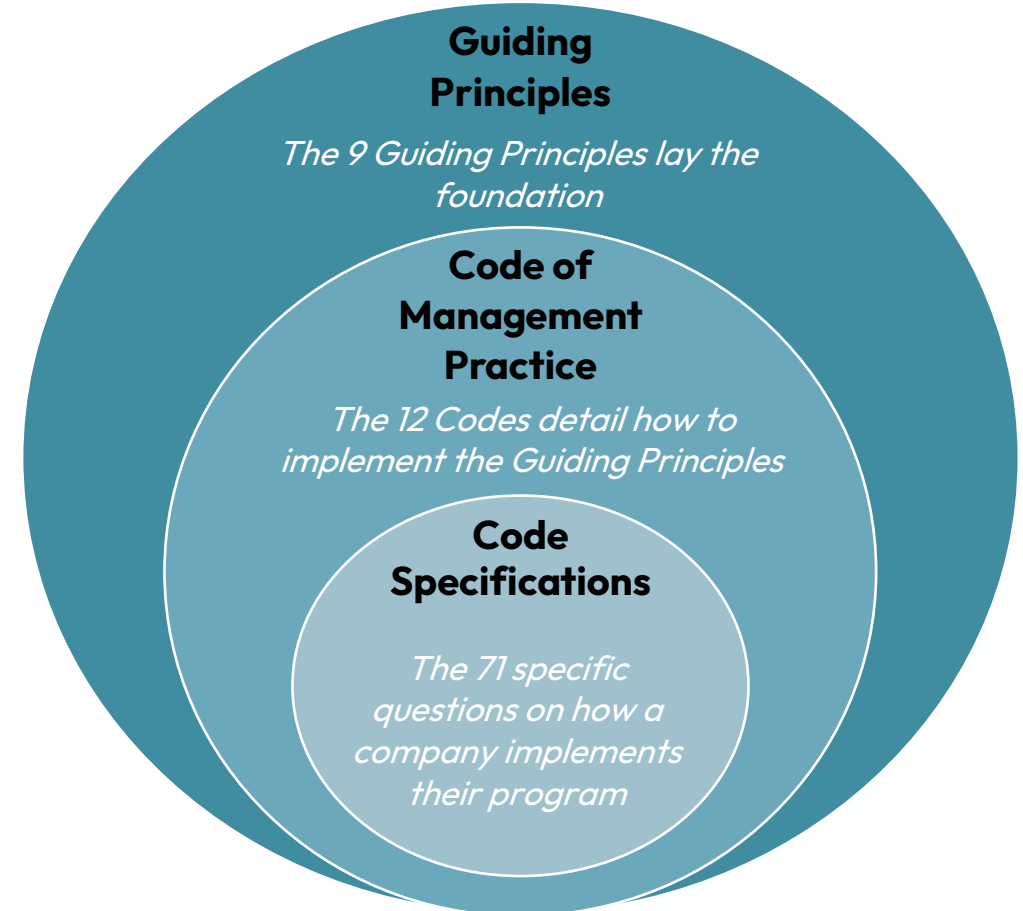
Standards



Advocacy

What is Responsible Distribution?

- ACD Responsible DistributionTM is a mandatory, verified, environmental, health, safety, security, and now sustainability program designed to foster continuous improvement in the EHS&S performance of all member companies.
- Responsible Distribution is a commitment to **safety** and **sustainability** in codified specifications that ensure chemicals are moved **safely** and **responsibly** when and where they are needed.





RESPONSIBLE DISTRIBUTION WORKS

Partner with Confidence – Work with an ACD Responsible Distribution™-Verified Expert

Established in 1991, Responsible Distribution is a trusted and comprehensive set of environmental, health, safety, security, and sustainability standards that demands continuous improvement in every phase of chemical storage, handling, transportation, and disposal.

DEMONSTRATING BEST-IN-CLASS PERFORMANCE AND SAFETY

Working with an ACD Responsible Distribution-verified business means working with a company that continuously demonstrates its commitment to:

- Lower occurrences of safety and environmental incidents;
- More safe, socially responsible, and environmentally friendly business practices;
- Increased consistency and quality of products;
- Transparent communication with local communities and stakeholders; and
- Continuous improvement in sustainability and innovation based on recognized best practices with strict adherence to regulatory requirements.

Learn more about Responsible Distribution at www.acd-chem.com.

Responsible Distribution Evolution

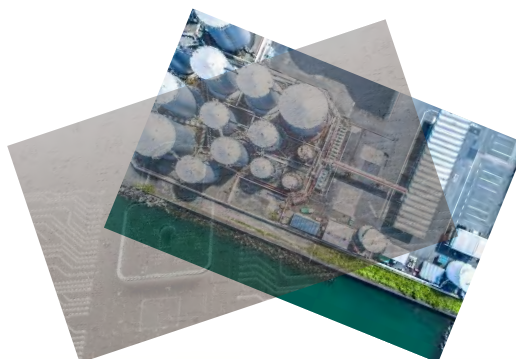
1980-
1990

Safety



2000-
2010

Security



2020+

Sustainability



Code of Management Practice → Responsible Distribution (effective Jan 2023)

I Senior Management Commitment and Risk Management

II Compliance Review and Training

III Carrier Selection and Private Fleet

IV Handling and Storage

V Job Procedures and Training

VI Sustainability

VII Emergency Response and Public Preparedness

VIII Security

IX Product Stewardship

X Internal Audits

XI Corrective and Preventive Actions

XII Documents and Records Control

Sustainability: ACD's Journey

Codes
include
sustainable
elements

2019 Sustainability Survey

2020-2022 RD Code development

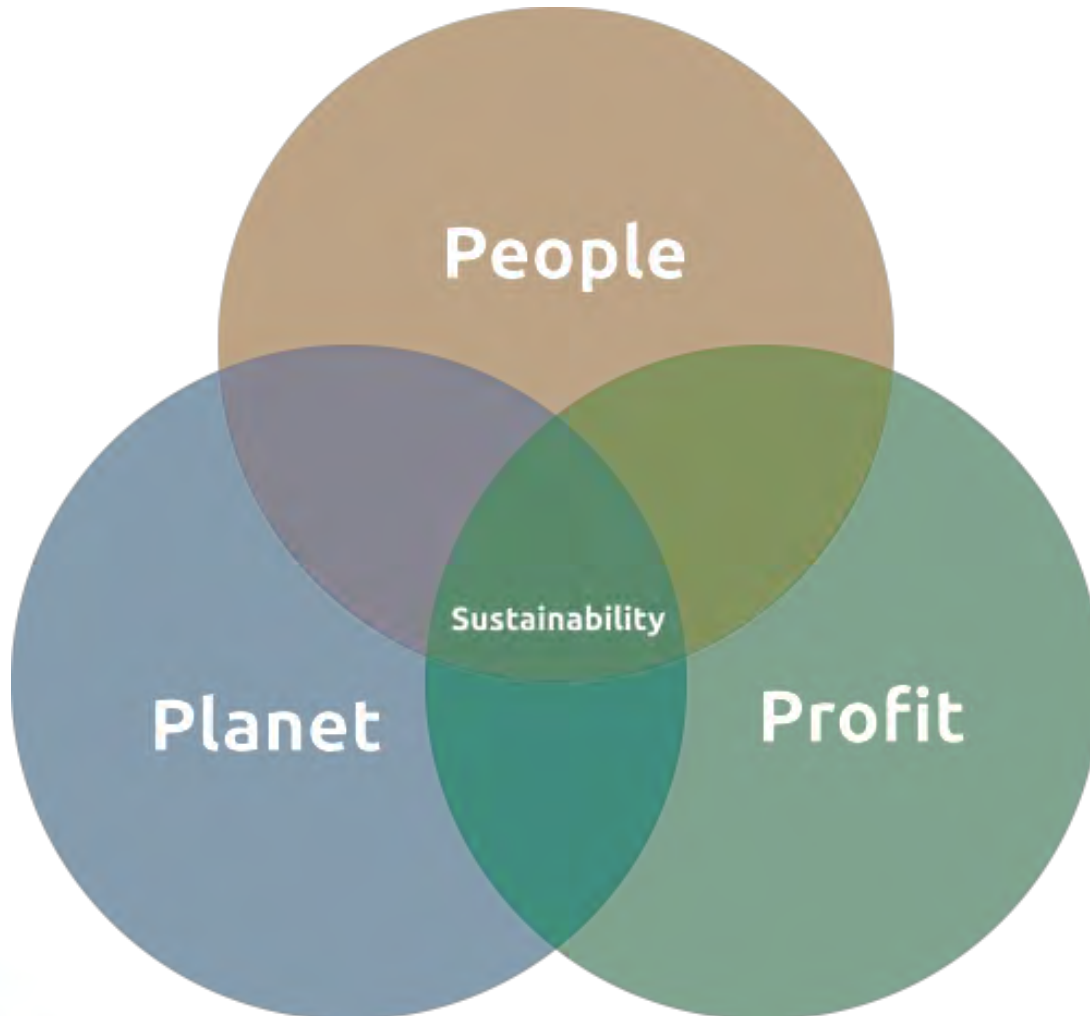
- Research, external reviews
- Supply chain collaboration on requirements
- Education

2023 – Launch Code VI: Sustainability

- Recognition of EcoVadis
- Education
- Sustainability Tracker Tool
- Sustainability Certificates



Sustainability: How did we get here?



- Important to understand the terminology.
- Definitions differ by individual, by company, by perceived value...
 - Sustainability
 - Corporate Social Responsibility (CSR)
 - Environmental, Social, Corporate Governance (ESG)

Sustainability



Meeting the
needs of
today without
compromising
future
generations'
ability to meet
their needs.

Sustainability: How did we get here?

- Increasingly important in today's business and consumer world (increased reporting/SEC regulations and more...)
- Topic has come up in nearly every meeting held with individual members/affiliates with special interest from the producer community
- Represents an opportunity to be a thought leader/convener for entire supply chain
- Relevant to Next Generation of Leaders
- Role to play global sustainability targets, like net-zero by 2050



Sustainability: Industry Pressures

Customers

- Setting bold goals of their own
- Increasingly issuing questionnaires and surveys
- Providing minimum requirements suppliers are expected to meet

Suppliers

- Investing in manufacture of more “sustainable” materials
- Increased customer engagement on ESG-related requirements

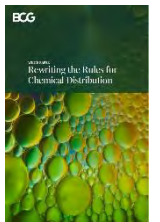
Investors, legislators etc.

- Increasing investor ESG-related expectations
- Increased supply chain transparency
- Increasing ESG-related legislation
- Increasing importance of ESG issues to companies’ workforce

Increasingly important in today's business and consumer world

Key Finding #6: “Environmental, social, and corporate governance (ESG) is now part of producers’ criteria for selecting distributors”

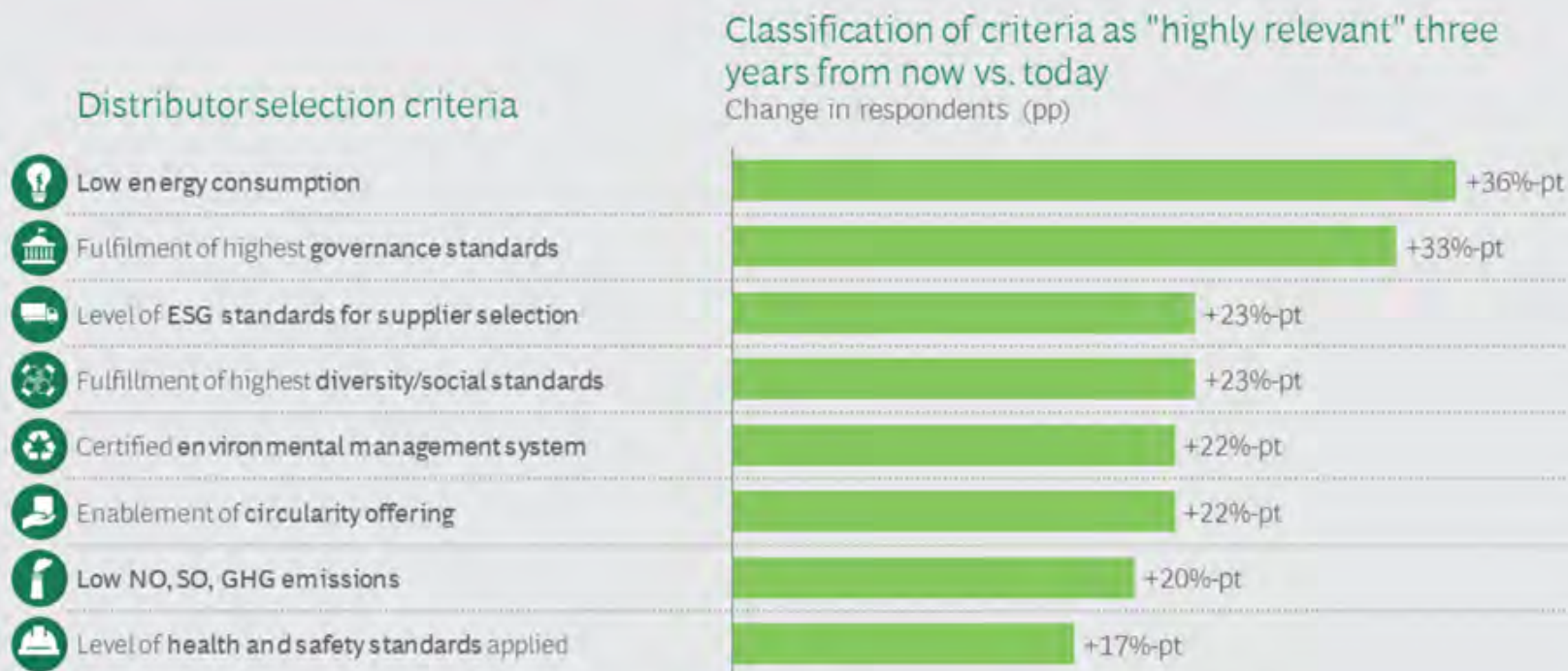
- +90% of survey respondents indicated they expect sustainability to be a major driver of distributor selection in the next 3 years
- Mutual commitment between supply chain partners on importance of sustainability
- What ESG criteria stands out?
 - Lower energy consumption
 - Fulfillment of highest government standards
 - Areas with measurable KPIs such as emissions



Source: Boston Consulting Group
2022 White Paper:
*Rewriting the Rules for Chemical
Distribution*

Q: How relevant are the following sustainability criteria when selecting or switching a distributor today- and in three years from now?

Exhibit 5 | Producers Increasingly Need Distributors with Sustainability Capabilities



Q: How relevant are the following sustainability criteria when selecting or switching a distributor today—and in three years from now? Source: BCG Chemicals Distribution Survey 2021; BCG analysis



Source: Boston Consulting Group
2022 White Paper:
*Rewriting the Rules for Chemical
Distribution*

Sustainability



Responsible Distribution 2023 – Code VI: Sustainability

Provide a framework to capture what companies are doing
(by Responsible Distribution verification)

Next Steps: Demonstrate and quantify sustainability efforts

Code VI: Sustainability Structure

Specification Applicability:

- All companies will need to demonstrate, at the very least, Corporate Social Responsibility specifications.
- Depending on the company's operations, other sustainability specifications may be required to pass Responsible Distribution verification.

Sustainability Recognition:

- Companies current with EcoVadis at a bronze rating or higher can receive recognition and satisfy the requirements of Responsible Distribution Code VI: Sustainability.

Code VI: Sustainability Structure



Corporate Social Responsibility



Environment, Water, and Energy



Recycling, Re-packaging, Reselling, Re-using, and other
Waste Minimization Efforts



Other

Next Steps

- **What gets measured, gets done!**
- **Accept and recognize what you are already doing.**
- **Develop an easy way to begin documenting and tracking**
 - **Economic reasons**
 - **Sustainability reasons**
- **Benchmark your own company's performance year over year against:**
 - **Internal metrics**
 - **Industry practices**



What to Measure and How?

Elements of sustainability can be tracked using one of two measures:

Qualitative

- Measured by the quality of something rather than its quantity (non-numerical)

Quantitative

- Determine the quantity or extent of (something in numerical terms)

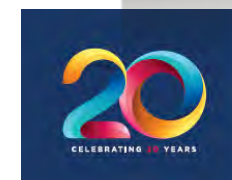
Team Effort through the Supply Chain

- Partnership built on sustainability initiatives
- Circular waste economy
- Smarter and more efficient logistics (transportation and scope emissions)
- New markets and sustainable procurement



What are ACD Members are doing?

- Supporting the Chemical Educational Foundation (CEF) and other local STEM organizations.
- Hosting site visits with elected officials and emergency responders.
- Minimize waste streams through recycling/repurposing items: cardboard, pallets, shrink-wrap, drums, totes
- Upgrading to energy efficient bulbs, LED lighting and motion sensors, solar installs
- Anti-idling policy
- Tire inflation, super single tires, and retreading
- Container reconditions or disposal; vendor audits to ensure responsible handling of containers and waste
- Using cage busters to move away from one-way totes
- Sustainable Procurement Policies
- Internal or external mentorship programs (Women in Chemicals)



**WOMEN
IN
CHEMICALS**



Questions and Contact

Caroline Brooks

Senior Director

Responsible Distribution

Alliance for Chemical Distribution (ACD), formerly NACD

cbrooks@acd-chem.com