



Azelis

Communication on Progress 2018

To our stakeholders:

Our commitment to sustainability

Azelis is committed to working with its partners to innovate, to create value and to grow together in a sustainable way. As a global business, with operations across EMEA, Asia Pacific and Americas, Azelis takes its responsibilities very seriously, always looking for new ways to make a positive impact on society and minimise its footprint, whilst delivering the best possible products and services.

At Azelis we consider Corporate Social Responsibility (CSR) essential for managing our business sustainably. Based on ISO 26000 and linked with the United Nations Sustainable Development Goals as well as the Global Reporting Initiative (GRI), Azelis deployed its CSR strategy worldwide in December 2016 with regards to labour, environmental protection and operating practices. This implementation continues and is being monitored through a reporting system that is deeply embedded in all our processes and organisational structures, leading to our first CSR report in 2019.

As we remain committed to sustainability through our membership of the United Nations Global Compact initiative, I am pleased to confirm that Azelis reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Dr. Hans-Joachim Müller
Azelis group Chief Executive Officer



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Description of our actions, commitments, and measurement of outcomes

In September 2018 the group-wide Corporate Social Responsibility (CSR) performance has been recognised with the EcoVadis Gold rating, placing Azelis in the top 1% distributors assessed by this organisation and obtaining an Advanced rating for our CSR engagement.

Obtaining the Gold rating confirms that our group-wide CSR performance is evolving and improving every year and that CSR is truly embedded throughout our processes and practices. This accolade is an appraisal of the group-wide efforts and commitments to install the same high standards for performance across all regions in which we operate. All teams and functions worked hard towards the same goal. It is an important motivation to stay on this track and continue creating a positive impact on improving fair business practices, labour practices, environment and sustainable procurement globally and to set an example for others. With this recognition comes an expectation too - to keep this status in the years to come.

The EcoVadis overall score (0-100) reflects the quality of the company's CSR performance at the time of the assessment. To obtain the Gold rating, a company must score between 62 and 100. Azelis achieved 68 points, an 8-point increase in a year's time.

Through our commitments, Azelis is helping to achieve a better and more sustainable future. The UN Sustainable Development Goals (SDG) are integrated in our commitments and we have deployed a series of indicators to measure these commitments.

Below you can discover how Azelis contributes to address global challenges like inequality, climate change, environmental degradation or prosperity through the UN SDGs.

A. Human rights & labour practices

Azelis employs around 1,900 people across the world in more than 40 countries. We are proud to employ some of the industry's most competent, forward-looking talents with a passion for entrepreneurship.

Being an integrated international group, we provide an opportunity for professional growth and progress as Azelis too continues to grow and develop. We deeply care about our employees, putting in place mechanisms that allow us not only to recognise their talents and career aspirations, but also help them to fulfil those aspirations and develop in their respective areas. We always encourage our employees to express their opinions, which in turn gives us the opportunity to act upon their feedback and continually improve the work atmosphere.

We are an equal opportunities employer, offering a great work environment, challenging career opportunities, professional training and competitive remuneration.

Our commitment to human rights & labour practices:

Enable our employees' development, encourage positive life-balance and well-being, and ensure equal opportunities and diversity.



Indicators:

1. Enable our employee development

Maintaining and developing a learning culture is a key success factor of the Azelis business model. To achieve this, Azelis is committed to training and developing employees to their full potential. Azelis encourages its employees to take ownership of their own development. To facilitate this, Azelis ensures that appropriate procedures are put in place to plan, deliver and evaluate training and development activities.

In 2018, we launched the first edition of the Sales Academy across the EMEA region. The first session of the EMEA Sales Academy took place in Antwerp on July 4-6, 2018. We had 21 participants from 12 different countries, who joined Azelis since January 1st, 2018 or who had their role changed to a sales function in the same period. The second edition is taking place in Antwerp at the time of writing this report (December 2018).

The objective of the Sales Academy is threefold. Firstly, we want to support our sales team so they can achieve even better results for both our customers and principals. Additionally, the Sales Academy ensures a harmonised way of working based on our best practices and business ethics. Lastly, it's our ambition to form a network of Azelis representatives across all countries and market segments.

In our second largest region, Azelis Americas University (AAU) has been established to help meet the need of our sales force, our largest employee group, to ensure a group of new talent. AAU is a new programme consisting of our Sandler Sales Training Program and the new Professional Development Program (PDP). PDP is the entry level development vehicle for recent college graduates to become Technical Sales Representatives (TSR).

This new test programme will recruit candidates from a few selected universities such as Texas A&M, University of GA, University of Cincinnati, and University of Texas. Chosen candidates will move through the PDP rotation programme to learn about our company, products and business. The rotation programme could include 3-6 months in a lab, a month or two working with the Supply Chain team, and time working with the Inside Sales team. Participants will then shadow a few different TSRs until being moved into their own territory.

The effectiveness of this approach in the CASE (Coatings, Adhesives, Sealants & Elastomers) segment will be evaluated with a future goal of launching the programme to all segments in the Americas.

Our metrics:

- Number of training hours per employee
- % of internal promotions vs. opened jobs/positions
- Score of one of the drivers of engagement - learning & development - from employee survey

2. Encourage positive life-balance and well-being

At Azelis we value the importance of a healthy work-life balance of our employees, for example by respecting rest times, offering flexible working hours and health care programmes, as well as rolling out initiatives to continually support and/or improve the wellbeing of our employees.

Our metrics:

- Index of satisfaction and motivation from an employee survey



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In order to learn about our employee experience and driven by the ambition to make Azelis an even better place to work, we introduced Employee Satisfaction Survey in 2014. The survey is conducted every other year and the response rates have been remarkably high: 88,3% in 2014, 91,4% in 2016 and 93,2% in 2018.

3. Ensure equal opportunity and diversity

The Azelis group is committed to supporting the principle of equal opportunities and opposes all forms of discrimination on the grounds of race, colour, nationality, ethnic origin, sex, sexual orientation, marital status, working time status, age, unrelated criminal convictions, religion or religious beliefs, political views and disability.

Furthermore, Azelis recognises a value of and respects the diversity of its employees.

Our metrics:

- Total remuneration as a driver of engagement
- Total No. and % split of men/women
- No. of and % of men/women in general management

Each employee at Azelis is given fair access to available opportunities in terms of training, career development, promotion and remuneration. References to how Azelis promotes and implements wage equality can be found in our Code of Conduct and local Work Regulations/Employee Handbooks and Equal Opportunities across the Azelis group. To measure the level of satisfaction and motivation in terms of wage equality, we ask all our employees across the Azelis group to provide their feedback on our Employee Satisfaction Survey.

B. Environment

Responsible Care and Responsible Distribution, the voluntary initiatives from the chemical industry worldwide for the continuous improvement of health, safety and environment standards, have long become part of our daily work life.

Responsible Care/Responsible Distribution and our Corporate Social Responsibility strategy together provide a comprehensive framework for all the efforts that Azelis makes throughout the entire supply chain and beyond.

As a company we ensure that we provide a safe environment to work in and make sure all our employees are suitably trained. We regularly assess and continually improve our operating systems, distribution network and understanding of our products, with respect to their impact on the health and safety of our employees, customers and the general public.

We aim to surpass the legislative requirements, while being responsive to the concerns of our employees and the public. At Azelis we ensure that all our products are used, packaged, labelled, dispatched and disposed of in accordance with the local and governmental legislation.

Azelis proactively provides the necessary advice to all partners along the supply chain to help them ensure their safety and health, as well as the protection of environment.



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Our commitment to the environment:

Azelis strives to make sustainable use of our resources and minimise the impact of our activities on the environment.

Through the following indicators, Azelis contributes to the UN SDGs number 13 (Climate Action) and 14 (Life below water).

Indicators:

4. Reduce energy consumption while maximising renewable energy sources

Our metrics:

- Ratio of carbon emissions per employee

Our main sources of carbon emissions are the use of electricity in our offices and fuel from transport. We are currently implementing programmes to reduce the ratio of carbon emissions per employee and achieve our targets for 2019.

5. Reduce waste while maximising recycling

Our metrics:

- Total waste per employee
- Ratio: weight of products sent to destruction (quarantine, out of specifications, damaged) vs. weight of products sold
- % of recycled waste

Azelis is committed to reducing the waste that is produced by our activity, for example the paper use in the offices; we encourage employees to avoid unnecessary printing to reduce the consumption of paper. Used paper is collected and sent to recycling.

All products that are stocked in our warehouses which can no longer be sold because of quality issues are systematically sent to specialised waste management companies that can recycle them or give them a second use.

6. Prevent environmental incidents

Our metrics:

- Number of environmental incidents in owned warehouses
- Number of environmental incidents in external warehouses
- Number of incidents during transport



Azelis gives utmost importance to the prevention of environmental incidents; for this we have strong HSE procedures in place and emergency response system. Furthermore, a group of owners, members, corporate officers and critical stakeholders including the highest level of management, are involved in the development, communication and implementation of Responsible Care Programmes.

C. Societal and economic (anti-corruption)

Great companies are judged by what they do, not by what they say. Azelis is respected as a company that not only delivers on our commitments to principals, customers and shareholders, but also adheres to the highest of ethical standards in the conduct of our business.

The reputation of Azelis and the trust and confidence of our current and future customers, employees, principals and other stakeholders are crucial to the continued success of our business.

Our Code of Conduct reflects who we are and how we work. It is based on our beliefs and values, and encompasses our commitment to honesty, integrity, mutual respect and an open and diverse corporate culture. It furthermore provides ethical guidance in key areas of Azelis' operations and supports our endeavour to create a constructive and efficient working environment where people feel confident in raising concerns and seeking advice. Our Code of Conduct truly embodies "the way we Act at Azelis".

Our commitment to society and the economy:

Conduct our business in a responsible way.

CSR is about demonstrating and sustaining our commitment to conducting business in a responsible manner and the way we put our values to work every day by applying ethical principles to business decisions.

In 2018 we started training our employees on the CSR principles, with a special focus on Human Resources and the HSE communities. In 2019 we plan to further roll out our training program to everybody.

Indicators:

- % of employees being trained in CSR policy

7. Sustainable procurement

Azelis has committed to the principles of Sustainable Procurement through a global charter for the evaluation of our supply chain. We have conducted an internal risk assessment and we will continue working with our suppliers and principals to make sure the principles of CSR are respected throughout the entire supply chain.

Through Sustainable Procurement, Azelis contributes to the following UN SDGs: 8 (Decent work and economic growth), 12 (Responsible Consumption and production), 15 (Life on land), and 17 (Partnerships for the goals).

Our metrics:

Assessment of principals/suppliers



- % of principals/suppliers who received the sustainable procurement policy
- % of principals/suppliers who signed the sustainable procurement policy

8. Fair operating practices

Azelis strictly adheres to laws and regulations and acts in a moral and fair manner with all its business partners. We adhere great importance to ethical business behaviour and compliance with laws at all times. Every year we invite our employees to participate in a mandatory knowledge review.

In this year's edition, the knowledge review has focused on the following internal policies:

- Code of Conduct
- Internal Rules of Procedure
- Competition and US Antitrust Policy
- Anti-bribery and Fraud Prevention Policy
- Export Control Policy
- Data Protection Policy
- Recruitment Policy

Our metrics:

- Number of breaches in ethical behaviour policies (Code of Conduct)
- % of employees being trained in ethical behaviour policies (e-learning on code of conduct, anti-bribery, IROP, competition)

9. Participate in the development of the society

In 2018, the Azelis Charity Fund, named 'Because giving back matters', has been set-up as part of our CSR programme. Ethical and responsible behaviour towards our people, our processes and our planet are held at the heart of our organisation. That's why we decided to create this fund, allowing us to give back, as a company and as a community. Starting in 2018 and continued every year thereafter, Azelis will donate approximately €20,000 to a charitable cause, chosen by Azelis employees who are encouraged to select a global charity close to their heart. We've identified three important areas to choose from every year: environment, nutrition and education, and are already considering several global initiatives per area to support, such as The Ocean Cleanup (Environment), Action Against Hunger (Nutrition) and Room to Read (Education). Money will be donated to one that receives most votes. Every vote corresponds to EUR 10 donated, and no vote means no money. That way all employees are encouraged to personally and actively get involved.

Azelis participates in the development of society through the following indicators and the UN SDGs: 9 (Industry, innovation and infrastructure) and 11 (Sustainable cities and communities).

Our metrics:

- % of offices involved in social development actions (charity)



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About Azelis

We deliver best-in-class service in both the distribution and by delivering ‘innovation through formulation’ of speciality chemicals and food ingredients to our customers and for our principals. Such best-in-class services enable us to serve the needs of our investors or any other stakeholder. These are our partners, and with them we build solid and reliable relationships that deliver innovative solutions bringing growth to all.

At Azelis we give our all to continuously create value. With a can-do attitude and a creative, innovative zeal our people succeed in developing new solutions that give our customers the competitive edge they are looking for.

And our people are right there, by their side. We focus customers who demand comprehensive technical assistance, formulation support and product quality assurance, while answering to the specific needs of their local markets. We speak their language and know their businesses as if they were our own.

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