



Introduction to ICTA and its goals

Examples & lessons through cooperation

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International Chemical Trade Association

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Content

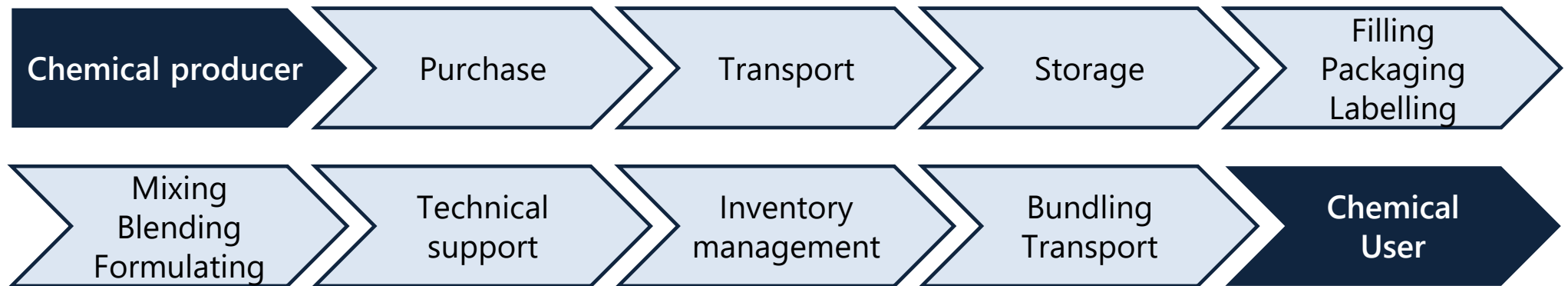
1 Overview chemical distribution industry

2 A global industry: digitalization

Chemical distributors fulfil a value-adding function in the supply chain

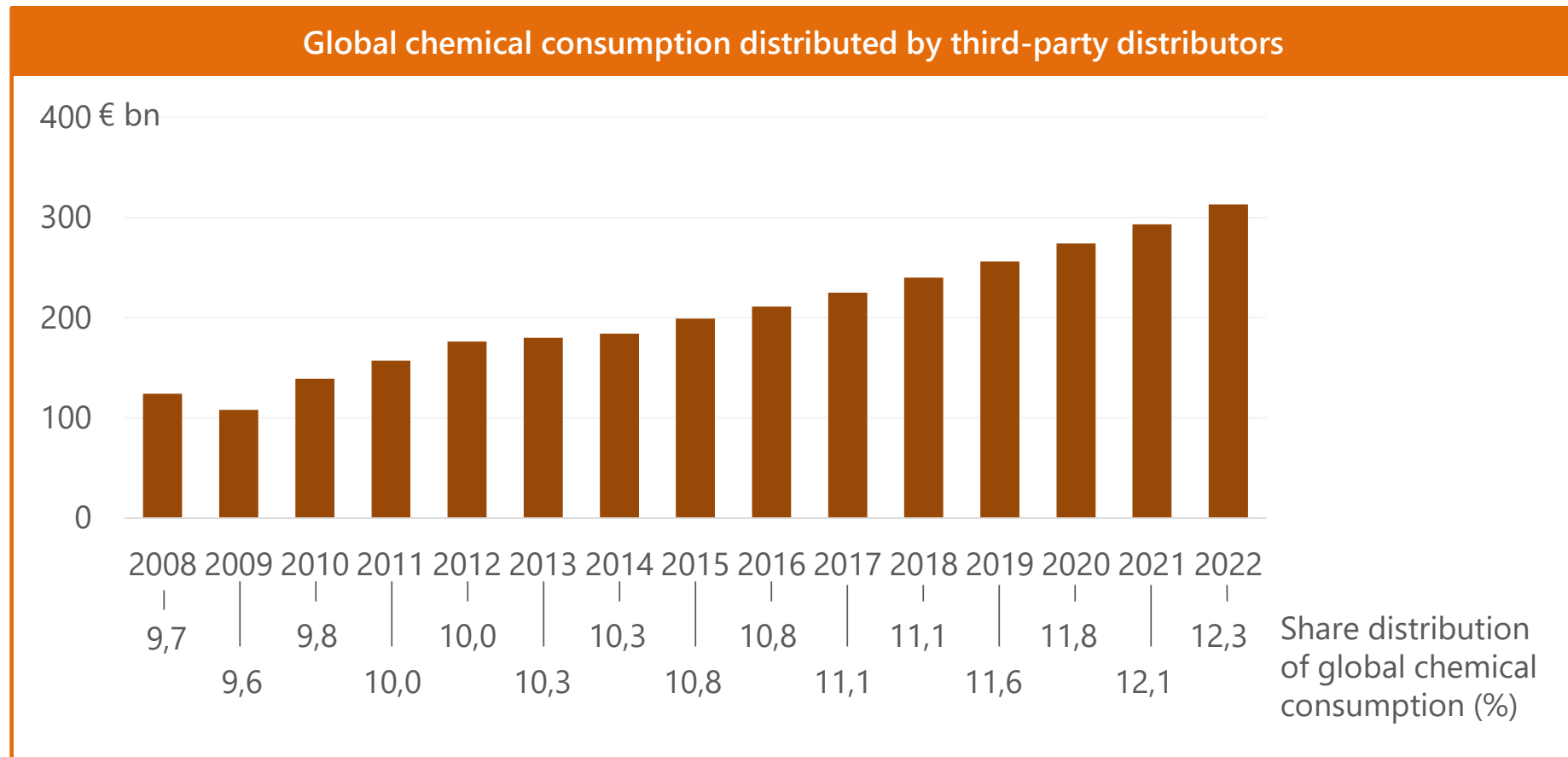
Overview of chemical distributors' activities in supply chain

Benefit: reach smaller customers and customers in new industries and geographies while reducing complexity of sales



Benefit: simplified, safe, and reliable sourcing for a lower total cost of service

ICTA represents the interests of the global chemical distribution industry, which accounts for a total turnover of well over € 200 bn



From: BCG 'Third Party Chemical Distribution: demand outlook, trends, business outlook and impact of digitalization', June 2017

International distributors have added value anywhere, but especially in Brazil

Brazilian chemical industry stagnates

- Brazilian chemical industry is 8th largest worldwide
- Chemical industry's production volume has stagnated
- It accounted for 2.5% of national GDP in 2018, but down from 3.6% in 2004
- Use of installed capacity in chemical industry dropped from 87% in 2007 to 73% in 2018

Challenges for chemical companies operating in Brazil

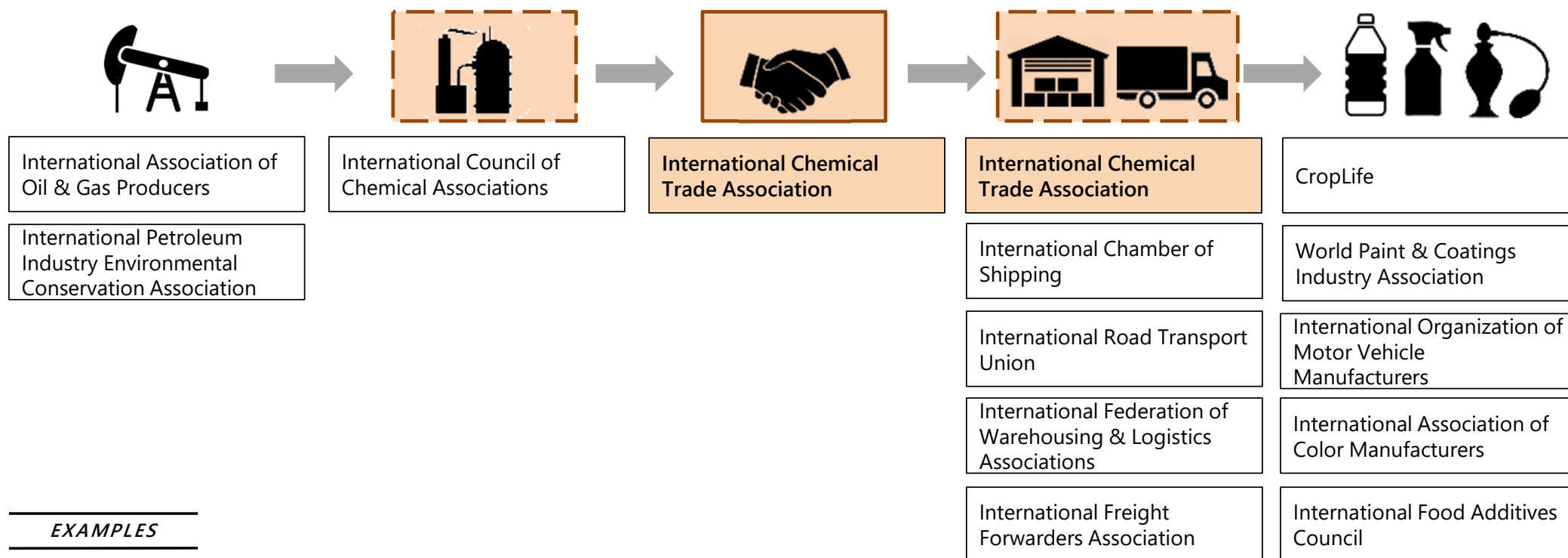
- Bureaucracy and complexity of tax system
- Recession of recent years
- High logistical costs
 - For chemical industry, logistics costs are 7% of revenues (max. 4% in EU)
 - Logistics costs for chemicals in Brazil increased 7.4% (2016-2018)
 - Result of reliance on highways (i/o rail, water) and low-quality of roads

Distributors help overcome challenges

- Source chemical input for production processes efficiently
- Establish sales coverage in new geographies

- Manage bureaucracy and taxes
- Access to specialized sales force with local knowledge
- Supply chain expertise and bundling of transports
- Maintain flexibility
- Reduce investment costs

ICTA represents the chemical distribution industry on a global level



ICTA has both association members and direct company members

Association members



VERBOND VAN HANDELAREN IN CHEMISCHE PRODUCTEN



Company members



Aside from Associquim Sincoquim, ICTA has three direct members with subsidiaries in Brazil

Association members



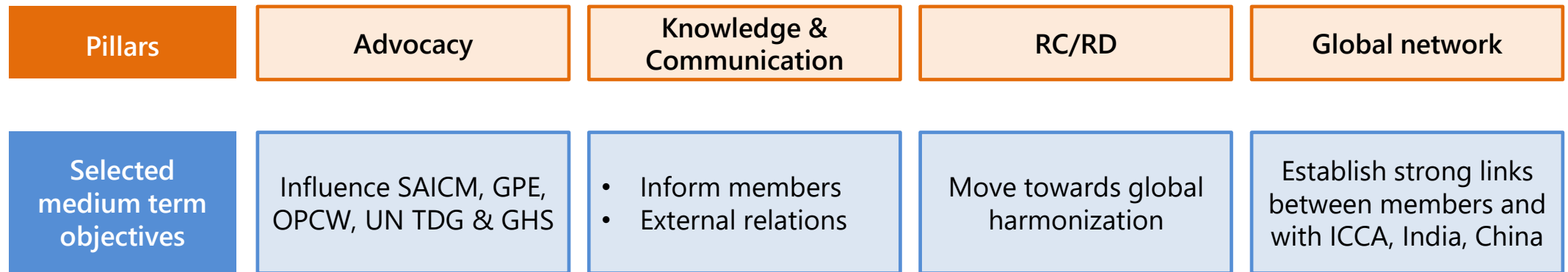
VERBOND VAN HANDELAREN IN CHEMISCHE PRODUCTEN



Company members



Based on its purpose and pillars, ICTA works for the interests of the global chemical distribution industry



Advocacy:

ICTA represents in the interests of the chemical distribution industry globally

Institute	Meeting		Location	Date
SAICM	UN Negotiations SAICM post 2020	WL	Bucharest	March 2020
ICC	Annual India Chemical Industry Outlook Conference	RS	Mumbai	February 2020
JCIA & Mitsui	Meeting on cooperation	RS	Tokyo	October 2019
DoS	International Secure Trade & Border Control Conference	PN	Edinburgh	October 2019
G7	Global Partnership Chemicals WG	PN	Paris	October 2019
Interpol, FBI, DoHS	Chemex conference	PN	Lyon	October 2019
ICCA	General Assembly	EN	Helsinki	October 2019
IMCD	Meeting on cooperation	RS	Mumbai	October 2019
ICC	Safe chemical handling workshop	RS, WL	Mumbai	October 2019
CPCIF	CEO Roundtable at Annual Conference	RS	Hangzhou	September 2019
OPCW	Meeting on cooperation	EN, RS, WL	The Hague	September 2019
ICCA	Meeting on cooperation	RS	Brussels	September 2019
OPCW	Partner Training on Chemical Security	DL	The Hague	August 2019
ISC3	Advisory Board Meeting	PS	Bonn	June 2019
CPCIF	Conference China Responsible Care Promotion	RS	Beijing	April 2019
ICC Chem. Corp.	Meeting on cooperation	RS	New York	March 2019

Knowledge & Communication:

ICTA has three working committees dealing with the challenges

<div>A</div> <div>SSHE</div>	<i>Substance</i> <ul style="list-style-type: none">• Authorisation & restriction• Data sharing• Traceability & recall• Pharma, food, feed, PPPs, biocides, cosmetics	<i>Safety, Health</i> <ul style="list-style-type: none">• Site and employee safety• Product safety• Education & training• Human rights• Labelling and GHS	<i>Environment</i> <ul style="list-style-type: none">• Climate change• Circular economy• Pollution• Waste
<div>B</div> <div>Transport & Security</div>	<i>Transport</i> <ul style="list-style-type: none">• UN Recommendations on TDG• Import & export restrictions• Safety & quality assessment systems	<i>Security</i> <ul style="list-style-type: none">• Chemical weapons• Dual use goods & precursors• (Cyber) Security• Terrorism	
<div>C</div> <div>RC/RD</div>	<ul style="list-style-type: none">• Capacity building• Sustainability• Harmonisation of programmes• KPI reporting	<ul style="list-style-type: none">• ICTA RC/RD programme management• Third party verification• Value chain responsibility• Workshops and thought leadership	

Knowledge & Communication:

Overview of recent key activities of ICTA working committees

SSHE

A

Lobby at SAICM



Co-draft UN Chemical Outlook



Develop Best practice library



Transport
& Security

B

Capacity building and awareness raising at e.g.



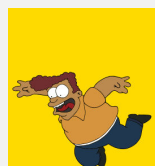
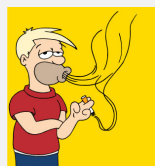
OPCW



RC/RD

C

Develop ICTA Golden Guidelines



Develop factsheet

Chemical distribution

Chemical distributors are central players in the chemical supply chain, delivering valuable products to virtually every industrial sector.

Sustainability



See below

RC/RD:

Sustainability is a key topic for ICTA and its members

Vision ICTA for a sustainable world

"ICTA members want to contribute to a future in which future generations can live well within the boundaries of the planet. The goal is a healthy earth with prosperous inhabitants and an ideal equilibrium between economical, ecological and social interests"

Key ESG-factors for a sustainable world

Environmental	Social	Governance
Climate change	Human rights	Risk management
Air pollution	Working conditions	Compliance
Soil pollution	Child labour	Accounting
Water pollution	Relation w. society	Competition
Biodiversity	Relation w. gov.	Corruption
Deforestation	Equal opportunity	Ethics
Ecosystem services	Product safety	
Soil exhaustion	Product liability	
Resource use	Education and training	
Waste use	Privacy	

17 SDGs



Key issues for our industry



RC/RD:
RC/RD provides the framework for the chemical supply chain to work responsibly and sustainably

Responsible Care/ Responsible Distribution

- Launched in 1985 for the chemical manufacturing industry, chemical distribution industry joined in 1995
- Requires formal commitment from each CEO to the 8 Guiding Principles
- RC/RD companies commit themselves to continuously improve the environmental, health, safety and security performance of their operations and products
- They also commit to transparency and engaging with society
- Adjusted in 2019 to include value chain responsibility
- The RC/RD programs create an incentive for validating its implementation by an independent third party auditor











Pillars RC/RD

- 1 Legal requirements
- 2 Risk management
- 3 Policies and documentation
- 4 Provision of information
- 5 Training
- 6 Emergency response
- 7 Ongoing improvements
- 8 Community interaction

RC/RD:

Examples of what the chemical distribution industry actually *does* to increase sustainability

Alliances		<div>  United Nations Global Compact </div> <div>  Global Reporting Initiative™ </div>				
Activities	Environment	<ul style="list-style-type: none"> Targets to reduce energy use (MWh), emissions (tCO2e), hazardous waste (kg), spills (#) Use hybrid vehicles, compensate business trips, stimulate biobased products 				
	Social & gov.	<ul style="list-style-type: none"> Targets to reduce LTI, WSJ test, code of conduct, gifts and entertainment policy Whistleblower system, mandatory code of conduct training module with test 				
	Supply chain	<ul style="list-style-type: none"> Supplier assessments (incl. onsite audits) and supplier performance engagement Reinvest profits partly into supply locations, work with UNGC suppliers 				
Audits		<div>       </div>				
Philanthropy		<p>Student sponsorships, support emergency services, fund raising events, percentage of sales revenue for product to NGO</p>				

Global network:

ICTA cooperates with key partners from industry and government



- Memorandum of Understanding with ICCA in 2018
- Mutual members of ICCA RC LG & ICTA RC/RD Committee
- Joint lobbying on key policy issues (e.g. SAICM)



- Memorandum of Understanding with ICC in 2018
- Speaker at Annual India Chemical Industry Outlook Conference
- Joint workshop on chemical safety in Mumbai



- Memorandum of Understanding with CPCIF in 2019
- Speaker at China Petroleum and Chemical Intl. Conference
- Participant in CEO Roundtable



- Towards Memorandum of Understanding with OPCW
- Partner Training on Chemical Security
- Member of OPCW Industry Working Group



Content

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2 A global industry: digitalization

Chemical distributors are increasingly involved with digitalization

Drivers

- Generate new business and grow sales (67%)
- Enhance operational efficiencies (63%)
- Simplify structures and reduce costs (61%)

Digitalization activities

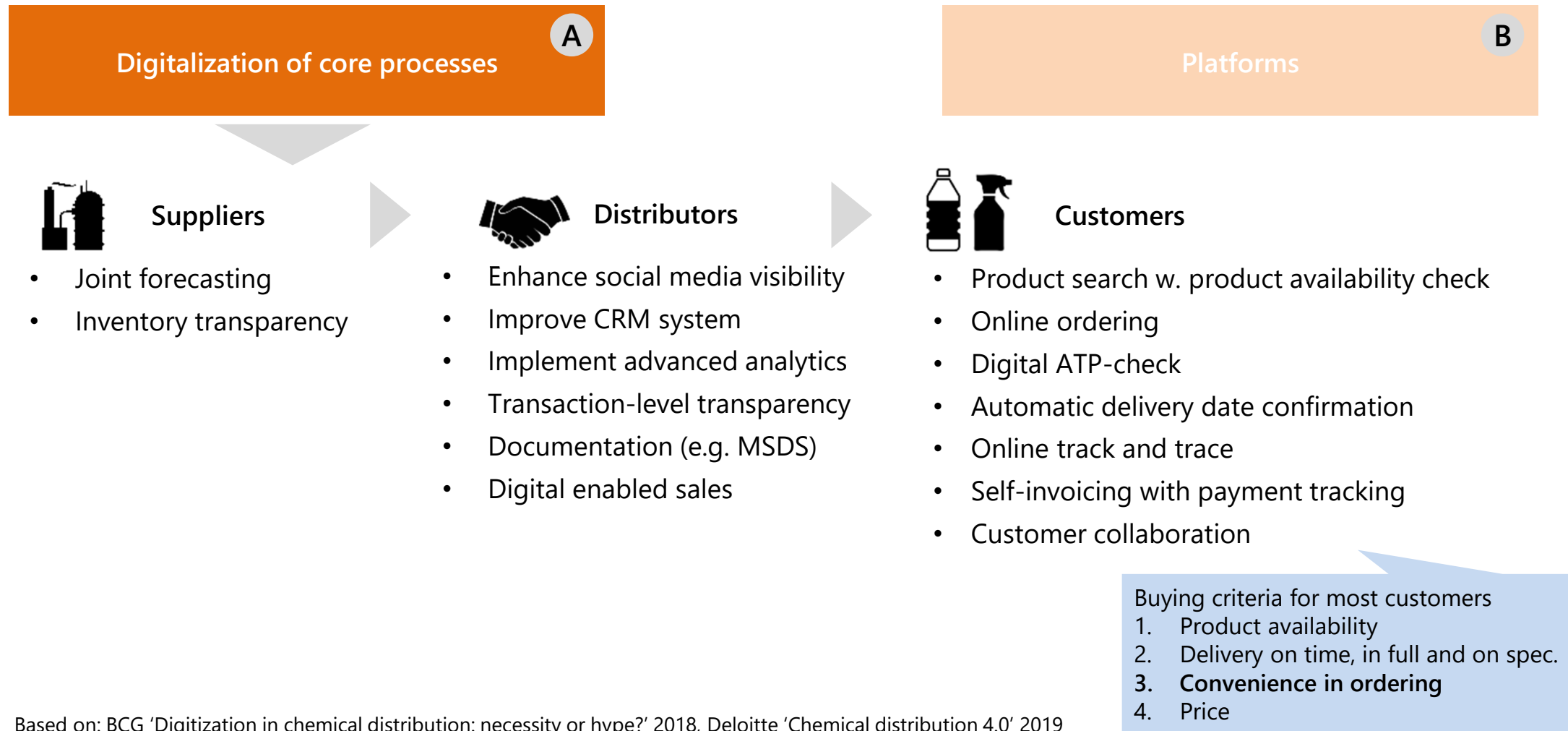
Digitalization of core processes

- Enhance "social media" visibility
- Improve CRM system
- Redesign website and implement advanced analytics
- Develop "web-shops" including on-line payment

Platforms

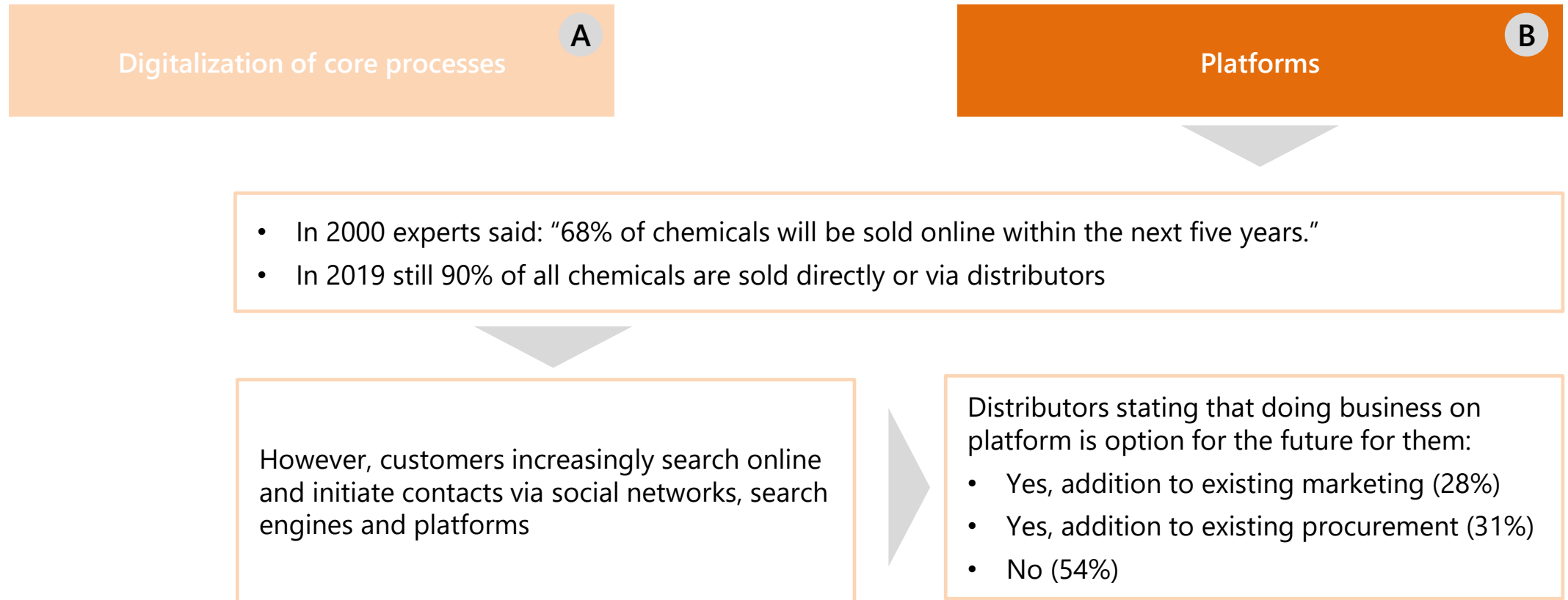
- Join a platform
- Develop a platform

Chemical distributors are increasingly digitalizing their core processes

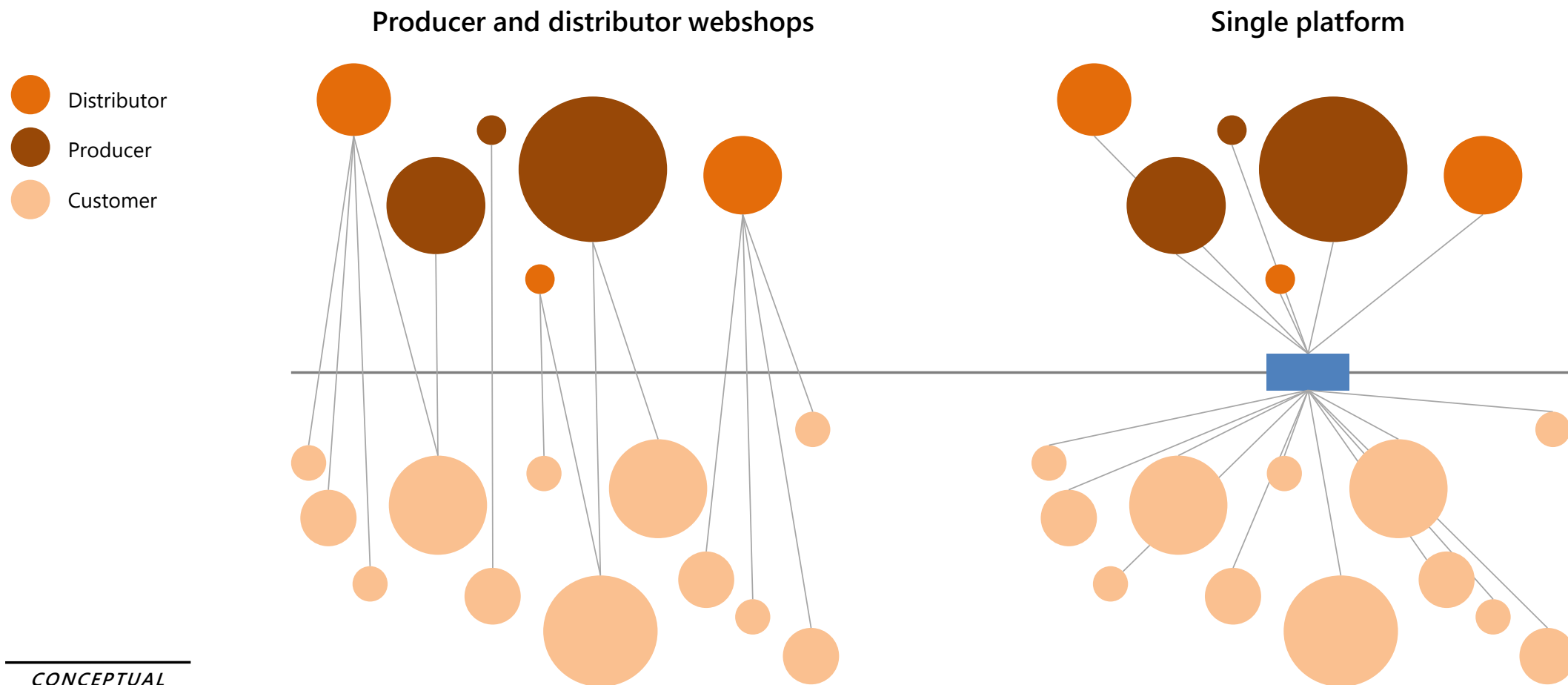


Based on: BCG 'Digitization in chemical distribution: necessity or hype?' 2018, Deloitte 'Chemical distribution 4.0' 2019

Increasingly, chemicals will be sold through platforms



The digitalization of processes and making use of platforms results in different chemical supply chains



Based on: BCG 'Digitization in chemical distribution: necessity or hype?' 2018

Several new chemical online platforms have been set up

Manufacturers

Asellion

Covestro

OneTwoChem

Evonik



CheMondis

Lanxess

Distributors

DIGIB

Brenntag



chembid

Bufa



CHEMPOINT

Univar

e-Retailers



Alibaba

amazon business

Amazon

Independent start-ups



KEMGO



Given the obstacles and differences across products and markets, a variety of digital solutions is expected to co-exist

Drivers

- Generate new business and grow sales 67%
- Enhance operational efficiencies 63%
- Simplify structures and reduce costs 61%

Obstacles

1. Complexity of product attributes, regulatory complexity, packaging, delivery terms, etc.
2. Rarely standardized orders, so manual intervention required
3. Need for technical f2f interaction to have mutual value creation (e.g. tailored formulating)
4. Customers may need financing support
5. High barriers to exit (e.g. switching costs)

Expectation

- Platforms will become cheaper
- Platforms suitable for readily available, non-hazardous products with high order frequency
- In other segments the costs are expected to remain higher than benefits
- Likely not one "Chemazon", but several successful solutions across products and markets

Potential future fragmented digital landscape of chemical distribution industry

Manufacturers



Web shops around their differentiated products, cross-selling complementary products and services online

Logistical Service Providers (LSP's)



– End-to-end supply chain services for bulk products



– Delivering services to start-ups and e-retailers

Platforms



- Readily available, standard, non-hazardous products with high order frequency
- Cooperate with LSP's for bulk products

Start-ups



- Offer online product finding services
- Conduct auctions
- Matchmaker for spot bulk chemicals trades
- Neutral platform for multiple mid-sized chemical distributors or complementary principals

Chemical distributors



- Develop own web shop or operate joint web shops with principals
- Focus on markets where customers need products from different principals
- Develop or subscribe to e-platform

Chemical distributors can expand sales through digitalization of processes and using platforms, but their companies must be ready for it

Indicators of resilience	vs.	Indicators of vulnerability
Value add business		Drop shipping business
Multi-product/multi-principal		Single product customers
Exclusive contracts		No/little contracts
Bulk-breaking, advantaged warehouses (std. products)		Low value add for standard products
Own formulations/recipes		Mere product sales
Value added services (sampling, return, handling,)		No value added services
Joint product/application dev with suppliers/customers		No joint development
System linkages with customers/principals		No system linkages
Seamless order entry, tracking, re-ordering		Largely paper processes
Face-to-face contacts focusing of solutions and new businesses (supported by digitized standard processes)		Face-to-face contacts focusing of solving transactional problems
Real value formulations, compounds for specific applications		Artificial sophistication of formulations ("profitols")

Based on: BCG 'Digitization in chemical distribution: necessity or hype?' 2018

Thank you for your attention!

Feel free to contact us via www.icta-chem.org

