

*Sustainability connects*



MARQUARD & BAHLS AG  
SUSTAINABILITY REPORT

*2016*





## *Who We Are*

Founded in 1947, Marquard & Bahls is a Hamburg-based family-owned company characterized by a pioneering spirit and entrepreneurship. Over the decades, we have grown into one of the leading independent energy supply, trading and logistics companies. Through our subsidiaries, we have a presence in 36 countries in Europe, America, Asia and Africa and employ around 8,000 people worldwide.

G4-6,  
G4-56

## *What we Do*

Our core lines of business include trading, tank storage logistics and aviation fuelling. Further fields of activity are dry bulk handling, renewable energies, carbon trading, fuel analysis and gas supply.

## *Vision & Mission*

Our vision is to be the preferred partner in energy supply, trading and logistics. We provide our customers with tailor-made solutions ensuring high quality and safe operations. As a family-owned company, we care about our people and strive for long-term profitability and controlled growth while maintaining our independence as well as our culture.

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## *Foreword by the Executive Board*



Executive Board (from left): Claus-Georg Nette, Julio Tellechea, Anke Schouten, Christian Flach

Dear Readers,

2016 was a year of political surprises. A year that taught us that what may have been accepted as true yesterday no longer applies to today – and that surveys seldom accurately consider all variables. Reliable values are indispensable in such an environment. Living by values and upholding them applies to all parts of society, and our company is no exception. One of our five corporate values is sustainability. But what does a sustainable business conduct mean for a company whose core business is the trading and handling of finite fuels?

G4-1,  
G4-2

We have designated “environmental protection” as one of our six strategic action areas, with a special focus on saving energy and reducing our carbon footprint – for the effects and dangers of climate change are already clearly felt today. Most countries in the world have recognized the need for taking measures to counter climate change, and even the new political stance in the United States will not change this. The new global climate treaty, which took effect on November 4, 2016, includes commitments for all industrialized, newly industrializing and developing countries to drastically reduce CO<sub>2</sub> emissions. While this gives a strong boost to the development of renewable energies, it by no means heralds an end to fossil fuels.

The fact is that fossil fuels currently account for almost 80 percent of world energy consumption. This mix will change. The importance of fossil fuels will gradually decline, but they will continue to form the backbone of global energy supply for the next few decades. This recognition confirms our resolution to continue focusing on our core business areas of trading, tank terminal logistics and aviation fuelling, while also pursuing renewable energies and the opportunities offered in adjacent areas with an entrepreneurial view to the long term. We will conduct our core business in a way that minimizes negative environmental impacts. In addition, we assume social responsibility for our employees and local communities.

We intend to remain on a sustainable course. That is why, in 2016, we started to develop a comprehensive sustainability strategy that will enable us not only to tackle environmental and social challenges long term, but also to seize opportunities. We have set ambitious sustainability targets, adopting a far-sighted view and taking into account our stakeholders' interests. Our six strategic action areas serve as a guide in this regard. The strategy is to be finalized and successively implemented in 2017. There is still a lot of work ahead – we have set forth on the path and will provide continual updates on our progress.

We wish you an enjoyable read!

Hamburg, July 2017



Christian Flach  
Chief Executive Officer  
(CEO)



Claus-Georg Nette  
Chief Financial Officer  
(CFO)



Anke Schouten  
Chief Change Officer  
(CCO)



Julio Tellechea  
Chief Operating Officer  
(COO)

## About this Report

In our seventh Sustainability Report, we provide an account of our sustainability activities in 2016. The report, published yearly, covers all Marquard & Bahls companies, including joint ventures and even minority holdings. natGAS is the only company we have not included – except for its revenues and headcount – as under company law we have no appreciable influence on its activities. The appendix contains a list of all companies included in the report.

G4-17, G4-20,  
G4-21, G4-22,  
G4-23, G4-28,  
G4-29, G4-30,  
G4-31, G4-32

The present report has been drawn up in accordance with the G4 guidelines of the Global Reporting Initiative (GRI). A list of the GRI indicators can be found in the appendix. The report is in line with the “Core” option and the GRI has performed the Content Index Service. The GRI confirms that the GRI Content Index printed in the appendix is correct. The structure of this report is, for the first time, based on the six action areas of our sustainability strategy.



**Fig. 1: Action areas in the group-wide sustainability strategy**

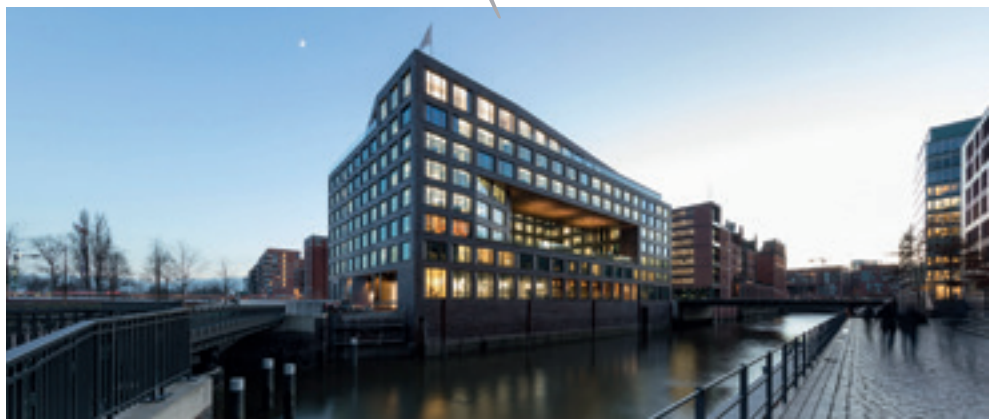
Our targets are highlighted in the text margin with a bull's-eye symbol, and are summarized in a table. For the sake of readability, we have dispensed with gender-specific differentiation throughout the report. All financial information is expressed in euros (€). All foreign currencies have been converted to euros at the average exchange rates for 2016.

This report is available in German and English. It was compiled by the Team Sustainability of the Marquard & Bahls Group Function HSSE (Health, Safety, Security & Environment), and was approved for publication by the Marquard & Bahls Executive Board. For more information about the company, please visit our website at [www.marquard-bahls.com](http://www.marquard-bahls.com). If you have any questions or feedback about the Sustainability Report, please email the Team Sustainability at:

[sustainability@marquard-bahls.com](mailto:sustainability@marquard-bahls.com)

## *New Company Headquarters*

G4-5 In August 2016, employees in Hamburg moved into the new company headquarters in the Hafencity. In its construction, environmental aspects were taken into account, as well as various aspects that promote health and communication, resulting in a pleasant working environment and improved collaboration between the Group Functions and the business divisions.



The building was designed and built in accordance with three criteria of the "Sustainable Construction in the Hafencity" certification process to achieve the GOLD standard.



A combined heat and power plant in the Hafencity provides the building with heat. Cooling is generated by highly efficient chillers. We buy electricity from the Hamburg-based green electricity provider LichtBlick, which buys at least one square meter of rainforest per customer per month.



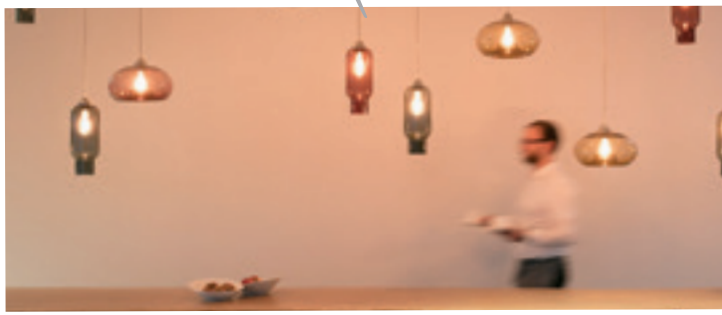
The interior architecture creates a flexible, accessible working environment featuring rooms flooded with daylight, individual meeting zones, and conference areas with state-of-the-art technology.



The entire lighting system is based on LED technology and is controlled by means of sensors, depending on the presence of people and daylight.



For employees who cycle to work, there are 180 bicycle stands, ventilated lockers, and changing facilities.



In the TIDE bistro, our offerings for employees include coffee specialties from a Hamburg roasting plant, which maintains fair trade directly with farmers and cooperatives and thus ensures fair pay. In addition, paper cups were abolished and the water supply changed to semi-carbonated tap water in the kitchens and the company restaurant.



The WATERKANT company restaurant offers employees a daily menu that includes freshly cooked dishes made from local ingredients, and there is always at least one vegetarian alternative.



The landscaped, sunny DECK balcony with city views offers 500 square meters of space for conversation and relaxation.



There are two kitchenettes with meeting points on nearly every standard floor. They are decorated in the style of different regions / countries we are active and are the ideal setting for short meetings in a relaxed atmosphere.



Almost all workstations are equipped with electrically height-adjustable desks. Because working while standing relieves the back and strengthens the spine.



The KLABAUTERMANN childcare room features two bunk beds, games and two fully equipped workstations so that in an emergency, parents can bring their children to work.



The 300-square meter TAKELAGE fitness area offers extensive fitness and training opportunities. Its core features are the ergo room, equipped with professional fitness equipment, and a room for sports classes. The equipment can be used at no charge under expert supervision during opening times, or without supervision and at your own risk after an induction session. A diverse program of courses – ranging from yoga and pilates to lunchtime gym sessions – offers relaxation and balance through exercise before, during or after work.



## A Portrait of Marquard & Bahls

G4-3, G4-4,  
G4-5, G4-6,  
G4-8, G4-9

We derive our strength from the full range of our business segments, which make Marquard & Bahls what it has been for 70 years – an independent, sound and individual company in the international oil and energy business.

Headquartered in Hamburg, Marquard & Bahls does business in over 36 countries worldwide through its subsidiaries. For the purposes of this report, they are summarized into the following seven regions: Germany, Europe, North America, Latin America, Middle East & Africa, India, and Asia Pacific. In 2016, Marquard & Bahls employed an average workforce of 8,198 employees and at year-end had 8,081 employees. Our operations resulted in a pre-tax profit of 205 million euros, with consolidated revenues (including energy tax) of 11.5 billion euros at the end of the year.

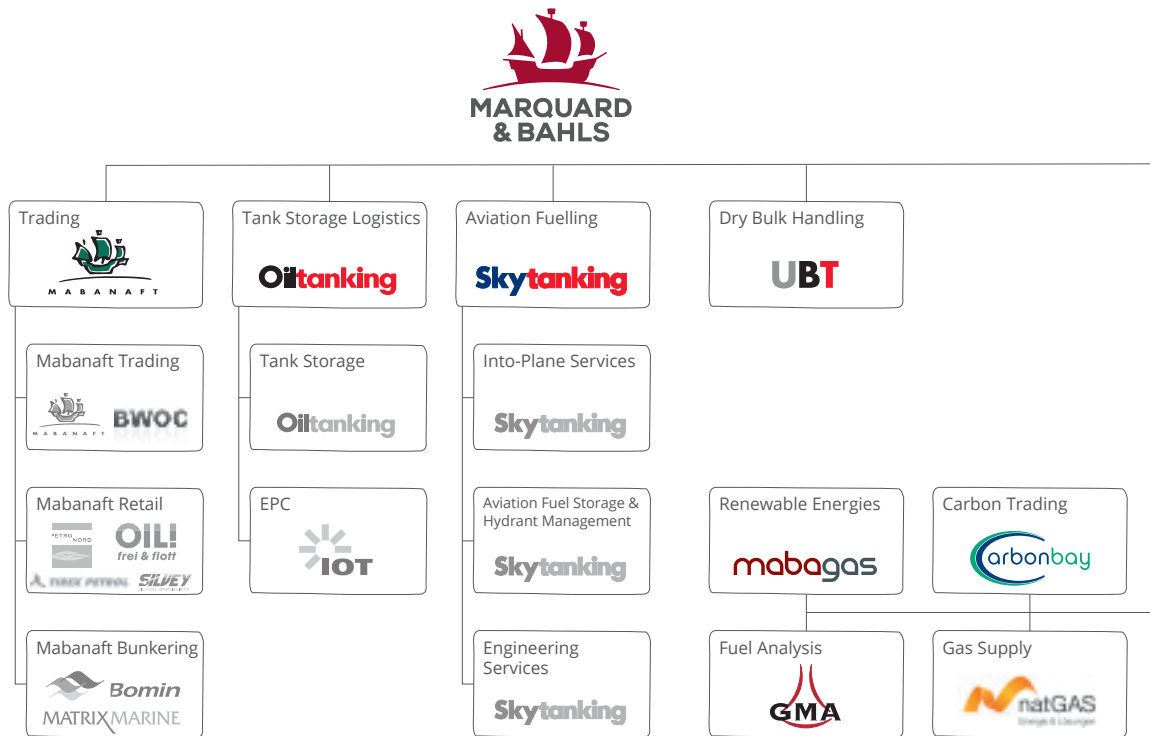


Fig. 2: Marquard & Bahls business divisions and lines of business as at May 31, 2017

G4-8 *Locations 2016*



At December 31, 2016



G4-9 **11.5 billion €**  
in revenues (including energy taxes)



**8,081 Employees**  
at December 31, 2016



**36 Countries**  
we have operations in



**24.8 million t**  
external sales at Mabanaft



**21 million m<sup>3</sup>**  
tank capacity at Oiltanking



**15.8 billion liters**  
jet fuel throughput at Skytanking

Please click on the following link to watch the Marquard & Bahls image film, which presents our various lines of business: [www.marquard-bahls.com/en/about-us/image-film.html](http://www.marquard-bahls.com/en/about-us/image-film.html)



## Subsidiaries

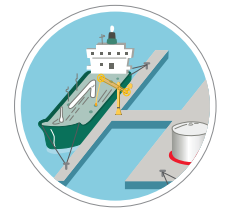
### Trading > Mabanaft

Mabanaft is the trading division of Marquard & Bahls. The Mabanaft Group, as an independent supplier, concentrates on the physical trading of petroleum products. Its core business includes regional trading and wholesale, retail business to end-consumers, operation of service stations, and bunkering. In addition, the Group is involved in trading liquid gas, liquid and solid biofuels as well as coal. At the end of the year, the sales volume was 24.8 million tons, 17 percent higher than in the previous year. On average, 2,107 employees worked for Mabanaft and its subsidiaries (2015: 2,333).

G4-8

#### Mabanaft Trading

Mabanaft's trading strategy centers on physical oil trading. In Singapore, Mabanaft focuses on regional physical trading in Asia. In northwestern Europe, it is a leading independent importer and wholesaler of petroleum products. The company has established itself as a reliable partner in Germany, the United Kingdom, Hungary and Moldova. Mabanaft Deutschland supplies its customers with heating oil, diesel, gasoline, jet fuel, and marine fuels. In the U.K., Mabanaft additionally operates a wholesale business under the name BWOC. The trading activities of Mabanaft International, which has concentrated on trade in the Mediterranean region since 2015, were integrated into Mabanaft Deutschland at the end of 2016.



#### Mabanaft Retail

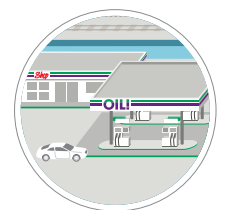
##### End-Consumer

Our end-consumer business activities have been steadily expanded in recent years under the Petronord umbrella. With 28 companies in Germany, Austria, and since July 1, 2017 also in Sweden, Petronord supplies its customers with diesel, gasoline, heating oil, lubricating oils, natural gas, wood pellets and bitumen. In the U.K., the end-consumer business is operated by Thomas Silvey and BWOC.



##### Service Stations

Through its subsidiaries, and in some cases via service-station partners, Mabanaft operates a growing network with more than 700 service stations across Europe. OIL! Tankstellen operates around 280 service stations in Germany, Austria and Switzerland. Beyond conventional fuels, selected OIL! service stations in Germany also offer compressed biomethane (bio-CNG). In Hungary, another 40 OIL! stations are run under a franchise system, and in Denmark 45 automated stations are operated under the name OIL! tank & go (formerly Haahr Benzin). Alongside its service-station business, OIL! Tankstellen opened a Flagship Store at the new Marquard & Bahls company headquarters last year. Petronord operates about 240 automated service stations for commercial trucking fleets under the tankpool24 brand, most of them in Germany. In Moldova, Mabanaft operates about 100 service stations under the Tirex Petrol brand.





G4-8 **Mabanaft Bunkering**



The Bomin Group is one of the world's leading independent suppliers and traders of bunker oil. Its business portfolio covers activities ranging from the supply of bunker fuels and lubricants, to various other services for the shipping industry. Bomin does business around the globe with more than 150 employees at 22 sites managed by four regional hubs in Hamburg, Houston, Dubai and Singapore. The joint venture Bomin Linde LNG, which pursued the establishment of a natural gas (LNG) infrastructure for the maritime shipping industry in northwestern Europe, was sold to Linde AG in October 2016 due to weak demand.

### *Tank Storage Logistics > Oiltanking*

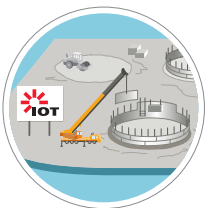
Oiltanking is a globally active, independent provider of logistics services to the oil, chemical and gas industries, specializing in tank terminals and associated services. Its focus is on high service quality, and the construction and operation of tank terminals. Oiltanking employed an average of 4,096 people during the year (2015: 4,310).

**Tank Storage**



Oiltanking has been successful in the tank storage business since 1972 and is the world's second-largest independent tank storage provider for petroleum products, chemicals and gases. Including the Antwerp Gas Terminal (AGT) newly acquired in 2016, an increased stake in the Oiltanking Odfjell Oman tank terminal, the crude oil tank terminal joint venture in Saldanha Bay, Africa, and the acquisition of a tank terminal in Copenhagen, Oiltanking now owns and operates 79 tank terminals in 23 countries in Europe, North and Latin America, the Middle East Africa, India and the Asia-Pacific region. In 2016, their total throughput amounted to 141.7 million tons (2015: 128.2 million tons). The storage capacity for liquids increased to 21 million m<sup>3</sup> (2015: 19.4 million m<sup>3</sup>).

**EPC**



Oiltanking is also involved in the engineering, procurement and construction (EPC) of large industrial facilities. The core competencies of the EPC segment of our Indian subsidiary IOT Infrastructure & Energy Services Ltd. lie in the engineering, planning and construction of tank storage terminals for petroleum products and chemicals, pipelines, as well as facilities for power plants and refineries.



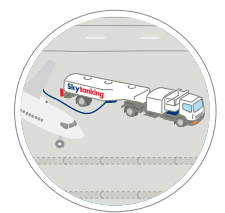
## Aviation Fuelling > Skytanking

Skytanking is one of the few international companies that cover the entire range of fuelling services at airports. The company is now the largest independent supplier of aviation fuelling services in Europe. Including the 22 sites added in Turkey, India and Italy in 2016, Skytanking now has operations at 69 airports in eleven countries in Europe, Asia and Africa, and averaged 1,384 employees in 2016 (2015: 1,120).

G4-8

### Into-Plane Services

Skytanking is an expert in providing safe and efficient into-plane fuelling services at some of the largest and smallest airports around the world. In 2016, Skytanking fuelled more than 1.4 million aircraft with a fleet of over 370 fuelling vehicles. Throughput rose to around 15.8 million m<sup>3</sup> (2015: 15.3 million m<sup>3</sup>).



### Aviation Fuel Storage & Hydrant Management

Apart from into-plane fuelling, the management of aviation fuel infrastructure, whether its own or those of third parties, is also part of Skytanking's portfolio. Skytanking also finances, builds and operates airport storage and hydrant systems on a build, own, operate, transfer (BOOT) basis.



### Engineering Services

Skytanking has an experienced team of engineers based in Brussels that supports customers with project management, construction supervision and planning, as well as in the delivery and commissioning of aircraft refuelling infrastructure. Its reference projects are the tank terminal and hydrant system at Bangalore Airport in India, and the tank terminal at Stuttgart Airport in Germany.



## Dry Bulk Handling > UBT

UBT specializes in the storage and handling of bulk materials such as pet coke and coal and currently operates two facilities in the U.S. The facility at Davant, Louisiana, is the largest export terminal for pet coke and coal on the U.S. Gulf Coast. The facility in Corpus Christi, Texas, handles pet coke and sulfur for refineries. The locations have a total storage capacity of 4.0 million tons and transshipped a total of 8.8 million tons in 2016 (2015: 9.0 million tons).



G4-8

## *Renewable Energies > Mabagas*



Mabagas is active in the biogas business with the goal of carrying out biogas projects that generate energy from organic residuals and waste to avoid competing with food production. The services offered by Mabagas range from project planning and construction to the operation of biogas plants. Besides operating the biogas plant in Namakkal, India, last year Mabagas also explored the possibilities of entering the Chinese market with the support of its sister company Oiltanking China.

## *Carbon Trading > Carbonbay*



Carbonbay is developing a global portfolio of wind, hydro, biomass and solar power projects to help curb climate change. The portfolio currently comprises eleven programs with 39 individual projects in nine countries around the world, including Honduras, Peru, Brazil, Costa Rica, India and Vietnam. Projects certified by the United Nations (UN) include a wind power plant in Costa Rica and the biogas plant in Namakkal, India operated by the sister company Mabagas.

## *Fuel Analysis > GMA*



The quality of its products and services is of crucial importance for Marquard & Bahls. Therefore, the company is involved in fuel analysis and quality management through its subsidiary GMA. GMA's services include the analysis of fossil and biogenic fuels, technical support, consultation on fuel additives and the development of customer-specific solutions in this field. GMA operates a laboratory of its own, which is accredited by DAkkS (Deutsche Akkreditierungsstelle GmbH), Germany's national accreditation body. In addition, the company is involved in the development of product standards.

## *Gas Supply > natGAS*



natGAS, whose main shareholders include Marquard & Bahls, is a leading independent supplier of gas and electricity based in Potsdam, Germany. In addition to Germany, the company has operations in Belgium, France, Switzerland, Austria, and Italy. natGAS specializes in innovative, customized solutions and services to optimize costs along the entire energy value chain. Its portfolio ranges from the delivery, transport and trading of gas and electricity through to the associated risk management. Its customers include companies in industry, trade, services and agriculture. Public utilities, regional suppliers, power plant operators and distributors also use natGAS' energy solutions.



# *Responsible Corporate Governance*

- Corporate Strategy
- Organizational Structure
- Integrating Sustainability
- Sustainability Strategy
- Instruments & Measures
- Stakeholders
- Compliance
- Anti-Corruption
- Legal Compliance



We preserve our corporate culture and take responsibility for our actions. We are transparent to all stakeholders and committed to fair competition. We take measures to preclude corruption and bribery from the outset.



## *Responsible Corporate Governance*

Our activities are not only economically relevant for our companies, they also have ecological and social effects. Therefore, for us, responsible corporate governance means ensuring our company's future viability and strong reputation by pursuing a "beyond-compliance" approach and integrating the expectations of our stakeholders into our business activities.



## *Corporate Strategy*

Marquard & Bahls has seen rapid growth in recent years. Not only has our portfolio undergone a transformation, the market environment has also changed profoundly. These developments are reflected in our business strategy 2020, which was revised at the end of 2015.

This strategy defines the future direction of Marquard & Bahls. It centers on concentrating on our core business of trading, tank storage logistics and aviation fuelling, which we intend to continue expanding systematically. This includes keeping an eye open for opportunities in our traditional and emerging markets.

Other themes in our strategy process are a more balanced distribution of the profit contribution of our business areas, and active portfolio management that is designed among other things to initiate a turnaround by improved profitability in economically difficult business areas such as the dry bulk handling business of UBT. In view of the difficult market situation and in lines with this strategy, the upstream business of Newsco was sold in march 2017 to a well-established company in this market.

We also focus on strengthening our organizational structure in line with the objective of having the Group Functions (formerly the central departments) provide even better support for the operating business in the future. By the middle of 2016, we had equipped the project teams with the necessary resources for this. We are confident that we will be able to quickly advance the ongoing change process, and achieve most of its objectives by the end of 2017.

## *Organizational Structure*

Marquard & Bahls is governed by an Executive Board, which is supported by a Supervisory Board as an advisory and monitoring body. The Executive Board determines the company's strategy and regularly updates the Supervisory Board on the company's situation and performance. A lively, consultative exchange on all major matters at hand takes place between the two bodies. The Supervisory Board also approves key corporate decisions, such as major investments. The Group Management Committee (GMC) is a further body that supports the Executive Board in an advisory capacity in selected areas. Besides the members of the Executive Board, the Managing Directors of Oiltanking, the Directors of the three Mabanafit Divisions, and the Managing Directors

G4-7,  
G4-13,  
G4-34

of Skytanking and UBT sit on the GMC, as do the heads of important Group Functions at Marquard & Bahls. The Executive Board is comprised of the Chairman & Chief Executive Officer (CEO; Christian Flach), the Chief Financial Officer (CFO; Claus-Georg Nette), the Chief Operating Officer (COO; Julio Tellechea), and the Chief Change Officer (CCO; Anke Schouten).

Our shareholders follow our development attentively – as well as with experience and enthusiasm. After 46 years of meritorious service, 14 of them as Chairman of the Supervisory Board and before that 18 years as Chairman and CEO of the Marquard & Bahls AG Executive Board, Hellmuth Weisser left the company in March 2017 at his own request and after a long period of planning and preparation. Daniel Weisser, who has been a member of the Supervisory Board since 2015, was appointed as the new Chairman of the Supervisory Board, having previously held various management positions in the company.

**Members of the Executive Board:**

Christian Flach – Chief Executive Officer (CEO)  
 Claus-Georg Nette – Chief Financial Officer (CFO)  
 Anke Schouten – Chief Change Officer (CCO)  
 Julio Tellechea – Chief Operating Officer (COO)

**Members of the Supervisory Board:**

Daniel Weisser (Chairman),  
 Tom Intrator, Wim Lokhorst,  
 Stacy Methvin, Benedikt Niemeyer,  
 Maxim Weisser

## *Integrating Sustainability*

We are aware of the potential impact of our business activities on people and the environment, and therefore try to integrate the principle of sustainable development in all our activities and to promote the welfare of our employees, the environment, and the surrounding communities. Our sustainability management focuses on Health, Safety, Security & Environment (HSSE), and is therefore based on the activities coordinated by the Group Function HSSE. All of the larger Marquard & Bahls companies, especially Oiltanking and Skytanking, have a designated local HSSE manager to supervise all HSSE-related topics and questions. A separate Team Sustainability within the Group Function HSSE pools all related activities and further develops them in close coordination with the divisions and the local HSSE managers.

Sustainability issues are reported directly to the CEO via the Head of the Group Function HSSE. Fig. 3 shows how sustainability is integrated in Marquard & Bahls' overall management approach.

Our long-term goal is to more firmly mainstream our centrally defined sustainability management worldwide, and to lend a greater impact to sustainability activities developed at local level. In Asia Pacific and Latin America we have already appointed the first coordinators to advance the issue locally. We will gradually transfer this model to other regions.

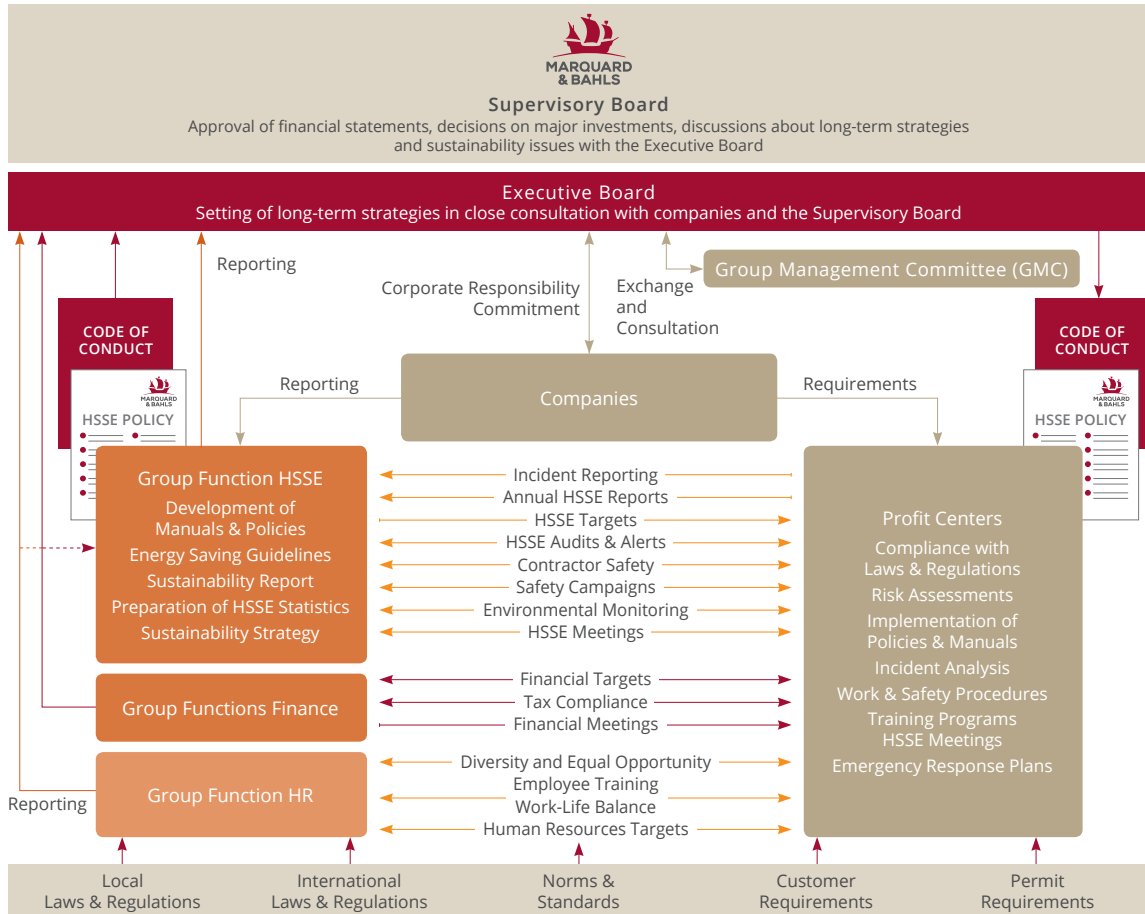


Fig. 3: Integration of sustainability in the management approach

## Sustainability Strategy

To keep improving our sustainability performance and more strategically direct our efforts in the areas that are material for us, the Team Sustainability started to develop a comprehensive sustainability strategy in 2016. This strategy is based on six action areas: "Responsible Corporate Governance," "Sustainable Growth," "Environmental Protection," "Our Employees," "Health & Safety," and "Corporate Citizenship." The concept includes long-term goals to be achieved by 2025, as well as corresponding measures. Initial programs and concepts have been developed for certain areas, for example in the "Corporate Citizenship" action area. In the 2017 financial year, the strategy will be – after approval by the Executive Board – gradually implemented.

On the following pages we describe our long-term goals in the action areas and what was achieved in 2016 and present an initial excerpt from our sustainability strategy.



G4-1, G4-2  Sustainability Targets

Topic	Long-term Target 2025	Achievements	Page
 <i>Responsible Corporate Governance</i>			
<b>Stakeholder Expectations</b>	Incorporate stakeholder expectations in our strategic approach	Conducted stakeholder survey in March 2017; results will be integrated into the sustainability strategy development process	<b>31-34</b>
<b>Sustainability Network</b>	Foster our corporate sustainability management and capacity to innovate	Exchange on sustainability issues, e.g. with HSSE managers at the Oiltanking HSSE meeting as well as in stakeholder dialogues	<b>20-21, 29, 51, 87-89</b>
<b>Beyond Compliance</b>	Preclude fraud, money laundering, and risk of child and compulsory labor from the outset	Established new Group Function Compliance at the Holding level	<b>35</b>
		Set up a separate Compliance Committee to identify relevant compliance risks and to address them by means of our compliance programs	<b>35</b>
		Developed the new compliance platform CARE; global roll-out in April 2017	<b>36</b>
<b>Sustainable Alignment</b>	Align with strategic policy initiatives and sustainability networks to maintain and enhance our strong reputation	Incorporated Sustainable Development Goals (SDGs) in our sustainability strategy	<b>25</b>
 <i>Sustainable Growth</i>			
<b>Sustainable Business Development</b>	Incorporate sustainability aspects in strategic corporate development and decision-making processes	Developed a sustainability checklist for new projects and acquisitions that gives greater consideration to sustainability risks and challenges	<b>46-49</b>
		Integrated sustainability aspects in checklist for tank terminals (design peer review) at Oiltanking	<b>46-49</b>
<b>Value Chain</b>	Assess and address ecological and social risks along our entire value chain	Analyzed supply chain challenges and opportunities in the context of the process of developing the sustainability strategy	<b>46-49</b>
 <i>Environmental Protection</i>			
<b>Product Releases</b>	Zero environmental impact from spilled products	Spill prevention covered in a large number of HSSE audits	<b>30, 55-57, 87</b>
		More stringent and new requirements regarding tank level alarm systems	<b>55-57</b>
		Oil Spill Response trainings conducted at several sites in 2016	<b>89</b>



Topic	Long-term Target 2025	Achievements	Page
<b>Energy Consumption</b>	Cut relative energy consumption per division	German Oiltanking terminals as well as Mabanaft Deutschland gained ISO 50001 certification	<b>30, 57-59</b>
<b>Ozone-depleting Emissions</b>	Reduce relative carbon emissions and other ozone-depleting emissions per division	Developed new KPIs to measure our relative greenhouse gas emissions	<b>60-65</b>
<b>Carbon Offset</b>	Compensate non-avoidable emissions, e.g. from air travel	Compensated the carbon emissions of unavoidable air travel caused by employees of Marquard & Bahls and also the Oiltanking holding in 2015	<b>64</b>
<b>Water Consumption</b>	Cut relative water consumption per division	Improved the measurement systems for water consumption at various sites	<b>68-69</b>
<b>Waste and Waste-water Management</b>	Avoid environmental damage from waste and wastewater generation and disposal; optimize waste management	Compiled first content for a wastewater treatment standard at Oiltanking	<b>69-70</b>



### *Our Employees*

<b>Change Makers</b>	Establish and integrate employees to serve as change makers and process designers in the company	Ongoing improvement of organizational processes and capabilities, with a focus on the Group Functions	<b>75</b>
		Appointment of a Chief Change Officer (CCO)	<b>20</b>
		Established a "Change Management Office" at the Holding level	<b>75</b>
<b>Talent Retention</b>	Retain skilled and talented employees in our company	Continued carrying out the international trainee program FUEL; 15 new FUEL trainees started in 2016	<b>75, 80</b>
<b>Employee Training</b>	Offer training and coaching programs to our staff	Continued carrying out the three new Leadership Development programs for executives to strengthen leadership culture and managerial skills; 79 employees participated in the GMC, GLUE and PILOT programs in 2016	<b>79</b>
<b>Diversity &amp; Equal Opportunity</b>	Foster diversity and equal opportunity, particularly with regard to gender, nationality and age	The share of female employees increased from 14.3 % in 2015 to 15.7 % in 2016	<b>81-83</b>
<b>Employee Well-being</b>	Take into account employee needs and improve corporate culture	Installed a feedback box in the Hamburg headquarters	<b>83</b>
		Employee surveys or interviews conducted at 37 sites	<b>83</b>

Topic	Long-term Target 2025	Achievements	Page
<b>Equitable Compensation</b>	Simplify pay structures and processes and realize fair compensation for all employees	Launched measures to compare wages by industry and region	<b>80-81</b>
<b>Cross-functional &amp; Cross-divisional Learning</b>	Enable cross-functional and cross-divisional learning for all employees	Actively followed up on target of realizing cross-functional/divisional moves, especially in management	<b>79</b>



### *Occupational Health & Safety*

<b>Zero Accidents</b>	Target of zero accidents	Developed the Oiltanking "Golden HSSE Rules", roll-out in 2017	<b>90</b>
		Developed and implemented the Skytanking "Golden Safety Rules" and HSSE Leadership Training	<b>90</b>
		Roll-out of a new Safety Walk Checklist for Oiltanking Management	<b>90</b>
<b>Workplace Ergonomics</b>	Attract and retain talents by offering healthy, ergonomic and safe workplaces	Ergonomic workplace design at Marquard & Bahls headquarters	<b>88</b>
		Various health campaigns at 20 Oiltanking sites, e.g. on ergonomics	<b>88</b>
<b>Zero Fires</b>	Account zero fires	Expanded Oiltanking standards such as the 36 Mandatory Elements	<b>91</b>



### *Corporate Citizenship*

<b>Donations</b>	Adapt donations in relation to operating income	Defined specific criteria for donations and sponsoring activities	<b>95</b>
<b>Employee Volunteering</b>	Further support for employee volunteering	Initiated new projects at headquarters that include active employee engagement	<b>97</b>
		Started new local projects and continued ongoing ones with focus on employee volunteering	<b>96-100</b>
<b>Corporate Citizenship Projects</b>	Increase the share of local projects in line with our focus areas to at least one project, activity or initiative per location and year	Defined five focus areas for our community engagement	<b>95</b>
		Defined forms of engagement that are worthy of support	<b>95</b>



### 📍 Agenda 2030

In 2015, by ratifying the Agenda 2030, the global community for the first time agreed on Sustainable Development Goals (SDGs) that apply equally for all UN member states. The international community will now implement, monitor and review the Agenda's sustainability objectives in a new global partnership characterized by shared responsibility of all states, as well as the involvement of business and civil society. In addition to the fight against hunger, poverty and discrimination, the Agenda's 17 goals and 169 sub-goals are dedicated to equal education opportunities, the protection of biodiversity and the climate, and a commitment to peace and the rule of law.



Fig. 4: The 17 Sustainable Development Goals of the Agenda 2030

We, too, are committed to the implementation of Agenda 2030. In a first step, we have identified the most important SDGs for our companies and integrated them into our strategy process. As a globally active energy company, we place particular emphasis on goals 7, 8, 9, 13, 14 and 15.



Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts



Promote inclusive and sustainable economic growth, employment and decent work for all



Conserve and sustainably use the oceans, seas and marine resources



Build resilient infrastructure, promote sustainable industrialization and foster innovation



Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

G4-19  Strategic Action Areas





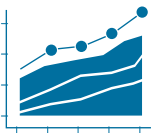
## Our Sustainability Commitment

By ensuring outstanding sustainability performance, we aim to create added value for our employees, our shareholders, as well as society, while also protecting the environment. We put our values into action, integrate the principles of sustainable development across our entire value chain, and encourage our employees to participate in them.



### **Responsible Corporate Governance**

Ensure the future viability and strong reputation of our company by pursuing an approach that goes beyond mere compliance and integrates our stakeholders' expectations into our business activities.



### **Sustainable Growth**

Achieve the ambitious growth targets of the company strategy without neglecting sustainability aspects.



### **Environmental Protection**

Position ourselves as a company that is environmentally friendly in the context of our business activities; one that minimizes its negative impact on the environment as far as possible.



### **Our Employees**

Be a fair and preferred employer and support company growth by attracting qualified employees and providing them with a diverse and healthy work environment.



### **Occupational Health & Safety**

Keep improving all of our activities relating to technical, organizational and behavioral safety, to the point of being an industry model in the area of health and safety.



### **Corporate Citizenship**

Improve the well-being of our surrounding communities through appropriate financial support and the promotion of employee volunteering.

## Instruments & Measures

G4-14 We use various instruments and measures to mainstream the programs and activities defined in our strategic action areas in our processes, and to implement them locally.

### 📍 HSSE Policy

To firmly establish responsibility for environmental and social issues at the highest level, the relevant principles are reflected in our HSSE Policy, which was ratified by the Marquard & Bahls Executive Board. The managements of all subsidiaries worldwide have also signed corresponding corporate HSSE policies and display them on the premises.

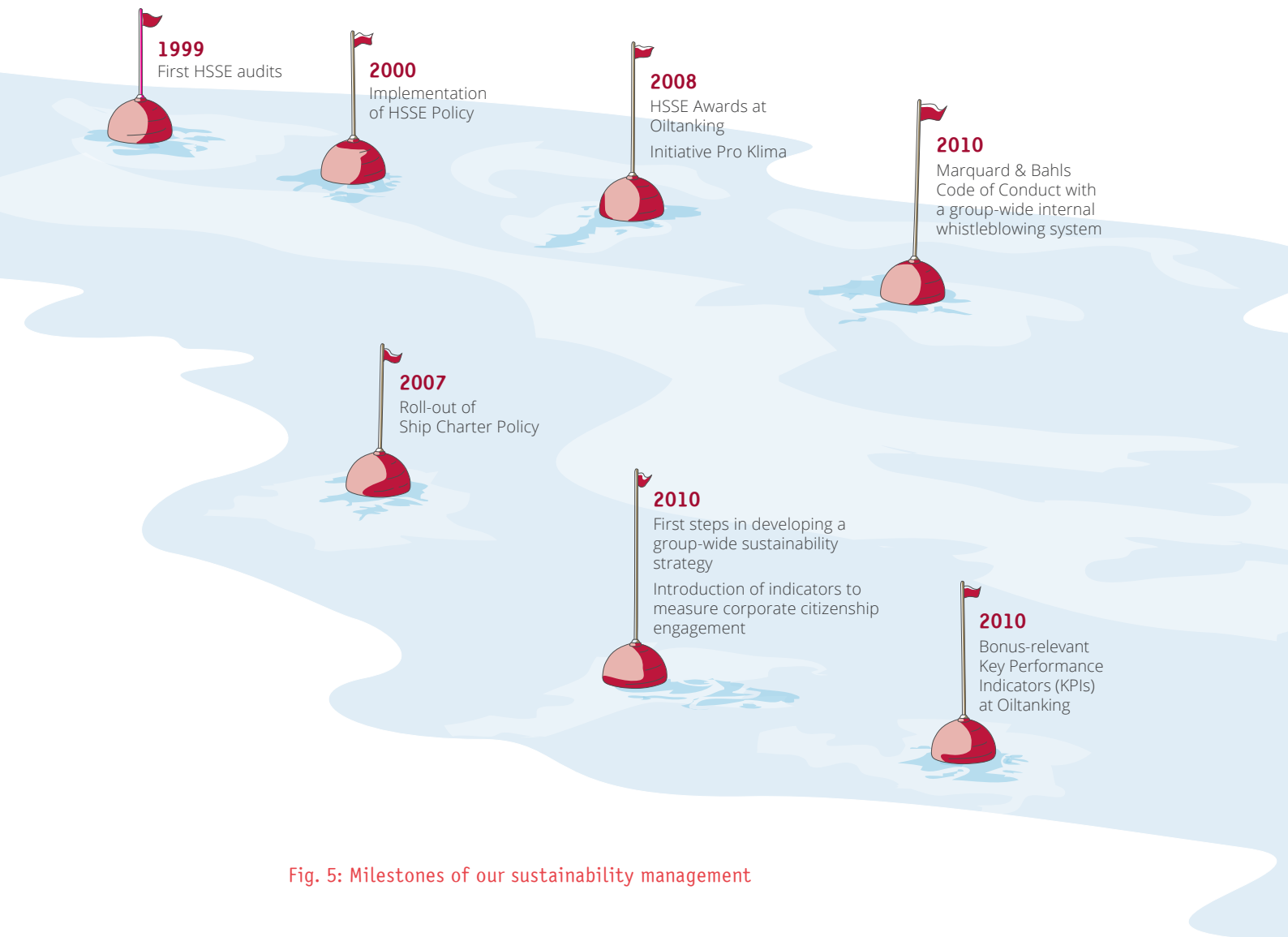


Fig. 5: Milestones of our sustainability management



## Guidelines and Standards

We develop our internal policies and standards based on internationally recognized principles of responsible entrepreneurship. The basis for this is our Code of Conduct, which is binding for all employees. We also respect the Universal Declaration of Human Rights as well as the four basic principles of the International Labor Organization (ILO) and the eight core labor standards derived from it.

### The four basic principles of the ILO are:

1. Freedom of association and the right of collective bargaining
2. Elimination of forced labor
3. Abolition of child labor
4. Elimination of discrimination in respect of employment and occupation

We will further embed the ten principles of the UN Global Compact, the OECD Guidelines for Multi-national Enterprises as well as the principles of the German Corporate Governance Code in our processes, even if we are not yet an active signatory. Since 2011, we have reported in accordance with the guidelines of the Global Reporting Initiative (GRI), which have become established internationally as the standard for sustainability reporting. Since 2015, we have also applied the German Sustainability Code (DNK).

### 2011

Sustainability reporting in line with GRI  
Energy Saving Guideline at Oiltanking

### 2013

Doubling of the annual Marquard & Bahls AG donation  
Sustainability anchored as a corporate value

### 2015

Construction of the new Marquard & Bahls headquarters taking sustainability aspects into account  
Worldwide online stakeholder survey on sustainability topics

### 2012

In-house knowledge platform for Corporate Responsibility projects  
HSSE Awards at Skytanking

### 2014

Sustainability reporting switched to GRI G4

### 2016

Started Marquard & Bahls sustainability strategy concept  
Compliance Committee set up



## Audits

We use internal HSSE audits to continually improve our performance and review our progress in the areas of Health, Safety, Security & Environment. The Group Function HSSE monitors Oiltanking, Skytanking and UBT locations worldwide for their compliance with company standards. In 2016, Oiltanking and Skytanking underwent a total of 101 internal (2015: 62) and 273 external (2015: 262) HSSE-relevant audits – the latter included audits by authorities, customers, and insurance companies.

## Key Performance Indicators

Key Performance Indicators (KPIs) are another tool used to audit and improve the system. We publish most of our sustainability indicators annually in the Sustainability Report. As part of the sustainability strategy, we have defined further key indicators, to allow us to measure and evaluate our performance even more accurately. In addition, detailed HSSE statistics are prepared with “leading” (forward-looking) and “lagging” (retrospective) indicators for the Group, all of the divisions, and their profit centers. Indicators such as near misses, relative frequency of accidents, and product releases are also a bonus-affecting element of management remuneration at Oiltanking.

## Certified Management Systems

In all, 51 percent of the Oiltanking locations operating worldwide in 2016 are certified for quality management (ISO 9001), 25 percent for environmental management (ISO 14001), 18 percent for energy management (ISO 50001), and 25 percent for health and safety management (OHSAS 18001). Our Indian subsidiary, IOT Infrastructure & Energy Services Ltd., is also certified in accordance with ISO 9001, ISO 14001 and OHSAS 18001. At Skytanking, 15 percent of sites are ISO 9001 and ISO 14001 certified, 10 percent of them are additionally certified in accordance with OHSAS 18001. Since last year, Mabanft Deutschland and GMA are also ISO 50001 certified. Mabanft Deutschland additionally holds an ISO 14001 certification. These management systems were developed to steadily increase the effectiveness and efficiency of the business processes. Several other Marquard & Bahls companies have organized their management processes in a very similar way, but have not had their quality, environmental, or health and safety management systems certified.



# Stakeholders

We have identified our most important stakeholders through internal discussions, workshops, external analyses, and industry comparisons. The frequency of contact with interest groups and the relevant issues vary, depending on the stakeholder. While contact with employees, shareholders, customers or business partners usually takes place on a daily or weekly basis, with other stakeholders it is less frequent.

G4-24,  
G4-25,  
G4-26

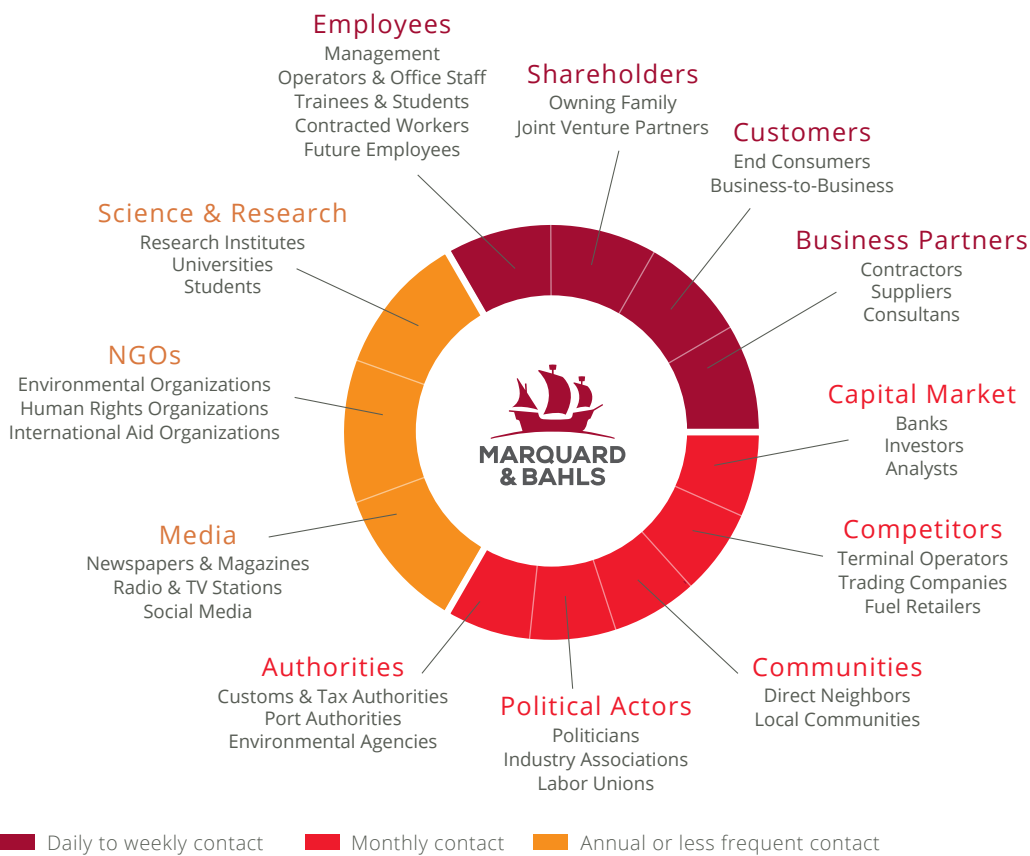


Fig. 6: Marquard & Bahls stakeholders

An internal Stakeholder Management Guideline serves to make our stakeholder dialog more systematic. In the spring of 2017, we conducted our second web-based stakeholder survey, which all Marquard & Bahls employees and employees of the subsidiaries worldwide were invited to participate in. The results were incorporated in the materiality analysis for the compilation of this report, as well as in our sustainability strategy.

## Materiality Analysis

G4-18,  
G4-27

In addition to surveying our stakeholders, we monitor changes in legal requirements and relevant standards, such as the GRI guidelines, to identify and prioritize the issues that are relevant for our sustainability efforts. At least every two years, we carry out a materiality analysis to evaluate the significance of the aspects identified, and thus determine the issues we focus on in our sustainability strategy and our reporting. Apart from identifying significant expectations and requirements, the future opportunities and risks for our business and the affected stakeholders are an important focus.

In 2017, we re-evaluated the relevance of the listed sustainability themes from the company's perspective and based on the second stakeholder survey, and updated the materiality matrix. Because all issues identified as being of particular significance are on average within the range of "relatively important" to "very important" – no issue was rated as unimportant – the x- and y-axes are shown adjusted.

An invitation to participate in the anonymous online survey in March 2017 was sent to all employees who can be reached by email, and to 227 external stakeholders. A total of 704 stakeholders participated in the survey, of whom 640 were internal (response rate: 10 percent) and 64 external, mainly customers and business partners (response rate: 28 percent). Stakeholders from the capital markets, from the public sector, the media, NGOs and research were each represented in the survey with less than one percent. The participants predominantly replied from the regions of Germany and Europe (outside Germany), followed by India, Latin America and Asia-Pacific. To ensure a balanced weighting for our employees' opinions, they were given a 50 percent share in the stakeholder perspective shown in the matrix.

Issues that are particularly relevant can be seen in the upper right quadrant of the matrix. "Health and safety", as well as "environmental protection", especially the "avoidance of product releases", are classified as very important both from a stakeholder and company point of view. In addition to these topics, from a stakeholder perspective "our employees", the "prevention of fires and explosions", and "occupational safety" are most important. In comparison with stakeholders, from a company perspective the "implementation of a growth strategy that takes sustainability aspects into account", as well as "innovation potential" and "sustainable business development", are rated as very important.

The results have been incorporated into the contents of this Sustainability Report and provide valuable input for our strategic sustainability management.

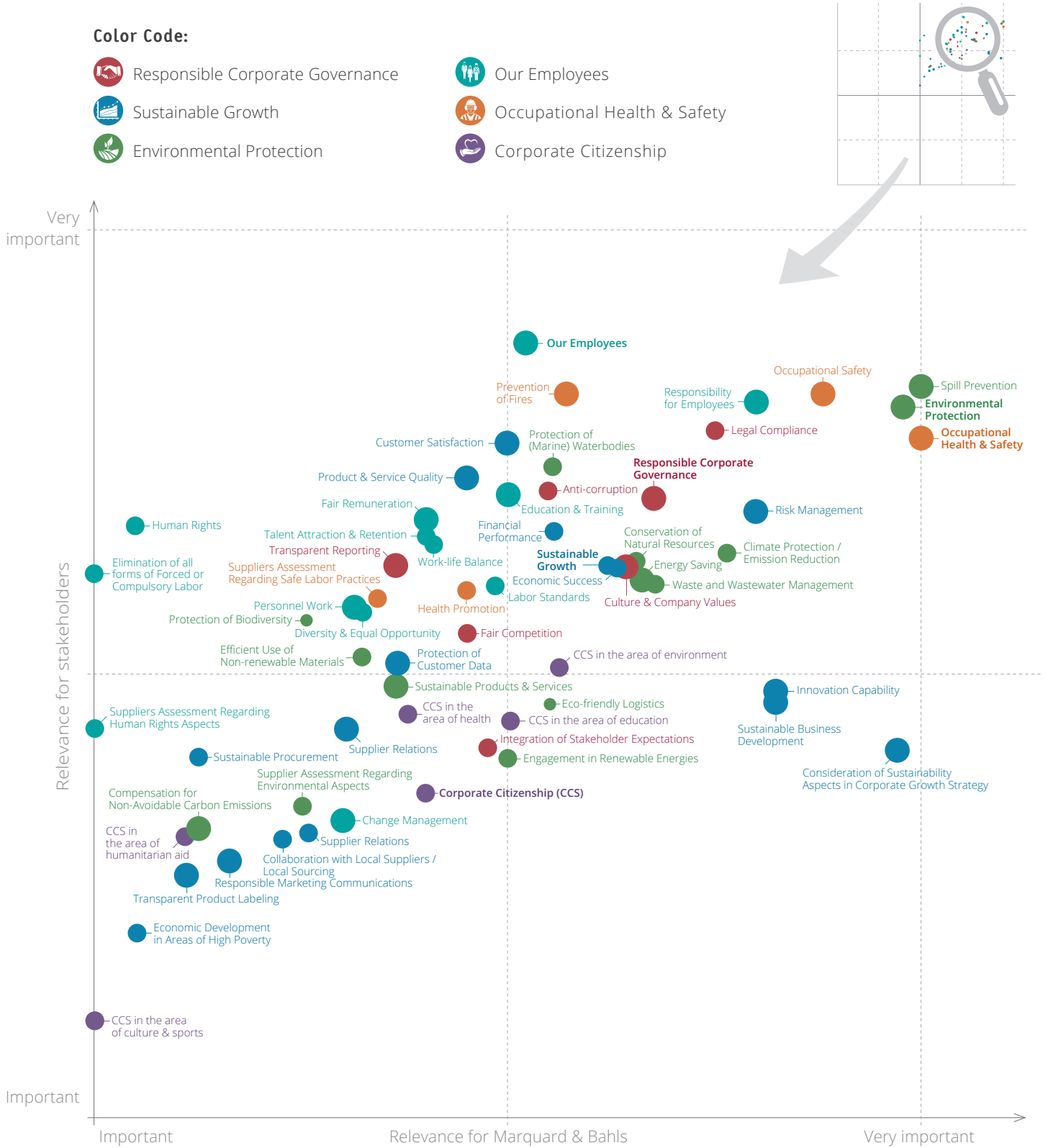


Fig. 7: Issues identified as being of particular significance (our power of influence is stated by the icon size; the strategic action areas are marked in bold type) ○ ○ ○

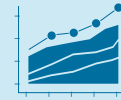
## 📍 Comments from the Stakeholder Survey



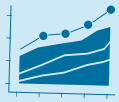
"An energy company's first priority should clearly be the environmental implications."



"We need a transparent sustainability strategy with clearly defined targets and timelines."



"We should set ourselves realistic growth targets. Growth should not be more important than quality of service and customer satisfaction."



"We should think outside the box and keep an eye open for new business models."



"I think it's important to look after our employees - with a view to a good work environment, in order to be able to work happily and efficiently, but also in terms of health, as many of our employees handle dangerous substances on a daily basis."



"With regard to sustainability, it is important to make Marquard & Bahls a change partner for a zero-emissions world."



"For a company like ours, the employees are the crucial part of our business. [...] We need smart employees who work together in teams - not intelligent loners."



"Our company should promote our employees' commitment to the community, for example through leave of absence and financial support."



"We should have the moral courage to do the right thing - even if it costs more money in the end."



## Compliance

Our good reputation and its protection is very important for us. To safeguard it and ensure correct, law-compliant behavior, we have developed various guidelines and procedures. These include our Code of Conduct and the group-wide internal whistleblowing system, along with a Code of Conduct team and e.g. procurement guidelines. The tasks of the new Group Function Compliance include identifying compliance risks, developing appropriate compliance programs, and implementing them through practical measures such as training. The focus here is on the prevention of corruption, bribery, and fraud, as well as on competition law and sanction-related topics. Many compliance topics have already been covered by various Group Functions and departments on Group level for years. The Group Function Compliance coordinates all the relevant topics and specifies interfaces. In the summer of 2016, a cross-functional Compliance Committee was set up, consisting of the Heads of the Group Functions HSSE, Compliance, Legal, Internal Audit, Treasury, Human Resources (HR) and IT. The committee's objective is to identify compliance risks, clarify responsibilities, and monitor the establishment of compliance programs.

G4-DMA,  
G4-S6

### Code of Conduct

Our Code of Conduct covers 16 topics, divided into four chapters (Fig. 8). The principles of the Code of Conduct provide a uniform set of values, along with guidance for how individuals are expected to behave in the context of the Marquard & Bahls philosophy. In 2014, the Code of Conduct was amended to include the strategic approach of Marquard & Bahls, and made accessible to all employees worldwide. It can be downloaded from our website ([www.marquard-bahls.com](http://www.marquard-bahls.com)) in 20 languages.

G4-LA16,  
G4-S05

Code of Conduct			
Business & Finance	Safeguards	Integrity	People
Legal Compliance	Health, Safety, Security & Environment	Corruption & Bribery	Discrimination
Fair Competition	Product Responsibility	Gifts & Entertainment	Equal Opportunity
Accounting & Financial Reporting	Use of Corporate Resources	Conflicts of Interest	Social Responsibility
Intellectual Property	Confidentiality	Political Activities	Labor Standards

Fig. 8: The 16 topics of the Code of Conduct

## Reporting Misconduct

Our group-wide internal whistleblowing system intervenes in cases of non-compliance with the code. This central system, which is administered by the Code of Conduct team, gives all employees worldwide a tool for reporting violations of the Code of Conduct, while allowing them to remain anonymous if they wish. Each reported incident is investigated thoroughly. The Executive Board is informed of the nature of reported incidents and the status of the investigation, but is not given any personal data. Since April 2017, there has been another option for reporting suspected cases of misconduct. Under the slogan Care & Share, the Group Function Compliance has globally rolled out an online platform called CARE (Concerns And REporting). It offers all employees and business partners an additional secure and uncomplicated way of reporting suspected cases of misconduct. At [marquard-bahls.integrityplatform.org](http://marquard-bahls.integrityplatform.org), for example, incorrect, deceptive, or even corrupt behavior can be reported in the country's respective language, anonymously and 24/7. The Group Function Compliance assumes independent case management in all cases, and commissions appropriate investigators.

Two whistleblowing reports were received by the Code of Conduct team in 2016:

- > The case that was still open at the end of December 2015, in which an anonymous whistleblower reported the alleged personal advantage-taking and enrichment of three employees in purchasing and procurement, was concluded in 2016. In a complex external investigation, no misconduct could be proven. However, the location's procurement systems were further optimized.
- > An employee from an operational unit complained about disrespectful behavior by a manager and that contractual agreements on overtime surcharges were not being adhered to. The situation was resolved after involving HR and the management, and outstanding payments were made.

## Behavioral Guidelines

In addition to the Code of Conduct, there are other specific guidelines. For instance, our social media guideline helps employees to communicate on social media effectively and in line with legal requirements.

We want to ensure fair competition, even in very competitive markets, by defining basic values, codes of behavior and responsibilities. In accordance with our formal procurement guidelines at Oiltanking, staff is obliged to promote fair and transparent competition, avoid any kind of personal obligations to vendors, act honestly, and report all forms of malpractice to their supervisors and/or the company management. As a further tool to ensure fair competition, an international procurement and contracting training program has been carried out with the relevant employees at Oiltanking for many years.

## Anti-Corruption

Marquard & Bahls does not tolerate corruption and bribery. In our Code of Conduct, we inform employees about our principles in this matter and call on them to report specific cases of – or concerns about – possible corruption to our Code of Conduct team. To further build employee awareness regarding matters of corruption and bribery, a new training program was launched and rolled out in 2016. It is targeted primarily at employees who work in particularly vulnerable positions, i.e. mainly employees in management positions and those in direct contact with customers or the authorities.

G4-DMA,  
G4-SO3,  
G4-SO4



To preclude corruption from the outset, we subject our sites to an annual risk analysis. In countries with a high risk of corruption, we are stepping up our activities against corruption, although our revenues are largely generated in low-risk countries. In 2016, no cases of corruption were reported beyond the whistleblowing cases described earlier.

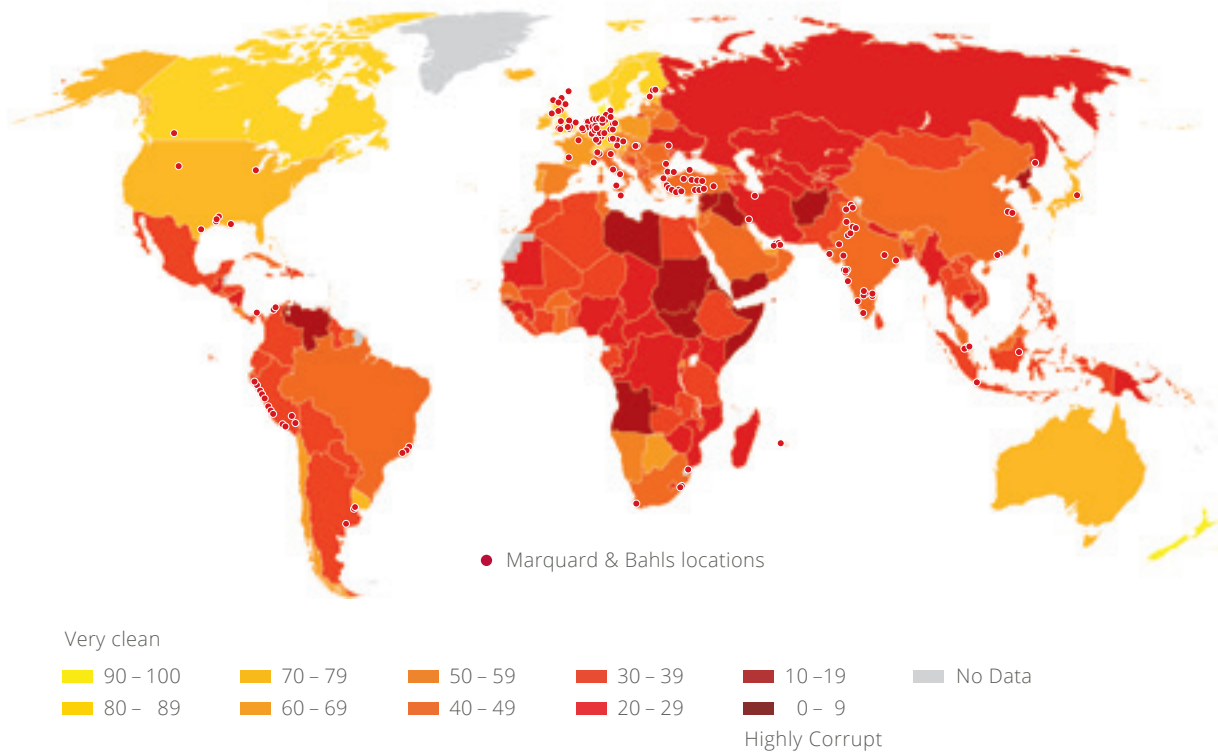


Fig. 9: Corruption risk according to the Transparency International Corruption Perception Index



## *Legal Compliance*

G4-DMA,  
G4-EN29,  
G4-EN34,  
G4-SO8,  
G4-PR9

We see compliance with the law as a matter of course. This applies to both national and international laws and regulations. Legal developments are monitored and reviewed for their relevance for Marquard & Bahls. One important indicator of regulatory compliance is the number of fines and penalties. In 2016, we were fined a worldwide total of 156,279 euros (2015: 175,728 euros) for non-compliance with laws and regulations. Most of the fines totaling 143,632 euros had an ecological background. For example, a 90,000-euro fine was incurred due to a product release.

The products traded, transported, handled, and stored by our Group are subject to national and international or European legislation, and must therefore comply with hazard communication provisions, including accurate product labeling and the provision of safety data sheets at Mabanaft. Most of the products traded by Mabanaft are classified as hazardous and are therefore subject to strict product information requirements. In addition, Oiltanking maintains a central database for product information, which now contains data for more than 1,000 products.

### Transparency

The comprehensive disclosure of relevant information to our employees and other stakeholders is a high priority. At Group level, this task is the responsibility of the Group Functions Corporate Communication and HSSE, in close coordination with the Executive Board and the respective Managing Directors. All progress in the area of our sustainability management is transparently reported in the annual sustainability reports. New developments and important company information are regularly communicated through the "Logbook," a monthly newsletter for employees, as well as emailings and notices posted on our bulletin boards. Beyond this, we communicate with our employees through in-house magazines like COMPASS (Marquard & Bahls), connections (Oiltanking), Skytanking Life (Skytanking), and OIL! INSIDE (OIL! Tankstellen), and on digital employee portals. Press releases and other publications can be found on the company websites that are also accessible to external users. In January 2017, 570 employees from all parts of the world, including the Marquard & Bahls headquarters, chose "connect" as the name for the Group's new global communications and collaboration platform, which is currently being finalized and will be rolled out in fall 2017.

Data protection is another important issue. At Marquard & Bahls, this topic is the responsibility of the Group Function HSSE. Important measures in Germany in this area include providing an extensive Data Protection Manual, and carrying out staff training, topical consultation and audits. In addition, the latest legislative initiatives are continually monitored to ensure present and future compliance with data protection laws.

At an international level, the country-specific data protection laws relevant to us are being analyzed, with a special focus on the EU General Data Protection Regulation (GDPR) that will enter into force as from May 2018. Extensive IT security systems ensure high-grade protection of employee, customer, supplier, and other business data.

## 📍 Involvement in Associations & Politics

As part of the work done by our Hamburg Public Affairs department and our representative office in Berlin, we are active in various networks. International and national networks, in which we participate as an active member are: G4-16

### International

- UPEI** > Union of European Petroleum Independents
- FETSA** > Federation of European Tank Storage Associations
- EPCA** > European Petrochemical Associations
- AEBIOM** > European Biomass Association
- EFET** > European Federation of Energy Traders

### National

- MEW** > Mittelständische Energiewirtschaft Deutschland e.V. und seine Mitgliedsverbände  
(Umbrella organization for petroleum and energy SMEs in Germany)
- AFM+E** > Außenhandelsverband für Mineralöl und Energie e.V.  
(Foreign Trade Association for Petroleum and Energy)
- UTV** > Unabhängiger Tanklagerverband e.V.  
(Association for independent tank storage providers)
- BFT** > Bundesverband freier Tankstellen und unabhängiger Mineralölhändler e.V.  
(Federal Association of Independent Service Stations)
- FPE** > Förderkreis Preiswert-Energie e.V.  
(Society for the Promotion of Inexpensive Energy)

We are also active in the following HSSE-related industry associations:

- OCIMF** > Oil Companies International Marine Forum
- EBIS** > European Barge Inspection Scheme
- OSRL** > Oil Spill Response Limited, the worldwide largest organization for oil spill response services
- INTERTANKO** > Association of independent tanker owners and operators of oil, chemical and gas tankers

The focus of public affairs is association work and energy policy. In this connection, Public Affairs monitors policymakers' decisions regarding legal regulations, evaluates them, actively participates in debates with decision-makers, and works closely with the relevant associations. Important topics in 2016 included the winter package for the EU's energy policy, the drafts for the 37<sup>th</sup> and 38<sup>th</sup> Federal Emission Control Ordinance, the amendment of the Energy Taxation Act, the Climate Protection Plan, and the Payment Service Directive.

## Key Performance Indicators Responsible Corporate Governance

	2014	2015	2016	Change 2015/16
<b>HSSE-related Audits</b>				
Total number of audits	435	324	374	+ 15.4 %
Number of internal audits	181	62	101	+ 62.9 %
Number of external audits	254	262	273	+ 4.2 %
<b>Certified Management Systems</b>				
Share of ISO 9001 certified Oiltanking sites	57 %	58 %	51 %	- 12.9 %
Share of ISO 14001 certified Oiltanking sites	33 %	25 %	25 %	- 1.0 %
Share of ISO 50001 certified Oiltanking sites	-	-	18 %	-
Share of OHSAS 18001 certified Oiltanking sites	28 %	27 %	25 %	- 8.4 %
Share of ISO 9001 certified Skytanking sites	23 %	15 %	15 %	+/- 0 %
Share of ISO 14001 certified Skytanking sites	18 %	15 %	15 %	+/- 0 %
Share of OHSAS 18001 certified Skytanking sites	-	10 %	10 %	+/- 0 %
<b>Reports of Misconduct</b>				
Number of whistleblowing cases	3	5	2	- 60.0 %
<b>Legal Compliance</b>				
Total sum of penalties and fines in €	308,906	175,728	156,279	- 11.1 %
Of which environmentally related fines in €	9,267	168,358	143,632	- 14.7 %

### Penalties and fines

Change 2015 - 2016

-11.1%



### Years of continuous reporting

2016

7



### Total number of HSSE-related audits

Change 2015 - 2016

+15.4%



### Defined targets as part of our sustainability strategy

2016

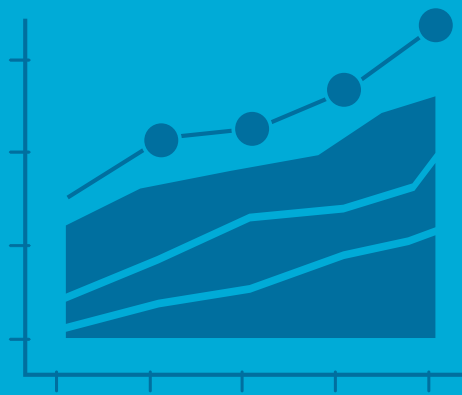
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# *Sustainable Growth*

- Financial Performance
- Our Value Chain
- Ecological and Social Challenges along the Oil & Gas Value Chain
- Risk Management
- Supplier & Customer Relations



We believe in controlled growth and long-term partnerships. We safeguard our future success with a healthy mix of risks across the business areas, without neglecting ecological and social aspects. We strive to steadily improve our services and offer the highest-quality products and services.

## Sustainable Growth



To achieve long-term success and controlled growth, we rely on a healthy mix of risk between the divisions. We strive to realize the ambitious growth targets of our corporate strategy without neglecting sustainability aspects.

## Financial Performance

We publish our consolidated financial statements in our Annual Report. By additionally publishing economic indicators in accordance with GRI requirements in this document, we present a comprehensive picture of Marquard & Bahls' contribution to the sustainability of a larger economic system. We pay taxes, create jobs, and invest in the local infrastructure in Hamburg and many other places around the world.

G4-DMA,  
G4-EC1

Overall, the Marquard & Bahls Group looks back on a good year, during the course of which we expanded our core business areas – trading, tank storage logistics, aviation fuelling – and further strengthened our organizational structure. By the end of the year, our activities had generated pre-tax profits of 203 million euros, based on Group revenues (including energy taxes) of 11.5 billion euros (10.1 billion euros not including energy taxes). The regional breakdown of revenues is shown in Fig. 10.

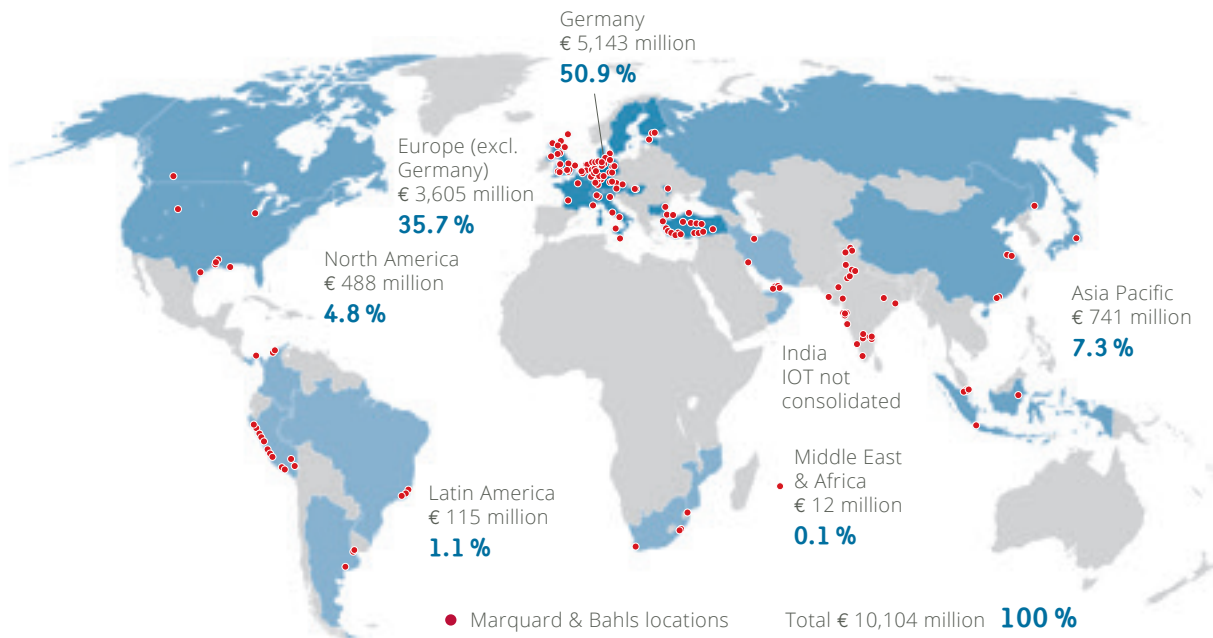
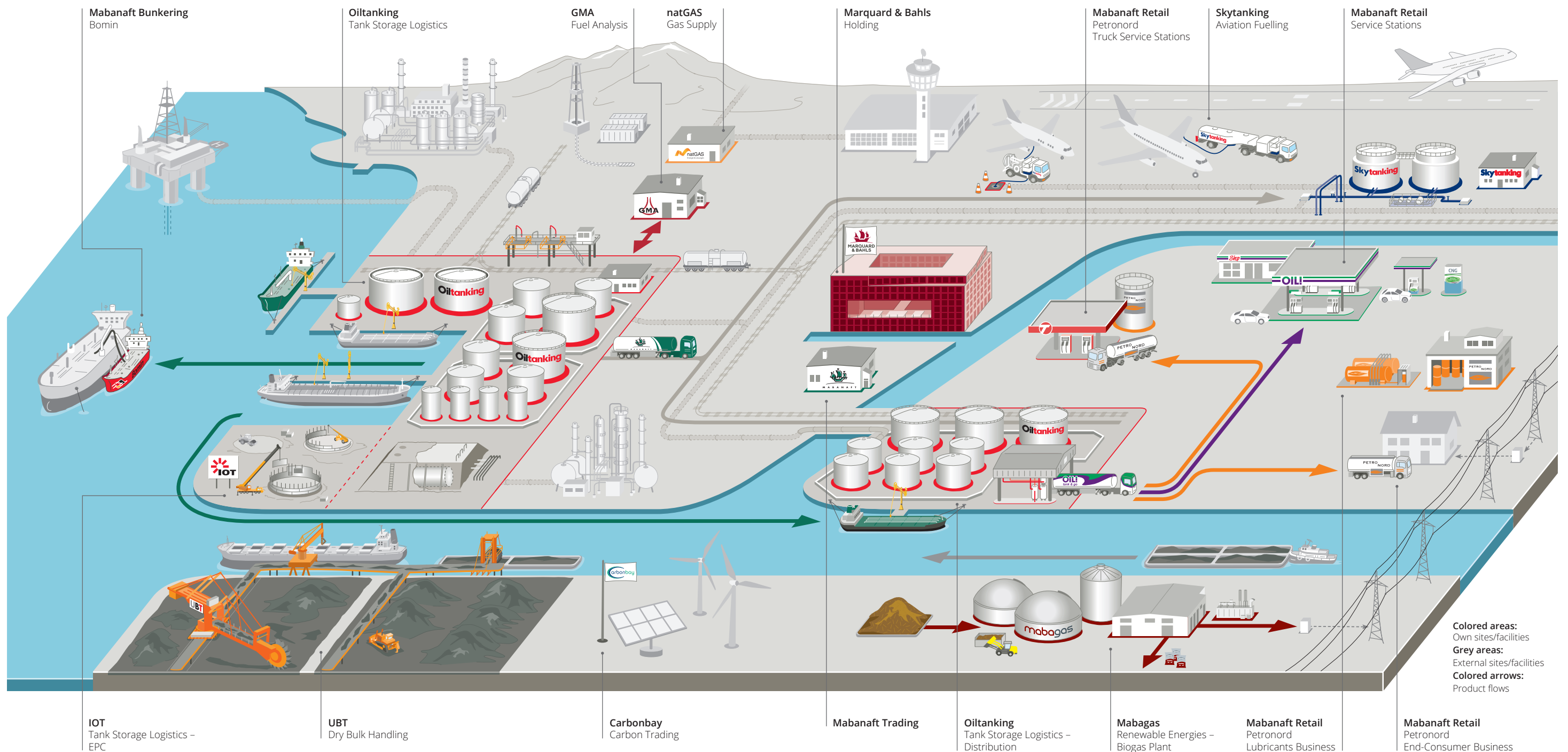


Fig. 10: Revenues of fully consolidated companies by region in millions of euros, net of energy tax expenditure

## Our Value Chain

G4-12 In order to identify and evaluate potential impacts, challenges and opportunities at the economic, ecological and social level, the first step in the analysis was to map our value chain in detail. We will base our sustainability strategy and the scope of our sustainability management on this analysis.

The oil and gas value chain covers a broad range of activities from the exploration and production of crude oil, to processing and refining of products through to their transportation, supply and sale. Our company's activities mainly encompass the midstream and downstream area of this value chain, namely trading, transport, storage, handling and retail. Until March 2017, we were only involved in the upstream segment through our subsidiary Newsco, which offers horizontal directional drilling services and drilling technology. In view of the difficult market situation, the shares in Newsco International Energy Services and its subsidiaries were sold. The decision to sell the upstream business to a company well-established in this market was made in line with Marquard & Bahls' overall strategy. Our subsidiaries are not active in extraction or refining.



## *Ecological and Social Challenges along the Oil & Gas Value Chain*

G4-DMA,  
G4-EN33,  
G4-LA15,  
G4-SO10

Many of our subsidiaries are active along the oil and gas value chain. We are aware of the risks to our employees, the environment, and society. It is thus our goal to identify risks at an early stage and to minimize the negative impacts of our business activities in the areas we can influence along our value chain. In the following, we give an overview of the potential environmental and social challenges of the oil and gas value chain, and show the areas where we are involved through our subsidiaries.

### Exploration, Production & Crude Oil Storage

Exploration & production includes the search for deposits, the development of oil and gas fields, and the extraction of crude oil and natural gas. Exploration and production activities generally impact nature and therefore represent a potential threat to ecosystems. In addition, technical defects, human error, and natural disasters can lead to serious accidents such as fires. Deepwater drilling represents a particular challenge, because it is associated with considerable technical effort and requires elaborate safety measures due to the serious environmental consequences of oil spills and difficult extraction conditions. Terrorism and military conflicts also involve high risks, e.g. when oil fields are deliberately set on fire. Crude oil is mainly transported from the fields to the refineries by pipeline and seagoing vessel. The main risks here are from potential transport accidents, which may lead to oil spills from pipelines or tanker accidents. The greenhouse gases emitted during extraction and maritime transport also contribute to global warming.

- > We were previously active in this sector through our subsidiary Newsco (sold in March 2017), a provider of horizontal directional drilling services and developer of drilling technology for exploration companies. Our location in Açú Port, Brazil, offers crude oil transshipping facilities, and e.g. our tank terminals in Argentina and Colombia offer crude oil logistics.

### Refining

In refinery plants, oil is distilled, purified and refined to produce fuels, lubricants, or chemical feedstocks for the plastics industry. Handling hazardous materials and work processes at high pressure and temperature ranges at refineries involves the risk of spills and fires, which can have negative effects on the environment, the health and safety of employees and the surrounding communities. In addition, the processes are very energy intensive, which contributes to global warming. In politically unstable countries, there are risks from small illegal refineries, where gasoline, kerosene and diesel for the black market are produced from drawn-off oil, and which pose a threat to people and nature e.g. due to disregard for occupational health and safety standards.





Transport to and from the refinery is usually conducted by pipeline, seagoing vessels or railcars. In addition to the potential risk of accidents, in some countries there are risks from drilling into pipelines, which can result in environmental pollution through product releases or emissions.

- > Marquard & Bahls does not own or operate any refineries or petrochemical plants. However, residues from refineries, such as pet coke, are stored and handled at our two United Bulk Terminals dry-bulk storage facilities in the U.S.

### Trade

Trade in petroleum products involves the physical trading business as well as speculative trading with foreign currency or securities on petroleum stock exchanges. The trading business is closely linked with the transport of goods and hence carries transport-related environmental risks.

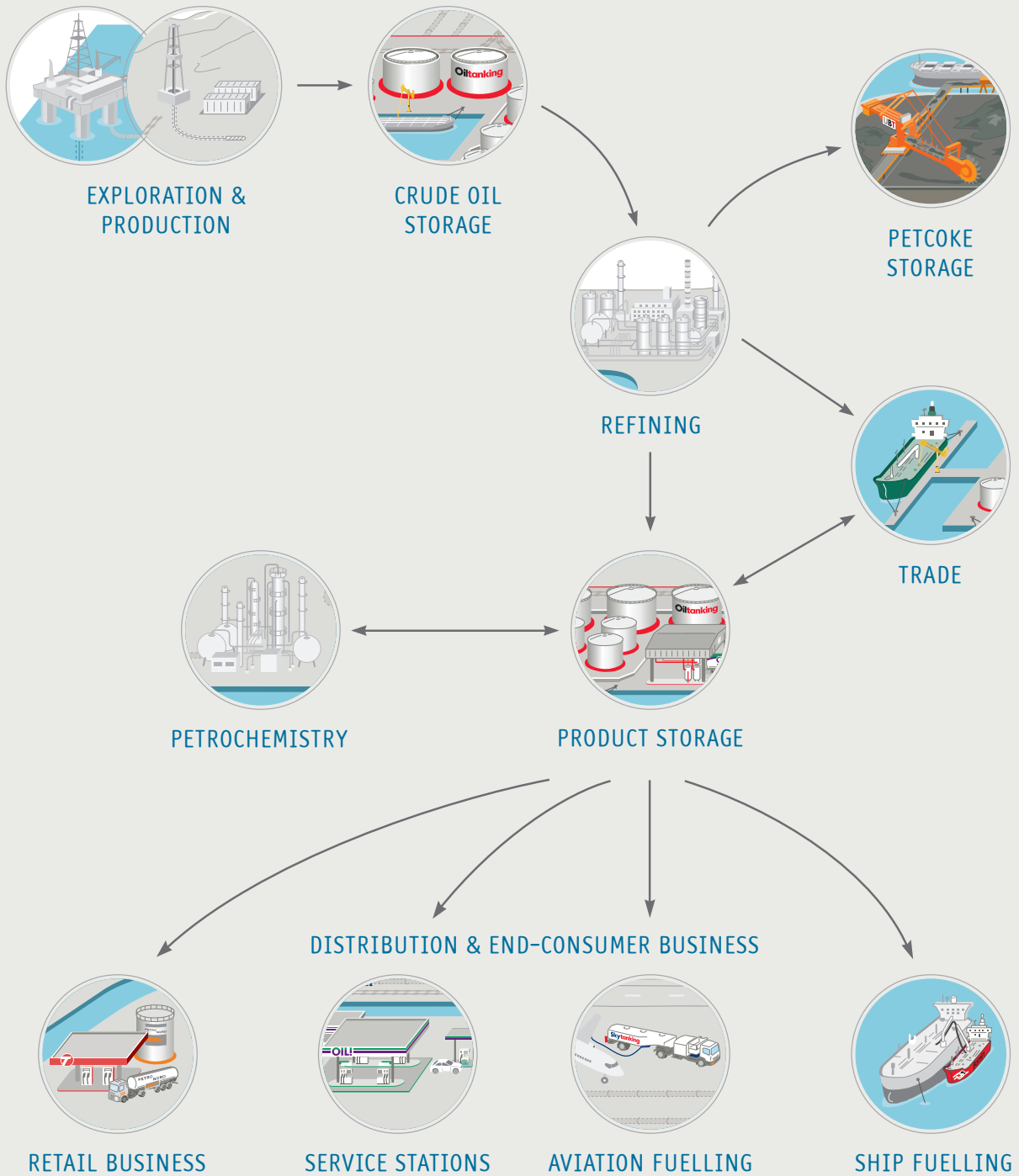
- > Our subsidiaries under the Mabanafit umbrella are independent suppliers that concentrate on the physical trading of oil products such as heating oil, diesel, gasoline, jet fuel, marine fuels and biofuels. One core activity is regional trading and wholesale in Singapore and Northwest Europe. Mabanafit charters ships and contracts tank trucks and railcars for its product transports. To avoid petroleum products being transported by ships that do not meet our standards, we have defined detailed minimum acceptance criteria in a Ship Charter Policy for Mabanafit. To evaluate our own impact on climate change, each year we calculate our carbon footprint, including commissioned transport, in accordance with the Greenhouse Gas Protocol (GHG Protocol).

### Product Storage

Storage plays an important role as petroleum products move from oilfields around the world to consumers. The main risk here arises from working with highly flammable substances, as well as environmentally hazardous, and sometimes toxic products. Preventing accidents, spills and fires is therefore a special focus in tank storage. Tank terminals receive the products to be stored from seagoing vessels, barges, pipelines, railcars and tank truck. The transport-related risks are the same as those already mentioned in the other areas.

- > Our subsidiary Oiltanking is especially active in the area of storage. Skytanking also operates airport tank terminals for storing jet fuel. In-house standards, which often far exceed the statutory requirements, are part of our HSSE management system. To ensure professional support in the event of major oil spills, Marquard & Bahls is a shareholder in Oil Spill Response Limited, the world's largest oil spill response organization. To evaluate the environmental impact of greenfield projects, extensive environmental impact assessments are carried out.

### Meeting Sustainability Challenges





## Distribution & End-Consumer Business

The distribution & end-consumer business involves supplying customers with fuels to produce heat and motion, as well as lubricants. The fuelling and consumer business that is part of this area is closely linked with the transport of the products, and therefore involves transport-related risks. Moreover, the process of bunkering ships and fuelling road tankers and aircraft, for example, involves the risk of accidents and spills.

- > Skytanking offers aviation fuelling services. In addition our Mabanafit subsidiaries are active in the distribution & end-consumer business, namely in ship bunkering, service stations, and the end-consumer business with heating oil. In order to reduce the ecological footprint of filling stations, for example, OIL! Tankstellen is switching its service stations to LED lighting. To reduce the emissions of company-owned vehicle fleets at the Petronord companies, investments are being made in late-model vehicles with more efficient engines, and tutorials for fuel-efficient driving are given.

## Subsequent Value Creation

At the various steps along the value chain, waste and wastewater are produced, which must be properly disposed of. And downstream of this, products are usually consumed or combusted, which contributes to global warming by releasing greenhouse gases.

- > Because waste is generated in our activities, our subsidiaries are indirectly involved. Hazardous waste, e.g. from oil-water separators and tank-cleaning residues, is treated by licensed contractors. However, our aim is to prevent waste, and we are continuously working on this.
- > Emissions from the combustion of petroleum products can be offset with emission certificates from our subsidiary Carbonbay's climate protection projects.

## Risk Management

G4-2 One of the greatest challenges as we pursue our strategy of controlled, long-term growth is to limit the manifold financial, operational and HSE risks. That is why we work based on a permanent and thorough risk management scheme that individually rates all risks and defines tailor-made mandates, tasks, and responsibilities. To further ensure a healthy mix of risk, all risks – including social and environmental ones – are evaluated in the context of the entire group of companies. Many challenges were already addressed in the previous section, but are summarized again below as key risks that could impact our future business performance:

- > Currency fluctuation
- > Another international financial crisis flare-up and/or sustained economic downturn
- > Political conflict in oil-producing countries and the resultant tensions on the oil markets
- > Rising prices for natural resources and purchased energy
- > Environmental and natural disasters as well as effects of the climate change
- > Higher risks in countries we are active in
- > Unreasonably stricter environmental laws

### Trading Risks

For Mabanaft, the relevant trading risks are those caused by the high level of volatility in commodity prices, currency exchange rates, and interest rates. As in the previous year, in 2016 the oil market was characterized by an oversupply of crude oil, which led to a relatively low prices. The production cut in 2017 agreed by OPEC – and some non-OPEC members as well – resulted in more stable prices at the end of the year. Despite the pronounced contango situation – a price situation in which the price for future delivery is above the current price – strong competition as well as political and economic uncertainties impacted the trading business, which practices strict risk management. Trading risks are hedged by the systematic use of financial instruments such as derivatives and forward transactions. Mabanaft protects itself against bad debt through credit insurance, banking securities, and the settlement of commodity futures transactions via segregated brokerage accounts. Our controlling ensures that the rules laid down are adhered to.



## HSSE-Risks

As outlined in the previous section “Ecological and Social Challenges Along the Oil & Gas Value Chain,” main risks for us arise from working with highly flammable substances, as well as environmentally harmful and sometimes toxic products. The tank storage and aviation fuelling divisions are especially exposed to these hazards, as are the service station and end-consumer business. The prevention of any potential hazards resulting from this, such as accident, leakage and fire risks, is therefore a special focus of risk management at Marquard & Bahls. This falls within the remit of the Group Function HSSE. Based on detailed regulations, site-specific operating instructions for which regular training is carried out, clear communications, and detailed reporting, the HSSE teams ensure a proactive safety culture to avoid HSSE hazards. The central HSSE team therefore works closely with the local HSSE managers.

## *Supplier & Customer Relations*





We treat our suppliers with respect, maintain an honest relationship with everyone involved in the business processes, and strive to establish a long-term cooperative partnership. For us, this means not only acting responsibly on our own premises, but along the entire supply chain. The diversity of our company is reflected in the broad spectrum of our suppliers, ranging from vendors of technical equipment for our tank terminals to office equipment suppliers. Internal supplier lists increase transparency in the quality and performance of our business partners, with the ultimate goal of giving our customers excellent services and products. At our sites we also place great importance on safe working procedures for employees from sub-contractors. At Oiltanking, an integrated contractor management program has been in place since 2014. It is described in more detail in the section on the “Occupational Health & Safety” action area.

Building long-term cooperative partnerships with our customers is another key strategic priority. Our employees play a central role in ensuring the satisfaction of our customers. Responsible and dedicated teams guarantee excellent services, which in turn lead to customer loyalty. We therefore feel it is important that our employees can make decisions autonomously, enabling them to respond flexibly to customer requests.

G4-2 *Key Performance Indicators Sustainable Growth*

	2014	2015	2016	Change 2015/16
<b>Generated Monetary Value</b>	in T €	in T €	in T €	
Revenues before energy taxes	15,288,478	12,553,193	11,545,951	- 8.0 %
Revenues after energy taxes	14,112,214	11,081,168	10,104,303	- 8.8 %
<b>Monetary Value Paid Out</b>				
Cost of materials, mainly oil purchases	13,200,582	10,124,945	9,091,569	- 10.2 %
Wages and salaries	245,202	292,245	298,419	+ 2.1 %
Social security contributions	46,686	47,293	49,058	+ 3.7 %
Expenses for pensions	6,761	9,036	10,228	+ 13.2 %
Interest expense	64,703	66,853	79,789	+ 19.3 %
Investments in the community (donations & sponsorship)	480	438	567	+ 29.5 %

<p>Countries where we pay taxes 2016</p> <p><b>36</b></p> 	<p>Wages and salaries Change 2015 - 2016</p> <p><b>+2.1%</b></p> 
<p>Billion € revenues before energy taxes Change 2015 - 2016</p> <p><b>+11.5%</b></p> 	<p>Active, consolidated companies included in this report 2016</p> <p><b>145</b></p> 



# *Environmental Protection*

- Environmental Management
- Spill Prevention
- Energy Saving & Climate Protection
- Conservation of Natural Water Resources
- Waste & Wastewater Management
- Biodiversity



We always strive to prevent product releases, minimize our environmental footprint and use resources efficiently. At the same time, we aim to reduce our relative energy consumption as well as water consumption, reduce ozone-depleting emissions and further optimize our waste and wastewater management.





## *Environmental Protection*

Our activities impact the environment both directly and indirectly. Our sites use energy, water, various raw materials and building materials, and generate airborne emissions, waste and wastewater. In addition, the storage and transportation of petroleum products and chemicals carry a risk of spillage. At the same time, we are confronted with global mega trends such as climate change and increasing environmental degradation. We therefore want to make every effort to position ourselves as an environmentally friendly company within our business activities – a company that keeps its negative impact on the environment to an absolute minimum.



## *Environmental Management*

Environmental issues are an integral part of the HSSE management system throughout Marquard & Bahls. According to the HSSE Policy signed by the Marquard & Bahls Executive Board and the management of all subsidiaries worldwide, we are committed to making efficient use of energy and resources, avoiding pollution and advancing the environmental awareness of employees in order to minimize harmful effects. For example, for several years now, we have been recording the amount of energy and water used, the frequency of product releases and their volume, as well as the volume of waste produced at our sites and have established key indicators for doing so.

G4-2,  
G4-14,  
G4-DMA

## *Spill Prevention*

### Spills

Preventing spills is a key for any company that handles petroleum, gas and chemical products. Modern facilities and efficient workflows, combined with preventive maintenance programs, serve to minimize the risk of spills. If there are still product releases nevertheless, we are prepared to recover the product quickly and effectively, and not to leave it to pollute the environment. We document every product release, no matter how small.

G4-EN24

Despite all our efforts, there were 53 product releases of more than 100 liters across the whole company. Nearly all of these incidents occurred at Oiltanking. Overall, the number of incidents with more than 100 liters of released product per million tons throughput in 2016 was down by 30 percent year-on-year, to 0.22 (2015: 0.32).

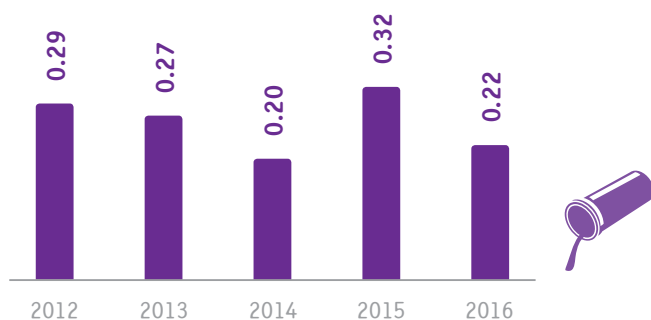


Fig. 11: Product releases  $\geq 100$  liters per 1 million tons of throughput

G4-EN24 However, the total volume of product released on our premises rose from 371 m<sup>3</sup> in 2015 to 557 m<sup>3</sup>, of which 61 m<sup>3</sup> of product could not be recovered. 65 percent of the released product was caused by an ethanol leak at Oiltanking, but here the entire quantity was recovered.

### 📍 Precautions in Case of Spills in Water

G4-15 To ensure professional support in the event of major oil spills, Marquard & Bahls is a shareholder in Oil Spill Response Limited, the world's largest oil spill response organization. Oil Spill Response Limited was founded in 1984 and is wholly owned by international oil companies. At Oiltanking, scenario-specific contingency plans have been developed for all relevant sites, and practical training and drills have been carried out. Marquard & Bahls is also an active member of the Oil Companies International Marine Forum (OCIMF), a voluntary association of oil companies that works to ensure a safe and ecologically responsible operation of oil tankers and tank terminals.

### 📍 Ship Charter Policy

To prevent petroleum products being transported by ships that do not meet our standards, Mabanft has a Ship Charter Policy that defines detailed minimum requirements for the clearance of chartered or accepted ships (C-term purchases). Its overriding goal is to ensure safe transport of the products at all times, and strict adherence to the changing requirements and rules of international tanker shipping – e.g. the requirements of the International Maritime Organization (IMO).



The criteria in the requirements exceed the statutory minimum standard and therefore result in improved environmental protection through prevention of oil spills. To enable a quick and up-to-date assessment of ships in accordance with this policy, we have commissioned a customized web-based information system which has already been used for many years. The Ship Charter Policy is updated regularly; for example, a fine-tuning of the charter requirements for LPG tankers was carried out for 2017.

## *Energy Saving & Climate Protection*

Climate change is currently regarded as the world's most serious megatrend, as well as one of the greatest global risks. Extreme weather events such as prolonged high temperatures and droughts, severe storms and floods, and a rise in the sea level are just a few examples of possible consequences that can severely affect Marquard & Bahl's business as well. According to the Paris Climate Agreement of 2015, the increase in global average temperatures is to be limited to a maximum of 2° C compared to pre-industrial levels. The challenge, around the world, is to meet rising energy demand while also meeting this ambitious goal – and we are no exception.

### Energy Consumption

Marquard & Bahl's uses direct and indirect energy sources to operate its facilities, sites, and vehicles. In 2016, direct energy consumption totaled 1,196,514 gigajoules (GJ). This includes natural gas, heating oil and fuel for the operation of our pumps, boilers, owned bunker ships, operational vehicles, and road tankers (2015: 1,117,389 GJ). Indirect energy – mainly electricity – is used among other things for product pumps and lighting at our tank terminals and for the hydrant systems at our aviation fuelling sites. The servers and computers in our offices are also constant consumers of energy. Other indirect sources of energy that we use include district heating and, to a lesser extent, imported steam. In 2016, indirect energy consumption totaled 955,404 GJ (2015: 851,413 GJ), bringing the total amount of direct and indirect energy to 2,151,919 GJ (2015: 1,968,801 GJ), which means an increase. Due to the diversity of our Group, there is limited comparability between our companies' consumption figures. That is why, for purposes of comparison, we cite the consumption figures of our tank storage activities, which are our largest, per tons of throughput. Fig. 12 shows that the megajoules (MJ) required to transship a ton of product have risen from 8.9 to 9.5 MJ compared to the previous year. After several years of reduction, this means we have not come any closer to our long-term goal of reducing relative energy consumption, but we will

G4-EN3,  
G4-EN5,  
G4-EN6,  
G4-EN7



continue to work on it in the coming year, for example by rolling-out our Energy Saving Guideline at additional Oiltanking sites, and by integrating mandatory provisions in the specifications for construction of new tank terminals, including frequency converters on pumps.

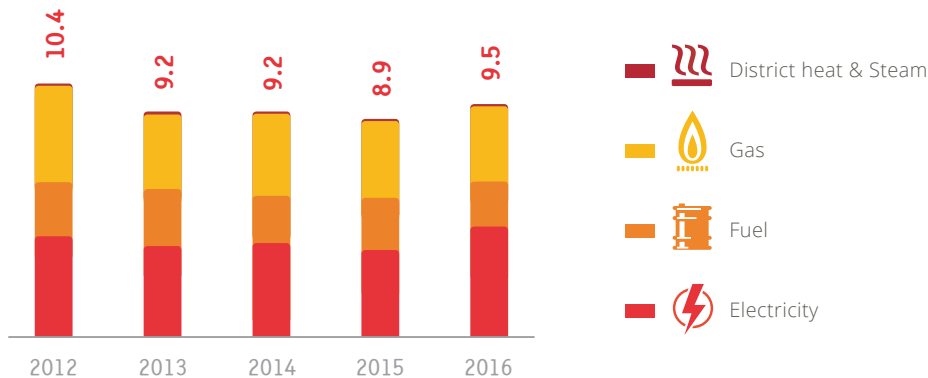


Fig. 12: Energy consumption in Oiltanking tank storage activities (MJ per ton of throughput)\*

To date, only a small number of our sites buy green electricity: 15 locations as well as 42 OIL! service stations reported a proportion of more than 20 percent green energy in their energy mix. Since the move to the new company headquarters, the subsidiaries' holding offices as well as Marquard & Bahls AG itself also contract green electricity. However, significant on-site power generation takes place in only a few cases, for example at the Mabagas biogas plant in Namakkal, India. For further information, please see the section on "Renewable Energies & Alternative Products."

G4-EN4 Total energy consumption includes the consumption at all subsidiaries. Besides natGAS, Petronord's approx. 250 automated service stations, 45 automated stations operated under the name OIL! tank & go (formerly Haahr Benzin) in Denmark, 13 Skytanking and two Oiltanking tank terminals are an exception to this rule. Their data is not or only partly included because their energy consumption cannot be measured separately as they share sites with other owners, or the energy costs are covered in the rental agreement. Where possible, missing information on energy consumption is included as estimates. In order to show a complete picture, we have also included all of our joint ventures. Outside the organization, fuel is mainly used for product transports. Usually, we do not get absolute consumption figures from external service providers, but calculate the CO<sub>2</sub> emissions as stated in the "Emissions Related to Product Transport" section, based on the quantities and distances transported.

\* After publication of the Sustainability Report 2015, Oiltanking's relative energy consumption in 2015 had to be corrected from 8.4 to 8.9



## 📍 Reducing Energy Consumption

The most energy-consuming activity at Marquard & Bahls is the pumping that takes place at the Oiltanking tank terminals. To identify potential savings and take measures to improve energy efficiency, the sites can refer to a detailed Energy Saving Guideline with background information and practical recommendations. While putting it into action at various sites, further potential for savings was identified and general recommendations were derived also sentence not in the german version in 2016. We will continue to document our energy saving measures and support our subsidiaries in establishing energy saving programs.



### Local energy saving projects

- > Many of our sites are gradually shifting to LED lighting – like our tank terminal in Oman, which was able to save 56,628 kWh of electricity by converting to LED.
- > The Oiltanking tank terminal in Varna, Bulgaria, continued its energy efficiency program, and saved 48,000 kWh of electricity by retrofitting its air-conditioning system, converting to LED lighting, and implementing various insulation measures.
- > The Skytanking site in Vienna relies on dispenser vehicles with automatic start/stop, which causes the engine to switch off during refuelling. Last year, the four vehicles in use were able to save about 3,850 liters of diesel compared to traditional-type dispensers.

## 📍 Calculating the Carbon Footprint and Other Emissions

To assess our own influence on the climate, we calculate the carbon footprint of the entire group of companies each year. In accordance with the GHG Protocol, we define our carbon footprint as the total amount of the six greenhouse gases listed in the Kyoto Protocol, measured in tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), caused directly or indirectly by our company. The relevant greenhouse gases resulting from our operations are CO<sub>2</sub>, methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). Other air pollutants such as nitrogen dioxide (NO<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>) emitted by third-party shipping, or volatile organic compounds (VOCs) from our tank terminals, are recorded separately.

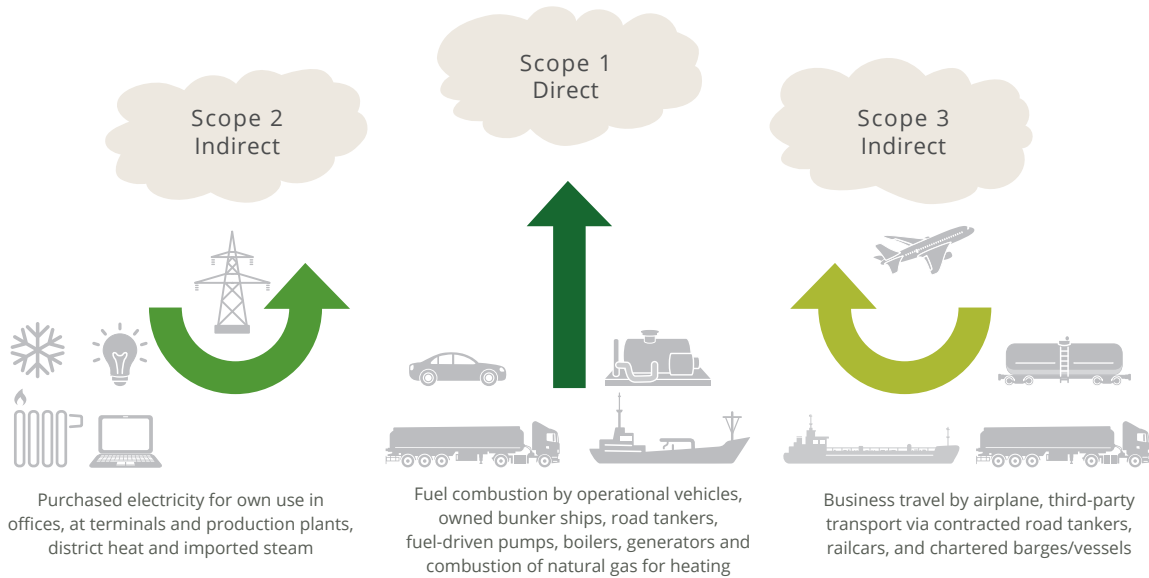
G4-EN21

The greenhouse gas emissions were calculated using the latest Intergovernmental Panel on Climate Change (IPCC) emission factors and the GHG Protocol. In the case of emission factors for electricity, the energy mix of various countries was also taken into consideration. As collecting the data and calculating the emissions of trading-related product transport is very complex, we devote a separate section to this topic.

### 📍 Direct and Indirect Greenhouse Gas Emissions

G4-EN15,  
G4-EN16,  
G4-EN17,  
G4-EN19

Since 2010, we have calculated our corporate carbon footprint according to the GHG Protocol, by first determining reporting scopes for each company. To get a complete picture, we decided to include 100 percent of emissions from all subsidiaries and joint ventures. It was also not possible to take the sites already mentioned in the “Energy Consumption” section into account.



#### Beyond the Scope

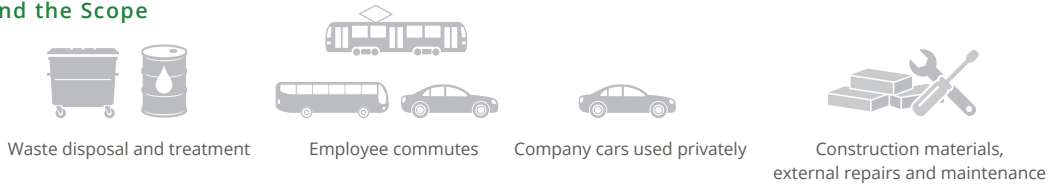


Fig. 13: Reporting scopes for greenhouse gas emissions at Marquard & Bahls



Direct emissions (Scope 1) arise from sources that are owned or controlled by us. Indirect emissions (Scope 2) originate from electricity, steam and district heating we purchase and consume. Emissions generated by third parties fall within Scope 3, where we have included emissions arising from the transport of fuel by third-party logistics companies, and from business trips by air. We have not included emissions generated during the production of building materials (e.g. steel for our storage tanks), the construction of facilities, or the energy required for waste disposal (Fig. 13), as these should be reported by the respective suppliers and service providers.

G4-20, G4-21

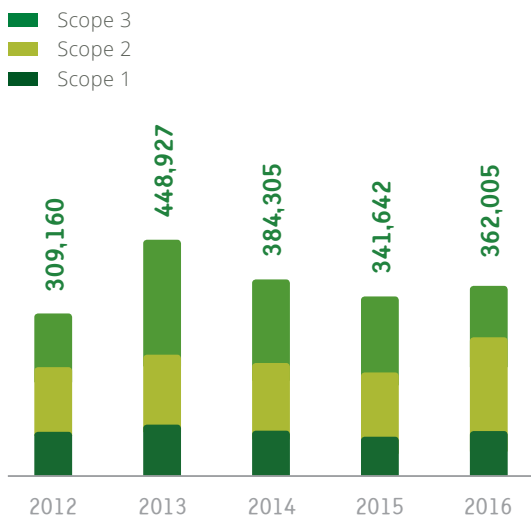


Fig. 14: Total CO<sub>2</sub>e emissions in tons, by scope

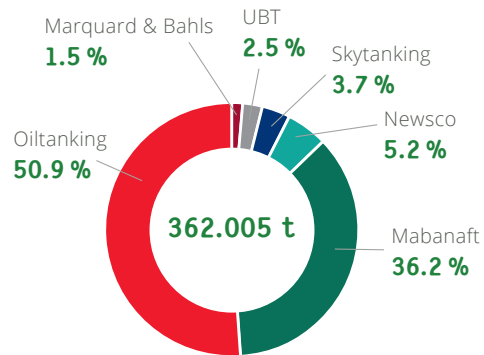


Fig. 15: Total CO<sub>2</sub>e emissions by company

In 2016, direct and indirect CO<sub>2</sub>e emissions totaled 362,005 tons (2015: 341,642 tons), representing a 6.0-percent increase in our carbon footprint. Increased electricity consumption led to an increase in Scope 2 emissions, while emissions from chartered vessels in the trading sector declined. Although more ships were chartered here, they often sailed shorter distances with lower product volumes. As before, our goal is to minimize our emissions, albeit bearing our company's growth in mind.



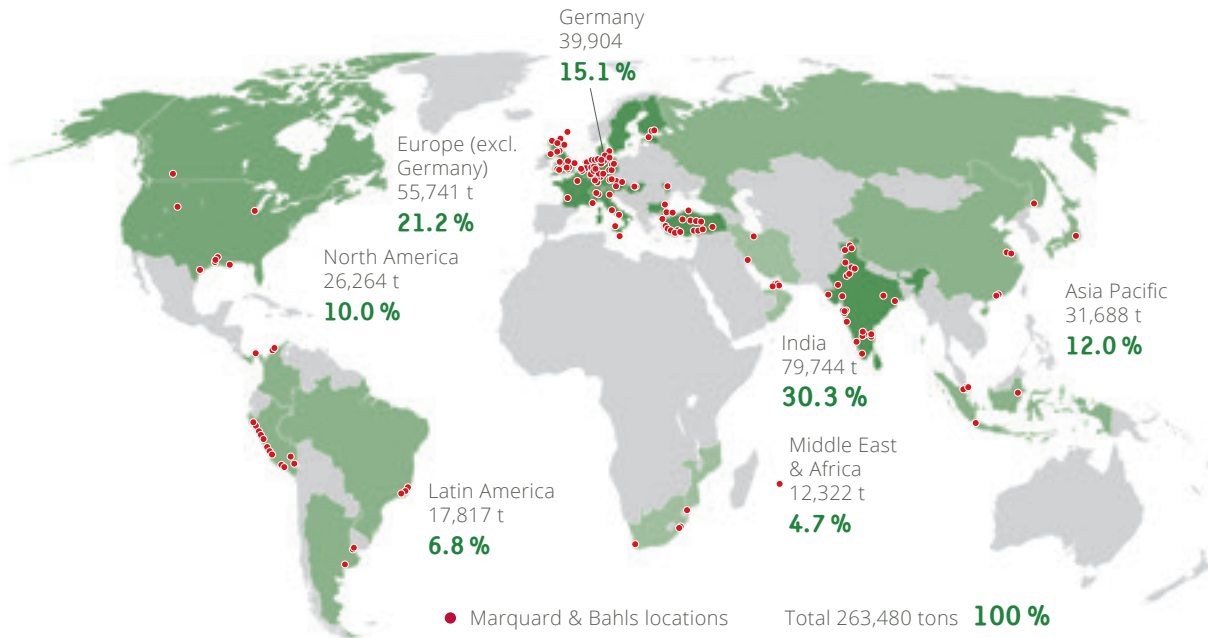


Fig. 16: Scope 1 and Scope 2 CO<sub>2</sub>e emissions by region

### 📍 Emissions Related to Product Transport

G4-DMA,  
G4-EN30

Marquard & Bahls subsidiaries use tank trucks, railcars, barges and seagoing vessels to transport their products. We try to identify and use the types of transport with the least impact on the climate and continue to place a strong focus on transportation by water, since this is the most efficient option. We calculate the emissions of our own ships and time-chartered ships, and our fleet of road tankers under Scope 1, and the emissions of service providers that transport our products under Scope 3. To reduce emissions from our own road-tanker fleets at Petronord subsidiaries and Thomas Silvey, our logistics policy is to invest in latest-model vehicles with energy-efficient engines and to carry out training programs for fuel-efficient driving. At OIL! Tankstellen, road tankers from reputable third-party companies with fuel-efficient fleets are contracted to deliver fuel to the service stations.

With regard to marine transport at Mabanaft, we have included emissions from chartered vessels, but not from vessels that were chartered by third parties, as these are beyond our scope of influence.

In 2016, Mabanaft chartered 94 seagoing vessels (2015: 60), 2,141 barges (2015: 1,873), 18,138 tank trucks (2015: 13,388), and 366 railcars (2015: 266). When chartering seagoing vessels, Mabanaft takes the energy efficiency of the ships into consideration.



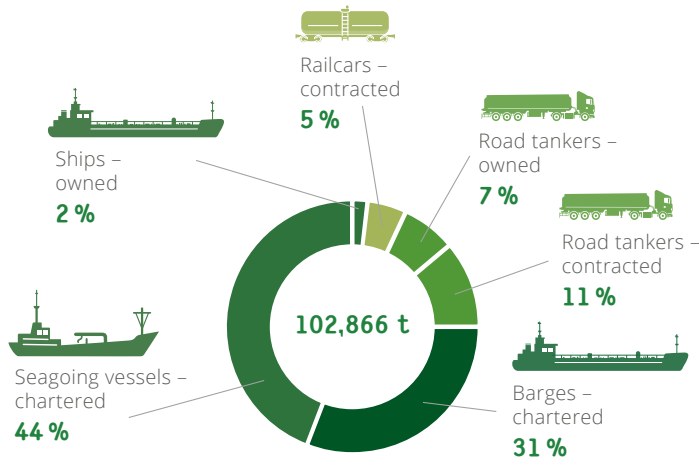


Fig. 17: Transport-related CO<sub>2</sub>e emissions by mode of transportation

The annual CO<sub>2</sub>e emissions arising from the transport of our products are shown in Fig. 17. To calculate the CO<sub>2</sub>e emissions, emission factors were used wherever data on total consumption was available. For transport using third parties, we chose the business solution of the Ecological Transport Information Tool (EcoTransIT) as the most informative and detailed procedure. The tool allows a calculation based on the cargo volume and the loading and unloading ports. EcoTransIT was developed by the Institute for Energy and Environmental Research (IFEU) in Heidelberg, the Öko-Institut (Institute for Applied Ecology) in Berlin, and the Ingenieurgesellschaft für Verkehr und Eisenbahntechnik (IVE mbH, a consulting company for traffic and railway engineering) in Hannover.

### 📍 Emissions from Business Travel

Due to the international nature of our business, our employees sometimes have to travel by air. Our goal is to plan the safest and fastest possible routes and to keep air travel to a minimum. In 2016, employees of Marquard & Bahls and its subsidiaries circumnavigated the earth 777 times by airplane (2015: 836 times).

G4-EN19

CO<sub>2</sub> emissions from air travel were calculated by Atmosfair gGmbH based on data provided by Marquard & Bahls. This comprehensive method takes into account the effects of different air pollutants at high altitudes, as well as the aircraft, engine types, and booking class. In 2016, group-wide emissions from air travel amounted to 11,025 tons of CO<sub>2</sub>e (2015: 11.592\*). This is a reduction of 4.9 percent compared to 2015. Last year's CO<sub>2</sub> emissions from unavoidable air travel from by Marquard & Bahls employees and subsidiary employees in the headquarters are being offset

G4-33,  
G4-EN13,  
G4-EN30

\* After publication of the Sustainability Report 2015, air travel emissions had to be corrected from 9,886 to 11.592 tons. Thereby, emissions in 2015 did not decrease but increase compared to 2014 (10,959 tons). The same applied to circumnavigations of the earth, which had to be corrected to 836.

by purchasing Certified Emission Reduction (CER) certificates from the Marquard & Bahls subsidiary Carbonbay.

Company cars used primarily for business purposes, such as those of the OIL! Tankstellen field staff, are included in Scope 1. Company cars that are predominantly used privately were not included in our emissions calculations. We are also reviewing measures to further reduce the CO<sub>2</sub>e emissions caused by business travel. One possibility is to further expand the video-conferencing systems that were installed in many of the conference rooms at the new Marquard & Bahls headquarters.

### Ozone-depleting Emissions

G4-EN20 Apart from volatile organic compounds (VOCs), our activities do not cause significant emissions of nitrogen oxides, sulfur oxides or ozone-depleting substances, which are mainly emitted upstream in the value chain during cooling or flaring processes. VOCs at our tank terminals are mainly produced through evaporations from tanks (tank breathing) and during loading and unloading. Because of their negative impact on human health and the environment, we care about minimizing VOCs emissions. For this reason, internal floating roofs have been installed on the vast majority of tanks containing volatile products. The floating roofs prevent evaporation by covering the surface of the liquid. Other techniques used by Oiltanking to reduce emissions are vapor balancing, vapor treatment, and vapor recovery systems, which have been installed at many sites. The engineering team at Oiltanking is currently developing a new specification for the construction of new tank terminals and extensions, with an even stronger focus on reducing VOCs.

The emission of VOCs was calculated at 27 Oiltanking sites in 2016. The measured quantity of VOCs emitted in relation to the tank terminal activity was 37.2 g per ton of throughput (2015: 35.2 g/ton). The data is based on complex calculations, as the emissions are highly dependent on various factors such as the vapor pressure of the product, the size, paint, and insulation of tanks, the average ambient temperature, and the efficiency of the vapor recovery system. A special infrared gas detection camera has been purchased by the Group Function HSSE, and can be used by the European tank terminals to detect escaping VOCs. Our German tank terminals in particular used the camera regularly in 2016. In this way, even the smallest gas leaks can be identified and repaired, further minimizing emissions.



Ships are often the most environmentally friendly mode of transport. Nevertheless, since ships often use sulfurous bunker fuel, transport generates significant volumes of nitrogen oxides (NO<sub>x</sub>) and sulfur oxides (SO<sub>x</sub>). NO<sub>x</sub> and SO<sub>x</sub> can significantly contribute to environmental problems such as acidification, eutrophication (nutrient enrichment) and summer smog, and are among the substances that are toxic for humans. In 2016, the ships we chartered emitted 1,022 tons of nitrogen oxides (NO<sub>x</sub>) (2015: 2,050 tons) and 677 tons of Sulphur dioxide (SO<sub>2</sub>) (2015: 1,110 tons). In addition, 64 tons of non-methane hydrocarbons (NMHC) (2015: 114 tons) and 97 tons of particulate matter (PM) (2015: 132 tons) were emitted during the marine transport of products, meaning that the emissions of all of these substances have been reduced. These figures are based on the IFEU Ecotransit method, which was also used to calculate the CO<sub>2</sub>e emissions caused by third-party transport.

G4-EN21

## Climate Protection Initiatives

### Fuel cards that contribute to climate protection

We are aware that petroleum products have a negative impact on the environment, and therefore work to develop alternatives and to improve energy efficiency. That is why, for customers who are willing to contribute to protecting the environment, we have already introduced the option of supporting afforestation projects and CO<sub>2</sub> capture. Customers can, for example, use the OIL! KlimaCard to support the ProKlima initiative and its reforestation projects in Germany with every liter of fuel they buy. The customer's contribution (1.25 cents per liter) is matched by OIL! to double the impact. Our subsidiary BWOC has also set up a program that offers customers with a fuel card the ability to capture emissions from fuels they have purchased by making a contribution to reforestation projects. In any case, 10 percent of the emissions bought with a BWOC Green Card are captured in carbon capture projects, paid for by BWOC customers can decide whether they want to pay extra to capture an additional 40 percent or 90 percent of the CO<sub>2</sub>. Since 2010, BWOC has reforested a total of 155 hectares of land with 200,000 trees, thereby compensating 43,000 tons of CO<sub>2</sub>. At mid-year, BWOC sold a large part of its customer base in the fuel-card business, including Green Card customers. As a new customer base is currently being built, no further trees were financed and planted in 2016 via the Green Card.

G4 DMA,  
G4-EN27

### Initiative Pro Klima

In 2008, Mabanaft, Petronord, and OIL! Tankstellen launched the Initiative Pro Klima. Its efforts focus on three areas: offering energy-efficient products; providing consultation on environmental and energy issues; and promoting projects to protect the climate. Its projects concentrate on two activities – reforestation and climate research. In collaboration with the Schleswig-Holstein State Forestry and the Schutzgemeinschaft Deutscher Wald e. V. (German Forest Protection Association), more than 147,000 trees have already been planted in recent years. In addition to producing oxygen and capturing CO<sub>2</sub>, forests improve the water storage capacity of the soil, prevent erosion, and are home to a great diversity of plants and animals. The sustainable cultivation of

G4-EN27

the areas is ensured by the German Federal Forest Act and by participation in the leading forest certification systems of the Program for Endorsement of Forest Certification Schemes (PEFC) and the Forest Stewardship Council (FSC).



#### New trees for Klövensteen forest in Schleswig-Holstein

As part of the Initiative Pro Klima, a planting day was organized in Klövensteen forest on November 4, 2016, during which a total of 10,000 saplings were planted. Numerous representatives from the companies involved, as well as children from surrounding kindergartens, grabbed a spade to plant the first saplings under the instruction of foresters. At the instigation of the subsidiaries OIL! Tankstellen and Klindworth-Kronol Energie, 5,000 of the 10,000 deciduous trees were financed by the Initiative Pro Klima (IPK). The planting action took place under the slogan "Hamburg and Schleswig-Holstein plant drinking water" by Klimapatenschaft GmbH in cooperation with Trinkwasserwald e.V. and the Klövensteen district forest service. The aim is to support the formation of groundwater by planting deciduous trees, which do not have leaves in winter, allowing larger quantities of water to enter the forest floor.

## 📍 Renewable Energy & Alternative Products

### Biogas

Mabagas produces biogas from organic residues and waste. The focus is on operating the biogas plant in Namakkal, India. This facility exclusively uses organic waste, chicken manure, and agricultural residues. In 2016 alone, approx. 14,000 tons of chicken manure and more than 40,000 tons of residues from sugar starch production were used to produce biogas for energy generation, covering the energy needs of more than 3,000 households. The fermentation residues produced in the process are separated, dried in the sun and then marketed as fertilizer under the brand AYSWARYAM. Productivity at the biogas plant in Namakkal increased significantly in 2016. To increase both electricity and fertilizer production, Mabagas invested in increasing the efficiency of the gas engines and new feed-in technology for loading the fermenters.

### Biofuels

In Germany, Bio-CNG is sold at OIL! service stations. The Bio-CNG is made from 100 percent residual and waste materials and was available at 11 OIL! stations in 2016.



### Wood Pellets

Wood pellets have been part of Mabanaft's product portfolio for several years. Burning wood for energy is CO<sub>2</sub>-neutral and therefore has less impact on climate change than fossil fuels, as it only emits the CO<sub>2</sub> that was previously stored in the tree. Mabanaft decided to discontinue sales of wood pellets at the end of 2016 in its wholesale branch of Mabanaft Deutschland, while it is still part of the product portfolio in the end-consumer business of Petronord.

### Premium KlimaPlus Heating Oil

Since 2016, with the Premium KlimaPlus fuel oil, our subsidiary Petronord has been offering a product that ensures CO<sub>2</sub> emissions from heating plants are reduced by the use of climate-friendly technologies elsewhere. The volume of CO<sub>2</sub> produced by the combustion of the quantity of Premium KlimaPlus heating oil ordered is calculated, and a corresponding number of carbon credits is purchased to offset it. The proceeds from the purchase of the carbon credits are used to support climate-protection projects to reduce emissions. These funds are decisive in operating and maintaining these climate protection projects. For our Petronord Premium KlimaPlus heating oil, the certificates are issued for our Mabagas biogas plant in the Namakkal region of India.



#### Our waste based biogas plant in Namakkal, South India

Carbon trading makes it possible for CO<sub>2</sub> emissions-reducing technologies to be used where it makes most economic sense, as in Namakkal, India, pictured here.

### Carbon Trading

Mabanaft's portfolio of carbon-offsetting projects, developed as part of emissions trading, was pooled in the subsidiary Carbonbay at the end of 2013. The company further increased the annual emissions reductions of its portfolio. At the end of 2016, the total volume of CO<sub>2</sub> saved was 200,000 tons. The certificates traded on the market were generated by hydropower plants in Peru, the solar water heater program in India, the wind farm in Costa Rica, and – for the first time – the IOT Mabagas biogas plant in Namakkal, India.

## Conservation of Natural Water Resources

G4-EN8 Water is a precious resource whose value becomes even more evident in view of climate change and the droughts it has brought, especially in the poorest countries of the world. That is why it is important to us to use the water required for our operational processes efficiently, and to minimize our negative impact on the water quality. In 2016, the company's water consumption amounted to 930,732 m<sup>3</sup> (2015: 857,061 m<sup>3</sup>\*). The increase is due, among other things, to the commissioning of new sites and increased hydrostatic testing of storage tanks at Oiltanking.

G4-DMA Most of the water used is attributable to tank terminal activities. Our tank terminals use fresh water for the cleaning of tanks, hydrostatic tank tests, steam, and sanitary facilities in the offices. At 28.9 l/m<sup>3</sup> in 2016, the relative water consumption for tank storage activities per m<sup>3</sup> of storage capacity (Fig. 18) reflected a significant year-on-year increase of 30.6 percent (2015: 22.1 l/m<sup>3</sup>). The reason is, as already stated above, an increase in the industrial process water and surface water used by hydrostatic testing of new tanks at some tank terminals, which, however, do not lead to any additional pollution because the water can be reused as industrial water after completion of the tests. Measures for operational maintenance, including cleaning and painting of tanks, as well as fire protection measures, such as fire extinguishing, and filling low-water tanks, also contributed to the increase.

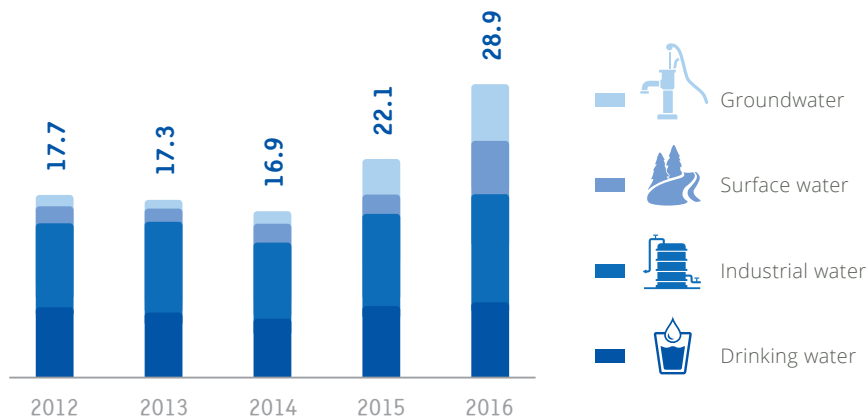


Fig. 18: Water consumption per capita (l/m<sup>3</sup>) for tank storage activities

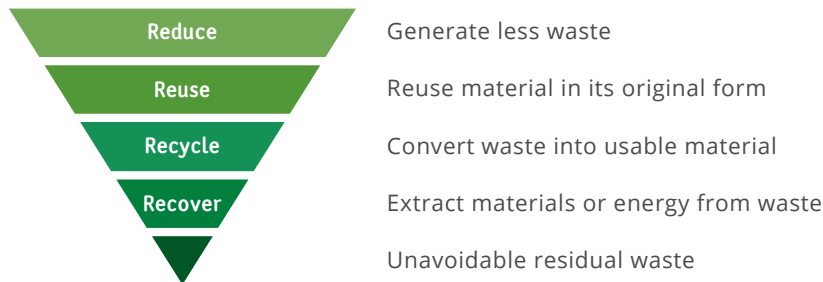
\* After publication of the Sustainability Report 2015, the company's water consumption had to be corrected from 880.432 to 857.061 m<sup>3</sup>.



Unfortunately, this means that we once again failed to progress towards our goal of further reducing relative water consumption at Oiltanking, especially drinking water, but we will continue to work on this in the future. To do this, we have integrated water management into Oiltanking's Energy Saving Program. Areas where water consumption can be minimized include tank cleaning, vapor production in boiler operations, and sanitary facilities. At local level, e.g. in India, we are also examining the possibility of replacing the drinking water currently used for industrial activities with rainwater, and recycling our cleaning or cooling water. At OIL! Tankstellen service stations, older car-washing facilities – usually owned by the station operator – are gradually being replaced by water-saving models. The following section on “Waste & Wastewater Management” contains information about the disposal of wastewater.

## Waste & Wastewater Management

We encourage our employees around the world to produce as little waste and wastewater as possible. Our basic principle of waste and wastewater management is based on the “4 Rs”: reduce, reuse, recycle and recover.



### Waste Production

Since office waste plays a minor role at our company, two types of waste are generally relevant for us: hazardous waste and industrial waste. Under hazardous waste, we include all waste with physical properties such as flammability, toxicity or corrosiveness, which require special recycling and disposal, usually in accordance with country-specific requirements. Under industrial waste we include all waste not normally found in households, such as scrap metal and rubble.

G4-EN23

In 2016, total waste generated by the Group amounted to 50,653 tons, of which 50.2 percent was industrial waste and 49.8 percent hazardous waste (Fig. 19). The significant year-on-year increase in waste volume of 32.6 percent (2015: 38,203 tons\*) is mainly due to the tank terminal activities at Oiltanking.

\* After publication of the Sustainability Report 2015, the company's waste had to be corrected from 39,761 to 38,203 tons.

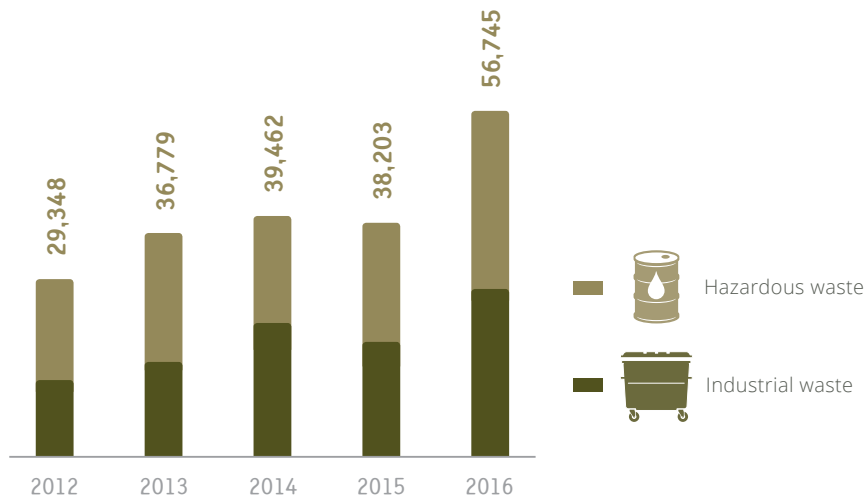


Fig. 19: Total waste by type (in tons)

At Oiltanking, a significant relative increase is also seen in the ratio of hazardous waste in relation to total storage capacity in our tank storage activities, from 2015 (0.98 kg/m<sup>3</sup>) to 2016 (1.39 kg/m<sup>3</sup>). This increase is explained by the fact that the tank cleaning described above primarily affects the amount of hazardous waste generated. The number of tank cleanings can vary widely from year to year, which is reflected in fluctuating annual values.

### 📍 Handling and Disposal of Waste

G4-DMA Most of the hazardous waste at our plants consists of contaminated water from oil-water separators and residues from tank cleaning. It is collected and processed by us or by licensed contractors. In the case of soil contamination by products, the soil must be excavated and treated as hazardous waste. In 2016, over 20 percent of the hazardous waste was recycled. Our industrial waste is mainly caused by construction activity. Since this often consists of packaging and metals, the recycling rate is usually higher. In 2016 the rate was 35 percent.

### 📍 Wastewater Production

G4-EN22 The total amount of industrial wastewater discharged in 2016 was 601,026 m<sup>3</sup> (2015: 589,549 m<sup>3</sup>) and was therefore stable. Apart from hydrostatic testing, wastewater is produced by tank cleaning. This figure also includes the rainwater collected from the tank pits, so there can be





meteorological fluctuations. Residues from wastewater processing are classified as hazardous waste and are pumped out by vacuum trucks, treated by external companies, and usually recycled.

At our dry bulk terminal in Davant, where pet coke and coal are stored, large quantities of rainwater are collected and discharged into public drainage channels after their pH is automatically monitored, and improved as needed. For this reason, we do not include these volumes in the overall statistic.

### Wastewater Treatment and Disposal

All of our service stations and our tank terminals use oil-water separators or complex wastewater treatment systems to process wastewater. Samples are regularly taken to monitor the functioning of the wastewater systems and to ensure that safety values are adhered to. At some tank terminals, gravity oil-water separators are combined with coalescing filters, skimmers, activated charcoal filters, or strippers to fulfill all requirements. After treatment and testing, the water at Oiltanking is mainly disposed of in the surface water, and discharged into the public sewage system at OIL! Tankstellen.

G4-DMA

## *Biodiversity*

Biodiversity encompasses the diversity of species as well as genetic diversity and the diversity of ecosystems. Humankind threatens biodiversity in a variety of ways. Habitat destruction, over-exploitation, introduction of alien species, and climate change are just some of the reasons for the decline in the diversity of species and genes. Industrial usage can also influence or diminish biodiversity in many ways. In our core business, we potentially impact it mainly through the construction of new tank terminals. Our HSSE management system requires a site-specific environmental assessment before the start of construction of new tank terminals or major expansions. The environmental impact assessments, which are required by law in most countries, include a thorough assessment of the direct and indirect impact on biodiversity. As another preventive measure, the groundwater is checked monthly with corresponding measurement technology at all relevant Oiltanking tank terminals. The data obtained in this way is analyzed centrally by environmental experts.

G4-DMA,  
G4-EN11

## Key Performance Indicators Environmental Protection

	2014	2015	2016	Change 2015/16
<b>Product Releases</b>				
Number of incidents where product release $\geq$ 100 liters	44	60	53	- 11.7 %
Incidents with $\geq$ 100 liters of released product per 1 million tons of throughput	0.2	0.3	0.2	- 30.2 %
Total volume of product released in m <sup>3</sup>	229	371	567	+ 52.8 %
Of which share of unrecovered product in m <sup>3</sup>	65	279	61	- 78.2 %
<b>Energy Consumption</b>				
Total amount of direct and indirect energy consumption in GJ (Scope 1 & 2)	2,232,911	1,968,801	2,151,919	+ 9.3 %
Of which direct energy consumption in GJ (Scope 1)	1,379,712	1,117,389	1,196,514	+ 7.1 %
Of which indirect energy consumption in GJ (Scope 2)	853,199	851,413	955,404	+ 12.2 %
Relative energy consumption of the tank terminals (MJ / tons of throughput)	9.2	8.9 <sup>1</sup>	9.5	+ 6.9 %
<b>Carbon Footprint &amp; Emissions</b>				
Total CO <sub>2</sub> e emissions in t	373,347	343,307	362,005	+ 5.4 %
Direct CO <sub>2</sub> e emissions Scope 1 in t	87,340	74,965	83,521	+ 11.4 %
Indirect CO <sub>2</sub> e emissions Scope 2 in t	127,570	122,242	179,959	+ 47.2 %
Indirect CO <sub>2</sub> e emissions Scope 3 in t	158,437	146,100	98,525	- 32.6 %
Transport-related CO <sub>2</sub> e emissions, by means of transport in t	175,129	146,412	102,866	- 29.7 %
CO <sub>2</sub> e emissions caused by air travel in t	10,958	11,592 <sup>1</sup>	11,025	- 4.9 %
VOCs in relation to the tank terminal throughput (g/t)	23.5	35.2	37.2	+ 5.8 %
<b>Conserving Natural Water Resources</b>				
Total water consumption in m <sup>3</sup>	786,832 <sup>2</sup>	857,061 <sup>1</sup>	930,723	+ 8.6 %
Share of drinking water in tank storage activities	36 %	33 %	26 %	- 22.3 %
Relative water consumption in tank storage activities per capacity (l / m <sup>3</sup> )	16,9	22,1	28,9	+ 30.6 %
<b>Waste and Wastewater Management</b>				
Total amount of waste in t	39,202 <sup>2</sup>	38,203 <sup>1</sup>	50,653	+ 32.6 %
Total amount of industrial wastewater in m <sup>3</sup>	474,022	589,549	601,026	+ 1.9 %

<sup>1</sup> Corrected after publication of the Sustainability Report 2015 <sup>2</sup> Corrected after publication of the Sustainability Report 2014

Number of incidents with product release  $\geq$  100 Liter

Change 2015 - 2016

-11.7%



Local environmental initiatives or campaigns

2016

40



Trees planted as part of our climate-protection initiatives

2016

5,000



Share of drinking water in tank storage activities

Change 2015 - 2016

-22.3%





# *Our Employees*

- **Priorities in HR**
- **Shaping Change**
- **Our Employees in Numbers**
- **Employee Turnover**
- **Absence**
- **Education & Training**
- **Labor Standards**
- **Equal Opportunity**
- **Work-Life Balance**



We promote equal opportunities and diversity, and invest in the professional development of our employees. We seek to attract qualified, talented employees and retain them long-term.

## Our Employees



Our employees are our greatest asset because they enable our company's success. We strive to be a fair employer and support continued business growth by recruiting qualified employees and offering them a varied, healthy work environment.

## Priorities in HR

We encourage our employees to take responsibility, promote equal opportunities and diversity, and invest in our employees' professional development. Short decision paths and entrepreneurial thought and action set us apart. Although we act as independent business areas, we are linked in a strategic network. We strive to cultivate a shared "Marquard & Bahls feeling" while still preserving the companies' respective cultures. These priorities are anchored in Marquard & Bahls' strategic approach and are fleshed out with specific measures and programs in our HR work. The tasks and responsibilities involved are divided between the regional and central HR teams. One important task of HR is to support the operating divisions in all personnel-related matters.

G4-DMA

## Shaping Change

We continue to focus on future-oriented, active HR work and the building of skills to keep up with the company's strong growth in recent years. We are always on the lookout for talented employees with new ideas, whom we seek to retain and support long-term. The Group Function HR supports change within the organization with custom-made projects, programs and management development. Last year, in addition to the group-wide FUEL trainee program and the dual-study program, further development programs for managers were carried out; succession planning was also expanded. International cooperation and cross-departmental and cross-company projects are reflected in an increased number of international assignments.

## Our Employees in Numbers

Mirroring the strong operational growth at Marquard & Bahls, the number of employees has increased steadily in the past, though headcount has fallen slightly in the past three years due, among other things, to restructuring in the EPC sector and the sale of companies. In 2016 – including employees from all non-consolidated and affiliated companies – we employed 8,081 people at year-end, and 8,198 employees on average (2015: 8,417). The average number of employees per calendar year was used as a basis for calculating the indicators in this chapter.

G4-9,  
G4-10

The vast majority of our employees have full-time contracts. With 59 percent in operations and 41 percent in administration, the ratio of employees has remained relatively similar to previous years. Not least because of the high proportion of operating staff, we place a special focus on health and safety, which is reflected in the fact that it has been defined as a separate strategic action area.

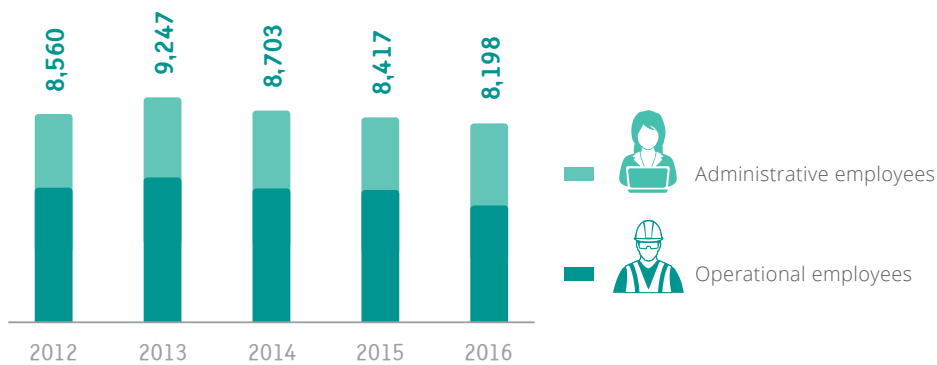


Fig. 20: Average number of employees, split into operational and administrative staff

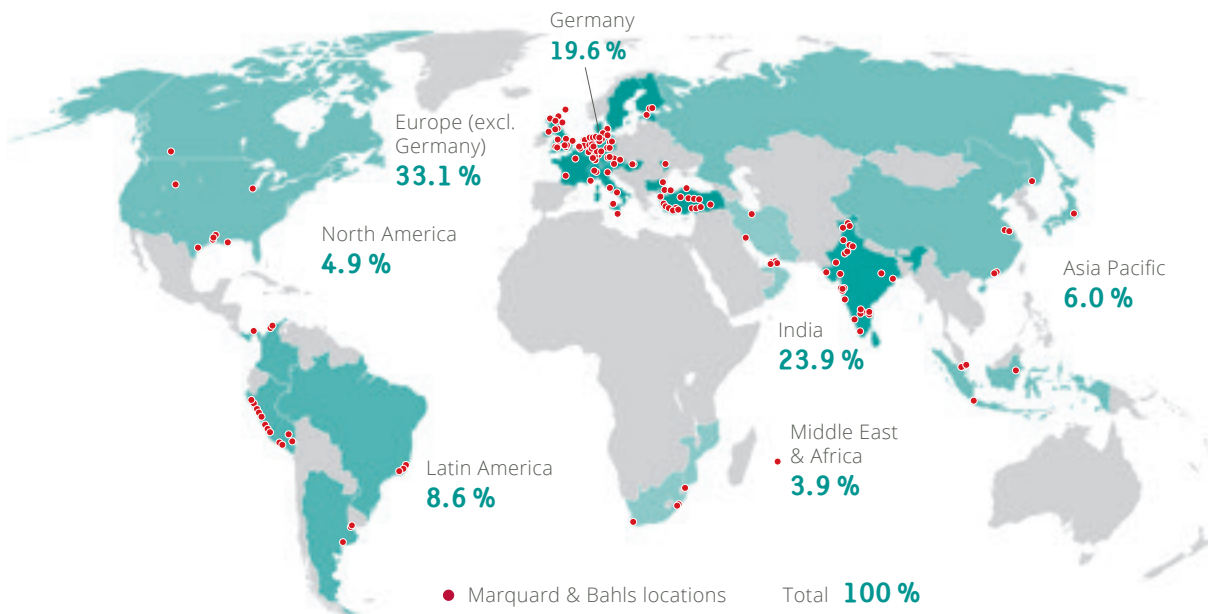


Fig. 21: Average annual distribution of employees by region

## Employee Turnover

As a family-owned business that cherishes tradition, we greatly value long-term relationships. This is also reflected in our commitment to retain talented employees long-term whenever possible. Continuous education and training are therefore an integral part of our HR work. Our company's growth strategy and natural turnover through retirement or other changes in employees' personal lives also require systematic recruitment of new employees from the labor market.

In accordance with the requirements of the GRI, we define the turnover rate as the number of employees who left the company voluntarily, were dismissed, or retired, in proportion to the average number of employees during the reporting period. In 2016, a total of 1,497 employees left the company, representing a turnover rate of 18.3 percent (2015: 20.8 percent). Of these, 541 employees left the company due to dismissal or company sales, 165 due to an expiring contract, 705 at their own request, 40 due to retirement, and 46 on other grounds. Meanwhile, 1,286 new employees were hired. By company (Fig. 22), the highest turnover rate last year was seen at Newsco (38.9 percent), reflecting a sharp reduction in drilling activity in North America. Business-related adjustments were also necessary in the bulk-materials handling business, the bunker business, and the EPC sector, which affected employee turnover.

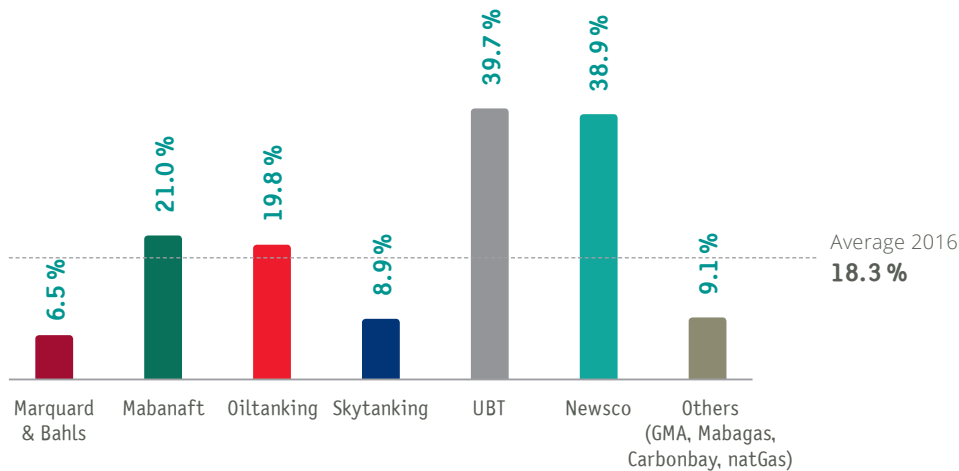


Fig. 22: Staff turnover by company

From a regional perspective, (Fig. 23) India had the highest turnover rate in 2016 due to major restructuring in the EPC sector. As in previous years, the main driver of employee churn in Europe is the service-station segment in Moldova, which is subject to high fluctuation common in this occupational field.

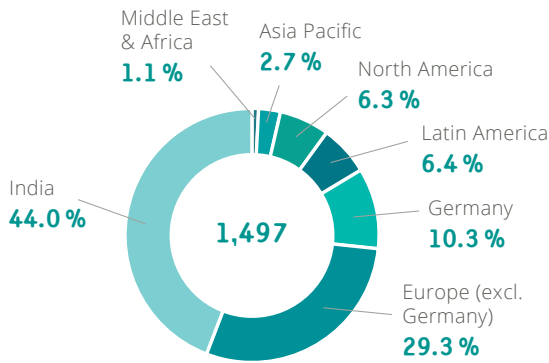


Fig. 23: Share of employees leaving the company by region

## Absence

G4-LA6 The absence rate is calculated as the number of days of absence in proportion to the absolute number of days the staff should have worked. We include the days of absence from work because of incapacity of any kind, including work-related injury or illness. Permitted leave absences such as holidays, study, maternity or paternity leave and compassionate leave are excluded.

In 2016, the overall absence rate was 2.3 percent (2015: 1.6 percent), an increase compared to the previous year. The highest rates of absence were recorded in Germany and Europe. Since we regard this value as an indicator of our employees' health and satisfaction, we will continue to monitor it closely and derive measures, if necessary. The section on "Equal Opportunity," for instance, presents information about our Employee Assistance Program.

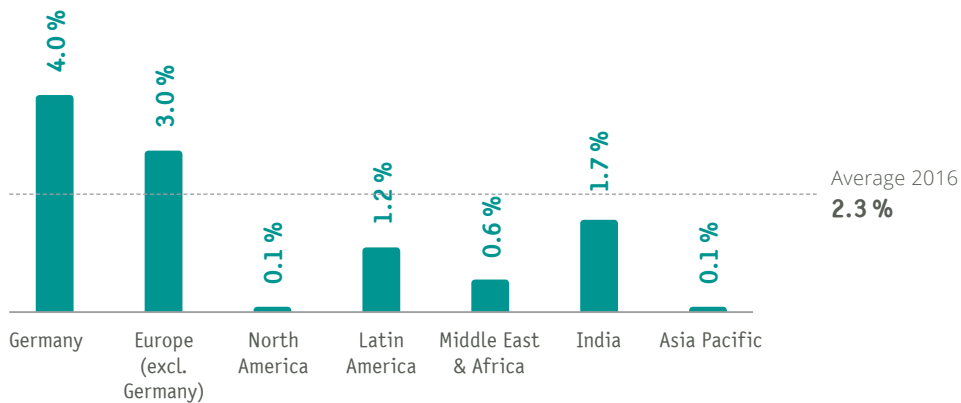


Fig. 24: Absence rate by region



## Education & Training

To ensure that the right employees are available at the right sites at the right time, we systematically promote our employees' professional expertise and abilities, and train next-generation talent. We intend to further expand and systemize our training programs in the future. In 2016, for instance, Marquard & Bahls held its first junior staff workshop on the integration of sustainability aspects into the daily routine, for junior staff.

G4-2,  
G4-DMA,  
G4-LA10

### Personal and Professional Development

We care about the personal and professional development of all employees. That is why we feel it is very important to learn by performing practical tasks in the workaday routine, supplemented by deep-dive activities, e.g. in projects as well as by participating in seminars and coaching. The latter range from professional corporate training to IT seminars and language classes, to workshops on intercultural communication or time management.

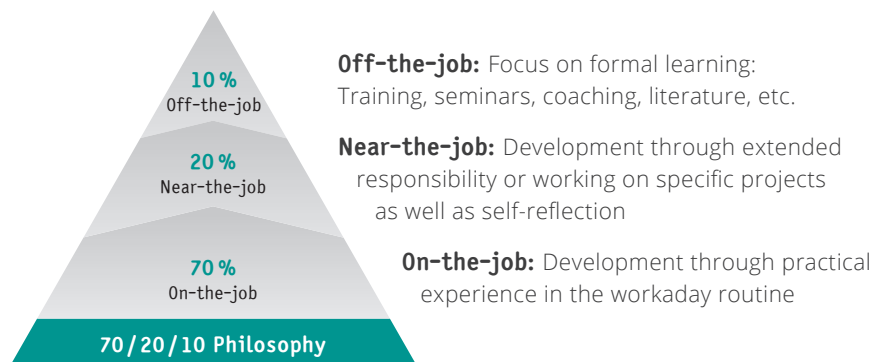


Fig. 25: Elements of our skill-based personal development planning

We also offer our executives group-wide management development opportunities. These include the three programs "GMC" for members of the Group Management Committee, "GLUE" for the management level below the GMC across the group, and "PILOT", which is targeted at first-line leaders around the world. Collaboration at Group level and leadership are of great importance in times of change. Other key elements of the three programs are the introduction to management tools, organizational development and change management, exercises to deepen the Group's shared understanding of leadership and values, as well as measures to promote the feedback culture. In 2016, the programs for top management and new leaders (first-line leaders) were further rolled out. A total of 79 employees participated in the three different programs GMC, GLUE and PILOT.

## Training Junior Staff

G4-LA10 Training the next generation of staff is important to us for two reasons: We see it as part of our social responsibility to offer young people sound training in a family business and to accompany them in the first steps of their professional life. At the same time, we ensure that we regularly attract motivated young people. At the end of their training, our young talents possess valuable know-how that new employees from the outside have to spend many years acquiring. We deliberately do not train according to a quota, but according to the needs of our business areas. We train young people in three forms: apprenticeship, dual-study program and the FUEL trainee program. In the course of 2016, we had 17 trainees under contract (2015: 15 trainees), and 12 dual-study participants in Germany (2015: 12). Our international trainee program FUEL – my FUTURE in Energy & Logistics – offers university graduates hands-on vocational training in various professions and across national borders. In 2016, 15 FUEL trainees started worldwide, three of them in Germany. Our subsidiaries had 40 trainees in training, of which our subsidiary IOT alone accounted for 17 as part of a local trainee program (2015: 94 trainees). The decline results from fewer trainees that started in 2016 due to the fact that the programs are perennial.

## *Labor Standards*

G4-11,  
G4-DMA We abide by the Universal Declaration of Human Rights and the UN protocols, protecting human rights within our sphere of influence. Compliance with the standards of the ILO is laid down in our Code of Conduct. We respect employee rights and guarantee our employees both freedom of association and the right to collective bargaining. Our employees are organized in trade unions in various countries, including Argentina, Belgium, France, the Netherlands, and Malta. In the event of changes in our operations, we work closely with the relevant social partners.

As an international company, our working hours reflect local requirements and best practices. We usually hire our employees under full-time contracts for indefinite periods.

## Fair Wages and Salaries

One of our fundamental interests is to employ the best employees, so it is a matter of course for us to pay our employees fairly. This remuneration practice applies to all employees, whether they are employed full-time or on a temporary basis. We also operate in low-wage countries. Here, in other countries, no rules for minimum wages have been set at a regional level.



We pay competitive salaries combining fixed and variable components. The Marquard & Bahls Code of Conduct specifies that salaries shall be regulated based solely on qualifications, performance, and other work-related factors such as responsibility, skill, and experience. Factors such as gender, nationality, or age have no influence on salaries. In addition to the base salary, we voluntarily offer supplementary benefits, which are calculated on the basis of the basic salary. These supplementary benefits are partly dependent on performance.

### Company Pension

The state pension is one of the main pillars of people's retirement arrangements, but it rarely fully covers their financial needs in old age. Our employees' future is very important to us, so at many subsidiaries and in many countries we offer a voluntary, additional employer-financed company pension.



#### Sound family finance

Oiltanking in Cartagena, Colombia, organized a workshop for its employees to encourage awareness in handling money and to provide practical tips for families.

## *Equal Opportunity*

We see diversity as a key to success, both in our lines of business and among our employees. We aim to further increase diversity within our company by employing both male and female employees from many different cultures. Employees from 62 nations work for us around the world. With a rate of 0.75 percent, we do not meet Germany's quota requirements for the employment of disabled people as set out in the Social Security Statutes Book (SGB IX), and therefore make appropriate compensation payments.

G4-DMA,  
G4-LA12,  
G4-HR3

Although more and more women are choosing careers in our industry, the oil and energy sector is still largely dominated by men, especially in operational areas of activity. In 2016, the proportion of female employees in our workforce was 15.7 percent, which represents a 9.7-percent year-on-year increase (2015: 14.3 percent). We still receive far more applications from men than from women for technical positions. When recruiting junior employees, the Group Function HR tries to maintain a balance between male and female candidates. At job fairs we specifically try to encourage female talent to join us. We also take care to ensure a balanced ratio in our executive training programs.

All employees can anonymously report cases of discrimination, harassment or other violations of the Code of Conduct to the Code of Conduct team and via the new CARE platform at any time. In 2016, no whistleblowing cases were reported that related to discrimination or harassment.

## *Work-Life Balance*

We believe that a good work-life balance contributes to the wellbeing and performance of our employees. We are aware that this balance can sometimes be difficult to achieve. That is why we provide targeted offers to promote a healthy work-life balance – primarily in Germany to date.

### Working-Time Models

G4-LA3 To enable more flexible working hours and promote a healthy work-life balance, some countries use various models such as part-time, working-time accounts and trust-based working time. Worldwide, part-time contracts accounted for 3.8 percent of all employment contracts in 2016 (2015: 2.8 percent). There are also working-time models to encourage employees to return to work after parental leave. On average, a total of 49 employees at the German sites were on parental or maternity leave in 2016 (2015: 47); 43 percent of them were men. Our sites worldwide indicated that 59 employees were on parental leave.

### Employee Assistance Program

Five years ago, as part of our efforts to offer employees support in various life situations, Marquard & Bahls signed a contract for an external Employee Assistance Program (EAP). These consultants can be contacted 24/7 regarding practical, legal or emotional matters, professional or personal. The consultants analyze the situation and support employees with further steps – strictly confidentially and anonymously, of course. This service is available to all employees in Germany as well as to family members living in the household.

A total of 49 new cases were recorded last year, which corresponds to a utilization rate of 6.4 percent (2015: 11.8 percent). This figure is still slightly above the provider's average. The proportion of work-related topics was 28 percent (2015: 13 percent); the remaining requests related to personal matters.

### Family-friendly Employer

For employees in Hamburg, we offer a variety of attractive measures to encourage a healthy work-life balance. These include vacation care for the children of employees, a cooperation with a children's day-care center, and parties for children and families. Many of our worldwide locations have also carried out events, projects and measures to promote a healthy work-life balance.



#### Fun for kids

The Marquard & Bahls children's party on November 12, 2016 took place at the Schwarze Berge Animal Park, where children of Hamburg-based employees spent an exciting afternoon scouting out wolves, lynxes, deer and other animals. Oiltanking Antwerp also hosted a family event. The Kidz Playground holiday-care program in Hamburg helps parents cope during the school holidays.

### Employee Satisfaction

To regularly review employee satisfaction, staff talks and surveys are performed at a local level. In 2016, many of our Oiltanking, Skytanking and Mabanaft sites conducted employee surveys on paper, electronically, or via formal staff talks. We encourage all of our companies to carry out employee surveys, as they are a good tool for measuring the employees' commitment and job satisfaction.

In March 2017, we invited all of our employees around the world to participate in our latest stakeholder survey on sustainability issues for the first time. Many of them used the survey to give valuable feedback to the company. We see this as an indicator to introduce further surveys, beyond established channels such as the whistleblowing system for breaches of the Code of Conduct, and the feedback box at the company headquarters in Hamburg.

## Key Performance Indicators Our Employees

	2014	2015	2016	Change 2015/16
<b>Our Employees in Numbers</b>				
Average number of employees for the year	8,703	8,417	8,198	- 2.6 %
Proportion of staff in administration	37 %	35 %	41 %	+ 17.5 %
Proportion of staff in operations	63 %	65 %	59 %	- 9.4 %
<b>Employee Turnover</b>				
Employees who left the company	1,359	1,748	1,497	- 14.4 %
Fluctuation rate	15.6 %	20.8 %	18.3 %	- 12.0 %
<b>Absence Rate</b>				
General absence rate	1.9 %	1.6 %	2.3 %	+ 43.8 %
<b>Trainees/Apprentices</b>				
Number of trainees/apprentices worldwide	174	132	84	- 36.4 %
<b>Equal Opportunity</b>				
Number of different nationalities in the company	60	55	62	+ 12.7 %
Share of female employees	14.2 %	14.3 %	15.7 %	+ 9.7 %
<b>Working Time Models</b>				
Share of part-time contracts	1.8 %	2.8 %	3.8 %	+ 35.0 %

Average number of employees for the year  
2016

8,198



Share of female employees  
Change 2015-2016

+9.7%



Fluctuation rate  
Change 2015-2016

-12.0%



Number of trainees/apprentices worldwide  
2016

84





# *Occupational Health & Safety*

- Instruments & Measures
- Preventive Health
- HSSE Training
- Workplace Accidents
- Prevention of Fires
- Noise
- Safety on Business Trips



We give priority to health & safety, identify potential risks and take measures to monitor, limit and prevent hazards. We promote a proactive safety culture and optimize all our activities with regard to technical, organizational and behavioral safety.



## *Occupational Health & Safety*

Excellence in occupational health and safety is one of our five company values, and therefore a fundamental component of our strategic approach. As part of our sustainability strategy, it is our declared goal to continually improve all our activities in connection with technical, organizational, and behavioral safety and to be a model for the industry in the area of occupational health and safety.

G4-14,  
G4-DMA



### *Instruments & Measures*

Due to the variety of activities in the Group, it is important to evaluate the associated risks individually. Based on this analysis, systematically customized solutions are developed and implemented. One important measure is the creation of comprehensive HSSE manuals that are specifically tailored to the respective subsidiaries. The manuals also serve as a basis for the sites to develop appropriate local management systems. One central instrument for learning from accidents is a global incident database across all subsidiaries. To prevent incidents and their reoccurrence, all accidents, incidents, near misses and unsafe acts and conditions are carefully analyzed. If necessary, HSSE alerts are being prepared, distributed worldwide and discussed with employees and, if necessary with contractors. To be able to respond even quicker to developments in HSSE key performance indicators in the future, a dashboard application is currently being programmed that provides daily data and enables even more detailed analyses. We monitor compliance with our internal standards by regularly performing internal HSSE audits at our sites, especially at Oiltanking, Skytanking and UBT. Detailed HSSE statistics with "leading" (forward-looking) and "lagging" (retrospective) KPIs are also prepared for each Oiltanking and Skytanking site. Communications measures that increase risk awareness in the daily work support our proactive approach.

To promote a constructive HSSE discourse, once a year HSSE managers from Oiltanking locations worldwide convene for a week to discuss current matters, exchange ideas and experiences, and create synergies. HSSE is also a fixture on the agenda of Oiltanking's annual Management Meeting. Skytanking also holds international HSSE meetings as part of its annual global management meetings.



#### Annual HSE meeting

In September 2016, Oiltanking's HSE managers from around the world met in Hamburg for three days of HSE exchange and networking.

Since 2008, we have given out awards for Best HSE Performance (Golden Lighthouse) and Best HSE Improvement (White Lighthouse), to honor our Oiltanking sites' efforts to work in a safe and environmentally friendly way. The award criteria include workplace accidents, fires & explosions, product releases, product contaminations, material damages, and reporting (quality, timeliness, and near misses). In 2016, both awards went to Singapore, the Golden Lighthouse to Oiltanking Helios Singapore again, and the White Lighthouse to the joint venture chemical tank terminal Oiltanking Odfjell Singapore.

## *Preventive Healthcare*

G4-LA2 In addition to the statutory health checkups, many of our sites around the world offer preventive medical checkups. Beyond this, in 2016 many Oiltanking and Skytanking sites conducted health and education campaigns on a variety of topics. The Marquard & Bahls headquarters also has a wide range of health-promoting offers, including a free fitness area, ergonomic office equipment, and nutritionally balanced choices in the company restaurant.

## *HSSE Training*

Our company HSSE Policy requires that all employees receive job-related training and tutorials. This includes tutorials on the risks inherent in dealing with the products that are stored and handled at our sites. New employees as well as contractors are instructed in matters of HSSE before taking up their work. Any persons who have to perform potentially dangerous tasks receive specific training. OIL! Tankstellen has produced a comprehensive training video that covers all aspects of HSSE at service stations and provides practical guidelines for meeting the requirements. The video is made available to all station partners. At Oiltanking and Skytanking, a total of 544,208 HSSE training hours were completed in 2016 (2015: 327,871 hours). For example, at Oiltanking in 2016, all operational employees received an average of 78 hours of HSSE training (2015: 71 hours). The increase in training hours is owed in part to an intensive training program carried out last year for our employees at selected terminals.



### **Trainings for oil spill preparedness**

Employees on the tank terminal in Kotka South, Finland, practice an emergency oil spill and deployment of an oil boom.

## Workplace Accidents

G4-LA6 In 2016, across the group there were 80 accidents resulting in lost work days that involved our own employees (2015: 85). These accidents resulted in a total of 1,828 lost work days (2015: 2,118). Absences due to commuting accidents or non-work-related illnesses are not included in these figures. Another 33 accidents, which were reported to us, involved employees of contracted external companies (2015: 34). The relative frequency of accidents that resulted in lost work days could therefore be further reduced last year, and the global average was 4.0 hours per 1 million hours worked (2015: 4.7; Fig. 26). Most of the accidents in 2016 occurred during loading and unloading operations at tank terminals, and while aircraft fuelling. Additional reviews (“deep dives”) are performed by the Group Function HSSE and Oiltanking Assets & Operations at locations with a below-average HSSE performance, and specific short-term and long-term measures are derived. In this connection, we have launched various initiatives at Oiltanking to improve the safety culture, e.g. workshops with senior executives and HSSE managers, the introduction of a worldwide “Safety Day” in March 2017, safety walks by the management, and Personal Safety Plans. In addition, the “Golden HSSE Rules” for Oiltanking were developed in 2016, which were rolled out at the beginning of 2017. Skytanking introduced “Golden Safety Rules” in 2016, which were presented at an HSSE training session for executives.

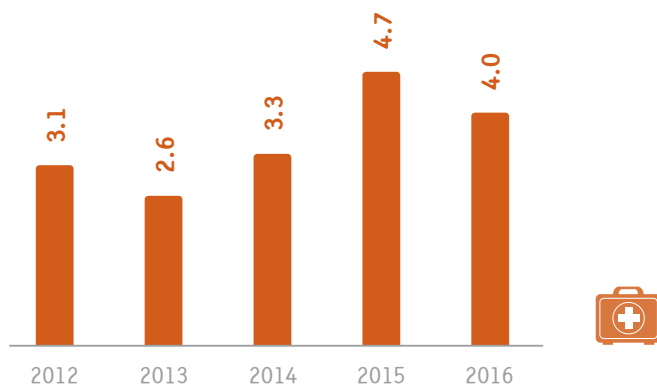


Fig. 26: Number of accidents resulting in lost work days that involved our own employees, per 1 million working hours

We define the severity of accidents based on the average number of lost work days per employee incident. Across the Group, the average severity of accidents in 2016 was 22.9 lost work days per accident (2015: 25.0), which means that the severity of workplace accidents could be further reduced in 2016.

We are also always working to improve HSSE standards for our contractors. To this end, Oiltanking’s contractor program, which includes a safety manual and a global, web-based database, was further intensified. The good news is that these increased efforts at Oiltanking have shown successes and that the number of accidents has decreased year-on-year. In addition, there were no fatal contractors’ accidents in connection with our activities.

## *Prevention of Fires*

Past incidents in our industry have shown that technical measures, organizational processes, and rules of conduct are not always sufficient to prevent fires. Oiltanking has prepared a mandatory Fire Protection Standard consisting of 72 rules that often go beyond legal requirements, to ensure adequate protection against fire and its escalation.

In 2016, there were 21 small fires, thereof two small explosions (2015: 31 fires). The explosions were very contained events in an electrical cabinet and a vehicle battery during maintenance in a workshop. There were no injuries in any of the cases. The absolute frequency of fires has therefore decreased. Moreover, they mostly occurred on construction sites and not at our tank terminal operations, and remained closely confined to the local area. However, altogether these incidents resulted in 128,300 euros of damage (2015: 29,924 euros).

## *Noise*

Noise can have a negative impact on the working environment, local residents, and wildlife. We therefore aim to minimize noise production wherever possible. Potential sources of noise include pumps, generators, and industrial vehicles. We reduce noise through better maintenance and shielding, but also by replacing aging equipment. Apart from this, noise protection is part of the mandatory personal protective equipment wherever specified noise limits are exceeded.





## *Safety on Business Trips*

Many of our employees travel frequently as part of their work for Marquard & Bahls. Travel safety is therefore an important issue on our HSSE agenda. In order to provide the best medical advice and services for employees on their travels, as well as for expats, Marquard & Bahls has signed a service contract with International SOS, the leading provider of medical assistance, international healthcare, and security services. To support our employees in planning international business trips, there is also a group-wide manual on travel safety and a web-based airline-vetting database that is updated daily.

## Key Performance Indicators Occupational Health & Safety

	2014	2015	2016	Change 2015/16
<b>HSSE Training</b>				
Total number of HSSE training hours at Oiltanking and Skytanking	230,880	327,871	544,028	+ 65.9 %
Average HSSE training hours per Oiltanking operations employee	63	71	78	+ 9.7 %
<b>Workplace Accidents</b>				
Employee accidents resulting in lost days of work per 1 million total working hours	3.3	4.7	4.0	- 14.7 %
Average days of absence per employee accident	25.0	25.0	22.9	- 8.6 %
Average days of absence per third party accident at Oiltanking	37.9	24.1	16.5	- 31.5 %
<b>Fires</b>				
Number of fires	23	31	21	- 32.3 %
Total damage caused by fires in €	10,240	29,924	128,300	+ 328.8 %

<p>Employee accidents resulting in lost days of work per 1 million working hours</p> <p>Change 2015 - 2016</p> <p><b>-14.7%</b></p> 	<p>Average days of absence per employee accident</p> <p>Change 2015 - 2016</p> <p><b>-8.6%</b></p> 
<p>Number of fires</p> <p>Change 2015 - 2016</p> <p><b>-32.3%</b></p> 	<p>Total number of HSSE training hours at Oiltanking and Skytanking</p> <p>Change 2015 - 2016</p> <p><b>+65.9%</b></p> 



# *Corporate Citizenship*

- Our Engagement in Numbers
- Environment
- Education
- Health
- Selection of Our Worldwide Engagement
- Culture & Sports
- Humanitarian Aid



We also take responsibility beyond our core business and support surrounding communities in our five focus areas: environment, education, health, culture & sports, and humanitarian aid. We encourage and support our employees in their volunteer work.



## Corporate Citizenship

In accordance with our values and our sustainability strategy, it is important to us to contribute to the well-being of our surrounding communities. We therefore support the communities in the form of financial support and voluntary work by our employees, in our five defined focus areas.

## Our Engagement in Numbers

In 2016, Marquard & Bahls and its subsidiaries spent a total of 567,234 euros on charitable purposes (2015: 438,121 euros), of which 480,056 euros was donated and 87,178 euros was in the form of sponsorship. In addition, numerous employees worldwide volunteered 4,536 hours of work for various initiatives and projects (2015: 3,939 hours).

In a breakdown by companies, Oiltanking was once again the Group's biggest donor in 2016 (Fig. 27), which is explained partly by the nature of its operations and its closeness to the surrounding communities. Oiltanking also has the highest number of employees in the Marquard & Bahls group: it accounts for 50 percent of the Group's total workforce, which is reflected in its 52.3 percent share of donations. Broken down by topical focus, the largest share of donations went to projects in the fields of Education and Culture & Sports (Fig. 28).

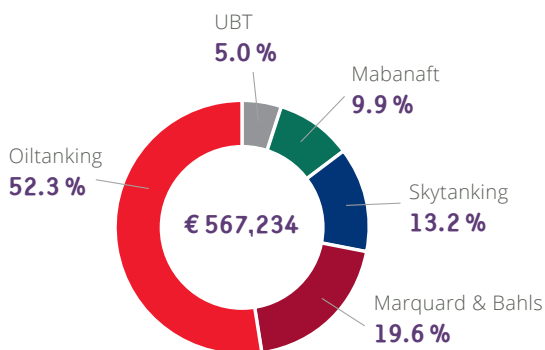


Fig. 27: Corporate citizenship investments by company

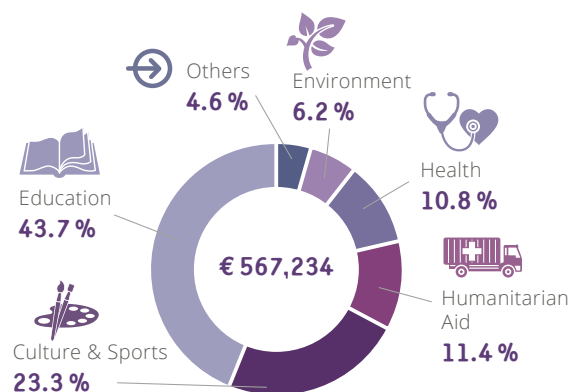


Fig. 28: Corporate citizenship investments by topical focus

Marquard & Bahls' volunteer efforts are currently decentralized and are reported annually to the Team Sustainability at the Hamburg headquarters by the individual sites. In 2016, a total of 80 sites supported their communities financially or through voluntary work. The initiation and organization of our volunteering is to remain local, with a focus on our five defined focus areas of environment, education, health, culture & sports and humanitarian aid.

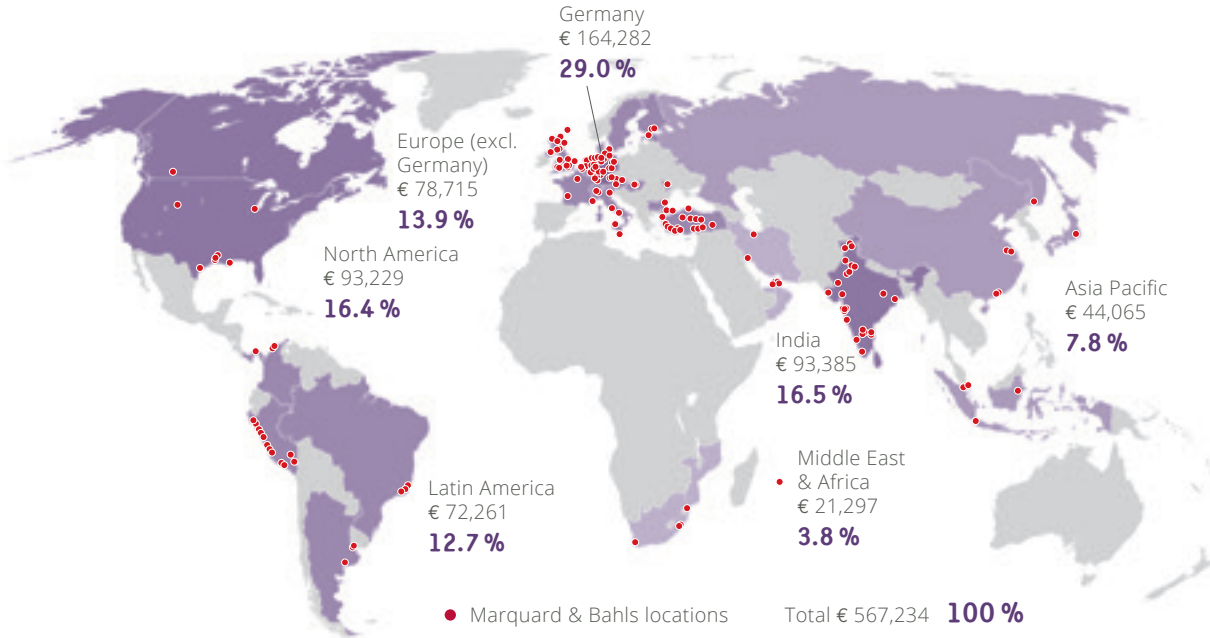


Fig. 29: Investments in the community, by region.

The following shows a cross-section of our local initiatives and projects last year; it reflects the spectrum of different activities.

## Environment

### 📍 Beach Cleanups to Protect Daya Bay in China

G4-15 Marine pollution is a serious and primarily man-made global problem. Oiltanking Daya Bay, a coastal terminal in China, has identified marine pollution as a local challenge. For this reason,

the terminal teamed up with the local Marine Conservation Volunteer Service to organize marine environmental protection activities in Daya Bay. About 50 employees and their families volunteered for a beach cleanup campaign in March and December 2016, collecting trash along the shoreline of Daya Bay.



#### Protecting the oceans

About 50 Oiltanking employees helped clean up the coast of Daya Bay.

## Education

### 📍 Volunteering for Young Refugees in Germany

In 2016, Marquard & Bahls joined forces with a non-profit initiative in order to help improve the situation of young refugees in Hamburg and facilitate their integration into the labor market. As part of the JOBLINGE “Kompass” program, Marquard & Bahls started its first language course for young refugees on August 2, 2016. Over a period of six weeks thirteen committed employees temporarily became language coaches and taught up to ten Joblinge German vocabulary from their daily business life at Marquard & Bahls headquarters. Additionally, about a dozen employees of different departments and subsidiaries registered for the JOBLINGE mentoring program to support a Jobling for half a year.



#### **Mutually beneficial experiences**

The language course turned out to be valuable training for both the Joblinge participants as well as our employees.

## Health

### 📍 Free Medical Checkups for Local Community in Peru

In 2016, the Oiltanking terminal in Matarani (LQS) conducted three health campaigns in the community of “Villa el Pescador”. The approximately 200 inhabitants living there have limited economic resources. Medical care for the community is also limited, as there are no medical centers or hospitals close by. To improve this situation, the campaigns offered the inhabitants general medical treatment, pediatrics, and dentistry, as well as instruction on oral hygiene and nutrition. Nearly all local residents received free medical checkups, including a large number of children.



#### **Wholly healthy**

Nearly all 200 residents took advantage of the health campaigns and received basic medical care.



## Selection of Our Worldwide Engagement

Locations that engaged in volunteer activities, as well as some project examples.

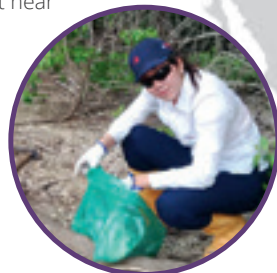
### Charity run on the gulf coast

40 employees from the Oiltanking office in Houston, and their family members gave their all during the Beach to Bay charity run on the Gulf Coast, to support causes including the Special Olympics.



### Protection of mangrove forests

More than 30 employees helped to clean up a mangrove forest near the Oiltanking tank terminal in Puerto Bahia, Colombia, as part of an environmental campaign.



### Construction of a community house

Logística de Químicos del Sur (LQS) in Matarani donated over 55,000 euros and served as a coordinating partner for the construction of a community house near Villa el Pescador, Peru. The facility was completed in 2016.



### OceanRAIN research project

OceanRAIN, a University of Hamburg research project on the effects of climate change, was once again supported as part of the Initiative Pro Klima.



### Refugee assistance

Marquard & Bahls donated 6,000 euros for a winterproof DOMO, a hexagonal tent system that was used as interim accommodation for refugees in Hamburg.



### Protection of sea turtles

On December 8, 2016, six employees from Oiltanking Açú Serviços helped about 100 baby sea turtles safely reach the Atlantic Ocean at Açú Port in Brazil.



### New sports equipment for schools

The IOT-VITO team in Turkey visited several schools in Aliaga near an EPC project, and financed new sports equipment and a floor-cleaning machine for schools.



### Schoolbags for children

About 20 employees at IOT Infrastructure & Energy Services Ltd. headquarters in Mumbai, India, donated more than 70 new schoolbags and helped to fill them and distribute them to children in need.



### Love and attention for the elderly

Oiltanking employees in Daya Bay, China, collected in-kind donations and took time to bring some joy to the elderly by visiting seniors at home or at retirement homes.



### Supporting the construction of a school

IndianOil Skytanking supported the expansion and handled renovation work of a primary school in the village of Yerappannahalli in the rural district of Bangalore, India.



### Support for SOS Children's Villages

Instead of holiday season gifts for employees, Marquard & Bahls supported the SOS Children's Village of Alibaug, India, with 100,000 euros, thus continuing its commitment to SOS Children's Villages.



### Campaigning against slavery

The Oiltanking Grindrod Calulo team participated in a 5-km hike in Durban, South Africa, to protest against modern slavery while supporting the non-profit Umgeni Community Empowerment Center.



More corporate citizenship project examples can be found via the following link:  
<https://www.marquard-bahls.com/en/responsibility/corporate-citizenship/all-topics.html>

## Culture & Sports

### 📍 Support for a Children's Choir in Argentina

When these children sing together, you can hear the enthusiasm even through closed doors. Since 2015, Oiltanking Ebytem S.A. has sponsored the Children's Choir of Punta Alta, Argentina. Led by



#### Ear candy

The choir has already earned numerous accolades performing at public events in the city and environs.

former professor and composer Valeria Llaría, the choir provides a cultural space for children aged between four and 18 in the Punta Alta community. Meeting and playing music together keeps the kids occupied in their free time, nurtures their musical and creative side, and improves their vocal training – and their self-esteem, as they have already earned some accolades from the community. Because Oiltanking also believes that social commitment to the community and supporting social activities helps establish a trustful relationship with local people, the Puerto Rosales Terminal once again sponsored the Punta Alta Children's Choir in 2016.

## Humanitarian Aid

### 📍 Soup Kitchen for the Needy in Durban and Cape Town, South Africa

As part of Oiltanking Grindrod Calulo's (OTGC) community efforts, the terminals in Durban and Cape Town took action on Nelson Mandela Day 2016. On July 27 in Durban and July 29 in



#### What's cooking?





OTGC staff prepared large pots with home-made soup.

Cape Town, OTGC employees manned the soup cauldron, serving more than 800 bowls of home-made soup to residents of the surrounding communities. Four hundred loaves of bread were also distributed, along with refreshments, fruit and treats. A bowl of soup and a piece of bread won't make the daily hardships of life in the community disappear. However, it is one way to show the community that others do think and care about them. And more importantly, the "soup kitchen" event brings people together to share food, have a chat and connect with each other.

## Key Performance Indicators Corporate Citizenship

	2014	2015	2016	Change 2015/16
<b>Financial Support</b>				
Investments in the community (donations & sponsoring) in €	480,465	438,121	567,234	+ 29.5 %
<b>Staff Volunteering</b>				
Number of staff volunteers	813	1,283	1,032	- 19.6 %
Total hours of volunteer work	6,240	3,939	4,536	+ 15.1 %
Volunteer work in hours per employee	0.72	0.47	0.55	+ 18.2 %

<p>Investments in the community (donations &amp; sponsorship) in € Change 2015-2016</p> <p><b>+29.5%</b> </p>	<p>Number of sites that were active in volunteering 2016</p> <p><b>80</b> </p>
<p>Total hours of volunteer work Change 2015-2016</p> <p><b>+15.1%</b> </p>	<p>Hours of volunteer work per employee Change 2015-2016</p> <p><b>+18.2%</b> </p>



*Mabanaft GmbH & Co. KG*

— Hamburg, Germany

**Trading**

- BWOC Ltd. Weston-super-Mare, United Kingdom
- Mabanaft Coal Trading Inc. Houston, USA
- Mabanaft Deutschland GmbH & Co. KG Hamburg, Germany
- Mabanaft Hungary Kft. Budapest, Hungary
- Mabanaft International GmbH & Co. KG Hamburg, Germany
- Mabanaft Limited London, United Kingdom
- Mabanaft Moldova SRL Chisinau, Moldova
- Mabanaft Pte. Ltd. Singapore

**Retail**

- Petronord GmbH & Co. KG Hamburg, Germany
- AUSTROLUB GmbH & Co. KG Vienna, Austria
- Benol Energieservice GmbH & Co. KG Frankfurt/Main, Germany
- Böttcher Energie GmbH & Co. KG Regensburg, Germany
- Deglmann Energie GmbH & Co. KG Weiden/Oberpfalz, Germany
- EAG Energie Abrechnungs- und Service GmbH Hiddenhausen, Germany
- Greiner GmbH & Co. KG Wabern, Germany
- Hartmann Energie GmbH & Co. KG Oberlechtersbach, Germany
- Hempelmann Wittemöller GmbH Hiddenhausen, Germany
- JB German Oil GmbH & Co. KG Wittenburg, Germany
- John Schmierstoff Service GmbH Altlandsberg, Germany
- Kaiser Söhne Mineralöle GmbH & Co. KG Arnsberg, Germany
- Keck Energieservice GmbH & Co. KG Brakel, Germany
- Keck Schmierstoffservice GmbH & Co. KG Brakel, Germany
- Kiessling Energie GmbH & Co. KG Lauterhofen, Germany
- Klindworth-Kronol Energie GmbH & Co. KG Hamburg, Germany
- Lipps Energie GmbH Hagen, Germany
- LSA Lubes Services GmbH & Co. KG Vienna, Austria
- Mabanol GmbH & Co. KG Hamburg, Germany
- Mabanol Bitumen GmbH & Co. KG Hamburg, Germany

- Manfred Mayer MMM Mineralöl Vertriebsgesellschaft m.b.H. Neudörfel, Austria
- Mühlenbruch Stinnes GmbH & Co. KG Bremen, Germany
- Mühlenbruch Stinnes Schmierstoffservice GmbH & Co. KG Bremen, Germany
- Oiltech Lubes Service GmbH & Co. KG Erkrath-Unterfeldhaus, Germany
- Petrocargo Mineralöl-Logistik GmbH Hiddenhausen, Germany
- South Eastern Fuels Limited Croydon, United Kingdom
- Staaek Pooltankstellen GmbH & Co. KG Hamburg, Germany
- Thomas Silvey Ltd. Bristol, United Kingdom
- Uhlenbruck Energie GmbH & Co. KG Mülheim an der Ruhr, Germany
- ZIEGLMEIER Energie GmbH Schrobenhausen, Germany

- OIL! Tankstellen GmbH & Co. KG Hamburg, Germany
- Haahr Benzin ApS Vejle, Denmark
- OIL! Tankstellen AG Rüti, Switzerland
- OIL! Tankstellen GmbH Vienna, Austria
- Tirex Petrol S. A. Chisinau, Moldova
- BAT Auerswalde Nord GmbH & Co. KG Heidenau, Germany

**Bunkering**

- Bomin Bunker Holding GmbH & Co. KG Hamburg, Germany
- Bomin Belgium BVBA Antwerp, Belgium
- BOMIN Bunker Oil Corp. Houston, USA
- BOMIN Bunker Oil Ltd. Hong Kong, China
- Bomin Bunker Oil Pte. Ltd. Singapore
- Bomin Deutschland GmbH & Co. KG Hamburg, Germany
- Bomin (Mauritius) Ltd. Port Luis, Mauritius

- Bomin Oil DMCC Dubai, United Arab Emirates
- Bomin Oil Pvt., Ltd. Mumbai, India
- Bominship International GmbH Hamburg, Germany
- DELTAMAR S. A. Buenos Aires, Argentina
- Matrix Bharat Pte. Ltd. Singapore
- Matrix Marine Fuels Pte. Ltd. Singapore
- NWB Nord- und Westdeutsche Bunker GmbH Hamburg, Germany
- Ostsee Mineralöl-Bunker GmbH Rostock, Germany
- SBI (Sea Bunkering International) B. V. Groningen, Netherlands
- Sea Fuels V.O.F. Groningen, Netherlands
- Sea Med Bunkering B. V. Groningen, Netherlands

*Oiltanking GmbH*

— Hamburg, Germany

**Tank Storage Logistics**

**Europa**

- Oiltanking Amsterdam B. V. Amsterdam, Netherlands
- Oiltanking Antwerp Gas Terminal N.V. Antwerp, Belgium
- Oiltanking Bulgaria A. D. Varna, Bulgaria
- Oiltanking Copenhagen A/S Copenhagen, Denmark
- Oiltanking Deutschland GmbH & Co. KG Hamburg, Germany
- Oiltanking Finance B. V. Amsterdam, Netherlands
- Oiltanking Finland Oy Kotka, Finland
- Oiltanking Ghent N. V. Ghent, Belgium
- Oiltanking Hungary Kft. Budapest, Hungary
- Oiltanking Malta Ltd. Birzebbugia, Malta
- Oiltanking Sonmarin Oy Kotka, Finland
- Oiltanking Stolthaven Antwerp N. V. Antwerp, Belgium
- Oiltanking Tallinn AS Tallinn, Estonia
- Oiltanking Tanklager Waltershof GmbH & Co. KG Hamburg, Germany
- Oiltanking Terneuzen B. V. Terneuzen, Netherlands
- TransTank GmbH Gelsenkirchen, Germany

**America**

- Colon Oil and Services S. A. Panama-City, Panama
- Consorcio Terminales Lima, Peru
- Logistica de Quimicos del Sur S.A.C. Lima, Peru
- Oiltanking Açu Serviços Ltda. Rio de Janeiro, Brazil
- Oiltanking Andina Services S.A.C. Lima, Peru
- Oiltanking Colombia S. A. Bogota, Colombia
- Oiltanking Colombia Servicios S.A. Bogota, Colombia
- Oiltanking Ebytem S.A. Buenos Aires, Argentina
- Oiltanking Joliet LLC Joliet, USA
- Oiltanking Logistica Brasil Ltda. Rio de Janeiro, Brazil
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- Exir Chemical Terminal PJSCO Teheran, Iran
- Oiltanking Grindrod Calulo Proprietary Limited Cape Town, South Africa
- Oiltanking Matola S.A. Matola, Mozambique

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- IOT Infrastructure & Energy Services Ltd. Mumbai, India
- Oiltanking Daya Bay Co. Ltd. Huizhou, China
- Oiltanking Helios Singapore Pte. Ltd. Singapore
- Oiltanking (Nanjing) Co., Ltd. Nanjing, China
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- Oiltanking Singapore Ltd. Singapore
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- PT Oiltanking Nusantara Persada Jakarta, Indonesia
- Zuari Indian Oiltanking Limited Goa, India

**Engineering, Procurement and Construction (EPC)**

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- Indian Oiltanking Engineering & Construction Services LLC Seeb, Oman

*Skytanking Holding GmbH*

— Hamburg, Germany

- Hydrant Refuelling System NV Zaventem, Belgium
- IndianOil Skytanking Limited Bangalore, India
- IndianOil Skytanking Delhi Limited Delhi, India
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- S & JD Robertson North Air Ltd. Aberdeen, United Kingdom

*United Bulk Terminals USA Inc.*

— Houston, USA

- United Bulk Terminals Davant LLC Davant, USA
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*Mabagas GmbH & Co. KG*

— Hamburg, Germany

- Mabagas Kraftstoff GmbH & Co. KG Hamburg, Germany
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*Carbonbay GmbH & Co. KG*

— Hamburg, Germany

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— Houston, USA

- Newsco International Energy Services Inc. Calgary, Canada
- Newsco Directional Drilling (Peru) SAC Lima, Peru
- Newsco International Energy Services Inc. Gurgaon, India
- Telemetrix Technologies International Inc. Calgary, Canada
- Telemetrix USA Inc. Conroe, USA

*GMA Gesellschaft für Mineralöl-Analytik und Qualitätsmanagement mbH & Co. KG*

— Frankfurt/Main, Germany

*natGAS Aktiengesellschaft*

— Potsdam, Germany

\* For natGAS, this report only shows the employee and revenue figures.

*Companies Covered*

At December 31, 2016

# Abbreviations

- 📍 Company Covered
- 📍 Abbreviations
- 📍 GRI Content Index
- 📍 Addresses

## Abbreviations

- CH<sub>4</sub>** > Methane
- CNG** > Compressed Natural Gas
- CO<sub>2</sub>** > Carbon dioxide
- CO<sub>2</sub>E** > Carbon dioxide equivalents
- EPC** > Engineering, Procurement & Construction
- FUEL** > FUTURE in Energy & Logistics
- GHG** > Greenhouse Gases
- GLUE** > Global Leadership, Unique Experience
- GMC** > Group Management Committee
- GRI** > Global Reporting Initiative
- HR** > Human Resources
- HSSE** > Health, Safety, Security & Environment
- IFEU** > Institut für Energie- und Umweltforschung  
(Institute for Energy and Environmental Research)
- ILO** > International Labour Organization
- ISO** > International Organization for Standardization
- KPIs** > Key Performance Indicators
- LED** > Light Emitting Diode
- NGO** > Non-Governmental Organization
- NMHC** > Non-methane hydrocarbons
- NO<sub>2</sub>** > Nitrogen dioxide
- N<sub>2</sub>O** > Nitrous oxide
- NO<sub>x</sub>** > Nitrogen oxide
- OCIMF** > Oil Companies International Marine Forum
- OECD** > Organisation for Economic Co-operation and Development
- OHSAS** > Occupational Health and Safety Assessment Series
- OPEC** > Organization of the Petroleum Exporting Countries
- SDGs** > Sustainable Development Goals
- SO<sub>2</sub>** > Sulfur dioxide
- SO<sub>x</sub>** > Sulfur oxides
- VOCs** > Volatile organic compounds



The present report is drawn up in accordance with the G4 guidelines of the Global Reporting Initiative (GRI) in line with the option "Core" and following the German Sustainability Code (DNK).

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## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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## Addresses

### — Marquard & Bahls AG



#### 📍 Marquard & Bahls AG

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 0 \_ Fax + 49 40 370 04 - 7242 \_ [www.marquard-bahls.com](http://www.marquard-bahls.com)



#### 📍 Mabanaft GmbH & Co. KG

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 0 \_ Fax + 49 40 370 04 - 7352 \_ [www.mabanaft.com](http://www.mabanaft.com)



#### 📍 Oiltanking GmbH

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 0 \_ Fax + 49 40 370 04 - 7499 \_ [www.oiltanking.com](http://www.oiltanking.com)



#### 📍 Skytanking Holding GmbH

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 7454 \_ Fax + 49 40 370 04 - 7379 \_ [www.skytanking.com](http://www.skytanking.com)



#### 📍 United Bulk Terminals USA Inc.

Three Allen Center, 333 Clay Street, Ste 2400 \_ Houston, TX 77002 \_ USA  
Phone +1 281 457-7900 \_ Fax +1 281 457-7917 \_ [www.unitedbulkterminals.com](http://www.unitedbulkterminals.com)



#### 📍 Mabagas GmbH & Co. KG

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 7800 \_ Fax + 49 40 370 04 - 7829 \_ [www.mabagas.com](http://www.mabagas.com)



#### 📍 Carbonbay GmbH & Co. KG

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 7846 \_ Fax +49 40 370 04 - 7829 \_ [www.carbonbay.com](http://www.carbonbay.com)



#### 📍 GMA – Gesellschaft für Mineralöl-Analytik und Qualitätsmanagement mbH + Co. KG

Koreastraße 7 \_ 20457 Hamburg \_ Germany  
Phone + 49 40 370 04 - 7159 \_ Fax + 49 40 370 04 - 7299 \_ [www.gma-analytik.de](http://www.gma-analytik.de)



#### 📍 natGAS Aktiengesellschaft

Jägerallee 37 H \_ 14469 Potsdam \_ Germany  
Phone + 49 331 20 04 - 0 \_ Fax + 49 331 20 24 - 199 \_ [www.natgas.de](http://www.natgas.de)

📍 For the addresses of all our direct subsidiaries please visit our website [www.marquard-bahls.com](http://www.marquard-bahls.com)

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[www.marquard-bahls.com](http://www.marquard-bahls.com)

[sustainability@marquard-bahls.com](mailto:sustainability@marquard-bahls.com)

**Contact**

Marquard & Bahls AG  
Koreastraße 7  
20457 Hamburg  
Germany

