

[we
act
sustainably]



Who We Are

Founded in 1947, Marquard & Bahls is a Hamburg-based 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 more than 7,700 people worldwide.

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

Dear Readers,

We are witnessing rapid change around the globe. Digitalization is progressing, the political balance of power has become more unstable, and the world population continues to grow. More people also means that we will continue to see increasing demand for energy sources. At the same time, many countries are rethinking their energy policy. What energies will we use in future? We believe that oil and the products derived from it will continue to play an important role. Meanwhile, the importance of renewable energies is on a steady rise – a development that we support, especially since we are also involved in renewable energies, in addition to fossil fuels. We strive to actively shape developments in the energy sector – we want to be part of the solution, not the problem. With this in mind, we are currently participating in several studies supported by industry associations, and get involved wherever it makes sense to us. We are convinced that while the changing energy landscape entails risks for our existing business, it also contains many opportunities.

And so, meeting our customers' needs today without compromising the quality of life for future generations is the course we will continue to pursue in the future. We reconfirm our commitment to acting as a fair employer and a responsible corporate citizen. As part of the responsibility that comes with this, we see it as a matter of course to consider health, safety and environmental aspects in all our business activities with highest priority.

This report sums up what sustainability means for us, what measures we took last year in tackling the economic, environmental and social challenges we faced, and what we have achieved in the process. For the coming year too, we have set ourselves ambitious goals for further integrating sustainability in our core business. Our sustainability commitment and our six strategic action areas give us valuable orientation in pursuing these goals.

We wish you an enjoyable read and look forward to your feedback!

Hamburg, July 2018



Christian Flach
Chief Executive Officer (CEO)



Julio Tellechea
Chief Operating Officer (COO)



Lorenz Zwingmann
Chief Financial Officer (CFO)

About this Report

This, Marquard & Bahls' eighth, Sustainability Report summarizes our sustainability activities in 2017. 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. A list of all companies covered is appended to this report. The present report is drawn up in dependence on the new Sustainability Reporting Standards of the Global Reporting Initiative (GRI). Our assessment is that the sustainability reporting complies with the requirements of the Core option of the GRI Standards. The GRI Content Index in the appendix outlines where specific GRI reporting elements and indicators are addressed in the report. The structure of this report is 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. The United Nations' (UN) Sustainable Development Goals (SDGs) symbols at the end of each chapter indicate which SDGs we influence in the respective action. In 2017, we again increased our data coverage and improved the quality of our data and assumptions. Therefore, there may be shifts in the data compared to the previous year; these are marked with an asterisk (*). 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 2017. 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. If you have any questions or feedback about the Sustainability Report, please email Anna Weritz and Silke Ströning of Team Sustainability:

sustainability@marquard-bahls.com



A Portrait of Marquard & Bahls

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

Marquard & Bahls was founded in 1947. A lot has happened since then: What began as a national trading company with a handful of employees is today an internationally active group of companies. Headquartered in Hamburg, Germany, Marquard & Bahls operates in 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 2017, Marquard & Bahls employed an average workforce of 7,620 and at year-end had 7,727 employees. While the Group achieved consolidated revenues (including energy taxes) of 13.5 billion euros, the year ended with total consolidated earnings after taxes of only around 34 million euros, due to unscheduled impairment losses. A detailed breakdown of the key financials can be found in the Annual Report.

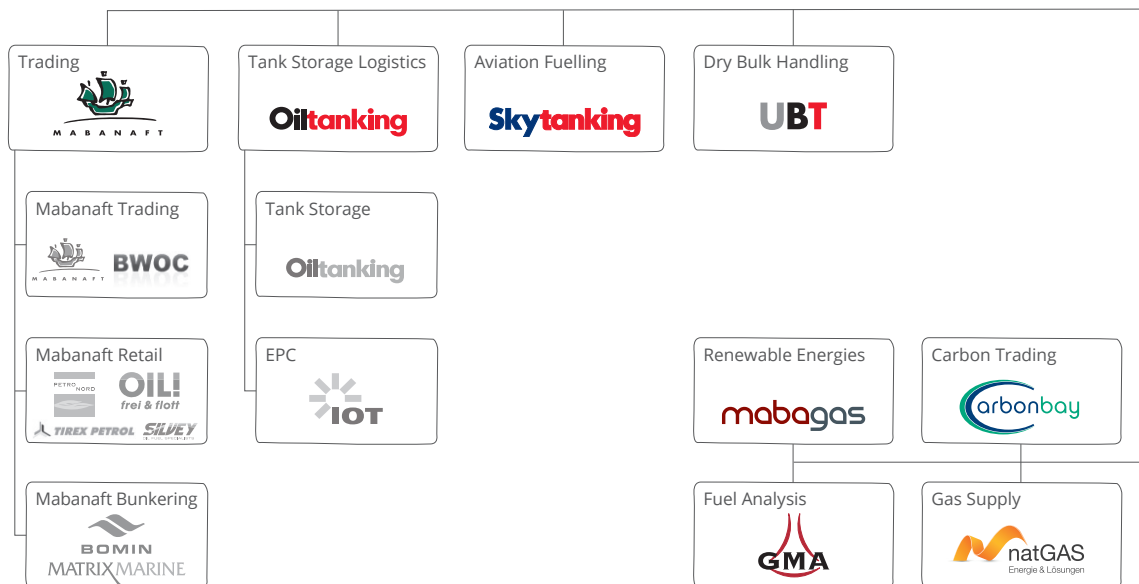


Fig. 2: Marquard & Bahls business divisions and lines of business as at December 31, 2017

Locations 2017



13.5 billion €
in revenues (including energy taxes)

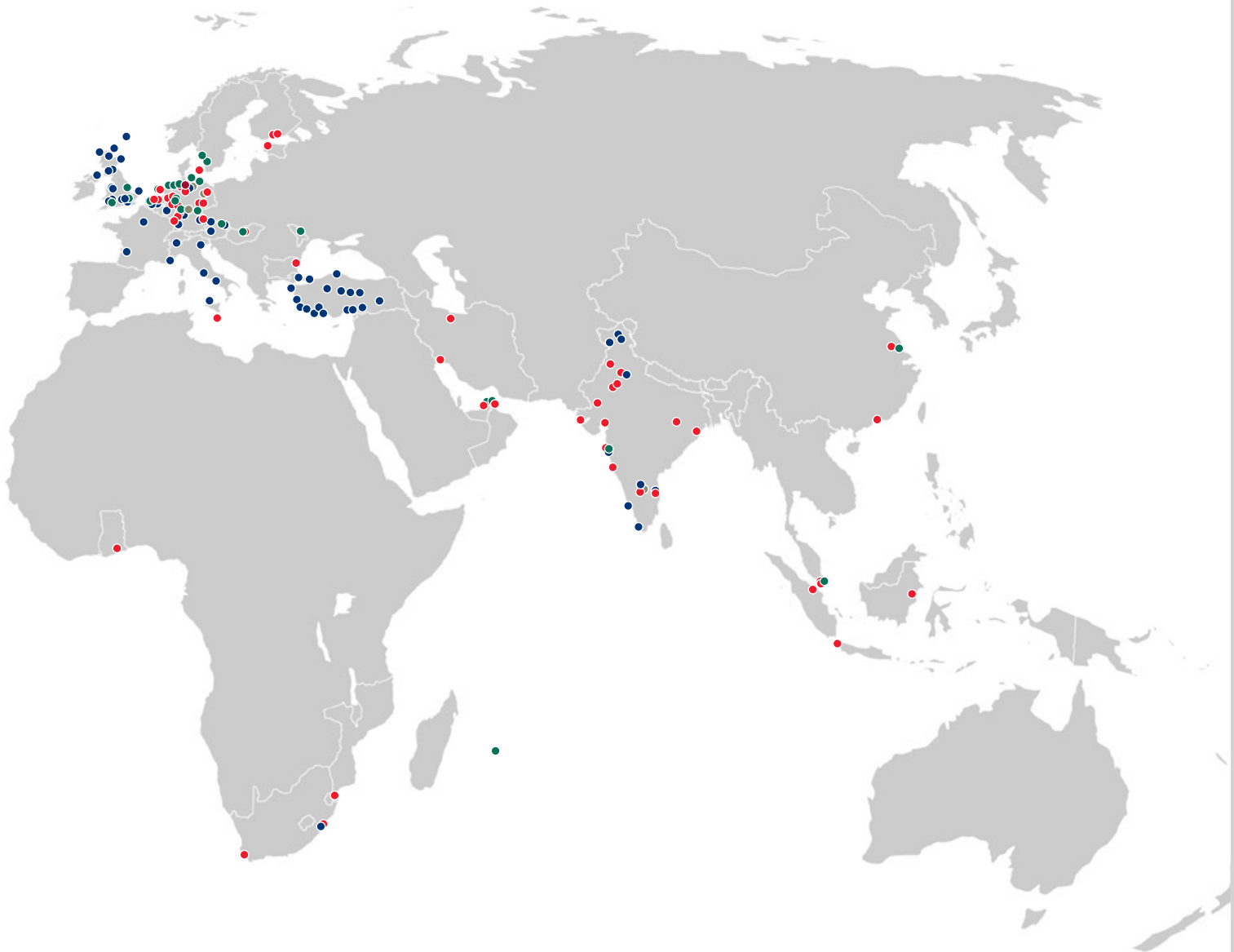


7,727 Employees
at December 31, 2017



36 Countries
we have operations in





At December 31, 2017



27.2 million t

external sales at Mabanaft



21.1 million m³

tank capacity at Oiltanking



18.1 million m³

jet fuel throughput at Skytanking

Please click on the following link to watch the Marquard & Bahls corporate film, which presents our various lines of business: 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 27.2 million tons, around 10 percent higher than in the previous year. On average, 2,013 employees worked for Mabanaft and its subsidiaries (2016: 2,107).

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 i.a. with products including heating oil, diesel, gasoline, jet fuel, and marine fuels. In the U.K., Mabanaft additionally operates a wholesale business under the name BWOC.

Mabanaft Retail

End-Consumer Business



Our end-consumer business activities have been steadily expanded in recent years under the Petronord umbrella. With 31 companies in Germany, Austria, and since July, 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 680 service stations across Europe. OIL! Tankstellen operates around 280 service stations in Germany, Austria and Switzerland. In Hungary, another 40 OIL! stations are run under a franchise system, and in Denmark 44 automated stations are operated under the name OIL! tank & go (formerly Haahr Benzin). 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 80 service stations under the Tirez Petrol brand.



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 100 employees at 11 sites managed by three regional hubs in Hamburg, Houston and Singapore.



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 3,490 people during the year (2016: 4,096).



Tank Storage Logistics

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 tank terminal in Matola, Mozambique, which was successfully commissioned at the end of November 2017, and an O&M contract for the operation of two offshore moorings including its pipeline infrastructure in Ghana, Oiltanking owns and operates 76 tank terminals in 25 countries in Europe, North and Latin America, the Middle East, Africa, India and the Asia-Pacific region. 2017 the total throughput amounted to 159.5 million tons (2016: 156.8 million tons*). The storage capacity for liquids again slightly increased to 21.1 million m³ (2016: 21.0 million m³).

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 lie in the engineering, planning and construction of tank storage terminals and pipelines, especially for our companies in India.

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 new sites added in 2017 in Dusseldorf, Cologne and Malta, as well as the establishment of the Skytanking Ovenon joint venture in Turkey, Skytanking now has operations at 74 airports in 13 countries in Europe, Asia and Africa, and averaged 1,544 employees in 2017 (2016: 1,384).

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 2017, Skytanking fuelled more than 1.5 million aircraft with a fleet of around 440 fuelling vehicles. Throughput rose to around 18.1 million m³ (2016: 15.8 million m³).



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.

Dry Bulk Handling ... **UBT**



UBT specializes in the storage and handling of bulk materials such as petcoke and coal and currently operates two facilities in the U.S. The facility at Davant, Louisiana, is one of the largest export terminal for petcoke and coal on the U.S. Gulf Coast. The facility in Corpus Christi, Texas, handles pet coke and sulfur for refineries. The locations transhipped a total of 7.3 million tons (2016: 8.8 million tons).

Renewable Energies ... **Mabagas**



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 focus is on optimising the operation of the biogas plant in Namakkal, India.

Carbon Trading ... **Carbonbay**



Carbonbay has a global portfolio of 39 climate protection projects in the areas wind, hydro, bioass and solar power. Projects certified by the 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, 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.



RESPONSIBLE CORPORATE GOVERNANCE



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





Evolution of our Sustainability Strategy

The concepts of future viability and sustainability are inseparable at Marquard & Bahls. Our new sustainability strategy is designed to help us find answers to the challenges of our time – such as climate change, increasing environmental degradation, rising energy requirements – accompanied by a simultaneous depletion of resources and demographic change – and to improve our sustainability performance long-term.



In March 2017, we conducted a global online stakeholder survey, from which we gained important insights for our strategy.



Key elements of the sustainability strategy were presented and discussed at the Oiltanking HSSE Meeting in September 2017.



Initial elements of the strategy, such as a concept for corporate citizenship, were implemented at the end of 2017.



During project FunC (Functional Competencies), sustainability was defined as a core competence. An extensive e-learning course on sustainability was developed in 2017 and rolled out for more than 150 managers at the beginning of 2018.





Responsible Corporate Governance



Our activities are not only economically relevant for our companies, they also have ecological and social consequences. 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

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. It centers on concentrating on our core business of trading, tank storage logistics and aviation fuelling, which we intend to continue expanding systematically. 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.

The focus is 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. In particular, the financial accounting, budgeting, and reporting processes were restructured, and uniform standards introduced. Besides the Finance department, HR and IT were also reorganized, and the departments previously located in Hamburg, Houston, and Singapore at the various subsidiaries were each merged into one hub at each location. This change process was largely completed in 2017.

Organizational Structure

Marquard & Bahls is governed by an Executive Board, which is supported by a Supervisory Board as a monitoring and advisory 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.



Lorenz Zwingmann has been a member of our Executive Board since January 2018. He succeeds Claus-Georg Nette, who retired in March 2018 after 20 successful years at Marquard & Bahls, and to whom we would like to express our sincere thanks for the outstanding services rendered to our company. After far-reaching internal change processes, Marquard & Bahls is now increasing emphasis on the successful growth of its core business areas. A particular focus here is on increasing efficiency worldwide, and a closer integration of the strategic holding company with its operating companies. Christian Flach as well as Julio Tellechea have decided to make their positions on the Executive Board of Marquard & Bahls AG available before the regular expiry of their contracts, to support a realignment of the company. The designated new CEO Mark Garrett brings a wealth of experience from more than 30 years in the chemicals and petrochemicals industry. He will take on the role of CEO on August 1, 2018. In this connection, the Supervisory Board also decided to reduce the number of Executive Board members from three to two. The position of COO will not be filled. Instead, the Managing Directors of all divisions will report directly to the CEO as of August 1, 2018. We would like to thank Christian Flach and Julio Tellechea for their outstanding commitment, and wish them both all the best for the future.

The Group Management Committee (GMC) is an established body at Marquard & Bahls that serves as a sparring partner for the Management Board, and as a forum for regular exchange of information on strategic topics. The GMC consists of the Board of Directors, the Managing Directors of the major business areas, and selected heads of Group Functions.

Members of the Executive Board:

Christian Flach – Chief Executive Officer (CEO)
 Julio Tellechea – Chief Operating Officer (COO)
 Lorenz Zwingmann – Chief Financial Officer (CFO)

Members of the Supervisory Board:

Daniel Weisser (Chairman),
 Tom Intrator, Stacy Methvin,
 Paul Reed, Maxim Weisser

Integrating Sustainability

Global climate change, increasing environmental degradation, and rising energy demand coupled with resource scarcity and demographic change are just a few of the major challenges of our time. Future viability and sustainability are existential topics for our company. As we are aware of the potential impact of our business activities on people and the environment, we want to integrate the principle of sustainable development in all our activities and 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 cover 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, the local HSSE managers, and the Group Functions.

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.

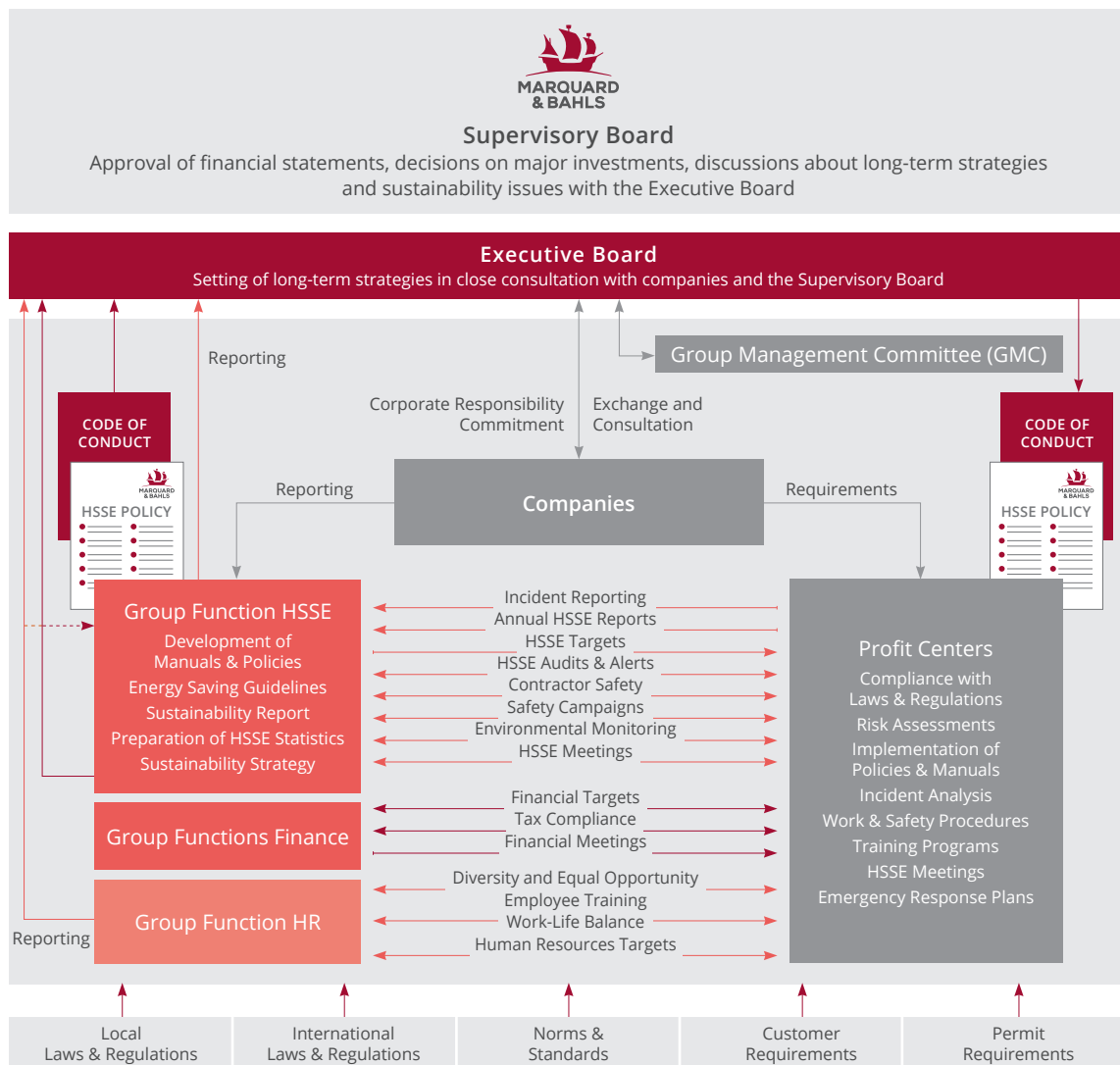



Fig. 3: Integration of sustainability in the management approach

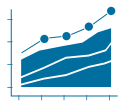
Sustainability Strategy

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 concept for a comprehensive sustainability strategy in 2017. The strategy defines our sustainability commitment and includes the 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 have been developed for certain areas, for example in the "Corporate Citizenship" action area. The strategy will be gradually implemented following approval by the Executive Board. To ensure an even closer integration of the sustainability strategy with the new corporate strategy – which will be revised in Q4/2018 – its implementation has been postponed to 2018/2019.

On the following pages we describe our long-term goals in the action areas, report on what was achieved in 2017, and present measures from our sustainability strategy.

Sustainability Targets

TOPIC	TARGETS	ACHIEVEMENTS	PAGE	
 Responsible Corporate Governance	Stakeholder Expectations	Incorporate stakeholder expectations in our strategic approach	Conducted a stakeholder analysis in March 2017; results to be included in the further strategy process. Stakeholder dialogs with external stakeholders	27, 29-31
	Sustainable Alignment	Strengthen our sustainability management and our ability to innovate	Sustainability defined as a core management competence as part of the project "FunC"	16
			Developed an extensive e-learning on sustainability	16, 27, 68, 79
			Implemented a corporate citizenship concept	20, 27
	Sustainability Network	Establish a sustainability dialog with HSSE managers worldwide, and collaborate with strategic policy initiatives and sustainability networks to maintain and strengthen our high reputation.	Sustainability-related exchange and communication, e.g. with HSSE managers at the Oiltanking HSSE meeting	90
Interaction in regional sustainability networks and interest groups			5, 36, 40	
Further consideration of the SDGs in the sustainability strategy			24	
"Beyond Compliance" Approach	Preclude fraud, money laundering, and risk of child and compulsory labor from the outset	Established the global compliance platform "CARE," which was introduced in April 2017	27, 33, 82	
		Issued Group-wide guidelines on corruption and bribery; expanded anti-corruption training	33	



TOPIC	TARGETS	ACHIEVEMENTS	PAGE
Sustainable Growth			
Sustainable Business Development	Incorporate sustainability aspects in strategic corporate development and decision-making processes	Actively participated in studies designed to provide support and information for achieving the German government's climate targets and carbon-neutral energy sources	5, 30, 37, 40
		Anchored innovation as a pillar in the new corporate strategy	42-43, 80
		Continued developing a sustainability checklist for new projects and acquisitions that gives greater consideration to sustainability risks and challenges	97
		Sustainability aspects were considered in construction activities	27, 40, 56-57
		Established electromobility and e-fuels working groups	42
Value Chain	Assess and address ecological and social risks along our entire value chain	Analyzed supply chain challenges and opportunities in connection with the process of developing the sustainability strategy	30, 45-49



Environmental Protection

Product Releases	Cause zero environmental impact due to spilled products	Prevention of product releases is part of the many HSE audits	53, 89
		Regular drills to combat oil spills at our tank terminals	54
		Reduced volume of leaks	53-54
Energy Consumption	Cut relative energy consumption per division	Performed follow-up audits as part of the ISO 50001 certification of Oiltanking Deutschland	28-29, 38
		Various local energy-saving projects	57-58
Greenhouse Gas Emissions	Reduce relative carbon emissions and other ozone-depleting gases per division	Developed new KPIs for calculating relative CO ₂ emissions	28
		Fine-tuned the calculation of Scope 3 emissions	61
Carbon Offset	Compensate non-avoidable emissions through Gold Standard Clean Development Mechanism (CDM) projects	Compensated for unavoidable CO ₂ emissions from air travel by employees of Marquard & Bahls as well as the Oiltanking and Skytanking Holdings	62
		Further afforestation projects as part of Initiative Pro Klima	64, 65
Water Consumption	Cut relative water consumption per division	Improved water consumption monitoring and data quality in order to identify the total water demand and further potential savings	67
		Use of WBCSD's global water tool to identify corporate water risks	66

TOPIC	TARGETS	ACHIEVEMENTS	PAGE
Waste and Waste-water Management	Ensure zero environmental damage from waste and wastewater generation and disposal, and optimize waste management	Introduced various waste reduction measures at local level	68-70
		Decrease in the volume of hazardous waste (absolute volume)	69



Our Employees

Shaping Change	Establish and integrate employees to serve as change makers and process designers in the company	Largely completed Project "Spring" for continuously improving the organizational skills and processes of the Group Functions	75
Talent Retention	Retain skilled and talented employees in our company	Continued the international trainee program "FUEL"; 14 new FUEL trainees started in 2017	80
Employee Training	Offer training and coaching programs to our staff	Continued the three new leadership development programs for managers to strengthen the leadership culture and management skills; 137 employees have participated in the programs since 2015	80
		Introduced the Marquard & Bahls Academy, which will offer further education and training courses	75
		Developed two e-learnings as part of the project FunC (Sustainability and Safety Culture)	16, 79
Diversity & Equal Opportunity	Foster diversity and equal opportunity, particularly with regard to gender, nationality and age	Increased the proportion of female employees by 18.9% (from 15.7% to 18.6%) in 2017	86
Employee Wellbeing	Consider employee needs and improve corporate culture	Developed a guideline for introducing flexible working hours at the company headquarters	83
Equitable Compensation	Simplify pay structures and processes and realize fair compensation for all employees	Set up and partially implemented various projects to improve categorization / comparability; adapted existing structures	75
Cross-functional & Cross-divisional Learning	Enable cross-functional and cross-divisional learning for all employees	The implementation of our Group-wide platform connect supports cross-functional and cross-departmental exchange between all employees	34





TOPIC	TARGETS	ACHIEVEMENTS	PAGE
Occupational Health & Safety			
Zero Accidents	Strive for an accident rate of zero	Implemented Oiltanking "Golden HSSE Rules"	88
		HSSE audits at many sites	28, 38
		Hosted Global Safety Day, all Oiltanking employees worldwide participated	88, 92
		Improved accident analysis with improved method and new software	44
		Introduced extensive HSSE manuals at Petronord, Mabagas and Bomin	89
Safe, Ergonomic Workplaces	Attract and retain talented employees by offering healthy, ergonomic and safe workplaces	Various health campaigns at Oiltanking sites	90, 91
Zero Fires	Prevent fires	Continued implementing the binding Oiltanking fire safety standard	93



TOPIC	TARGETS	ACHIEVEMENTS	PAGE
Corporate Citizenship			
Donations and Sponsorships	Increase amount of donations and sponsorships	Published specific criteria for donations and sponsorship activities	97-98
		Developed a brochure on corporate citizenship containing practical assistance, criteria, and warning signals	97-98
		Increase in donations and sponsorships compared to the previous year	97
Employee Volunteering	Further support employee volunteering	Initiated a new social project – the "Social Advent Calendar" – at the company headquarters, which includes active employee involvement	96
		Social day at the Oiltanking Spring Meeting, where 120 managers worked one day for a good cause	74
		Started new projects and continued existing projects with a focus on employee volunteering	97-103
Corporate Citizenship Projects	Increase the share of local projects in line with our focus areas to at least one project, activity, or initiative per location and year	Number of sites that engaged in charitable efforts increased year on year	97
		Year-on-year increase in corporate / employee volunteering	103

Agenda 2030

In 2015, by ratifying Agenda 2030, the global community for the first time agreed on Sustainable Development Goals (SDGs) that apply equally for all UN member states.



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

They provide a global target framework for sustainable development that combines ecological, social and economic aspects. Politics, society and business alike are called upon to put these sustainability goals into action. 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.

We, too, are committed to the implementation of Agenda 2030. In a first step, we identified the most important SDGs for our companies and integrated them into our strategy process. A further review took place in 2017. As a global energy company, 13 of the 17 sustainable development goals are relevant to us. We have listed these on our key indicators pages at the end of each chapter. In pursuing them, we aim to reduce the negative effects, make a positive contribution to sustainable development, and strengthen our strategy and sustainability processes.

Sustainability Commitment & Strategic Action

Our Sustainability Commitment

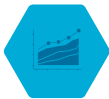
By ensuring outstanding sustainability performance, we aim to create added value for our employees, our shareholders, as well as society, while also protecting the environment. We put our values into action, integrate the principles of sustainable development across our entire value chain, and encourage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



Responsible Corporate Governance

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

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



Sustainable Growth

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.

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



Environmental Protection

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.

- 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 wherever possible.



Our Employees

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.

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



Occupational Health & Safety

Occupational health & safety – as a firmly anchored company value – has the highest priority in all our activities. We identify and analyze potential risks and take measures to avoid, prevent, control and limit them.

- A proactive safety culture and continuous improvement of all our activities with regard to technological, organizational and behavioral safety.



Corporate Citizenship

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.

- Improve the wellbeing of our surrounding communities by providing appropriate financial support and promoting employee volunteering.

Instruments & Measures

We use a variety of instruments and measures to mainstream the programs and activities defined in our strategic action areas in our processes, to implement them locally, and to continuously improve ourselves.

HSSE Policy

To firmly anchor 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.

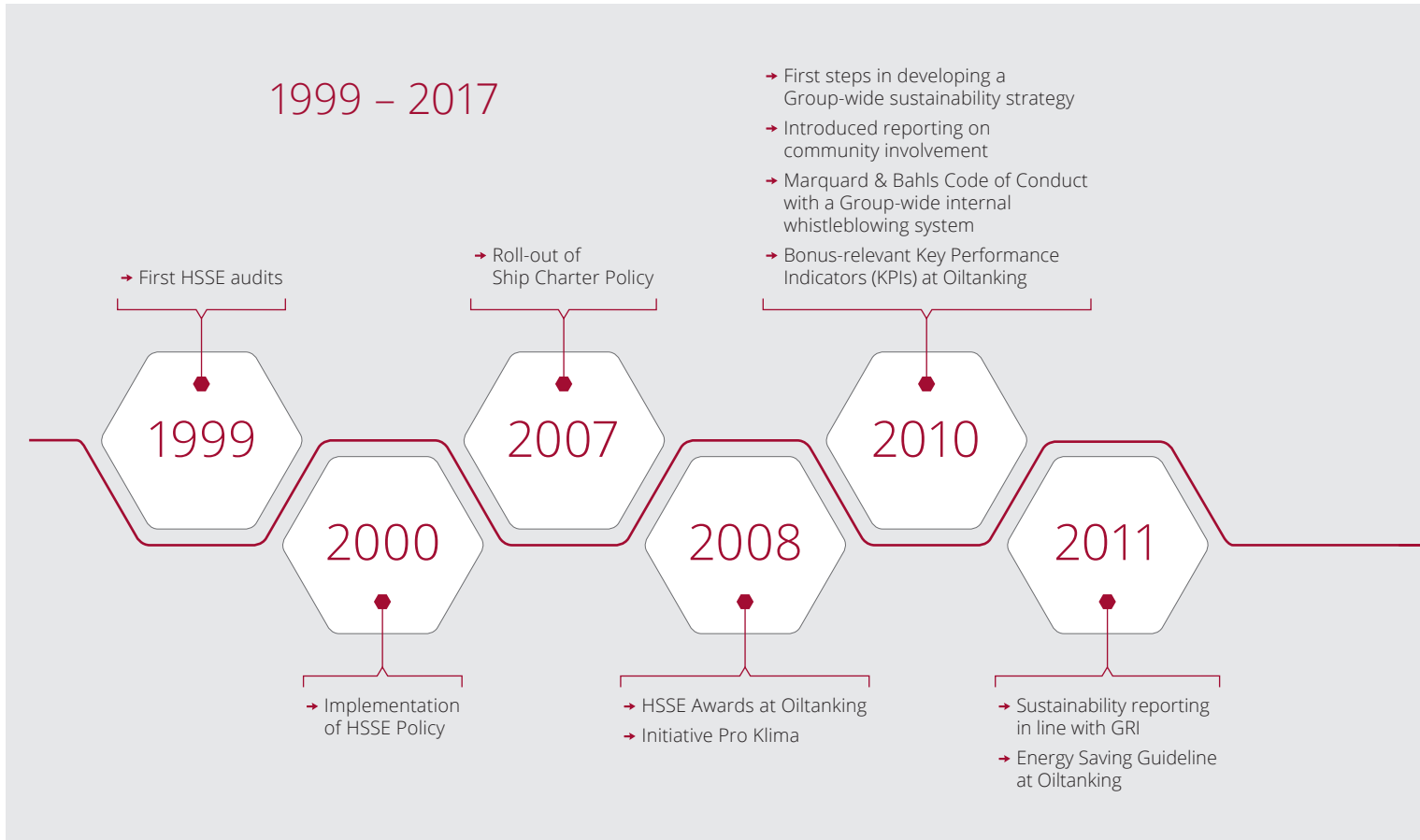


Fig. 5: Milestones of our sustainability management



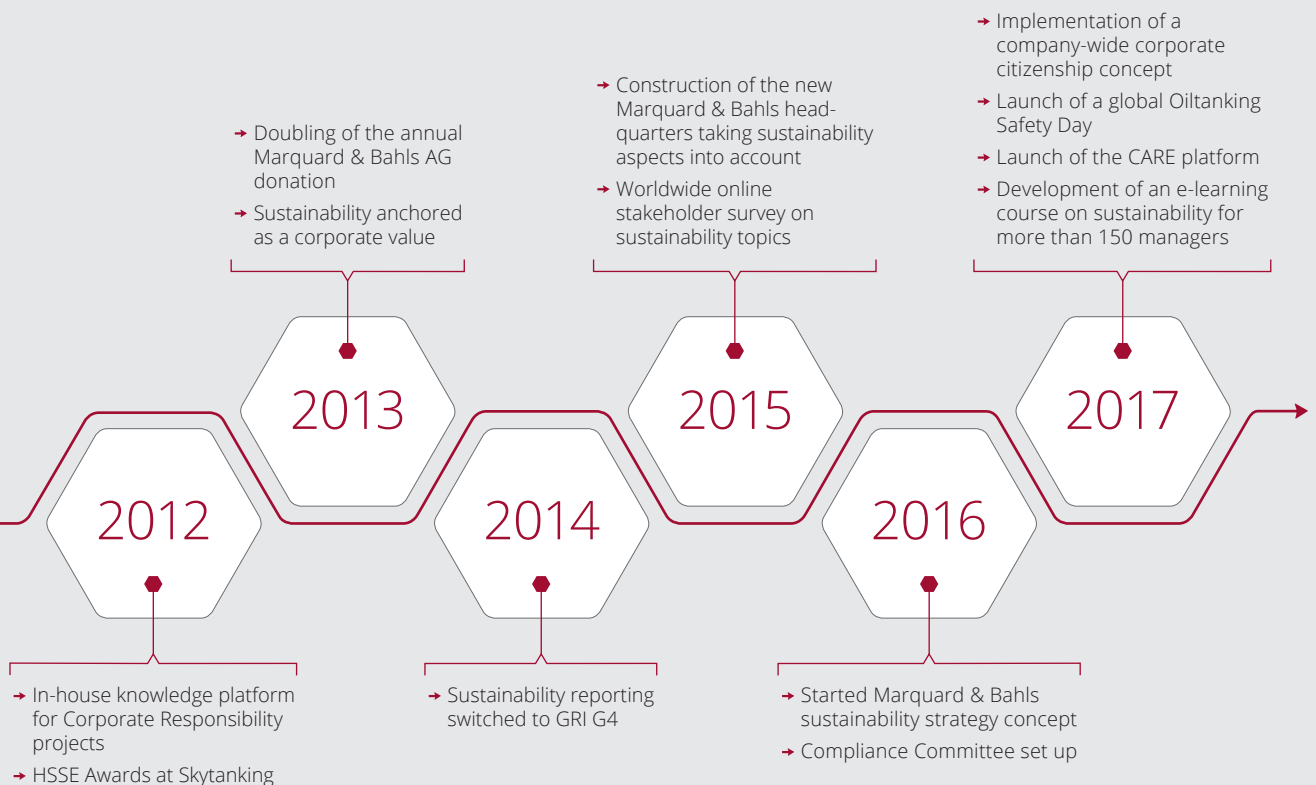
Guidelines and Standards

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 to 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 Multinational Enterprises as well as the principles of the German Corporate Governance Code in our processes, even if we are not 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).



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 2017 Oiltanking and Skytanking underwent a total of 93 internal (2016: 101) and 332 external (2016: 273) HSSE-relevant audits – the latter included audits by authorities, customers, and insurance companies.

Key Performance Indicators & Statistics

To continuously monitor and improve our HSSE performance, we use Key Performance Indicators (KPIs), a selection of which we publish in our annual Sustainability Report. As part of our sustainability strategy, we have defined further key indicators that 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. To be able to respond even more quickly to developments in the HSSE indicators in the future, a dashboard application was programmed that provides data on a daily basis and enables even more detailed analyses. In 2017, the application was rolled-out at Skytanking, and entered the trial phase at Oiltanking. In addition, a sustainability dashboard was set up, which is to be implemented in 2018.



Certified Management Systems

Management systems are meant to continuously improve the effectiveness and efficiency of the business processes. In all, 40 percent of the Oiltanking and Skytanking locations operating worldwide in 2017 are certified for quality management (ISO 9001), 20 percent for environmental management (ISO 14001), and 18 percent for health and safety management OHSAS 18001 (in future ISO 45001). Beyond this, 18 percent of Oiltanking's sites are certified according to the ISO 50001 energy management system. Our Indian subsidiary, IOT Infrastructure & Energy Services, is also certified in accordance with ISO 9001, ISO 14001 and OHSAS 18001. Since 2016, Mabanaft Deutschland and GMA are also ISO 50001 certified. Mabanaft Deutschland additionally holds an ISO 9001 certification and GMA an ISO/IEC 17025. 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.



ISO 50001 monitoring audits

Oiltanking Deutschland, Mabanaft Deutschland and GMA were successfully certified according to the ISO 50001 energy management system in 2016. Last year, monitoring audits were carried out at selected Oiltanking Deutschland and Mabanaft Deutschland sites. The external auditor visited the tank terminals in Breisach, Honau, Hamm, Duisburg and Deggendorf, among others.

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 irregularly.



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. Team Sustainability also regularly takes part in dialogs and discussions with stakeholders, and participates in surveys and scientific studies.

Materiality Analysis

To identify and prioritize the issues that are relevant for our sustainability efforts, we survey our stakeholders and track changes in legal guidelines and relevant standards, such as the GRI guidelines. At least every two years, we perform 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.

We do not report on aspects that are of negligible relevance for us, such as child labor. We can rule out child labor in our company due to the high degree of specialization demanded from our employees, and strict regulations. An assessment of our supply chain shows a similar picture, as most of our business partners and customers in the oil or chemical industry require highly specialized employees for their companies.

Apart from identifying significant expectations and requirements, the future opportunities and risks for our business and the affected stakeholders are an important focus. Issues that are particularly relevant can be seen in the upper right quadrant of the matrix; no issue queried in our survey was rated as completely unimportant. The results of the last survey have been incorporated into the contents of this Sustainability Report.





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



Compliance

Our reputation is a valuable asset that must be protected. To safeguard it and ensure proper, lawful conduct, we have developed various guidelines and procedures as part of our compliance management system. These include our Code of Conduct or the Group-wide whistleblowing system for suspected misconduct. The tasks of the Compliance Group Function include identifying compliance risks and developing and implementing appropriate compliance programs together with the business areas. The focus here is on preventing corruption, bribery, and fraud, as well as on competition law and sanction-related topics.

Code of Conduct

Our Code of Conduct is based on 16 principles, which are clustered into four topics.
















Code of Conduct				
Business & Finance	1  Legal Compliance	2  Fair Competition	3  Accounting & Financial Reporting	4  Intellectual Property
Safeguards	5  Health, Safety, Security & Environment	6  Product Responsibility	7  Use of Corporate Resources	8  Confidentiality
Integrity	9  Corruption & Bribery	10  Gifts & Entertainment	11  Conflicts of Interest	12  Political Activities
People	13  Discrimination	14  Equal Opportunity	15  Social Responsibility	16  Labor Standards

Fig. 8: The topics and principles of the Code of Conduct

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 and values. The Code of Conduct is available for download in 20 languages on our website (www.marquard-bahls.com). To ensure that it is regularly updated, a revision of the Code of Conduct is scheduled for next year.





Reporting Misconduct

The online platform CARE, introduced in April 2017, stands for “Concerns And REporting”. It serves, alongside the usual reporting channels, as our Group-wide whistleblowing system, and offers employees and business partners a safe and uncomplicated way to report suspected misconduct. At <https://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 takes over the independent management of all cases, and commissions appropriate, internal or external, investigators. To avoid overlapping responsibilities, the Code of Conduct team has decided to disband. In the past, this team was another way of reporting compliance cases centrally and, if desired, anonymously.

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 via our CARE platform. To make our employees even more aware of corruption and bribery, we issued new Group-wide guidelines and expanded our training program in 2017. More than 800 employees, mainly in management positions and employees in direct contact with customers or authorities, participated in anti-corruption training in 2017.

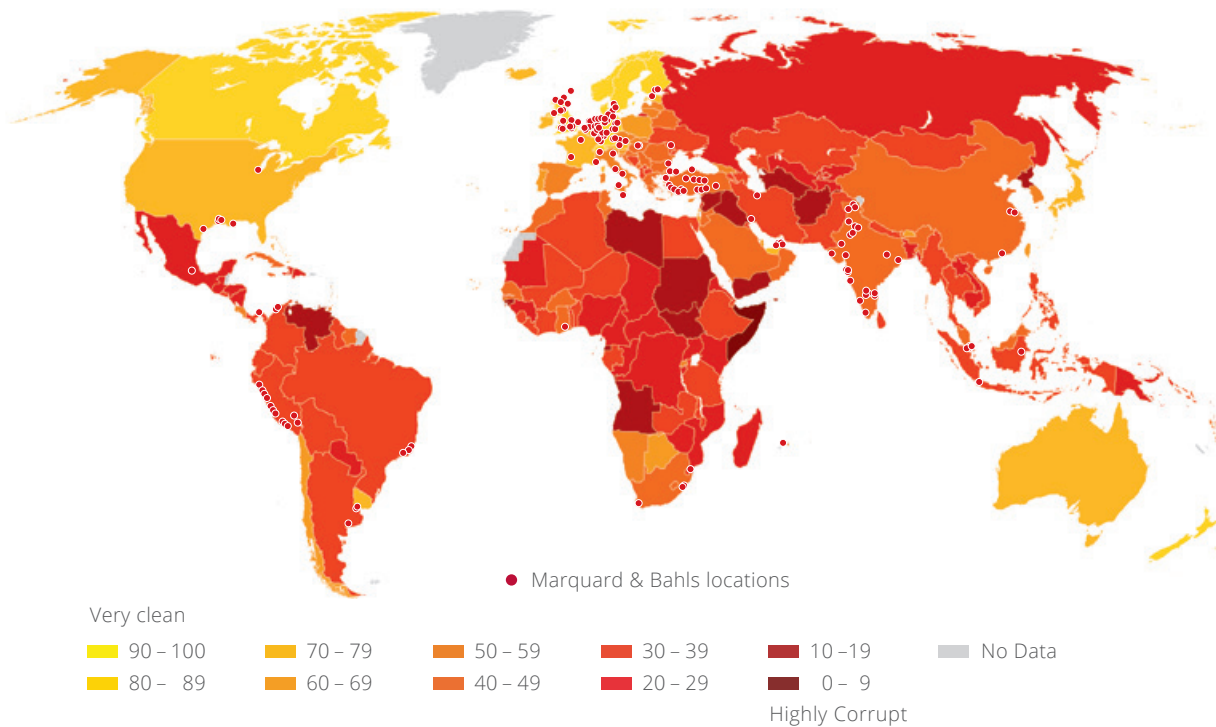


Fig. 9: Corruption risk according to the Transparency International Corruption Perception Index



Of the eleven cases documented on the CARE platform, three related to suspicions in the area of corruption, in one case involving suspicions at the expense of the company that could not be confirmed. In the remaining cases, internal investigations were carried out, on the basis of which disciplinary, labor law and organizational action was taken. To preclude corruption from the outset, we subject our business activities 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.

Legal Compliance

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. 2017 we were fined a worldwide total of 6,399 euros (2016: 156,279 euros) for non-compliance with laws and regulations. 66 percent of the fines had an ecological background. This enormous reduction in fines is mainly due to higher technical standards and increased staff awareness.

Product Responsibility

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 Function Corporate Communication, 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 our global communication and collaboration platform connect, which was rolled-out further in 2017. Other media are 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) or Skytanking Life (Skytanking). Press releases and other publications can be found on the company websites.

Data Protection

Data protection is another important issue. Measures in Germany in this area include providing an extensive Data Protection Manual, and carrying out staff training, topical consultation and audits. Extensive IT security systems guarantee the protection of employee, customer, supplier and other business data at a high level. In addition, the latest legislative initiatives are continually monitored to ensure present and future compliance with data protection laws. This concerns the new EU General Data Protection Regulation in particular.

Since 1995, data protection in the EU has been based on the EU Data Protection Directive, which was implemented by the Member States in their local data protection laws. To further promote harmonization and take account of the technical developments in data protection law over the past 20 years, the EU General Data Protection Regulation came into force in all Member States in May 2018.

The implementation begun at Marquard & Bahls in 2017 is not without its problems, as the regulation introduces new legal terms and redefines existing ones. Our central data protection team works closely with local data protection coordinators to implement the policy.



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 active members include:

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

Germany

- 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





Public Affairs focuses on association work, energy policy, and the technical development of alternative energies as part of the energy transition. In this connection, Public Affairs closely follows political discussions and decisions on legal regulations, evaluates them, actively participates in debates with decision-makers, and works closely with the relevant associations. Important topics in 2017 included the EU Commission's winter package (e.g. the Renewable Energy Directive), the 38th Federal Immission Control Ordinance, and the regulation of the financial markets, in particular reporting on derivatives transactions. Another important point is the energy policy of the new federal government.

The coalition agreement contains several projects in the areas that are most relevant to our company, namely energy, transport and climate protection. We will monitor the developments closely and contribute our expertise.

Marquard & Bahls is also the only mineral oil trading company directly and actively involved in a study on the integrated energy transition by the German Energy Agency (dena). It is intended to help the German government determine what the future energy market in Germany could and should look like in various scenarios if the climate targets set for 2050 are to be achieved.

Concurrently, Marquard & Bahls is supporting a joint study by the mineral oil associations IWO, MEW, MWV and Uniti, which addresses the future of liquid energy sources and, above all, aims to demonstrate the potential of CO₂-neutral energy sources ("e-fuels").



Key Performance Indicators

Responsible Corporate Governance

	2015	2016	2017	Change 2016/17
HSSE-related Audits				
Total number of audits	324	374	425	+ 13.6 %
Number of internal audits	62	101	93	- 7.9 %
Number of external audits	262	273	332	+ 21.6 %
Certified Management Systems				
Share of ISO 9001 certified Oiltanking and Skytanking sites	40 %	39 %	40 %	+ 3.2 %
Share of ISO 14001 certified Oiltanking and Skytanking sites	21 %	21 %	20 %	- 5.2 %
Share of OHSAS 18001 certified Oiltanking and Skytanking sites	21 %	20 %	18 %	- 8.8 %
Share of ISO 50001 certified Oiltanking and Skytanking sites	-	18 %	18 %	+ 3.7 %
Reports of Misconduct				
Number of whistleblowing cases	5	2	11	+ 450.0 %
Legal Compliance				
Total sum of penalties and fines in €	175,728	156,279	6,399	- 95.9 %
Of which environmentally related fines in €	168,358	143,632	4,252	- 97.0 %

Penalties and fines

Change 2016 – 2017

-95.9%



Years of continuous reporting

2017

8



Total number of HSSE-related audits

Change 2016 – 2017

+13.6%



Defined targets as part of our sustainability strategy

2017

25

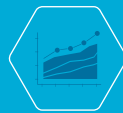


Which SDGs did we support
in this action area?





SUSTAINABLE GROWTH



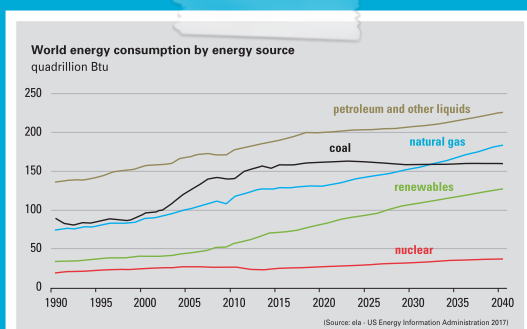
We believe in controlled growth and long-term partnerships. We safeguard our future success with a healthy mix of risks across the business areas, without neglecting ecological and social aspects. We strive to steadily improve our services and offer the highest-quality products and services.





Energy and Resource Transition – An Important Megatrend

One of the most important megatrends for Marquard & Bahls is the energy and resource transition. While a strong increase in demand for fossil fuels, metals, minerals and biomass as resources is predicted, deposits of easily accessible resources will inevitably decline. The importance of alternative, clean, and renewable energies will increase – a development we are monitoring and preparing for.



Global energy demand is rising while fossil resources such as crude oil are dwindling, and the importance of renewable energies is on the rise.



At the political level, a change in energy policy is being aggressively advanced. Under Agenda 2030, “clean and affordable energy” was declared one of the 17 SDGs.



Source: Deutsche Energie-Agentur (dena)

Renewables, electrification, e-fuels – there are many questions to be answered when it comes to achieving the climate protection targets for 2050. Marquard & Bahls teamed up with other companies as well as associations and experts to develop an energy study.



The new Oiltanking tank terminal in Saldanha Bay, South Africa, is one of our major projects whose construction involved the use of innovative ideas. The special feature of the construction are earth-covered concrete tanks, which, unlike conventional tanks, provide space for natural vegetation.



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. The Marquard & Bahls Group had a generally less-than-satisfactory year in 2017. Due primarily to impairment losses, the Group's consolidated net income after taxes amounted to only around 34 million euro, based on consolidated revenues of 13.5 billion euros before energy taxes. The regional breakdown of revenues is shown in Fig. 10.

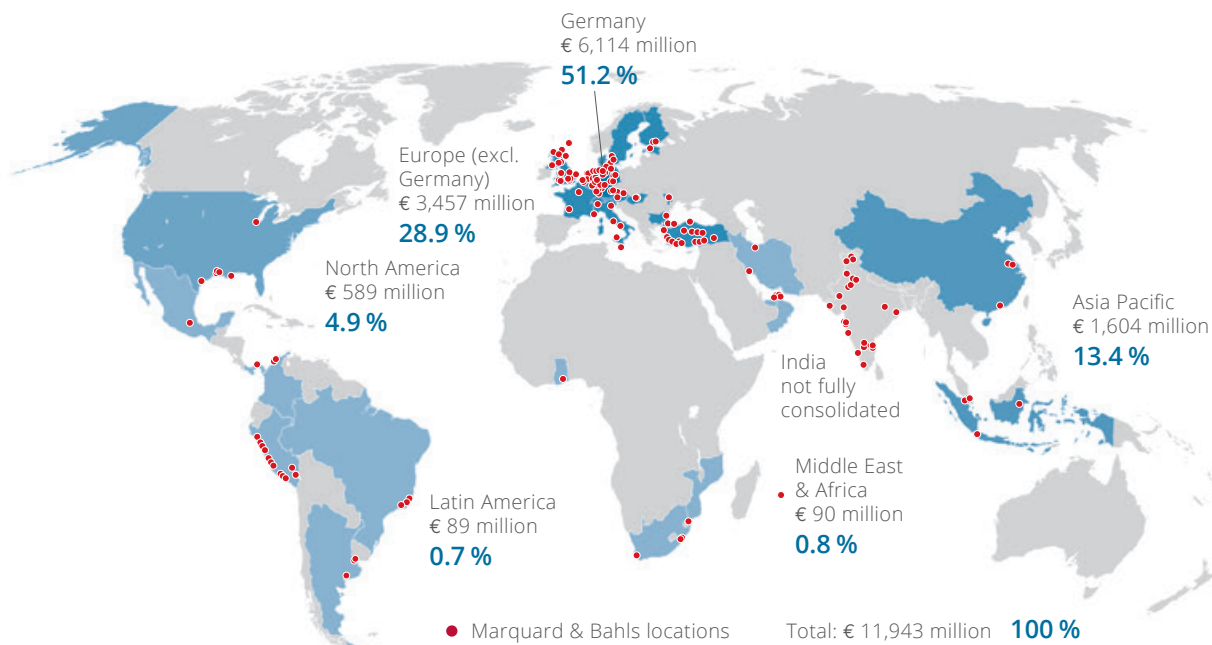


Fig. 10: Revenues of fully consolidated companies by region in millions of euros, net of energy tax expenditure

At the same time, there were many positive developments:

Mabanaft realized strong sales, with a mixed overall business performance. While trading and bunkering recorded unsatisfactory results, the positive trend in the retail sector continued. And there are positive developments to report. For instance, Mabanaft's new management team and the merger of trading activities into "Global Books" – the pooling of trade positions in order to harmonize them internationally – form a strong basis for the trading business's future international growth.

Oiltanking had a successful albeit mixed year. Some sites saw a decline in capacity utilization, and at three sites write-downs were necessary due to changing market conditions. At the same time, many contracts were extended and several major projects advanced.

Skytanking had a good business year. Many sites in Europe and India, as well as the site in Africa, reported an increase in throughput volumes. Following the acquisition of Sun Jet Services Group, Skytanking is now the market leader for aviation fuelling in the Germany, Switzerland, Austria region.

United Bulk Terminals (UBT) further expanded its petcoke market share in a difficult market situation. The company has completed the turnaround process it initiated – despite Hurricane Harvey and the shutdown due to the overhaul of a key part of the facility.

In the renewable energy sector, **Mabagas** focused on optimizing its biogas plant in Namakkal, India. In carbon trading, **Carbonbay** consolidated its business model, which currently comprises 39 climate protection projects worldwide.

GMA, which specializes in fuel analysis and quality management, had a good year. The same is true for **natGAS**, our holding in the gas business, which continued to develop successfully.

Innovation

We will continue to actively manage our portfolio, increase our efficiency, and accelerate opportunities for innovation. Innovation will play an even greater role in the new corporate strategy. One team in the Corporate Development Group Function is dedicated to current developments in areas like electromobility and e-fuels. Oiltanking will also launch several innovation initiatives in 2018 and explore opportunities in market segments adjacent to its core business. Another important focus of innovation is putting our gas strategy into practice. Last





year's acquisition of Antwerp Gas Terminal and Oiltanking's construction of Europe's largest butane cryogenic tank were part of the company's proactive strategy to meet changing energy and petrochemical requirements.

Risk Management

One of the greatest challenges as we pursue our strategy of controlled, long-term growth is to limit the manifold financial, operational and HSSE 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. All risks – including social and environmental ones – are thereby evaluated for all subsidiaries. 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 sustained economic downturn
- Political conflict and military conflicts, especially 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
- Higher risks in countries we are active in
- Unreasonably stricter environmental laws

Trading Risks

For Mabanaf, the relevant trading risks are those caused by the high volatility in commodity prices, currency exchange rates, and interest rates. In 2017, the price level on the oil markets tended to be higher than in the previous year. After prices for crude oil and petroleum products were extremely low over a long period in 2016, they were temporarily higher at the turn of the year before falling again in the following months. In the second half of the year, the price level increased noticeably. The main reason for this was the production cut agreed by OPEC for 2017. At the same time, demand for oil continued to rise in the industrialized as well as emerging markets, leaving markets in strong backwardation – a market situation where the current price is above the expected price at delivery – for much of the year. Given this environment, Marquard & Bahls achieved a satisfactory overall operating result.

The trading risks on our markets 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 using segregated brokerage accounts. Our controlling ensures that the rules laid down are adhered to.

HSSE Risks

As outlined in the section "Ecological and Social Challenges Along the Oil & Gas Value Chain," the 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. Preventing potential hazards resulting from this, such as accident, leakage, and fire, 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 risk assessments, an operating instruction for which regular training is carried out, as well as clear communications, and detailed reporting, the HSSE teams ensure a proactive safety culture to avoid HSSE hazards. The central HSSE team works closely with the local HSSE managers to achieve this.

A careful investigation of incidents and near-misses as well as uncertain conditions and behaviors is an essential success factor for continuous improvement, and hence for avoiding incidents with similar causes. In 2017, the classification and investigation matrix for accidents was revised. In the future, local and regional management will be even more closely involved in investigating the causes of accidents. Furthermore, Oiltanking's accident database was adapted to the Barrier Based Systematic Cause Analysis Technique (BSCAT), which was selected in 2017, so as to better document and evaluate the investigation results. An appropriate software solution was also selected for systematically carrying out root cause analyses using the BSCAT method and for consistent reporting all over the world. The method combines technical and system-related cause analyses with a risk assessment based on safety barriers. Oiltanking's goal for 2018 is to investigate accidents according to the new matrix.





Supplier & Customer Relations

We treat our suppliers with respect, maintain an honest relationship with everyone involved in the business processes, and strive to establish long-term partnerships. For us, this means not only acting responsibly on our own premises, but across 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. In 2017, Oiltanking launched a project to systematize and, where appropriate, centralize global purchasing and procurement processes. Team Sustainability is providing input in this project, to ensure that sustainability criteria are integrated into the processes.

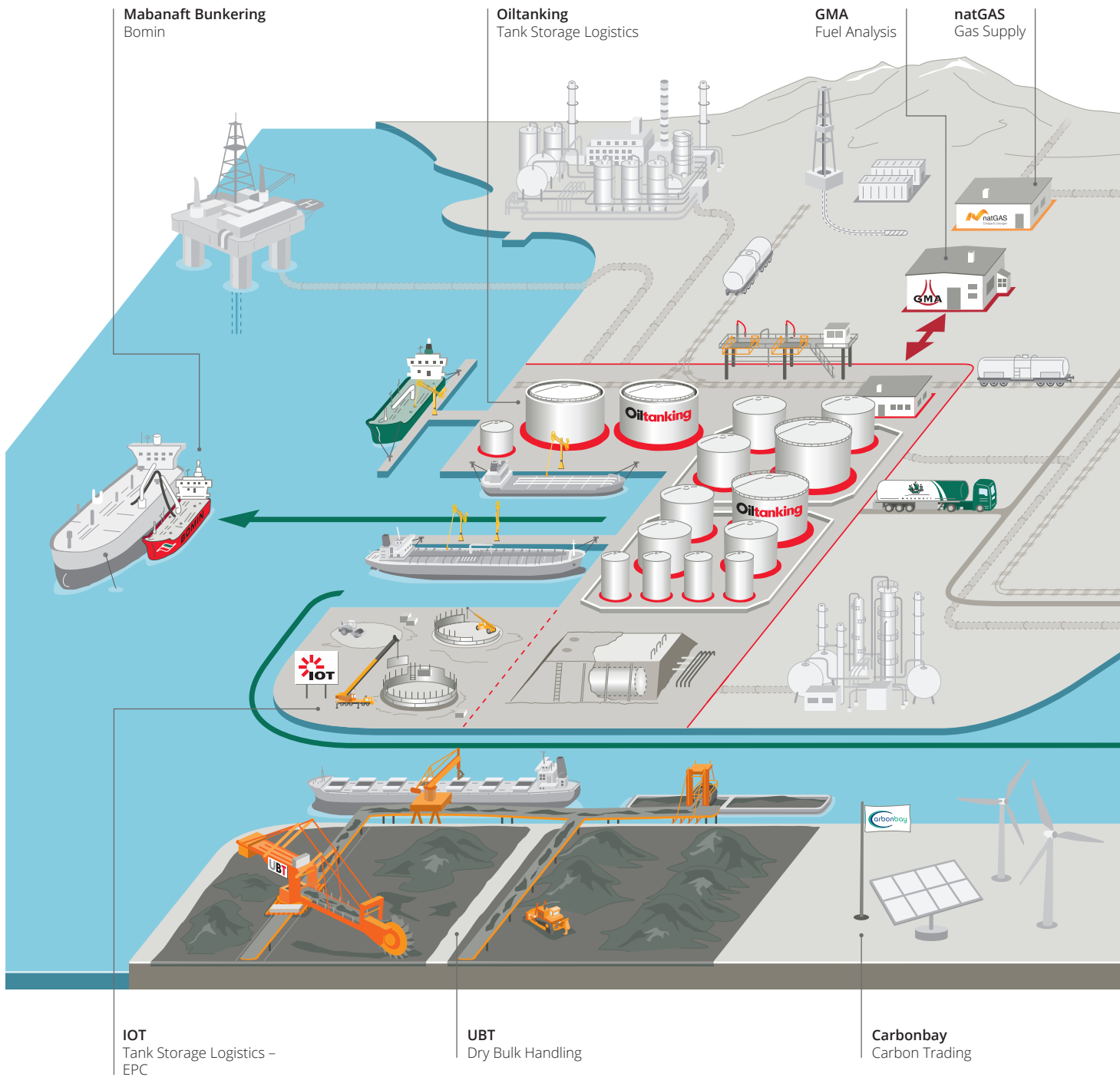
We also place great importance on safe working practices for contractors' employees on our sites. At Oiltanking, an integrated contractor management program is in place. It is described in more detail in the section on the "Occupational Health & Safety" action area.

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.



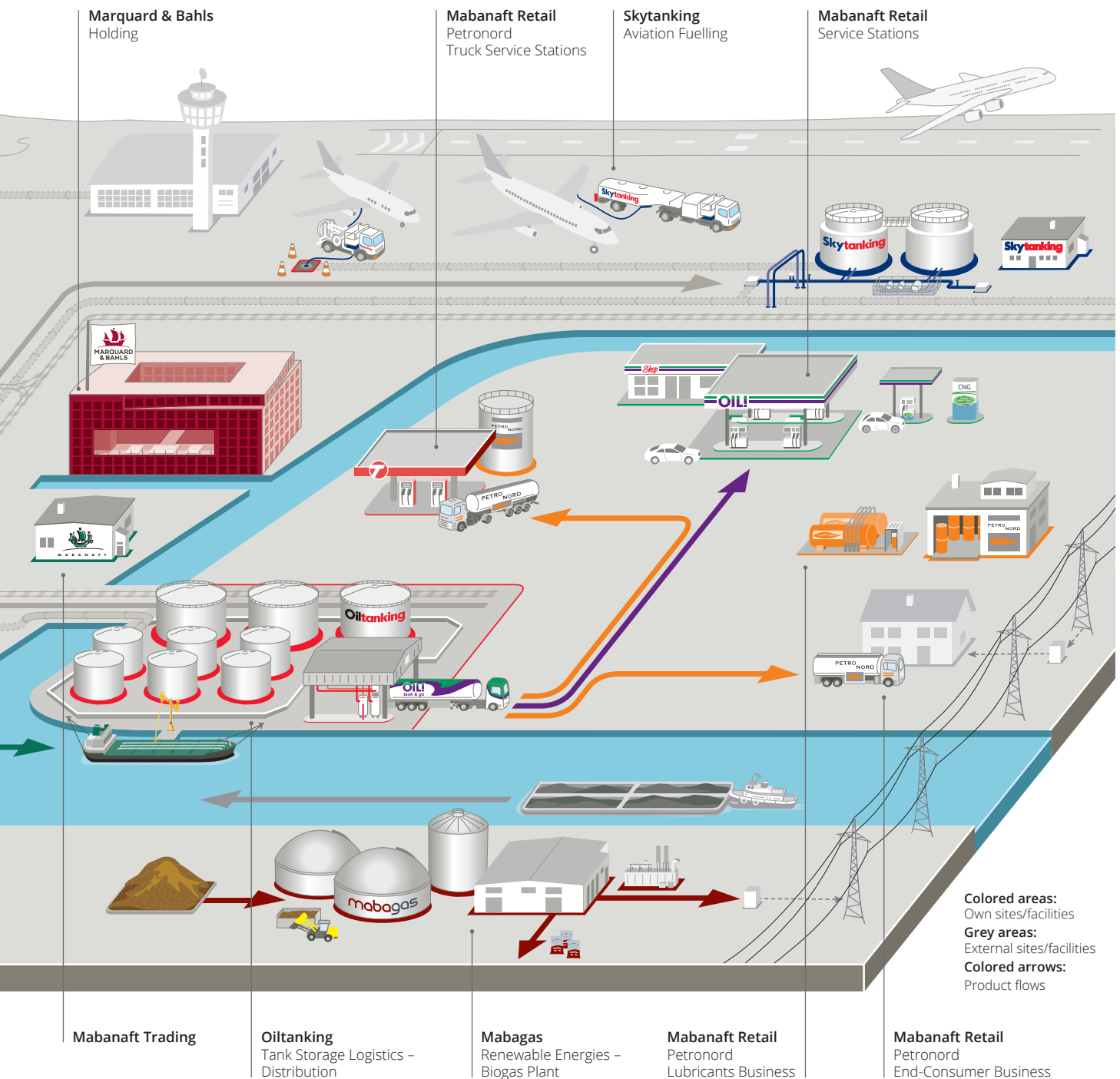
Our Value Chain

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. Our subsidiaries are not active in extraction or refining.



Ecological and Social Challenge along the Oil & Gas Value Chain

We are aware of the risks to our employees, the environment, and society, that can be associated with activities along the oil and gas value chain. 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. 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. Crude oil is mainly transported from the fields to the refineries by pipeline and seagoing vessels which may lead to oil spills. The greenhouse gases emitted during extraction and maritime transport also contribute to global warming.

- Through our subsidiary Newsco, which offers horizontal directional drilling and develops drilling technology for exploration companies, and which we sold in March 2017, we were active as a service provider in this sector until March 2017. Our site in Port Açu, Brazil, offers crude-oil handling facilities, and several tank storage sites in Germany, Argentina, Colombia and India 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.

- Marquard & Bahls does not own or operate any refineries or petrochemical plants. However, for example in Argentina, we store crude oil for directly supplying refineries. On our terminals in Texas City, Cartagena, Antwerp, and Singapore, we store products that are going to or coming from petrochemical complexes. Besides, residues from refineries, e.g. petcoke, 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 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 Mabanaft 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.

Product Storage

Storage plays an important role as petroleum products, gases and chemicals move from oil-fields 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.

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.

- Through the Mabanaft subsidiaries in particular, we are active in the bunkering, filling-station and heating-oil end-consumer businesses. Skytanking also offers aviation refuelling services.

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.



Key Performance Indicators

Sustainable Growth

	2015	2016	2017	Change 2016/17
	in T €	in T €	in T €	
Generated Monetary Value				
Revenues before energy taxes	12,553,193	11,545,951	13,508,950	+ 17.0 %
Revenues after energy taxes	11,081,168	10,104,303	11,943,117	+ 18.2 %
Monetary Value Paid Out				
Cost of materials, mainly oil purchases	10,124,945	9,091,569	11,045,531	+ 21.5 %
Wages and salaries	292,245	298,419	298,369	+/- 0.0 %
Social security contributions	47,293	49,058	49,962	+ 1.8 %
Expenses for pensions	9,036	10,228	8,851	- 13.5 %
Interest expense	66,853	79,789	85,780	+ 7.5 %
Investments in the community (donations & sponsorship)	438	567	743	+ 21.4 %

Countries where we pay taxes

2017

36



Wages and salaries in T €

2017

298,369



Billion € revenues before energy taxes

Change 2016 - 2017

+17.0%



Active, consolidated companies included in this report

2017

141



Which SDGs did we support
in this action area?





ENVIRONMENTAL PROTECTION



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.



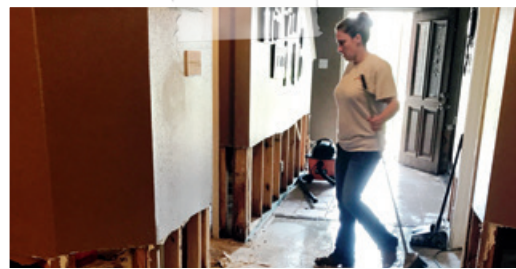


Climate Change Affects Us All

Temperature extremes, record rainfalls, and storms – sadly, our planet is increasingly in the grip of these and other meteorological turbulences. At the end of August 2017, two regions were particularly hard hit: In Texas, Hurricane Harvey caused flooding and devastation. At almost the same time, the monsoon rains in India flooded large parts of the country. Experts associate these extreme weather events with the consequences of climate change.



On August 26, Texas, U.S., was hit by Hurricane Harvey, the first Category 4 storm since Hurricane Carla in 1961.



Our UBT Corpus Christi, Oiltanking Texas City, and Oiltanking Galveston sites, which were hardest hit by the floods, weathered the storms well. But many of their employees struggled with severe flooding in the surrounding areas.



Some employees volunteered to stay at the Texas City tank terminal for five consecutive days to ensure flood protection.



Thanks to the efforts of the employees on site in implementing the protective measures, the damage was kept to a minimum. None of our employees were seriously harmed.



On August 29, 294 mm of rain fell in Mumbai, India, in a single day, paralyzing the infrastructure. Six million people, including our IOT employees, were evacuated as a precautionary measure. Fortunately, our employees remained unharmed.



International relief organizations count the floods in India, Bangladesh and Nepal as among the worst regional humanitarian crises in years. More than 1,200 people died and more than 40 million were affected by the devastation.





Environmental Protection

Our sites use energy, water, building materials, and generate airborne emissions, waste and wastewater. The storage and transportation of petroleum products and chemicals also carry a risk of spillage. Thus, our activities have an immediate as well as an indirect impact on the environment. At the same time, we are confronted with global megatrends such as climate change and increasing environmental degradation. We therefore want to make every effort, within our scope of influence, to keep the 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 many 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 to foster a continuous improvement.

Spill Prevention

Spills

Preventing spills is 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 product releases occur nevertheless, we are prepared to recover the product quickly and effectively, and not leave it to pollute the environment. We document every product release, no matter how small. Despite all the proactive measures taken, there were 59 product releases of more than 100 liters across the whole company during the year under review. Nearly all of these incidents occurred at Oiltanking.

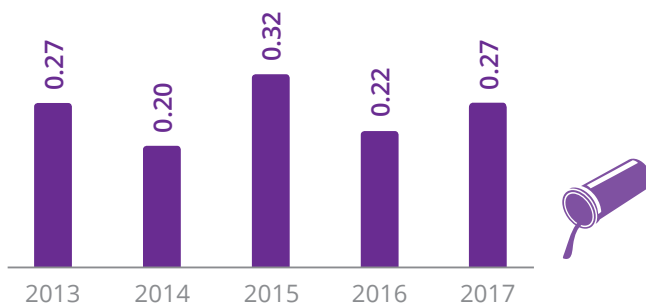


Fig. 11: Product releases ≥ 100 liters per 1 million tons of throughput



Compared with the previous year, the total volume of product released at our sites fell to 323 m³ (2016: 567 m³). While the total volume decreased by more than 40 percent, the number of incidents with more than 100 liters of product released per million metric tons of throughput increased by about 20 percent to 0.27 in 2017 (2016: 0.22).

137 m³ of the total amount released could not be recovered (2016: 61 m³). This quantity was mainly caused by an incident in Cape Town: During an unloading operation from ship to tank terminal, sunflower oil leaked from an underground pipeline, and some of it seeped into the harbor basin. The sunflower oil was removed by a specialist company with the support of Oil Spill Response Limited (OSRL).

Precautions in Case of Spills in Water

To ensure professional support in the event of major oil spills, Marquard & Bahls is a shareholder in OSRL, the world's largest oil spill response organization. OSRL 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 OCIMF, a voluntary association of oil companies that works to ensure a safe and ecologically responsible operation of oil tankers and tank terminals.



Photo credit: (c) Oil Spill Response Limited

Exercises to combat oil spills

Some of our Oiltanking sites again worked with OSRL employees to run practical training sessions on combatting oil spills last year.

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 been in use for many years. The Mabanft Ship Charter Policy is updated regularly; in 2017, the charter requirements for LPG tankers were specified.

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 & Bahls' business. 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 & Bahls uses direct and indirect energy sources to operate its facilities, sites, and vehicles. The direct energy consumption includes natural gas, heating oil and fuel for the operation of our pumps, boilers, owned bunker ships, operational vehicles, and road tankers. 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 2017, we consumed a total of 2,010,822 gigajoules (Gj) of energy. Our absolute consumption thus decreased (2016: 2,151,919 Gj). Detailed year-on-year consumption figures can be found in the environmental balance sheet at the end of the chapter.

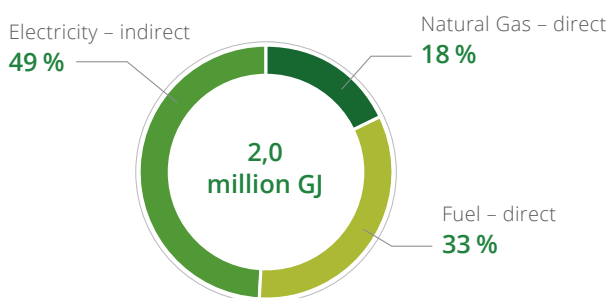


Fig. 12: Absolute energy consumption by type

Due to the diversity of our Group, there is limited comparability between our companies' consumption figures. That is why, for purposes of comparison, we use the consumption figures of our tank storage activities, which are our largest, per tons of throughput.

Fig. 13 shows that the megajoules (MJ) required to transship one ton of product fell from 9.5 to 9.2 MJ compared to the previous year. This development brings us closer to our long-term goal of significantly reducing relative energy consumption, but we will continue to work on continuous improvement in the year ahead, e.g. by rolling-out our Energy Savings Guideline at other Oiltanking locations and integrating binding specifications, e.g. on frequency converters for pumps, in the specifications for new tank terminals.

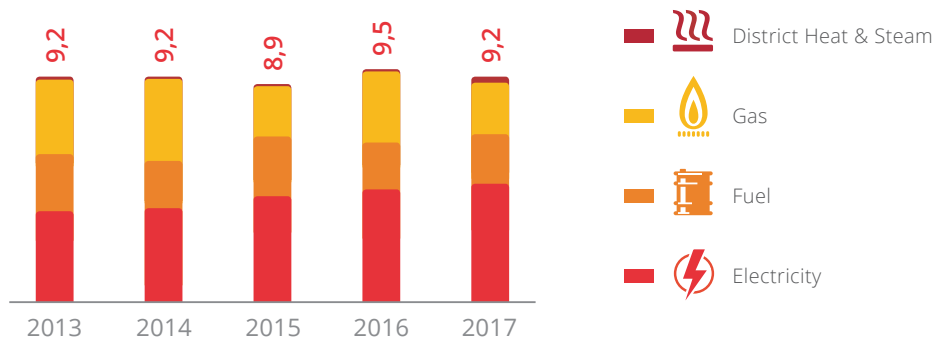


Fig. 13: Energy consumption in Oiltanking tank storage activities (MJ per 1 million tons of throughput)

As before, only a small proportion of the sites purchase electricity from renewable energies: 15 sites and various OIL! filling stations indicated that they purchase electricity with a share of over 20 percent green electricity. Besides, in our headquarters, the subsidiaries' holding offices as well as Marquard & Bahls AG are supplied with 100 percent green electricity. 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."



Gold for the Group headquarters

It became official on October 25, 2017: Our company headquarters has earned Gold status according to the standards of the "Sustainable construction in HafenCity" certification process. To mark the occasion, Prof. Jürgen Bruns-Berentelg, CEO of HafenCity Hamburg GmbH, presented the eco-label to Jörg Walter, Senior Group Director, who played a key role in the construction and design of our headquarters, and Timo Maschinger, Head of Facility Management, who is now responsible for building operations.

Total energy consumption includes the consumption at all subsidiaries. Besides natGAS, Petronord's more than 250 automated service stations, 45 automated stations operated under the name OIL! tank & go (formerly Haahr Benzin) in Denmark, and 23 Skytanking sites 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, we have included estimates in place of missing information. We also exclude facilities currently under construction, like the tank terminal in Saldanha Bay. In order to show a complete picture, we have 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 CO₂ emissions as stated in the "Emissions Related to Product Transport" section, based on the quantities and distances transported.

Reducing Energy Consumption

Within the entire group of companies, pumping operations at the tank terminals are the biggest energy consumers. Our detailed Oiltanking Energy Saving Guideline provides background information and practical recommendations for identifying potential savings and taking measures to increase energy efficiency. In 2017, our sites were again able to identify new savings potentials and implement measures.



Local energy-saving projects

- Since 2016, our employees have been cycling around the tank terminal in Daya Bay, China – the bicycle fleet is an effective measure for reducing fuel consumption at the tank terminal.
- Fuel is also being saved at Skytanking in Vienna, where consumption was reduced by 5,000 liters in 2017 thanks to an automatic start/stop system for the fuelling vehicles during the refuelling process.
- Various environmental protection measures were implemented at the ZIOL tank terminal in Goa, India, as part of the “Step Up” program. For example, large product pumps were equipped with a frequency converter to save energy.
- Skytanking London Gatwick also reported a significant reduction in energy consumption due to energy-saving and motion-controlled LEDs.
- The natural conditions for using solar energy on the Maltese islands are considered very good, especially in a European comparison. Oiltanking Malta now uses this potential and has installed photovoltaic systems on its roofs, whose modules can generate a total of around 192,000 kWh of energy per year.
- The administrative headquarters of a Petronord holding, Keck Energieservice GmbH in Borke, also reduced its electricity consumption by 12,500 kWh with the help of a solar system.

We will continue to document our energy-saving measures and support our subsidiaries in establishing energy-saving programs.

Carbon Footprint and Other Emissions

To assess our own influence on the climate, we have calculated the carbon footprint of the entire group of companies annually since 2010. To get a complete picture, we decided to include 100 percent of emissions from all subsidiaries and joint ventures. The emission figures exclude the same sites already mentioned under “Energy Consumption” that could not report their energy figures. 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 CO₂ equivalent (CO₂e). The relevant greenhouse gases resulting from our operations are CO₂, methane (CH₄) and nitrous oxide (N₂O). Other air pollutants such as nitrogen dioxide (NO₂), sulfur dioxide (SO₂) emitted by third-party shipping, or volatile organic compounds (VOCs) from our tank terminals, are recorded separately. We calculate the greenhouse gas emissions based on the latest Intergovernmental Panel on Climate Change (IPCC) emission factors and the GHG Protocol. In the case of emission factors for electricity, we take the energy mix of various countries into consideration.

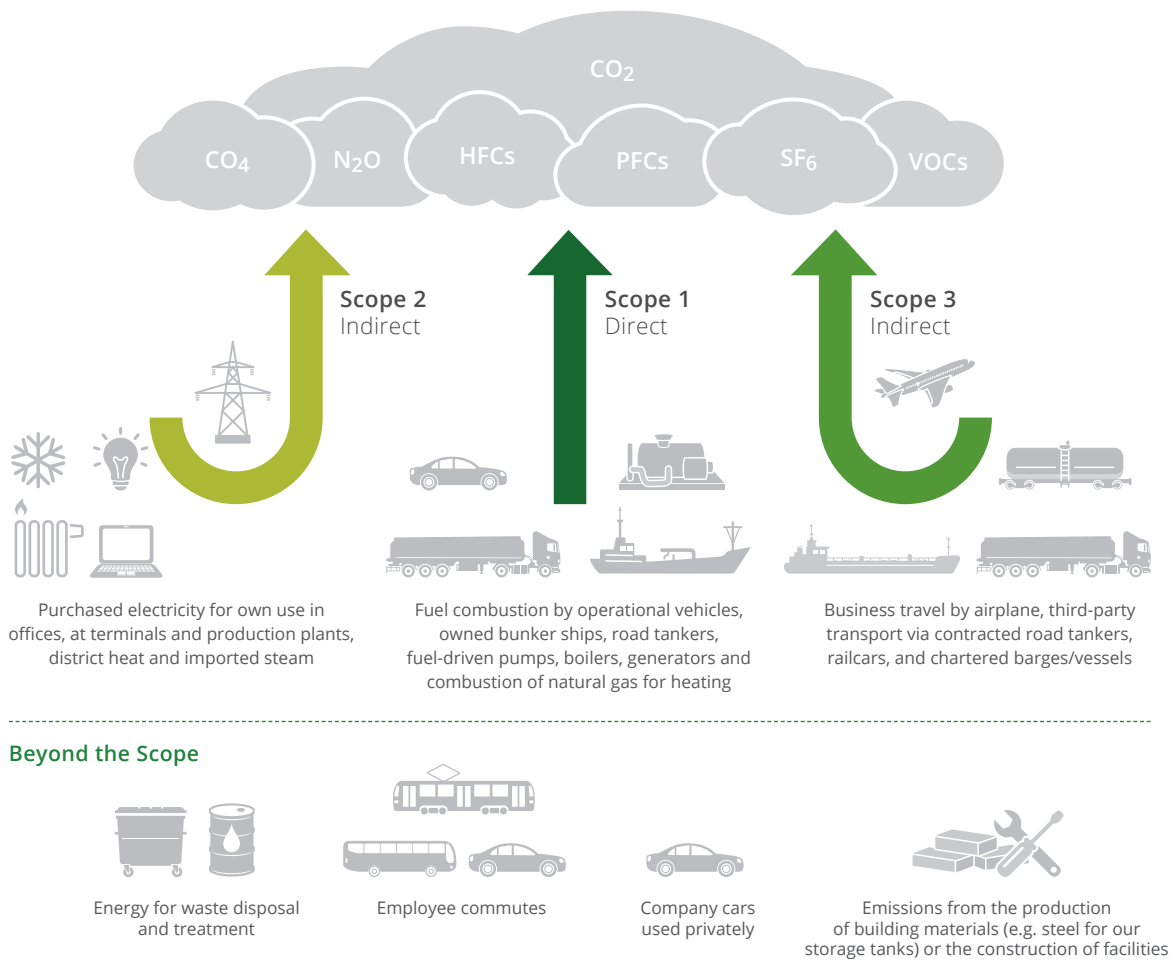


Fig. 14: Reporting scopes for greenhouse gas emissions at Marquard & Bahls

Direct and indirect Greenhouse Gas Emissions

In 2017, direct and indirect CO₂e emissions totaled 394,898 tons (2016: 362,005 tons), representing a 9.1 percent increase in our carbon footprint. In particular, the emissions from commissioned transports in the trading sector, which are allocated to Scope 3, increased again. Fortunately, emissions caused by our electricity consumption were reduced year-on-year. As before, our goal is to minimize our emissions, albeit bearing our company's growth in mind.



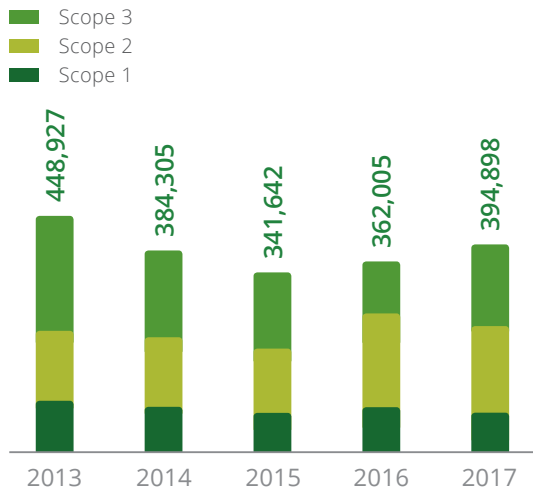


Fig. 15: Total CO₂e emissions in tons, by scope

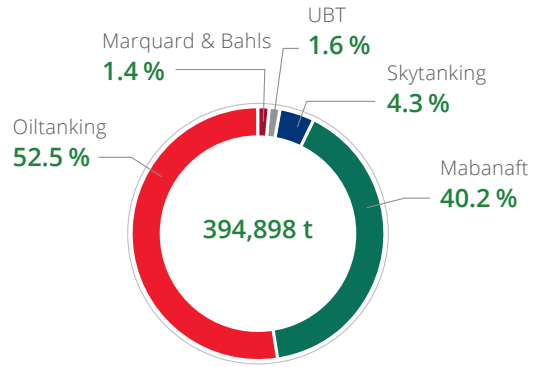


Fig. 16: Total CO₂e emissions by company

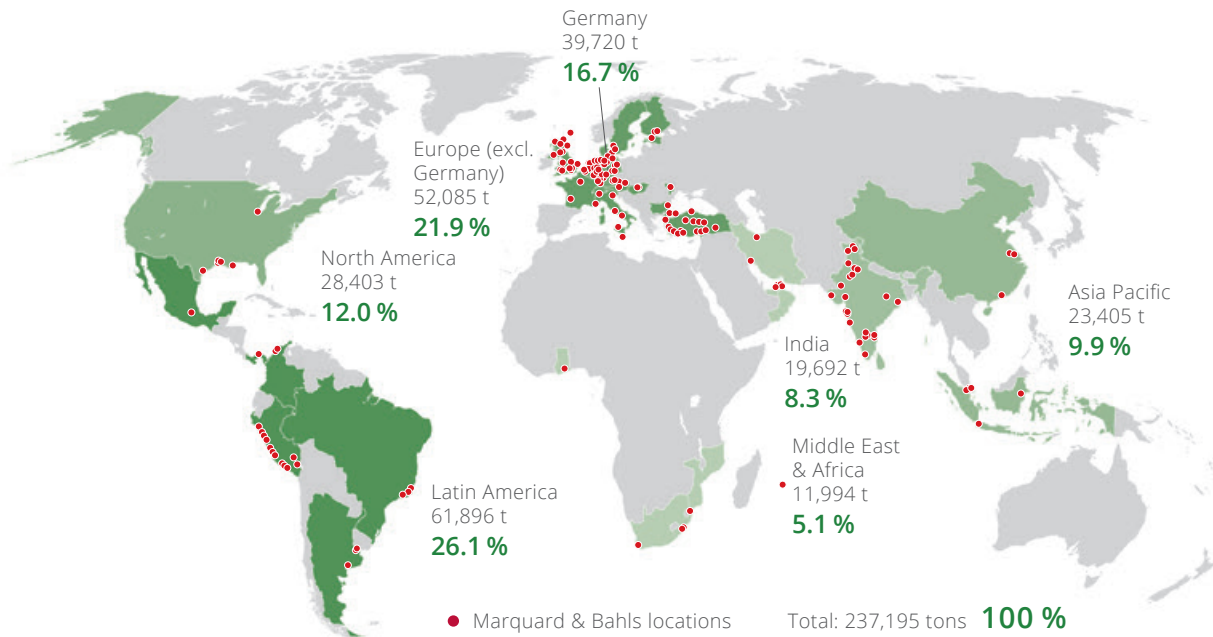


Fig. 17: Scope 1 and Scope 2 CO₂e emissions by region

Emissions Related to Product Transport

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 2017 Mabanaft chartered 144 seagoing vessels (2016: 94), 2,037 barges (2016: 2,141) as well as 23,213 tank trucks (2016: 18,138) and 185 railcars (2016: 366). When chartering seagoing vessels, Mabanaft takes the energy efficiency of the ships into consideration.

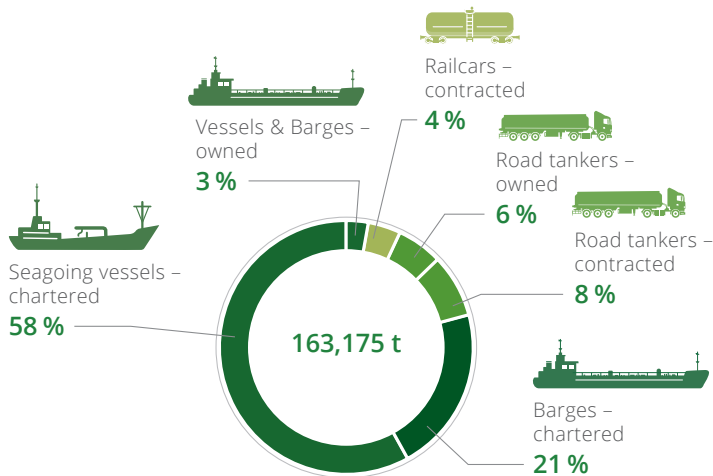


Fig. 18: Transport-related CO₂e emissions by mode of transportation

The annual CO₂e emissions arising from the transport of our products are shown in Fig. 18. To calculate the CO₂e emissions, emission factors were used wherever data on total consumption was available. For calculating transport using third parties, we once again chose the Ecological Transport Information Tool (EcoTransIT). In 2017, we further refined the calculation by taking into account the loading levels for transport by inland and seagoing vessels for the first time. 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, employee business travel by air is often unavoidable. Our goal is to plan the safest and fastest possible routes and to keep air travel to a minimum. In 2017, employees of Marquard & Bahls and its subsidiaries circumnavigated the earth 821 times by airplane (2016: 777 times).

The CO₂ flight emissions 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 2017, Group-wide emissions from air travel amounted to 11,770 tons of CO₂e. This is an increase of around 7 percent compared to the year before. Last year's emissions from unavoidable flights by employees of Marquard & Bahls AG and those of the headquarters of Oiltanking and Skytanking were offset in 2017 by the purchase of CER certificates (Certified Emission Reduction) from the Marquard & Bahls subsidiary Carbonbay in the wind power project in Los Santos, Costa Rica.



An eco-friendly commute

Sustainability starts with the behavior of our employees. Oiltanking Nanjing, China, organized a bicycle tour with city bikes last year to inspire its employees to use this environmentally friendly means of transport to get to work. The Waltershof tank terminal in Hamburg, Germany, also bought four new bicycles for operational activities and has them maintained by a social company that employs people with disabilities. A win-win situation for everyone involved!

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. To further reduce the CO₂e emissions caused by business travel, we will keep on expanding our video-conferencing systems worldwide.



Ozone-depleting Emissions

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.



Reducing Volatile Organic Compounds (VOCs)

Our tank terminal in Ghent uses the gas pendulum process to reduce VOC emissions and recover evaporated product.

VOC emissions were calculated on 31 Oiltanking sites in 2017. The measured quantity of VOCs emitted in relation to the tank terminal activity was 27.0 g per ton of throughput (2016: 37.2 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 can be used by the European tank terminals to detect escaping VOCs. Our German tank terminals in particular used the camera regularly in 2017. 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, their use generates significant volumes of nitrogen oxides (NO_x) and sulfur oxides (SO_x). NO_x and SO_x 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 2017, the ships we chartered emitted 1,447 tons of nitrogen oxides (NO_x) (2016: 1,022 tons) and 501 tons of sulfur dioxide (SO₂) (2016: 677 tons). In addition, 92 tons of non-methane hydrocarbons (NMHC) (2016: 64 tons) and 82 tons of particulate matter (PM) (2016: 97) were emitted during the marine transport of products. These figures are based on the IFEU Ecotransit method, which was also used to calculate the CO₂e emissions caused by third-party transport.

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 wish to contribute to protecting the environment, we have already introduced the option of supporting afforestation projects and CO₂ capture. Customers can, for example, use the OIL! KlimaCard to support the Initiative Pro Klima 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 also offers customers a fuel card that empowers them to offset emissions from fuels they have purchased by making a contribution to reforestation projects. When the BWOC Green Card is used, ten percent of the emissions are generally offset by BWOC free of charge via CO₂ storage projects. Optionally, the emission compensation can also be increased to 50 or 100 percent by the customer, who then bears the additional costs. Since 2010, BWOC has planted a total of 200,000 trees in the U.K. as part of the Woodland Carbon project. Its successful re-certification in 2017 shows that the projects lead to effective afforestation, increase biodiversity, reduce soil erosion, and improve air quality.

Initiative Pro Klima

In 2008, Mabanafit, Petronord, and OIL! Tankstellen launched the Initiative Pro Klima to balance climate protection with trading activities. Its efforts focus on three areas: offering energy-efficient products; providing consultation on environmental and energy issues; and promoting projects to protect the climate. The 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 152,600 trees have already been planted in recent years. In addition to producing oxygen and capturing CO₂, 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 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).





5,000 new trees as part of the Initiative Pro Klima

As in 2016, the Initiative Pro Klima took part in the "Wir pflanzen Trinkwasser" (We plant drinking water) campaign, which was initiated by Klimapatenschaft GmbH in cooperation with Trinkwasserwald e. V. and the Klövensteen district forestry. Besides the employees of the initiators OIL! and Klindworth-Kronol, this year the initiative was also actively supported by Marquard & Bahls employees and their families, who participated as part of the Marquard & Bahls children's event. Everyone had a lot of fun as they planted hundreds of deciduous tree seedlings in Klövensteen forest near Hamburg.

Renewable Energy & Alternative Products

Biogas

Our subsidiary 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 2017, approx. 80,000 tons of chicken manure and residues from sugar cane processing were used to produce biogas. The resulting biogas was then used to generate more than 12 million megawatt hours of electricity. The plant can produce enough electricity to meet the annual needs of more than 5,000 Indian 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 was further increased in 2017.

Wood Pellets

Some retail companies in the Petronord Group offer their end customers wood pellets as part of their product range. Burning wood for energy is CO₂-neutral and therefore has less impact on climate change than fossil fuels, as it only emits the CO₂ that was previously stored in the tree.

Premium KlimaPlus Heating Oil

Since 2016, our subsidiary Petronord has offered a product that ensures CO₂ emissions from heating plants are offset by the use of climate-friendly technologies elsewhere: Premium KlimaPlus fuel oil. The volume of CO₂ 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. In 2017, 3,000 tons of CO₂ were offset in this way.

Carbon Trading

Our subsidiary Carbonbay develops a global portfolio of climate protection projects. To guarantee the high quality of the projects and their contribution to the SDGs, all of them are registered exclusively under the UN Clean Development Mechanism and the Gold Standard. The total amount of CO₂ savings achieved has fallen slightly compared to 2016 due to weather events such as drought and quality assurance measures taken for the projects. Together, the portfolio projects that are currently operational account for a total annual emissions reduction of approx. 430,000 tons of CO₂. The certificates traded on the market were generated from hydropower plants in Peru, Honduras and Nicaragua, the solar water heater program in India, the wind farm in Costa Rica, and the IOT Mabagas biogas plant in Namakkal, India.

Conservation of Natural Water Resources

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. Some of our sites are located in regions that are already affected by water shortages or water stress. To identify corporate water risks and derive countermeasures, last year we used the World Business Council for Sustainable Development (WBCSD) global water tool for the first time.

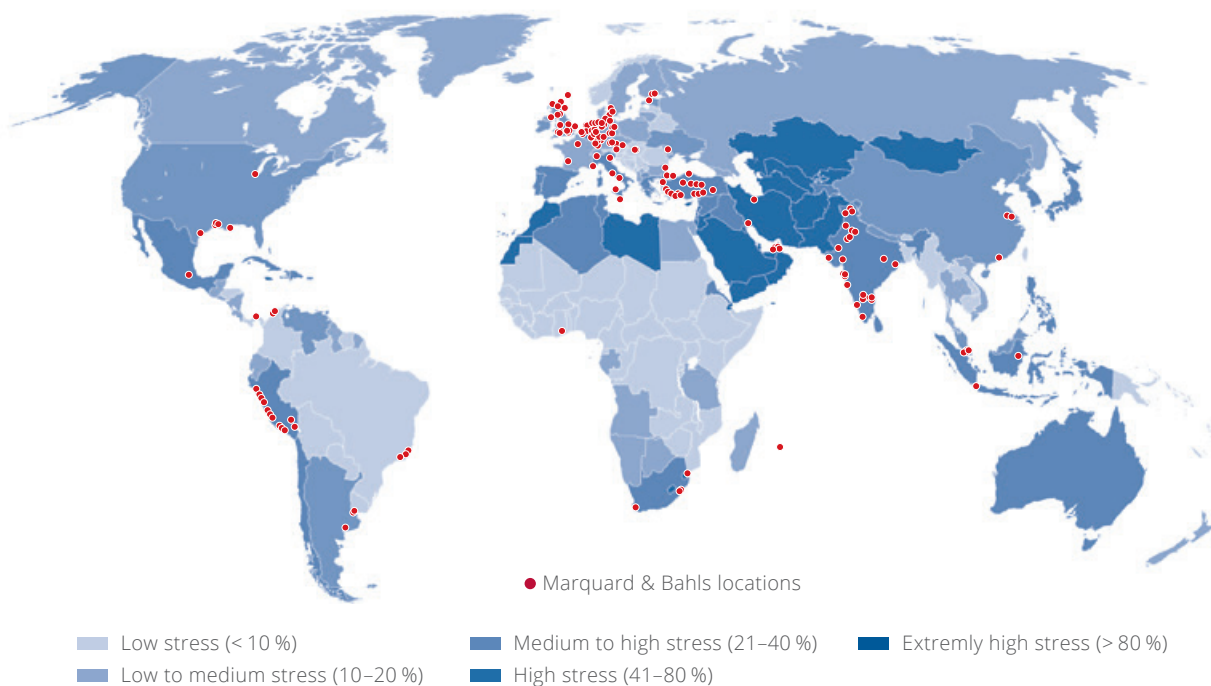


Fig. 19: Countries and sites affected by water stress (2017), Map: World Resources Institute



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 2017, the company's water consumption amounted to 1,007,236 m³ (2016: 930,732 m³). Most of the water used is attributable to tank terminal activities. Our tank terminals often use fresh water for the cleaning of tanks, hydrostatic tank tests, steam, fire drills and sanitary facilities in the office. Usually, the hydrostatic tank tests have no environmental impact, because the water can still be reused as industrial water after the tests are completed.

To gain a better overview of our actual water requirements, last year we expanded the consumption survey to include the categories rainwater, seawater and "other," which partly explains the increase, as these volumes were not previously counted. The new categories collectively account for 64,684 m³ of water consumption. Other reasons for this year's increase include the commissioning of new sites and an increase in the number of hydrostatic tests performed at Oiltanking. A product change at some tank terminals also resulted in increased water consumption at several sites. Cyclical tests for tank cleaning, which are not carried out every year, affect overall water consumption in that they obscure the savings achieved at individual sites.

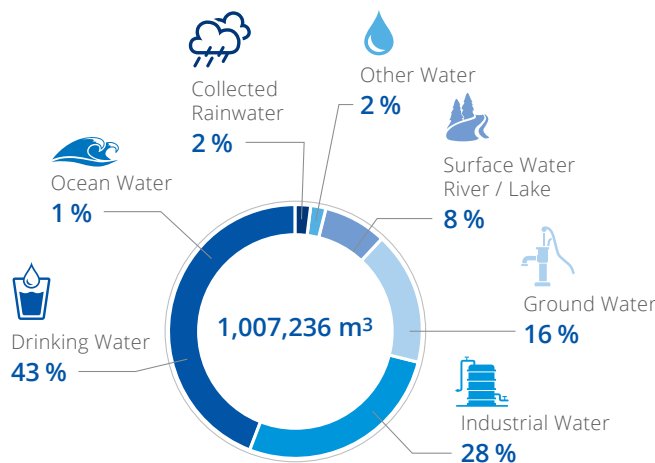


Fig. 20: Total water requirements by source

In 2017, the relative water consumption for tank storage activities per m³ of storage capacity (Fig. 21) reflected a further rise from 28.9 l/m³ to 33.2 l/m³. Reasons for this include an increase in industrial water and ground water due to the hydrostatic tests mentioned earlier. The newly introduced more detailed survey of water consumption also contributed to the increase. We intend to develop even more systematic savings measures based on the improved survey.



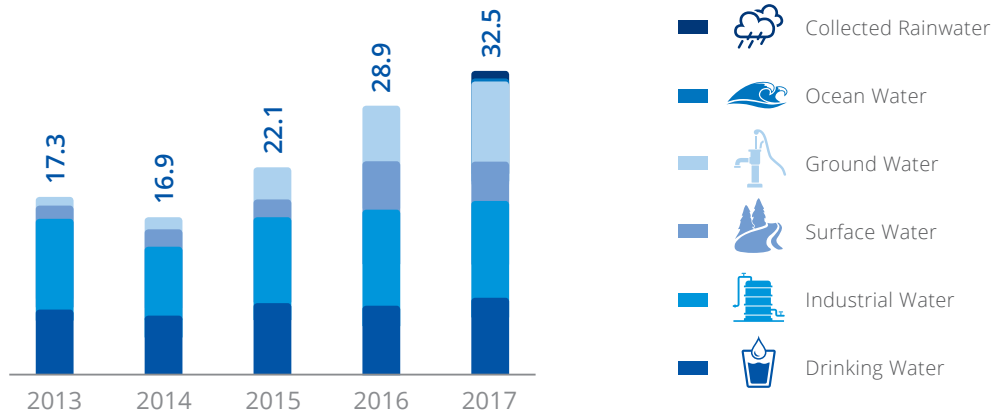
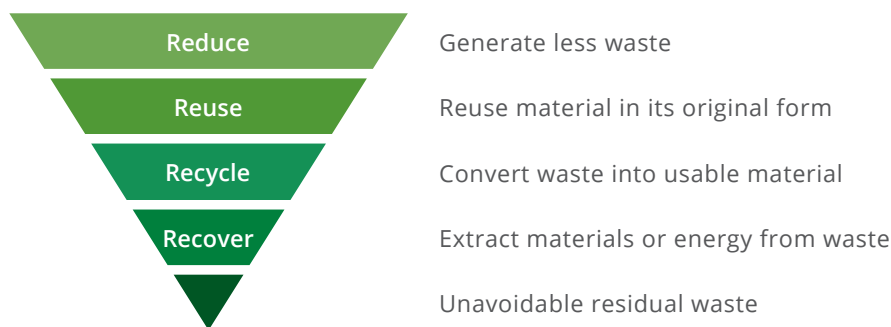


Fig. 21: Water consumption per capita (l/m³) for tank storage activities

Unfortunately, this means that we once again failed to progress towards our goal of further reducing relative water consumption, especially of drinking water, at Oiltanking but we will continue our efforts in the future. To do this, we have integrated water management into Oiltanking’s Energy Saving Program as well as into the sustainability e-learning developed in 2017. Areas where water consumption can be minimized include, first and foremost, tank cleaning and vapor production in boiler operations. 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.

Total waste in 2017 consisted of 29.3 percent hazardous and 70.7 percent industrial waste, and amounted to 58,793 tons (Fig. 22). The strongly upward trend seen in previous years (2016: 56,745 tons) flattened slightly, although there was still an increase of 8 percent. It is pleasing that, above all, the amount of hazardous waste was reduced in 2017. More than 60 percent of the waste is attributable to Oiltanking's tank storage activities. 15,800 metric tons of this total were incurred due to the demolition of a building on the tank terminal in Sohar, Oman.

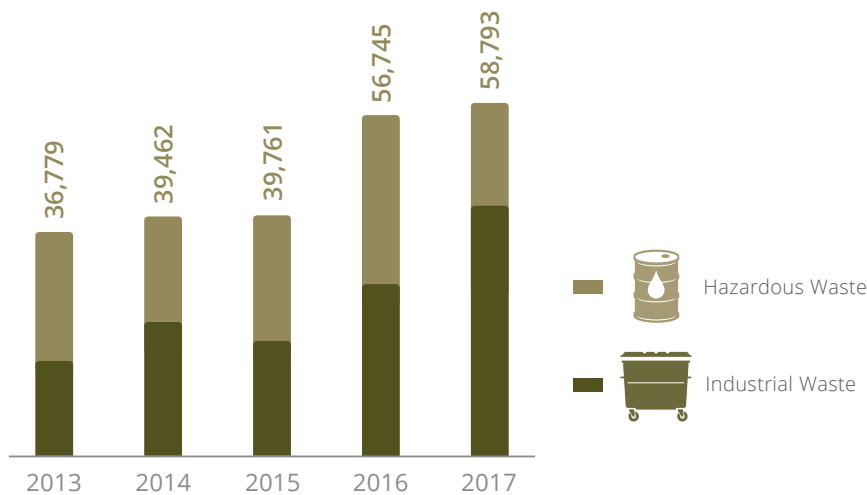


Fig. 22: Total waste by type (in tons)

At Oiltanking, a significant relative decrease is also seen in the ratio of hazardous waste in relation to total storage capacity in our tank storage activities from 2016 (1.39 kg/m³) to 2017 (0.87 kg/m³). This can be explained by the fact that the tank cleaning demanded by our customers mainly affects the generation of waste requiring monitoring. The number of tank cleanings can vary greatly from year to year, which is reflected in the fluctuating annual values.



Handling and Disposal of Waste

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. When soil is contaminated with products, the soil must be excavated and treated as hazardous waste. In 2017, close to 25 percent of the hazardous waste was recycled. Our industrial waste is mainly generated by construction activity. Since this often consists of packaging and metals, the recycling rate is usually higher. In 2017 the rate was 32 percent.

Wastewater Production

The total amount of industrial wastewater discharged in 2017 was 646,568 m³ and therefore increased slightly year on year (2016: 621,775 m³). Wastewater is produced in tank cleaning as well as in hydrostatic testing. The 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 petcoke 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.

Local measures to reduce waste

- Our tank terminal in Texas City has participated in the Clean Texas program for many years. In 2017, the program reduced industrial waste and waste requiring monitoring by a total of more than 450 tons.
- Waste at the Peruvian tank terminals in Puerto Bahia, Colombia and Matarani was recycled in 2017, reducing the total amount of waste by 600 kg.
- The importance of proper waste separation was demonstrated at the tank terminal in Pisco, Peru, where this reduced the volume of industrial waste by around 15 percent.





Biodiversity

Biodiversity encompasses the planet's richness in species as well as genetic diversity and the variety 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. Although none of our sites are in a nature conservation area defined by the International Union for Conservation of Nature and Natural Resources (IUNC), 14 of our tank terminals are located near or in one of the 36 biodiversity hotspots defined by Conservation International worldwide. To minimize the risk of product releases that could affect these fragile ecosystems, we follow a proactive HSSE management approach as described in the section on "Avoiding product releases". In addition, 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 evaluation of the direct and indirect impact on biodiversity. As another preventive measure, the groundwater is checked monthly with appropriate measurement technology at all relevant Oiltanking tank terminals. The data obtained in this way is analyzed centrally by environmental experts.



Protecting biodiversity

The tank terminal in Saldanha Bay, South Africa, which is still under construction, is located in the buffer and urban zone of the Cape West Coast Biosphere Reserve, which was designated a protected area by UNESCO in 2000. The 3,862 km² reserve on the southwestern edge of South Africa is divided into various zones, which include land, coast, and sea. As one of the six regions richest in flora in the world, with a very high diversity of plants and wading birds, the reserve is intended to balance human settlement and the preservation and protection of flora and fauna. We are taking biodiversity aspects into account in the construction of this state-of-the-art crude oil terminal in the port of Saldanha Bay. The tanks will be covered with soil and planted, and the area required by the facility can be reduced by having the tanks bordering on each other.



Key Performance Indicators

Environmental Protection

	2015	2016	2017	Change 2016/17
Product Releases				
Number of incidents where product release \geq 100 liters	60	53	59	+ 11.3 %
Incidents with \geq 100 liters of released product per 1 million tons of throughput	0.37	0.22	0,27	+ 22.4 %
Total volume of product released in m ³	371	567	323	- 42.9 %
Of which share of unrecovered product in m ³	279	61	137	+ 125.2 %
Energy Consumption				
Total amount of direct and indirect energy consumption in GJ (Scope 1 & 2)	1,968,801	2,151,919	2,010,822	- 6.6 %
Of which direct energy consumption in GJ (Scope 1)	1.117,389	1,196,514	998,883	- 16.5 %
Of which indirect energy consumption in GJ (Scope 2)	851,413	955,404	1,011,939	+ 5.9 %
Relative energy consumption of the tank terminals (MJ / tons of throughput)	8.9 ¹	9.5	9.2	- 3.5 %
Carbon Footprint & Emissions				
Total CO ₂ e emissions in t	343,307	362,005	394,898	+ 9.1 %
Direct CO ₂ e emissions Scope 1 in t	74,965	83,521	77,320	+ 7.4 %
Indirect CO ₂ e emissions Scope 2 in t	122,242	179,959	159,875	- 11.2 %
Indirect CO ₂ e emissions Scope 3 in t	146,100	98,525	157,703	+ 60.1 %
Transport-related CO ₂ e emissions, by means of transport in t	146,412	102,866	163,175	+ 58.6 %
CO ₂ e emissions caused by air travel in t	11,592 ¹	11,025	11,766	+ 6.7 %
VOCs in relation to the tank terminal throughput (g/t)	35.2	37.2	27.0	- 27.4 %
Conserving Natural Water Resources				
Total water consumption in m ³	857,061 ¹	930,723	1,007,236	+ 8.2 %
Share of drinking water in tank storage activities	33 %	26 %	25 %	- 2.2 %
Relative water consumption in tank storage activities per capacity (l / m ³)	22.1	28.9	33.2	+ 14.9 %
Waste and Wastewater Management				
Total amount of waste in t	38,203 ¹	56,745 ²	58,793	+ 3.6 %
Total amount of industrial wastewater in m ³	589,549	601,026	646,568	+ 7.6 %

¹ Corrected after publication of the Sustainability Report 2015 ² Corrected after publication of the Sustainability Report 2016

Number of incidents with product release \geq 100 Liter

Change 2016 – 2017

+11.3 %



Local environmental initiatives or campaigns

2017

28



Trees planted as part of our climate-protection initiatives

2017

5,000



Share of drinking water in water consumption

Change 2016 – 2017

-2.2 %



Which SDGs did we support in this action area?





OUR EMPLOYEES



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.





Teamwork with a Twist

For the participants of the Oiltanking Spring Meeting, it is a well-kept tradition to meet once a year. In April 2017, 120 participants joined forces under the motto “We Can, We Care” and dedicated themselves to an all-day charity project, with a focus on the unique experience and, even more importantly, on doing something together.



120 Marquard & Bahls Group managers donated their manpower to the Associação Dianova in Torres Vedras, Portugal, a charity that supports addicts.



Divided into several groups, some of the participants wielded their green thumbs and created a Zen garden.



The organization's venerable main building urgently needed partial refurbishment. Our painting team repainted the front of the building and the rear entrance.



Cleaning a chapel together gave colleagues an opportunity to get to know each other better and talk about their experiences.



At the end of the day, our employees had the feeling that they had achieved something positive together.





Our Employees

As a family business, it is particularly important to us to take responsibility for what we do, and for the people who work for us. Our employees are the bedrock of our success and of our corporate culture. We want to offer them a working environment in which they feel valued, encouraged, and fairly treated. We want to attract qualified employees and offer them a varied and healthy working environment.



Priorities in HR

We encourage our employees to take responsibility, we promote equal opportunities and diversity, and we invest in our employees' professional development. Short decision paths and entrepreneurial thought and action set us apart. Although we act as independent lines of business, we are linked in a strategic network. These are our priorities, which were anchored in Marquard & Bahls strategic approach, and are fleshed out with specific measures and programs in our HR work. The tasks and responsibilities they entail are divided between the regional and central HR teams.

Shaping Change

We continue to focus on future-oriented, active HR work and the building of skills. We are always on the lookout for talented employees with new ideas, whom we seek to retain and support long-term. In 2017, the Group Function HR's overarching goal was to further support the topics required to implement the Marquard & Bahls strategy, e.g. willingness to change, training, digitalization and self-management. Beyond strengthening Marquard & Bahls' organizational structure, several crucial projects were advanced: The new HR management system, which is to be rolled-out to large parts of the Group in 2018, was made available to the first user groups. We have also further expanded our development programs, the company-wide FUEL (my FUture in Energy & Logistics) trainee program, the dual-study program, traditional employee training, and employee development in the course of international assignments. Providing the necessary resources and competencies in the form of qualified and motivated employees will continue to be one of the most important tasks of HR going forward. One of the key projects for 2018 is the introduction of a Marquard & Bahls Learning Academy, which will offer advanced education and training around the globe.



Our Employees in Numbers

The number of employees has increased continuously over many decades, but in the last few years it has declined due to divestments such as the sale of the tank terminals in Houston and Beaumont, the Skytanking locations in the U.S., as well as the subsidiary Newsco. Another reason were restructurings in the EPC sector in India. In 2017 – including employees from all non-consolidated and affiliated companies – we employed 7,727 employees at year-end and 7,620 employees on average (2016: 8,198). The average number of employees per calendar year was used as a basis for calculating the indicators in this chapter. More than 90 percent of our employees have full-time contracts. With 54 percent in operations and 46 percent in administration, the ratio of employees in administration has increased in comparison to last year (2016: 41 percent). 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.

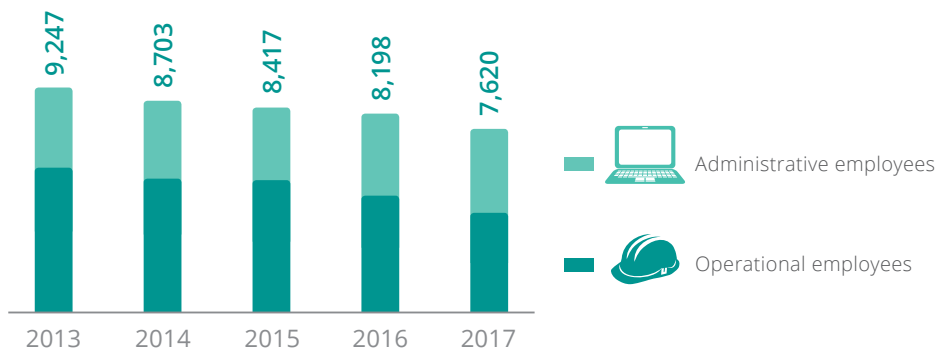


Fig. 23: Average number of employees, split into operational and administrative staff

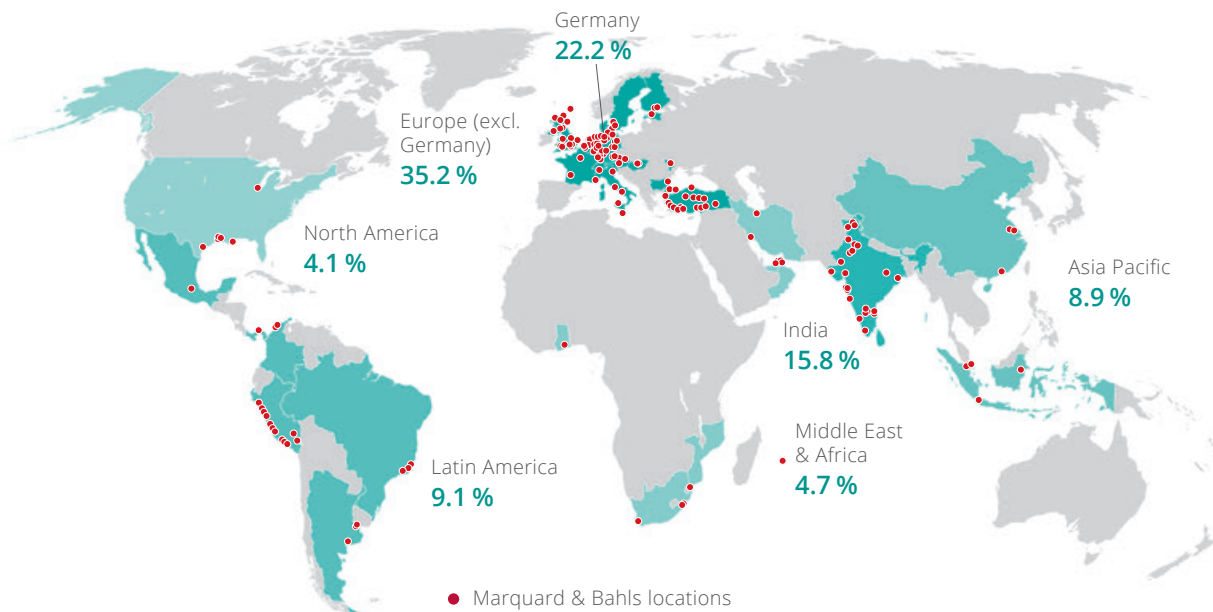


Fig. 24: Average annual distribution of employees by region





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. Our company's growth strategy and the natural turnover that results from retirement or other changes in employees' personal lives require a 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, because of dismissal, or due to retirement. In 2017, a total of 1,713 employees left the company, representing a turnover rate of 22.5 percent (2016: 18.3 percent). Of these, 173 employees left the company due to dismissal, 393 due to an expiring contract, 716 at their own request, 40 due to retirement, and 391 on other grounds. Meanwhile, 1,277 new employees were hired.

Broken down by company (Fig. 25), the Mabanaft subsidiary Tirex experienced the highest fluctuation last year. IOT's bulk handling and EPC business again required business-related adjustments, which affected staff turnover.

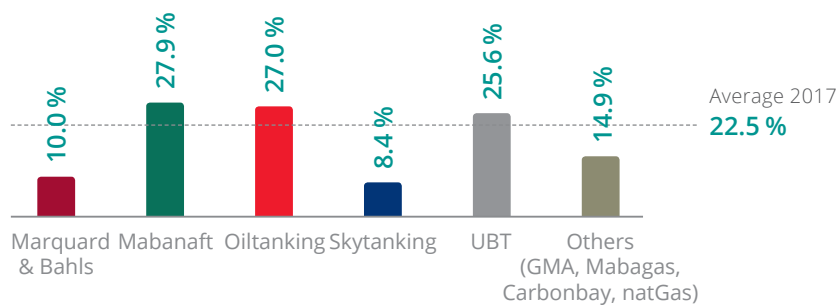


Fig. 25: Staff turnover by company

Viewed by region, fluctuation was highest in India again in 2017, due to major restructuring in the EPC sector and the loss of operating and maintenance (O&M) contracts at some tank terminals. In Europe, on the other hand, the fluctuation rate was lower last year. As in previous years, the main driver was the still relatively high figure in the filling-station sector in Moldova, which is confronted with the high fluctuation rate that is common in this sector.

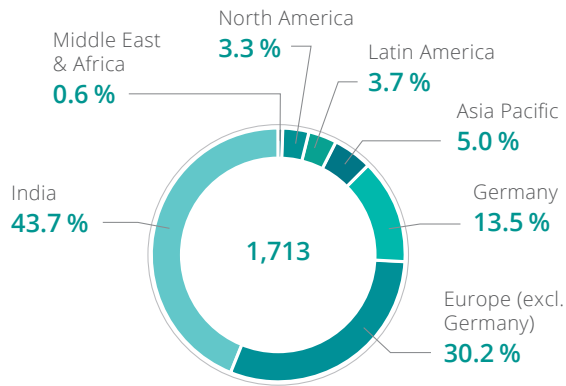


Fig. 26: Share of employees leaving the company by region

Absence

The absence rate is set by the number of days of absence in proportion to the absolute number of days the staff should have worked. The figures shown here include all the days of absence from work, including those caused by work-related injury or illness.

Authorized leaves of absence such as holidays, study, maternity or paternity leave, and compassionate leave are excluded. In 2017, the overall absence rate was 2.6 percent again a slightly increase compared to the previous year (2016: 2.3 percent). The highest rates of absence were recorded in Germany and Europe as previous year (Fig. 27). In Germany, the main reasons were a higher incidence of long-term illnesses and a severe flu epidemic from October through the end of the year. 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. In 2017, for example, we prepared the introduction of flexible working hours at the company headquarters. Flextime was introduced at the beginning of 2018 to provide even greater support for a healthy work-life balance. The section on "Equal Opportunity" presents information about our Employee Assistance Program.

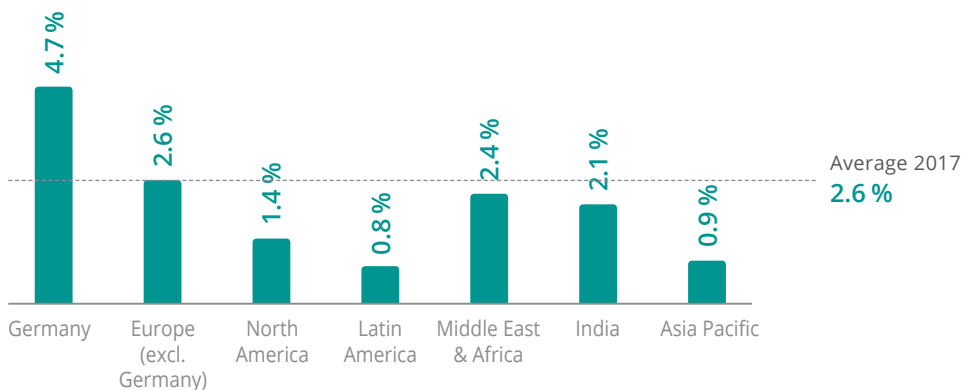


Fig. 27: Absence rate by region



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. Sustainability issues are increasingly being incorporated into the internal knowledge transfer.



Sustainability-related e-learning

As part of project FunC, for example, an extensive e-learning course on sustainability topics was developed and rolled-out for more than 150 managers at the beginning of 2018. The aim of FunC is to increase the knowledge and experience of employees in areas in which they are not experts and to turn them into sustainability ambassadors, e.g.

Personal and Professional Development

We feel it is very important to learn by performing practical tasks in the day-to-day routine, supplemented by deepening 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.

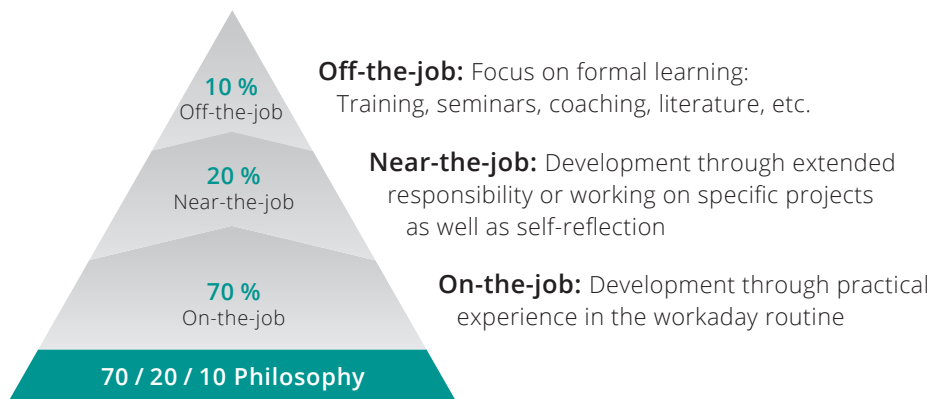


Fig. 28: Elements of our skill-based personal development planning

We also offer our executives Group-wide management development opportunities. They include the following three programs:

- GMC: for members of the Group Management Committee
- GLUE: for the management level below the GMC across the group
- PILOT: for newly promoted managers worldwide (“First Line Leaders”)

In all three programs, collaboration at Group level and leadership in times of change play a major role. Other key elements are different 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. The programs were rolled-out further in 2017. A total of 137 employees have participated in the programs since 2015; further modules will be rolled-out in 2018, so that the content will be continuously disseminated within the company.

Training Junior Staff

We see it as part of our social responsibility to offer young people a solid education and to accompany them in the first steps of their professional life. At the same time, the training of junior staff ensures that we regularly attract young, motivated people. In the course of 2017, we had 15 apprentices (2016: 17 apprentices) and thirteen dual-study students under contract in Germany (2016: 12). In our FUEL program, we offer practical training for university graduates in various fields and across national borders. In 2017, 14 FUEL trainees (2016: 13) started the program worldwide; 43 FUEL trainees have completed the program since 2014. Further FUEL trainees will be hired in 2018. Our subsidiaries had another 41 apprentices in training (2016: 40 apprentices).



Junior staff talking with the CEO

At the end of 2017, our CEO Christian Flach met with our junior staff to discuss topics like Marquard & Bahls’ position on renewable energies, how to establish a “culture of innovation,” and what startups can teach us.



Labor Standards

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 freedom of association as well as 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 or company sales, we work closely with the relevant social partners, and to ensure that our employees are taken on, as was the case when we sold our shares in Newsco in North America in 2017. 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 like India or China. Here, and in other countries, no rules for minimum wages have been set at a regional level.

We pay competitive salaries combining fixed and variable components. Our salary regulation is based solely on qualifications, performance, and other work-related factors such as responsibility, skill, and experience. The Marquard & Bahls Code of Conduct specifies that factors such as gender, nationality, or age have no influence on the salary. In addition to the basic salary, we offer voluntary additional benefits, which are calculated based on the basic salary. Some of these additional benefits are success- or performance-related.



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.

Equal Opportunity & Diversity

We offer our employees equal opportunities – regardless of distinguishing traits such as age, gender or nationality. We promote diversity because the diversity of our business areas and our employees is an important success factor. We are proud to have employees from many different cultural backgrounds working for us. Around the world, we employ employees from 64 nations.

With regard to employing people with disabilities, in Germany our rate of 1.5 percent means we do not meet the 5 percent quota mandated by the Social Code (SGB IX), and make the corresponding compensation payments instead.

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 2017, we increased the proportion of women worldwide to 18.7 percent (2016: 15.7 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 make an effort 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 via the CARE platform. In 2017, only one whistleblowing case was reported that related to discrimination. During the course of the investigation, the case turned out to be unfounded and was closed.





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

To enable more flexible working hours and promote a healthy balance between work and private life, some countries use various models such as part-time, working-time accounts and trust-based working time. Worldwide, part-time contracts accounted for unchanged 3.8 percent of all employment contracts in 2017. There are also working-time models to encourage employees to return to work after parental leave. On average, a total of 18 employees at the German sites were on parental or maternity leave in 2017 (2016: 49); 11 percent of them were men. Our sites worldwide indicated that 67 employees were on parental leave (2016: 59).



Flexible working hours

Flexible working hours were introduced for employees at the company headquarters in Hamburg as of March 1, 2018. This involves an honor system so, as before, the working hours are not recorded. The key points of the new system include flexible time corridors. The core working hours, during which everyone is to be present, is from 10 a.m. to 3 p.m.

Employee Assistance Program

Six 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). Its 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 58 new cases were recorded last year, which corresponds to a utilization rate of 7.2 percent (2016: 6.4 percent). This figure is slightly above the provider's average. The proportion of work-related topics was 12 percent (2016: 28 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 the coordination of vacation care for the children of employees, a childcare room in the headquarters, and events for children and families. Many of our locations around the world have also carried out events, projects and measures to promote a healthy work-life balance.



Family Days

Oiltanking Panama has a tradition of hosting a family day once a year. Besides a delicious buffet, last year's party featured a varied supporting program for the 150 visitors, including competitions and contests for adults and children, like sack-jumping and a drawing contest.



Oil Derby

In Hamburg too, events for the whole family are hosted every year. Originally introduced as a game between two teams of Mabanaft and Oiltanking, the annual "Oil Derby" grew into a big event with hundreds of guests. 2017, six teams from Marquard & Bahls and subsidiaries competed against each other, cheered on by their families and colleagues. Traditionally, guests can enjoy a delicious argentine BBQ and cold drinks that are sponsored in turns by Mabanaft and Oiltanking.



Employee Satisfaction

To regularly review employee satisfaction, staff talks and surveys are performed at a local level. In 2017, many of our Oiltanking, Skytanking and Mabanaft sites conducted employee surveys on paper, electronically, or in formal interviews with the staff. Our tank terminal in Amsterdam, Netherlands, for instance, conducted a web-based employee satisfaction survey. Counter-measures to the challenges identified – in the areas of communication and opportunities for further training – were discussed. Our tank terminals in Vitoria and Port Açu, Brazil, also conducted web-based surveys on topics such as workplace environment, salary, and benefits.

Many employees took our stakeholder survey on sustainability issues in March 2017 as an opportunity to provide valuable feedback to the company. We have incorporated this feedback into our sustainability strategy process. Other channels for employees to give feedback to the company or to express their satisfaction as well as concerns or worries – besides talking directly to their supervisors – include discussion rounds with the CEO as part of the in-house “Meet the CEO” series. These meetings, which are held in small groups of no more than ten participants, are designed to informally promote open dialog with the Executive Board and facilitate the flow of information across company borders – both of which are important features of our corporate culture. Other channels for employees include an internal trust team and a feedback box at the Group headquarters, the globally active CARE platform for compliance-related cases, and the external employee advisory service ICAS.



Meet the CEO

At “Meet the CEO” sessions, employees can discuss their questions and ideas directly with the CEO, in a small-group setting.

Key Performance Indicators

Our Employees

	2015	2016	2017	Change 2016/17
Our Employees in Numbers				
Average number of employees for the year	8,417	8,198	7,620	- 7.1 %
Proportion of staff in administration	35 %	41 %	46 %	+ 11.3 %
Proportion of staff in operations	65 %	59 %	54 %	- 7.9 %
Employee Turnover				
Employees who left the company	1,748	1,497	1,734	+ 15.8 %
Fluctuation rate	20.8 %	18.3 %	22.5 %	+ 23.2 %
Absence Rate				
General absence rate	1.6 %	2.3 %	2.6 %	+ 12.1 %
Young Talents				
Number of young talents (trainees, dual students and apprentices) worldwide	132	84	83	- 1.2 %
Equal Opportunity				
Number of different nationalities in the company	55	62	64	+ 3.2 %
Rate of disabled employees (Germany)	1.6 %	0.8 %	1.5 %	+ 100.0 %
Share of female employees	14.3 %	15.7 %	18.6 %	+ 18.9 %
Working Time Models				
Share of part-time contracts	2.8 %	3.8 %	3.8 %	+/- 0.0 %

Average number of employees for the year

2017

7,620



Share of female employees

Change 2016 - 2017

+18.9%



Fluctuation rate

Change 2016 - 2017

+23.2%



Number of young talents

2017

83



What SDG did we support in this action area?





OCCUPATIONAL HEALTH & SAFETY



Occupational health & safety – as a firmly anchored company value – has the highest priority in all our activities. We identify and analyze potential risks and take measures to avoid, prevent, control and limit them.





Oiltanking Global Safety Day

With the goal of further promoting the safety culture, in March 2017 Oiltanking organized its first Global Safety Day, in which all employees at the tank terminals and offices participated. Activities ranged from fire extinguishing exercises and presentations on occupational safety to tutorials on hazard labelling and risk assessment, safety quizzes, blood donations, to discussions on healthy nutrition and ergonomic office activities.



In a video message, Oiltanking Managing Directors Daan Vos (left) and Koen Verniers (right) reminded everyone that safety is the responsibility of each and every employee.



At the Group's Hamburg headquarters, as at many other sites, office employees were instructed in how to properly fight fires.



The Golden HSE rules were launched on the day as another key document.



Employees in Finland practiced what to do in the event of an accident.



Employees at the Oiltanking Grindrod Calulo tank terminal in South Africa took a safety quiz.



Oiltanking's tank terminal in Oman celebrated the successful conclusion of Global Safety Day, which was an inspiring day for all participants.





Occupational Health & Safety



More than half of our employees worldwide work in operations. This is one of the reasons that safeguarding health and occupational safety has top priority for us – which is why we have designated it as a separate strategic action area. 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.

Instruments & Measures

Due to the variety of activities in the Group, we evaluate the associated risks individually and develop systematically customized solutions. One important instrument are 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. Our global incident database, which covers all major subsidiaries, helps us to learn from incidents. To prevent incidents and their reoccurrence, all accidents, incidents, near misses and unsafe acts as well as conditions are carefully analyzed. If necessary, HSSE alerts are created, distributed worldwide and discussed with employees and, if necessary, with contractors. To better monitor the development of key HSSE indicators over time, a dashboard application was introduced in 2017 that provides data on a daily basis and enables even more detailed analyses. Skytanking and Oiltanking are its first users. To monitor compliance with our internal standards, experts of the Group Function HSSE regularly perform 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 site. Communications measures that increase risk awareness in the workaday routine support our proactive approach.

To promote a constructive HSSE discourse, once a year HSSE managers from Oiltanking locations worldwide convene for several days to talk about 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.





Networking & Exchange

More than 50 international HSSE managers from Oiltanking met in September for their annual HSSE Meeting, which took place in Ghent in 2017.

Since 2008, we have recognized our Oiltanking sites' commitment to safe, environmentally friendly work with an award each for the year's best HSSE performance and biggest HSSE improvement. The award criteria include workplace accidents, fires & explosions, product releases, product contaminations, material damages, and reporting (quality, timeliness, and near-misses, as well as unsafe acts and conditions). The awards were presented for the tenth time in 2017. Both awards went to Singapore: The Oiltanking Helios Singapore team received the Golden Lighthouse for Best HSSE Performance, and the White Lighthouse for Best Improvement went to the Oiltanking Singapore tank terminal.

Healthcare Management & Prevention

In addition to the statutory health checkups, many of our sites around the world offer preventive medical checkups. Beyond this, in 2017 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.





Happy and healthy in Terneuzen

As part of their "Fun & Fit" program, employees of the Oiltanking Terneuzen team in the Netherlands took part in an indoor bike-a-thon to raise donations for the Dutch Cancer Society.



Healthy living

Oiltanking Panama is actively implementing its policy of promoting a healthy lifestyle among its employees – through creative events such as its annual health fair, and by celebrating last year's company anniversary with a sports run.

HSSE Training

Our company HSSE Policy requires that all employees receive training and job-specific education. This includes trainings 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. At Oiltanking, Skytanking and UBT, a total of 243,591 HSSE training hours for operational staff were completed in 2017 (2016: 544,208 hours). The decline is due to the completion of special safety training programs, e.g. in Oman, at the end of 2016. Another reason is the restructuring of the EPC sector.

Last year, each employee at Oiltanking's operations received an average of 71 hours of HSSE training (2016: 78 hours).



Training to combat oil spills

Oiltanking Andina Services employees have already practiced several times, with OSRL, the procedures in case of a product release on or near the maritime platform in Camisea, Peru.



Workplace Accidents

In 2017, across the group there were 64 accidents resulting in lost work days that involved our own employees (2016: 80) These accidents resulted in a total of 1,141 lost work days (2016: 1,828). Another 24 accidents that were reported to us, involved employees of contracted external companies (2016: 33). The relative frequency of accidents that resulted in lost work days has continued to rise slightly and the global average was 4.1 accident per 1 million hours worked (2016: 4.0 – Fig. 29). At Oiltanking, additional reviews (“deep dives”) are performed by the Group Function HSSE and by Oiltanking Assets & Operations at locations with a below-average HSSE performance, and short-term and long-term measures are derived in this joint exercise. 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 “Global Safety Day” in March 2017, Management Safety Walks, and Personal Safety Plans.

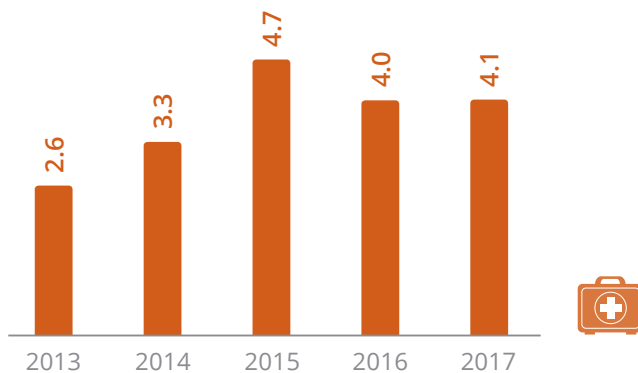


Fig. 29: Number of accidents resulting in lost work days that involved our own employees, per 1 million working hours

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 2017 was 17.8 lost work days per accident (2016: 22.9), which means that the severity of workplace accidents was again reduced in 2017. 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 for contractor ratings, was further intensified. The good news is that these increased efforts at Oiltanking have borne fruit again and that the number of contractor’s accidents has decreased year-on-year.



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. Nevertheless, 23 smaller fires occurred in 2017, but no explosions (2016: 21 fires, two of them explosions). In contrast, the relative Group-wide indicator increased slightly from 0.09 to 0.11 fires per 1 million tons throughput. The biggest fire occurred in a server room, caused by a short circuit in the air-conditioning system. There was only material damage. The majority of incidents occurred on construction sites, not in operations at our tank terminals, and remained very localized. However, altogether these incidents resulted in 127,630 euros of damage (2016: 128,300 euros). Damages for product releases are not covered here, as product releases are discussed in the section on "Environmental Protection."

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

	2015	2016	2017	Change 2016/17
HSSE Training				
Total number of HSSE training hours at Oiltanking, Skytanking and UBT	327,871	544,028	243,591	- 55.2 %
Average HSSE training hours per Oiltanking operations employee	71	78	71	- 8.2 %
Workplace Accidents				
Employee accidents resulting in lost days of work per 1 million total working hours	4.7	4.0	4.1	+ 1.9 %
Average days of absence per employee incident (accident severity)	25.0	22.9	17.8	- 22.0 %
Average days of absence per third-party incident at Oiltanking (accident severity)	24.1	16.5	22.9	+ 38.9 %
Fires				
Number of fires	31	21	23	+ 9.5 %
Fires & explosions per 1 million tons of throughput	0.17	0.09	0.11	+ 19.6 %
Total damage caused by fires in €	29,924	128,300	127,630	- 0.5 %

Employee accidents resulting in lost days of work per 1 million total working hours
Change 2016 – 2017

+1.9%



Average days of absence per employee incident (accident severity)
Change 2016 – 2017

-22.0%



Number of Fires
Change 2016 – 2017

+9.5%



Average HSSE training hours per Oiltanking operations employee
Change 2016 – 2017

-8.2%



What SDG did we support in this action area?





CORPORATE CITIZENSHIP



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.





Our Social Advent Calendar

Last year, our Christmas tree at the Hamburg headquarters became a wish tree: Its branches were hung with 24 packages containing the wishes of people in need in Hamburg. 146 employees of the Marquard & Bahls Group in Hamburg jointly fulfilled the wishes of children, the homeless, and refugees, donating more than 4,500 euros in the process. Marquard & Bahls matched their donations, rounded the figure to 5,000 euros, and used the funds to support the “Computer for Kids – Programming Courses for Hamburg’s Youth and Refugees” project.



Kids Welcome takes care of refugee children and teens, and wished for sports equipment such as soccer balls and table tennis paddles, as well as games like chess and backgammon.



The Löwenhaus is a social childcare facility and was given treats for the Advent season, balls, board and card games, handicraft materials, and cuddly blankets for the children.



The Familien-Treff Berne supports single mothers with small children and had wished for doll-size crockery, games and handicraft materials for the children, as well as job-application folders for the mothers.



“Die Münze” is a Hamburg housing project for mentally ill homeless people, and received Christmas gifts for the residents, as well as brushes and paint for renovation work.



The Marianne Doell House is a small housing project for homeless women and asked for food for a festive Christmas dinner for the residents, as well as pots, pans and other kitchen utensils for the community kitchen.



The Ambulante Hilfe in Altona is a counseling center for the homeless and was delighted to receive a donation of coffee and biscuits for its visitors.





Corporate Citizenship

In line with our values, it is important to us to contribute to the wellbeing of our surrounding communities. We therefore support the communities by providing financial assistance and voluntary work by our employees, in our five defined focus areas.

Our Commitment in Numbers

In 2017, Marquard & Bahls and its subsidiaries spent a total of 743,636 euros (2016: 567,234 euros) on charitable purposes, of which 549,703 euros were donations and 199,943 euros sponsoring expenses. Along with the increase in monetary support, the total time volunteered by numerous employees worldwide for various initiatives and projects has also increased, as has the ratio of hours volunteered per employee. Our employees volunteered a total of 4,696 hours of their time (2016: 4,536 hours). In a breakdown by companies, Oiltanking was once again the Group's biggest donor in 2017, which is partly explained by its operational business, its proximity to the surrounding communities, and the fact that it has the largest share of employees in the Marquard & Bahls Group. However, a number of Mabanaft subsidiaries also supported numerous projects and significantly increased their funds for charitable purposes compared with the previous year. In a breakdown by topical focus, the largest share was invested in education projects and culture & sports (Fig. 31).

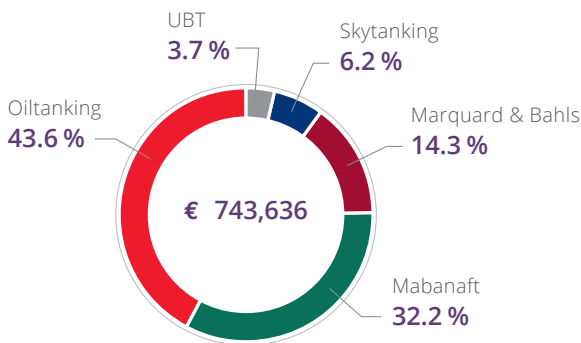


Fig. 30: Corporate citizenship investments by company

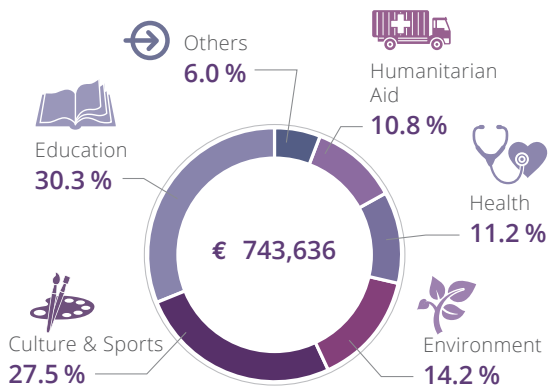


Fig. 31: Corporate citizenship investments by topical focus

Marquard & Bahls' volunteer efforts are decentralized and are surveyed and reviewed annually by Team Sustainability in Hamburg. In 2017, a total of 86 sites supported their communities and other sites financially or through voluntary work in around 200 projects. Our projects will continue to be initiated and organized locally in the future. In a new brochure, published in 2017, we provide guidance regarding the five focus areas we concentrate our charitable efforts on, as well as what support in the respective areas might look like, so that the valuable experiences gained can also be used at other locations. At the same time, we list our criteria and warning signs to ensure an effective, strategic, legally compliant, and sustainable commitment.



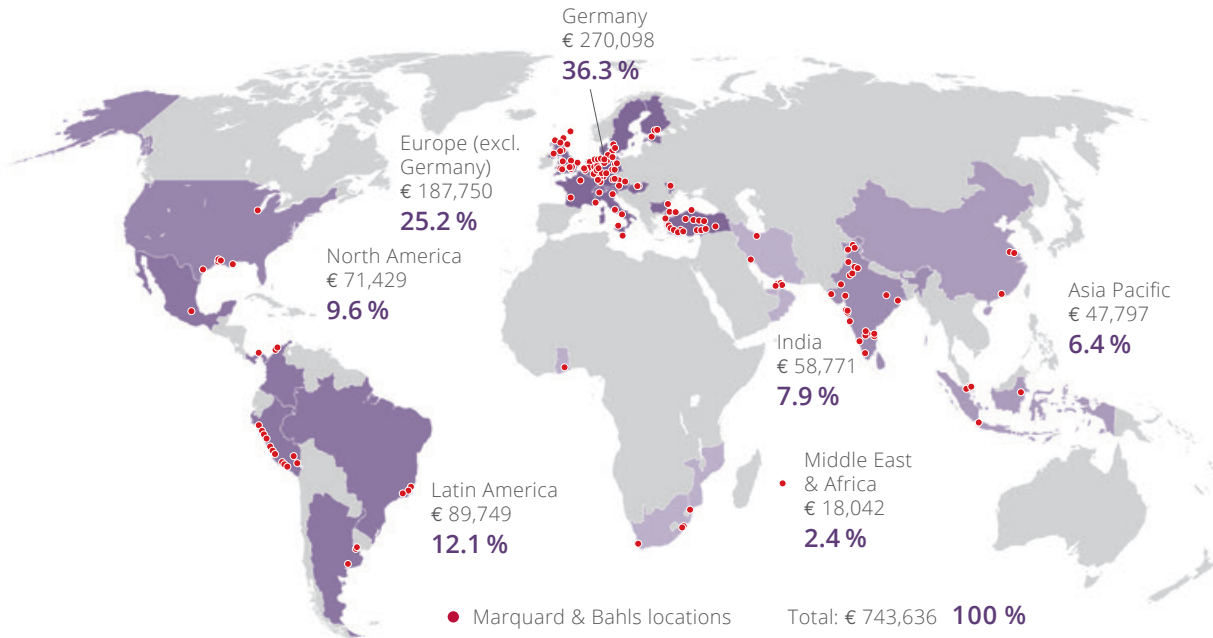


Fig. 32: Investments in the community, by region

The following shows a cross-section of our local initiatives and projects in 2017; it reflects the spectrum of different activities.

Environment

Beach and park cleanups in China

Although cleanup actions can only be part of a downstream solution, our employees at Oiltanking Daya Bay, China, did not want to stand idly by, and once again tackled the garbage problem last year. In March, nearly 20 “Oiltankers” cleaned up Yagongding Park, much to the delight of visitors. In December, another 30 employees joined a large-scale volunteer operation to clean up Daya Bay’s beach.



Friends of the environment

Some 30 “Oiltankers” joined 120 other volunteers in cleaning up the Daya Bay beach.





Education

Language coaching and mentoring for young refugees in Germany

Marquard & Bahls and the non-profit initiative JOBLINGE Kompass have been cooperating since 2017 on the shared goal of helping young refugees enter working life. The cooperation centers on the voluntary commitment of our employees and the valuable exchange of experience between them and the JOBLINGE participants. Last year, for example, two language training courses lasting several weeks were held at our corporate headquarters, with the active participation of nearly 30 employees. Other employees were involved in the JOBLINGE mentor program and spent six months accompanying a Jobling on their path into working life. To provide financial support to the initiative as well, Oiltanking covered the costs of a job-related tutoring & learning workshop for Joblinge participants, in the amount of 15,500 euros.



A lot of "heart" work

The JOBLINGE language training participants not only learned and discussed a lot, but also laughed a lot together.

Health

Building awareness of health and safety at schools in India

Excellence in occupational health and safety is one of our five essential values that we not only put into action at our sites, but also wish to communicate beyond our company borders. And so, in November of this year, IOT Infrastructure & Energy Services in Raipur, India launched a safety campaign at nearby Gujra School. During their visit to the school, our employees provided information on fire prevention, traffic safety and proper hygiene.



Safety first!

School children in India learned how to avoid and prevent safety risks in the daily routine.

Selection of Our Worldwide Engagement

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

Renovations at a horse farm

To ensure that the Morning Glory Ranch in Texas, U.S., can continue to offer horse therapy to people with physical disabilities, ten of our employees carried out necessary renovations on the grounds. Oiltanking covered the costs of around 2,000 euros.



Charity golf tournament

As in the two previous years, UBT organized a non-profit golf tournament. This time, nearly 20,000 euros were raised for the Make-a-Wish Foundation, an organization dedicated to helping children diagnosed with life-threatening diseases.



Visit to a children's hospital

In August last year, some 20 Oiltanking employees visited the children's hospital in Cartagena, Colombia, to sweeten the time for the young patients with a small children's party and presents.



Math & English tutoring

Last year, ten Oiltanking employees committed themselves to young people from the SOS Children's Village in Colón, Panama, in the form of math and English lessons offered at the tank farm. The SOS Children's Village in Colón received financial support from Marquard & Bahls as early as 2015.



Support for SOS Children's Villages

Instead of giving Christmas presents to its employees, Marquard & Bahls supported the SOS Children's Village in Chiclayo, Peru, which currently provides a home for nearly 70 children and care for other young people and families in need.



Christmas surprise for children and seniors

To celebrate the Christmas spirit, our employees in Chimbote, Peru, brought lovingly designed gifts and food packages to socially disadvantaged children and seniors in a nearby village.

The children of "Villa El Pescador", a community near the Logística de Químicos del Sur (LQS) tank terminal in Arequipa, Peru, also got a surprise visit from Santa Claus.





OceanRAIN research project

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



Charity Run for "Kinder helfen Kindern" (children help children)

Runners from Marquard & Bahls and its subsidiaries joined the HSH Nordbank charity run in Hamburg's Hafencity for the 13th consecutive time, to raise money for a good cause. For each of the 47 registered runners, six euros were donated to the association "Kinder helfen Kindern".

Financial assistance in snow disaster

Our Torex Petrol network of petrol stations in Moldavia supported the city of Chişinău with the payment of more than 23,000 euros to an assistance fund, especially established to help provide quick relief for the city's residents during the April 2017 snow catastrophe there.



Tree plantings for the environment

The sites of our joint venture Indian Oiltanking have celebrated World Environment Day for many years – in 2017, this took the form of our employees planting trees at the tank terminal in Raipur and at many other locations in India.



Help for injured turtles

Last year, Oiltanking Malta donated 5,000 euros to support the work of the animal rescue team of Nature Trust, a nonprofit organization, ensuring that injured turtles in particular continue to receive help.



Charity run for cancer research

About 40 Oiltanking employees and their family members took part in Singapore's "Run for Hope 2017" – which was not only a lot of fun, but also helped supported the work of the local cancer research center.



A moment of joy for children with cancer

In July 2017, Oiltanking employees, in collaboration with the Little Fighters Cancer Trust, visited Albert Luthuli Hospital in Durban, South Africa, and distributed warm blankets and small gifts to about 60 children with cancer.

Further examples of our corporate citizenship projects can be found under the following link: <https://www.marquard-bahls.com/en/responsibility/corporate-citizenship/all-topics.html>



Culture & Sports

Donation campaign for a football camp in Oman

To help children from disadvantaged backgrounds have a memorable and healthy summer vacation, Oiltanking Oman had made a one-time donation to help cover the expenses of a soccer camp. It was organized by the Saham Sports Club, a non-profit organization run by Oman's Al Etiffaq Team. 600 boys aged 12 to 16 of different soccer teams attended for 20 days, at the end of which they played their own little championship tournament. The awards ceremony was held on August 28, 2017.



Happy soccer winners

The Al Salam team accepted the loving cup.

Humanitarian Aid

Food packages for needy families in South Africa

As in previous years, the team at Oiltanking Grindrod Calulo (OTGC) took action on International Nelson Mandela Day to help change the world for the better. This year, ten colleagues in



Vital

The meals packaged by colleagues in Cape Town help to combat child malnutrition.

Cape Town joined the "Rise Against Hunger" (formerly "Stop Hunger Now") campaign dedicated to ending child hunger, and joined volunteers from all over the country in packing two million meals for people in need on July 18, 2017. The highly nutritious meals are specially formulated to combat malnutrition and consist of rice, soya, a mix of hydrated vegetables, and a fortifying blend of essential minerals and vitamins. The project further strengthened the team spirit of everyone involved as they pulled together for a great cause.



Key Performance Indicators Corporate Citizenship

	2015	2016	2017	Change 2016/17
Financial Support				
Investments in the community (donations & sponsoring) in €	438,121	567,234	743,636	+ 31.1 %
Staff Volunteering				
Number of staff volunteers	1,283	1,032	1,352	+ 31.0 %
Total hours of volunteer work	3,939	4,536	4,696	+ 3.5 %
Volunteer work in hours per employee	0.47	0.55	0.62	+ 11.4 %

<p>Investments in the community (donations & sponsorship) in € Change 2016 - 2017</p> <p>+31.1%</p> 	<p>Number of sites that were active in volunteering 2017</p> <p>86</p> 
<p>Total hours of volunteer work Change 2016 - 2017</p> <p>+3.5%</p> 	<p>Hours of volunteer work per employee Change 2016 - 2017</p> <p>+11.4%</p> 
<p>Which SDGs did we support in this action area?</p>      	



Mabanaft GmbH & Co. KG

Hamburg, Germany

Trading

B.W.O.C. Limited

Weston-super-Mare, Great Britain

Mabanaft Deutschland GmbH & Co. KG

Hamburg, Germany

Mabanaft Hungary Kft.

Budapest, Hungary

Mabanaft Limited

London, Great Britain

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

Oberleichtersbach, 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

LTH Tank- und Haustechnik GmbH

Purkersdorf, 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

NordBit GmbH & Co. KG

Hamburg, Germany

Oiltech Lubes Service GmbH & Co. KG

Erkrath-Unterfeldhaus, Germany

Petrocargo Mineralöl-Logistik GmbH

Hiddenhausen, Germany

PS Olje AB

Halmstad, Sweden

Schmidt Energiehandel GmbH

Ascheberg-Herbern, Germany

South Eastern Fuels Limited

Croyden, Great Britain

Staack Pooltankstellen GmbH & Co. KG

Hamburg, Germany

Swelube AB

Angered, Sweden

Thomas Silvey Ltd.

Bristol, Great Britain

Uhlenbruck Energie GmbH & Co. KG

Mühlheim an der Ruhr, Germany

ZIEGLMEIER Energie GmbH

Schrobenhausen, Germany

OIL! Tankstellen GmbH & Co. KG

Hamburg, Germany

OIL! tank & go 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 Pte. Ltd.

Singapore

Bomin Deutschland GmbH & Co. KG

Hamburg, Germany

Bomin (Mauritius) Ltd.

Port Louis, Mauritius

Bomin Oil DMCC

Dubai, United Arab Emirates

Bomin Oil Pvt., Ltd.

Mumbai, India

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

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 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

Açu Petroleo S. A.

Rio de Janeiro, Brazil

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 Galveston County, LLC

City of Wilmington, USA

Oiltanking Joliet LLC

Joliet, USA

Oiltanking Logistica Brasil Ltda.

Rio de Janeiro, Brazil

Oiltanking Mexico S. de R.L. de C.V.

Mexico City, Mexico

Oiltanking Peru S.A.C.

Lima, Peru

Oiltanking Terminais Ltda.

Rio de Janeiro, Brazil

Oiltanking Texas City L. P.

Texas City, USA

Terminales del Peru

Lima, Peru

Middle East & Africa

Oiltanking Terminals & Co. LLC

Sohar, Oman

Star Energy Resources Ltd.

Dubai, United Arab Emirates

Oiltanking Ghana Services Limited

Accra, Ghana

Oiltanking Grindrod Calulo Proprietary Limited

Cape Town, South Africa

Oiltanking Matola S.A.

Matola, Mozambique

Asia

Daya Bay Public Pipe Rack Co. Ltd.

Huizhou, China

Huizhou Daya Bay Oiltanking

Petrochemical Public Jetty Co. Ltd.

Huizhou, China

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

Oiltanking Singapore Chemical

Storage Pte. Ltd.

Singapore

Oiltanking Singapore Ltd.

Singapore

PT Oiltanking Karimun

Jakarta, Indonesia

PT Oiltanking Nusantara Persada

Jakarta, Indonesia

Zuari Indian Oiltanking Limited

Goa, India

Engineering, Procurement and Construction (EPC)

IOT Design & Engineering Limited

Mumbai, India

Skytanking Holding GmbH

Hamburg, Germany

FJS GmbH & Co. KG

Hamburg, Germany

Hydrant Refuelling System NV

Zaventem, Belgium

IndianOil Skytanking Limited

Bangalore, India

IndianOil Skytanking Delhi Limited

Delhi, India

Luxfuel S. A.

Luxembourg

Skytanking Austria GmbH

Vienna, Austria

Skytanking Bordeaux SAS

Bordeaux, France

Skytanking Calulo (Pty) Ltd.

Bryanston, South Africa

Skytanking GmbH

Zurich, Switzerland

Skytanking GmbH & Co. KG

Hamburg, Germany

Skytanking Germany GmbH & Co. KG

Hamburg, Germany

Skytanking Limited

Birzebbugia, Malta

Skytanking Munich GmbH & Co. KG

Hamburg, Germany

Skytanking Nice SAS

Nice, France

Skytanking N.V.

Zaventem, Belgium

Skytanking Ovenon Havacilik Hizmetleri A.S.

Istanbul, Turkey

Skytanking S. R. L.

Fiumicino, Italy

Skytanking Stuttgart GmbH & Co. KG

Hamburg, Germany

S & JD Robertson North Air Ltd.

Aberdeen, Great Britain

United Bulk Terminals

USA Inc.

Houston, USA

United Bulk Terminals Davant LLC

Davant, USA

UBT Dupré Corpus Christi, LLC

Corpus Christi, USA

Mabagas GmbH & Co. KG

Hamburg, Germany

Mabagas Kraftstoff GmbH & Co. KG

Hamburg, Germany

IOT Mabagas Private Limited

Mumbai, India

Carbonbay GmbH & Co. KG

Hamburg, Germany

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

Frankfurt/Main, Germany

natGAS Aktiengesellschaft

Potsdam, Germany

Companies Covered

At December 31, 2017



The report is based on the internationally recognized Sustainability Reporting Standards of the GRI, that were newly published in 2016. Our assessment is that the sustainability reporting complies with the requirements of the option "Core" of the GRI Standards and is also following the German Sustainability Code (DNK).

Appendices

Companies Covered in This Report

GRI Content Index

Abbreviations

Addresses

GRI Content Index

GRI Standard	Disclosure	Page number(s)	Reported fully/ partially	Note
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organisationsprofil				
102-1	Name of the organization	7	●	
102-2	Activities, brands, products, and services	7	●	
102-3	Location of headquarters	7	●	
102-4	Location of operations	3, 7	●	
102-5	Ownership and legal form	17	●	
102-6	Markets served	7, 10-14	●	
102-7	Scale of the organization	7-8, 76	●	
102-8	Information on employees and other workers	76	●	
102-9	Supply chain	45-47	●	
102-10	Significant changes to the organization and its supply chain	17-18	●	
102-11	Precautionary Principle or approach	26, 53, 89	●	
102-12	External initiatives	54, 98	●	
102-13	Membership of associations	36, 37	●	
Strategy				
102-14	Statement from senior decision-maker	5, 20	●	
102-15	Key impacts, risks, and opportunities	5, 20, 43, 53, 79	●	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	3, 32	●	
102-17	Mechanisms for advice and concerns about ethics	33-34, 82, 85	●	
Governance				
102-18	Governance structure	17, 18	●	
102-20	Executive-level responsibility for economic, environmental, and social topics	5, 19	●	
102-21	Consulting stakeholders on economic, environmental, and social topics	29-31	●	
102-33	Communicating critical concerns	33-34, 85	●	
102-34	Nature and total number of critical concerns	34	●	
Stakeholder engagement				
102-40	List of stakeholder groups	29	●	
102-41	Collective bargaining agreements	81	●	
102-42	Identifying and selecting stakeholders	29-30	●	
102-43	Approach to stakeholder engagement	29-30	●	
102-44	Key topics and concerns raised	30	●	
Reporting practice				
102-45	Entities included in the consolidated financial statements	6-7, 104-106	●	
102-46	Defining report content and topic Boundaries	6, 30-31	●	
102-47	List of material topics	24-25, 30-31	●	
102-48	Restatements of information	6	●	
102-49	Changes in reporting	6	●	
102-50	Reporting period	6	●	
102-51	Date of most recent report	6	●	
102-52	Reporting cycle	6	●	
102-53	Contact point for questions regarding the report	6	●	
102-54	Claims of reporting in accordance with the GRI Standards	6, 109	●	
102-55	GRI content index	108-111	●	
102-56	External assurance	108	●	

Reported ● fully ○ partially



GRI Standard	Disclosure	Page number(s)	Reported fully/ partially	Note
GRI 200 ECONOMIC STANDARD SERIES				
Economic Performance				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	41	●	
103-2	The management approach and its components	41	●	
103-3	Evaluation of the management approach	41	●	
GRI 201 Economic Performance 2016				
201-1	Direct economic value generated and distributed	41, 50	●	
Anti-corruption				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	33	●	
103-2	The management approach and its components	33	●	
103-3	Evaluation of the management approach	33	●	
GRI 205 Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	33	●	
205-2	Communication and training about anti-corruption policies and procedures	33-34	●	
205-3	Confirmed incidents of corruption and actions taken	33-34	●	
GRI 300 ENVIRONMENTAL STANDARDS SERIES				
Energy				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	53, 57, 62	●	
103-2	The management approach and its components	53, 57, 62	●	
103-3	Evaluation of the management approach	53, 57, 62	●	
GRI 302 Energy 2016				
302-1	Energy consumption within the organization	55, 72	●	
302-2	Energy consumption outside of the organization	57, 72	●	
302-3	Energy intensity	55, 72	○	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.
302-4	Reduction of energy consumption	55, 57, 72	●	
302-5	Reductions in energy requirements of products and services	55, 57, 72	○	In addition to absolute demand, we report the relative changes in our tank terminal activities.
Water				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	67, 70	●	
103-2	The management approach and its components	67, 70	●	
103-3	Evaluation of the management approach	67, 70	●	
GRI 303 Water 2016				
303-1	Water withdrawal by source	66, 72	●	
Biodiversity				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	71	●	
103-2	The management approach and its components	71	●	
103-3	Evaluation of the management approach	71	●	
GRI 304 Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	71	○	We can not yet identify the size of the operating sites in km ² worldwide.
Emissions				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	59-60	●	
103-2	The management approach and its components	59-60	●	
103-3	Evaluation of the management approach	59-60	●	
GRI 305 Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	59, 72	●	
305-2	Energy indirect (Scope 2) GHG emissions	59, 72	●	
305-3	Other indirect (Scope 3) GHG emissions	59, 62, 72	●	
305-5	Reduction of GHG emissions	59, 72	●	
305-6	Emissions of ozone-depleting substances (ODS)	63, 72	●	
305-7	Nitrogen oxides (NO _x , sulfur oxides (SO _x), and other significant air emissions	58, 63, 72	○	Only emissions such as NO _x , SO _x from third-party transports, that were calculated using the EcoTransIT method, can be reported.



GRI Standard	Disclosure	Page number(s)	Reported fully/partially	Note
GRI 300 ENVIRONMENTAL STANDARDS SERIES				
Effluents and Waste				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	70	●	
103-2	The management approach and its components	70	●	
103-3	Evaluation of the management approach	70	●	
GRI 306 Effluents and Waste 2016				
306-1	Water discharge by quality and destination	70, 72	◐	So far, we do not yet record if the water was reused by another organization.
306-2	Waste by type and disposal method	69, 72	◐	So far, we can not yet break down the disposal procedures in detail.
306-3	Significant spills	53-54, 72	●	
Environmental Compliance				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	34	●	
103-2	The management approach and its components	34	●	
103-3	Evaluation of the management approach	34	●	
GRI 307 Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	34	●	
GRI 400 SOCIAL STANDARDS SERIES				
Employment				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	77, 81	●	
103-2	The management approach and its components	77, 81	●	
103-3	Evaluation of the management approach	77, 81	●	
GRI 401 Employment 2016				
401-1	New employee hires and employee turnover	77, 78	◐	For reasons of data protection, we can not disclose the turnover figures by age group and gender, as this would allow to make personal inferences at some smaller companies.
401-3	Parental leave	83	◐	The data refer to our German locations.
Occupational Health and Safety				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	89-90	●	
103-2	The management approach and its components	89-90	●	
103-3	Evaluation of the management approach	89-90	●	
GRI 403 Occupational Health and Safety 2016				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	75, 85, 92	●	
Training and Education				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	79-80	●	
103-2	The management approach and its components	79-80	●	
103-3	Evaluation of the management approach	79-80	●	
GRI 404 Training and Education 2016				
404-1	Average hours of training per year per employee	91	◐	So far, only the training hours for HSSE are recorded worldwide.
Non-discrimination				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	82	●	
103-2	The management approach and its components	82	●	
103-3	Evaluation of the management approach	82	●	
GRI 406 Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	82	●	



GRI Standard	Disclosure	Page number(s)	Reported fully/ partially	Note
GRI 400 SOCIAL STANDARDS SERIES				
Local Communities				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	20, 25, 30-31	●	
103-2	The management approach and its components	17-20	●	
103-3	Evaluation of the management approach	18-20, 33, 85	●	
GRI 413 Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	97, 103	◐	We only report the proportion of sites that work with charitable projects for the common good.
Socioeconomic Compliance				
GRI 103 Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	34	●	
103-2	The management approach and its components	34	●	
103-3	Evaluation of the management approach	34	●	
GRI 413 Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	34	●	

Abbreviations

BSCAT → Barrier Based Systematic Cause Analysis Technique	KPI → Key Performance Indicator
CARE → Concern And Reporting	LED → Light Emitting Diode
CH₄ → Methane	NGO → Non-Governmental Organization
CNG → Compressed Natural Gas	NMHC → Non-methane hydrocarbons
CO₂ → Carbon dioxide	NO₂ → Nitrogen dioxide
CO₂e → Carbon dioxide equivalents	N₂O → Nitrous oxide
EAP → Employee Assistance Program	NO_x → Nitrogen oxide
EPC → Engineering, Procurement & Construction	OCIMF → Oil Companies International Marine Forum
FUEL → FUture in Energy & Logistics	OECD → Organisation for Economic Co-operation and Development
Func → Functional Competency	OHSAS → Occupational Health and Safety Assessment Series
GHG → Greenhouse Gases	OPEC → Organization of the Petroleum Exporting Countries
GLUE → Global Leadership, Unique Experience	OSRL → Oil Spill Response Limited
GMC → Group Management Committee	SDGs → Sustainable Development Goals
GRI → Global Reporting Initiative	SO₂ → Sulfur dioxide
HR → Human Resources	SO_x → Sulfur oxides
HSSE → Health, Safety, Security & Environment	UN → United Nations
ILO → International Labour Organization	VOCs → Volatile Organic Compounds
ISO → International Organization for Standardization	WBCSD → World Business Council for Sustainable Development (WBCSD)
IUNC → International Union for Conservation of Nature and Natural Resources	



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