

CHEMIE³

THE SUSTAINABILITY INITIATIVE OF THE
GERMAN CHEMICAL INDUSTRY



SUSTAINABILITY GUIDELINES
FOR THE CHEMICAL INDUSTRY IN GERMANY

PREAMBLE

The chemical industry is a key sector for sustainable development. As an innovation driver for business and society, the industry plays its part in helping a growing world population to achieve a better quality of life.

The chemical industry in Germany – from pharmaceutical enterprises to plastics processing firms – has embraced sustainability, understanding it both as an obligation to present and future generations and as a strategy in which economic success is coupled with social equity and environmental responsibility.

The products made by the chemical industry contribute towards a sustainable future, both directly and as the basis for innovations in other industries. With its economic strength and its large number of small and medium-sized enterprises, the German chemical industry is well set up to thrive in the future – in its home market of Germany, in Europe, and around the world. Its conduct is rooted in the fundamental principles of protecting people and the environment and striving for good and fair working conditions. This commitment on the part of the chemical industry in Germany is demonstrated by its participation in the Responsible Care initiative and in its social partnership activities.

The sustainability initiative “Chemie³” (Chemistry³) takes this engagement further. The sense of commitment shared by companies, employees, social partners and trade association highlights the fact that sustainability requires an all-encompassing approach which unites economic, environmental and social aspects.

The aim of these guidelines is to underpin sustainability as a guiding principle of the chemical industry in Germany and to provide inspiration for the international community. As a sector-specific umbrella, the guidelines provide orientation for enterprises and their workforces. They reflect core elements from national, European and international initiatives and standards, such as the 10 principles of the UN Global Compact, the Core Labour Standards of the International Labour Organisation (ILO), and the OECD Guidelines for Multinational Enterprises. They are the result of a dialogue with stakeholders within the industry as well as the political, social, scientific and economic realm.

In our Chemie³ initiative, we are pooling the capabilities, experience and knowledge of a strong alliance comprising VCI, IG BCE and BAVC. Our ambition is to enable people around the globe to utilise the potential that chemistry offers for sustainable development.



Dr. Karl-Ludwig Kley
President of VCI



Michael Vassiliadis
Chairman of IG BCE



Margret Suckale
President of BAVC

GUIDELINES

ON SUSTAINABILITY FOR THE CHEMICAL INDUSTRY IN GERMANY

1 INTEGRATING SUSTAINABILITY INTO THE CORPORATE STRATEGY

Enterprises in the chemical industry make sustainability an integral part of their corporate strategy. Sustainability is relevant to all areas of business. The setting of individual targets prompts each company to adapt to the principles of sustainable development gradually and consistently. The employees are actively involved in this process. Ideas and suggestions put forward by members of the general public, politicians, the business community and academia are noted and evaluated.

Enterprises anchor all three dimensions of sustainability in their strategies – economy, environment, and society:

- Long-term economic targets, global competitiveness and sound financial health of the enterprises are the basis for jobs, innovations and investments. Enduring business success benefits the employees, the owners or shareholders, and the economy.
- The protection of people and the environment and the responsible use of resources are firmly anchored in the companies and are supported and continuously further developed through the implementation of programmes such as Responsible Care.
- The enterprises see themselves as part of society and stand for active social responsibility. In Germany, this translates into commitment to the country's social market economy ("Soziale Marktwirtschaft") and their engagement in the unique social partnership within the chemical industry.

Chemical industry enterprises respect and uphold human rights world-wide. Compliance with laws and regulations is a basic obligation for all companies and a prerequisite for sustainable business.

2 ACHIEVING SUSTAINABLE INVESTMENTS AND VALUE CREATION

The companies in the chemical industry design their business policies for long-term value creation. Maintaining and improving global competitiveness and securing jobs are of paramount importance. The companies actively work to create sound business structures and establish internal incentive systems designed to promote long-term success. When investing, they combine efficiency with safety, environmental protection, optimised energy and resource use with social responsibility, while applying comparable standards all over the world.

3 PROMOTING ECONOMIC STABILITY AND GLOBAL COOPERATION

Through their economic success, enterprises in the chemical industry create regional and global development opportunities and thus contribute to the economic stability in the local areas where they operate. They show their commitment on a national and international level as partners for sustainable development and as responsible role models. They work to ensure that high environmental and social standards are applied in their value chains around the world.

4 DRIVING SUSTAINABILITY THROUGH INNOVATION

Enterprises in the chemical industry develop innovative solutions to meet global and national challenges. Through significant investments in research and development they create added value for business and society. When developing new products and processes, they consider sustainability issues at an early stage.

5 IMPLEMENTING SUSTAINABILITY IN OPERATIONAL PROCESSES

Enterprises in the chemical industry establish their own individual procedures and structures to ensure clear allocation of responsibilities for implementing their sustainability measures and continuously improving their processes and products. They integrate measures in their corporate processes to abolish child and forced labour as well as to fight corruption.

6 SECURING DECENT WORK AND AN ACTIVE SOCIAL PARTNERSHIP

Enterprises and employees in the chemical industry believe in collaborating as social partners and in decent working conditions as a prerequisite for sustainable development. They see the unique chemical industry social partnership as the best way to balance the interests of employers and employees to their mutual benefit. This is also achieved by applying these principles and collaborating as partners on the enterprise level. Through collective agreements and commitment to such agreements, social partner agreements, co-determination and other forms of collaboration, employers' associations, trade unions, corporate management and works councils establish an atmosphere of security, participation and transparency, while ensuring decent and competitive working conditions in Germany. The enterprises actively include their employees and encourage them to become involved and assume responsibility. They shape sustainable development in a spirit of partnership and

endeavour to promote good social standards nationally as well as internationally.

7 MANAGING DEMOGRAPHIC CHANGE AND SECURING SKILLS

Enterprises and employees in the chemical industry see managing demographic change as a shared responsibility. Social partners, management and works councils are further developing their collective agreements and socio-political activities in this area. Enterprises and their employees are committed to promoting professional and vocational training, life-long learning, and assuring the availability of skilled employees as well as establishing work arrangements that are compatible with different phases in life and are family-friendly. Employers and employees rely on a good education, a high skill level, and reaching the full potential offered by diversity in the workforce.

8 PROTECTING PEOPLE, THE ENVIRONMENT AND BIODIVERSITY

Enterprises and employees in the chemical industry are committed to protecting people, the environment and biodiversity around the world. In a continuous improvement process, they take into consideration not only their own processes but the entire life cycle of their products. They place a high priority on product and plant safety as well as continuous process optimisation and act according to the principles of the Responsible Care initiative. By assessing risks at an early stage, the companies help to ensure that potential safety risks relating to their products and processes will be detected and can be avoided. Companies seek ways to strike a balance between economic, environmental and social impacts when using biological diversity for purposes of biotechnological and pharmaceutical innovation.

9 PROMOTING RESOURCE EFFICIENCY AND CLIMATE PROTECTION

With highly energy-efficient production facilities, resource-friendly processes and innovative products for their customers, enterprises in the chemical industry make a significant and indispensable contribution to global climate protection. They continuously improve efficiency with regard to feedstocks and energy use, for economic as well as environmental reasons. In doing so, they consider the overall product life cycle. The businesses utilise renewable and recyclable raw materials wherever it is technically feasible and economically, environmentally and socially useful or

desirable to do so. Respect for natural habitats when sourcing raw materials is of major importance.

10 ENGAGING WITH COMMUNITIES AS GOOD CITIZENS

As good citizens, enterprises and their employees promote sustainable development in the local communities where they do business at national and international level. They are active partners to the regional actors, engaging in activities and encouraging volunteering so that people in their region can live well. In particular, they help to create educational and other opportunities to empower young people.

11 CREATING TRANSPARENCY AND SHOWING INTEGRITY

Enterprises in the chemical industry ensure that their efforts to promote sustainability are communicated in a transparent and understandable way to employees, customers, and the general public. When doing so, they use recognised standards and indicators as an orientation. Companies and their employees behave with openness, credibility and integrity in their dealings with policy-makers and the general public.

12 FOSTERING A DIALOGUE AND ENHANCING PARTICIPATION

Enterprises of the chemical industry seek a dialogue with their stakeholders in politics, society, academia and the business community in order to include their knowledge, values and interests in their business decision processes. In addition, they encourage involvement and participation of their employees in the decision-making process and maintain a dialogue with the communities they operate in.

THE CHEMIE³ INITIATIVE

Chemie³ (Chemistry³) is a joint initiative of the German Chemical Industry Association (VCI), the Mining, Chemical and Energy Industrial Union (IG BCE), and the German Federation of Chemical Employers' Associations (BAVC). The three partners in this alliance have joined forces to further the cause of sustainability in the chemical industry. They understand sustainability both as an obligation to present and future generations and as a strategy in which economic success is coupled with social equity and environmental responsibility.

The Chemie³ initiative promotes sustainable business practices throughout the chemical industry – from the smallest to the largest enterprise. This is based on the conviction that industry engagement is needed to shape a sustainable future. As a key innovation driver for German industry, the chemical is keen to strengthen its contribution to a future defined by decent living conditions and to sharpen its focus on sustainability.

At the heart of the initiative are the "Sustainability Guidelines for the chemical industry in Germany". The aim of these guidelines is to underpin sustainability as a guiding principle within the industry. As a sector-specific umbrella, they provide orientation for chemical enterprises and their employees.

The initiative also expresses the chemical industry's aspiration to play a transparent and flexible role in political and social dialogue mechanisms. The partners in this alliance take a great interest in the external expectations that the sector is subject to. A continuous dialogue with social, political, scientific and economic stakeholders is a quintessential prerequisite for finding effective sustainability solutions.



www.chemiehoch3.de



The VCI represents the politico-economic interests of more than 1,700 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, the scientific community, and the media. The VCI stands for over 90 percent of the chemical industry in Germany. In 2011 the German chemical industry realised sales of more than 184 billion euros and employed more than 428,000 people.



The IG BCE (Mining, Chemical and Energy Industrial Union) has a total of 680,000 members. It represents workers from the sectors of mining, chemicals, gas, glass, rubber, ceramics, plastics, leather, mineral oil, paper and pulp, environmental matters/recycling, coal, and the water industry. As an independent organisation with no affiliation to any political party or other social institution, IG BCE seeks critical but constructive exchanges with employers, politicians and the government.



BAVC is the German Federation of Chemical Employers' Associations and the umbrella organisation in charge of collective bargaining and social policies within the chemical and pharmaceutical industry and large parts of the plastics processing and rubber industries. It represents the interests of its 10 regional member associations with 1,900 companies and 550,000 employees in dealings with trade unions, government bodies, political stakeholders and the general public.

GLOSSAR

The German chemical industry

As the third-largest sector, the chemical industry is a major pillar of Germany's industrial base. It plays a key role in many value chains as a supplier to other industries, but we also use its products directly in our daily lives. The chemical industry includes the following sub-sectors:

organic and inorganic base materials; fine and specialty chemicals, such as paints and coatings or plant protection products; plastics and the manufacturing of plastic goods; pharmaceuticals and active pharmaceutical ingredients; and consumer products such as adhesives, household detergents and cleaners, and cosmetics.

ILO Core Labour Standards

The Core Labour Standards are a set of eight international conventions defining fundamental labour rights and social standards. They were enshrined in a declaration issued by the International Labour Organisation (ILO) in 1998. The standards include: freedom from child labour and forced labour, freedom from discrimination at work, freedom of association and the right to collective bargaining.

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are internationally recognised as standards promoting responsible governance. The 34 member states of the Organisation for Economic Co-Operation and Development (OECD) and eight additional states have signed the guidelines and committed themselves to urge all multinational companies operating within their territories to comply with the guidelines along their value chains. The guidelines are not legally binding.

Responsible Care

Responsible Care is a global initiative of the chemical industry. It stands for the commitment to act responsibly, beyond legal requirements, and includes product stewardship, driving sustainability forward, ensuring even higher levels of safety for factories and local communities, improving workplace health and safety, and striving for better environmental protection.

Social partnership

The term social partnership describes the continuous joint efforts of employers and employees to seek the best solutions for company and employees alike. This dialogue is conducted on an equal footing and serves to balance any conflicts of interest while identifying and promoting common interests. A lively and productive exchange between social partners requires a 'can do' attitude, courage and mutual trust. Social partnership provides the sector with a code of practice and needs to translate into meaningful and tangible benefits in the sectors' day-to-day life. Social partnership in the German chemical industry is evident above all in the modern sectoral collective agreements, non-collective-bargaining agreements with social partners, joint institutions of the social partners, and active participation in the social dialogue in European and international dialogue.

United Nations Global Compact (UNGC)

The United Nations Global Compact is a strategic initiative for business enterprises which commit to align their operations and strategies to ten universally acknowledged principles covering human rights, labour standards, environmental protection, and the fight against corruption. In this way, the business community as a major driver of globalisation can help to ensure that the development of markets and trade relationships, new technologies as well as finance can benefit all economic areas and all societies.

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