

CHEMIE³

THE SUSTAINABILITY INITIATIVE OF THE
GERMAN CHEMICAL INDUSTRY

PROGRESS REPORT 2018

SUMMARY



GERMAN CHEMICAL INDUSTRY ASSOCIATION



The German Chemical Industry Association (VCI) represents the politico-economic interests of around 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, science, and media. The VCI stands for more than 90 percent of the chemical industry in Germany. In 2018, the industry sector realized sales of more than 204 billion euros and employed about 462,000 people.

THE MINING, CHEMICAL AND ENERGY INDUSTRIAL UNION



The Mining, Chemical and Energy Industrial Union (IG BCE) represents the interests of 630,000 members. It covers workers from the sectors of mining, chemicals, gas, glass, rubber, ceramics, plastics, leather, mineral oil, paper, environmental matters/recycling, coal, and the water industry. As an independent organization with no affiliation to any political party or other social institution, IG BCE seeks critical but constructive dialogue with employers, politicians, and the government.

GERMAN FEDERATION OF CHEMICAL EMPLOYERS' ASSOCIATIONS



The German Federation of Chemical Employers' Associations (BAVC) is the umbrella organization 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 ten regional member associations with 1,900 companies and 580,000 employees in dealings with trade unions, government bodies, the political stakeholders, and the general public.

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TOGETHER FOR MORE SUSTAINABILITY

DEAR READERS,

With the second Chemie³ Progress Report, we present the chemical and pharmaceutical industry's stand regarding sustainability. For the first time, we are reporting on the basis of 40 progress indicators, which we have developed in an intensive dialogue with our members and stakeholders.

The indicators address the sustainability issues that our stakeholders and we believe are material to our industry. They are based on a universal understanding of sustainability in which all three dimensions — economic, ecological, and social — are considered equally. After all, we want to evaluate decisions and actions in our industry not only according to purely environmental criteria but also according to whether they lead to more added value and competitiveness, good working conditions, and positive contributions for employees and society. We are thus taking up the Sustainable Development Goals (SDGs) of the United Nations. The chemical and pharmaceutical industry in Germany is already making a significant contribution to the achievement of the SDGs, and it will continue to do so in the future.

We broke new ground in 2013 with the founding of the initiative Chemie³. Since then, the industry association (VCI), the trade union (IG BCE), and the employers' association (BAVC)

have been working together to underpin sustainability as a guiding principle in an entire industry. A first step was the adoption of 12 "Sustainability Guidelines for the Chemical Industry in Germany." The subsequent development of progress indicators was important to make these guidelines concrete and measurable. They show where we are already

good and where we can become even better. With each further measurement we will have more comparative data and can make the development, the "progress", visible. Against this backdrop, we will also use the 40 indicators as drivers of further change. Together with our members — companies, associations, and employees — we want to develop roadmaps on



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VCI President



VERBAND DER
CHEMISCHEN INDUSTRIE e.V.
WIR GESTALTEN ZUKUNFT.



VCI



 **MICHAEL VASSILIADIS**
IG BCE Chairman



 **DR. KAI BECKMANN**
BAVC President



this baseline; they are intended to highlight the need for action and define concrete measures.

We will also use these results for a dialogue with our stakeholders.

We would appreciate your feedback on the progress of our sustainability work. Does this adequately address your expectations and concerns? From your point of view, where are there

still possibilities for further improvement? What priorities do we have to set for future developments? And what results can we rightly be proud of? Please feel free to write to us. Today we can already look back on many small and large advances in the work of our initiative over the past five years. Not everything can be expressed in figures. You will find an overview of our

activities and projects to date on our website. But we also have great plans for the future.

We hope that our report will make interesting and informative reading!

Chemie³ Steering Committee
Hans Van Bylen,
Michael Vassiliadis &
Dr. Kai Beckmann

PROGRESS – MAKING HEADWAY ON THE ROAD TO SUSTAINABILITY

For this report, we have gathered data on our 40 progress indicators for the first time. But what does progress in the chemical industry mean with regard to sustainability? An effort to explain.

“Progress” is a big word.

Everyone who talks about it refers to some kind of positive development. Something gets better, perhaps heading toward a certain goal, or it runs linearly.

But “progress” is also an ambiguous word.

Everyone defines it differently. What is “better,” for example; what goal is to be pursued for a given development; does a direct or a winding path lead to the desired goal — all of this is repeatedly the subject of debate. Talking about “progress” makes you vulnerable. This is particularly true when we talk about progress in the context of sustainability. So far there is no uniform understanding of “progress in sustainability.” Consequently, the question arises as to when we — the chemical-pharmaceutical industry — are sustainable: When we are below a certain CO₂ emission level in production, or when our products reduce CO₂ emissions? When the incomes of our employees have

reached a certain level? Or when our companies have a certain share of the world market?

Nevertheless, “progress” is a necessary word.

By taking up the term “progress” in the sustainability initiative Chemie³, the industry commits itself to becoming “better.” This puts us under the obligation to provide substantial answers to what we understand “better” to mean in terms of sustainability. The ongoing societal debate on sustainable development revolves around the question “How do we handle our resources so that we can continue to live, work, and operate in the future?”

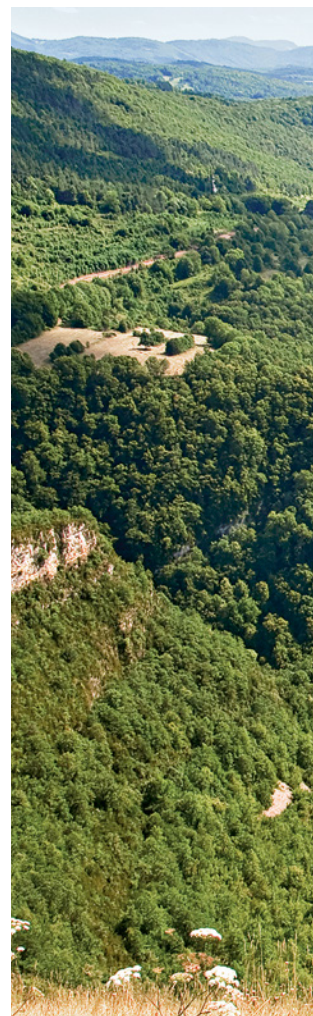
Progress is measurable.

That is why we have developed indicators. These reflect the understanding according to which ecological, economic, and social aspects are considered equally when speaking of sustainability. This enables us to map the sustainability

performance of the chemical-pharmaceutical industry and to measure developments (“progress”).

Progress can only be determined through dialogue.

We — industry association, trade union, and employers’ association — have developed the indicators in close dialogue among us and together with numerous experts and discussed them with various stakeholders. That’s because for us it is clear that progress —





and how it can be measured — cannot be determined through a one-sided approach but only through dialogue.

Progress is advancing.

Wherever sustainability must give equal consideration to ecological, economic, and social aspects, conflicts of objectives arise. That's because these three aspects cannot always be easily reconciled

with one another. It is often necessary to weigh carefully. This alone makes it difficult to formulate concrete industry goals. Moreover, the chemical industry is heterogeneous — its sectors range from the manufacture of basic chemicals to pharmaceuticals. This is why we want to encourage companies to set their own goals and thus achieve progress as a whole. Progress can also

mean making developments transparent. For this reason, we are measuring where we stand today. We want to find out where we can improve or have to make corrections. This will enable us to break up the existing contradictions and conflicts and to act. With this strategy, progress will move forward in practice. In other words, we are on our way as an industry.

OVERVIEW OF PROGRESS INDICATORS

The 40 Chemie³ progress indicators were collected in 2018 for the calendar year 2016, mostly for the first time. This is a so-called baseline measurement. It forms the data basis for comparisons with subsequent surveys. Should there be a different reporting period, this is indicated in each case.

The reference framework is Germany, i.e. companies in the chemical industry with

production sites in Germany are included. The indicators come from different sources. One third is collected from official statistics (e.g. Federal Statistical Office, Federal Employment Agency) or by research institutes (e.g. IW Cologne). The remaining indicators come from separate surveys or surveys of the initiative's three alliance partners. In addition to the chemical and pharmaceutical industry, the BAVC's orga-

nizational scope also includes parts of the rubber industry and the plastics processing industry. Compared to the number of employees and enterprises represented by the VCI, the BAVC figures are therefore higher.

Details of the indicators (definition, reporting unit, scope, etc.) can be found in the online progress report at www.chemiehoch3.de.

The table gives an overview of the indicators, sorted according to the following five categories:

Cross-dimensional topics

Social

Economic

Ecological

Mobilization power of Chemie³

No.	Short description of indicator	Value
1	Companies with clearly defined sustainability targets	75%
2	Companies with compliance processes	87%
3	Companies applying sustainability criteria to their selection of suppliers	71%
4	Companies with public sustainability communication	54%
5	Companies entering into regular dialogue with stakeholders on sustainability topics	56%

No.	Short description of indicator	Value
6	Companies driven by/committed to the UN Guiding Principles on Business and Human Rights or similar guidelines	80%
7	Cooperative working relations between the social partners	56 cooperative working relations
8	Average income per employee	€66,196
9	Companies covered by collective agreements	51% (2014)
10	Employees covered by industry-wide collective agreements	68% (2014)
11	Companies with a works council	77%
12	Employees represented by a works council	95%
13	Companies offering collectively negotiated/company pension schemes	82%
14	Companies with collective agreements regarding an old-aged and aging workforce	18%
15	Companies offering preventive healthcare and health counseling	31%
16	Companies offering flexible working time models	79%
17	Trainee positions offered	9,193
18	Trainees taken on into regular employment	88%
19	Places for pre-vocational-training measures	796
20	Investments in continuous training	€1,538
21	Companies offering continuous training opportunities	93%
22	Diversity and equal opportunities (percentage of women/average age/share of foreign employees)	33%/43 years/7%

No.	Short description of indicator	Value
23	Gross value creation	€60.4 billion
24	Gross value creation as a share of all German industrial output	10.5%
25	Investments	€7 billion
26	World trade share	11.1%
27	Trade balance	€54.7 billion
28	Expenditure on research & development	€10.5 billion
29	New patent registrations	3,460
30	Research and development staff	41,096
31	Companies incorporating sustainability criteria into their innovation and development processes	70%
32	Companies with management systems for updating or quality-assuring their REACH dossiers	77%
33	Published "GPS Safety Summaries"	*
34	Absolute greenhouse gas emissions (Scope 1 and 2)	45.3 million metric tons of CO ₂ equivalents
35	Specific greenhouse gas emissions (greenhouse gas emissions per production unit, index 2000 = 100)	74.3
36	Companies collecting data on Scope 3 greenhouse gas emissions	23%
37	Companies with efficiency targets for the usage of raw materials and amount of produced waste	83%
38	Specific use of raw materials (use of petrochemical raw materials per production unit, index 2000 = 100)	79.9

* is not being collected by the International Council of Chemical Associations (ICCA) any more. A suitable substitute indicator regarding product stewardship is in the works.

No.	Short description of indicator	Value
39	Companies that know of Chemie ³	84%
40	Use of the Chemie ³ support offers	117 company representatives at Chemie ³ events

PUBLISHING INFORMATION

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