



Industrial Relations Agreement

Exercising Responsibility in the Social Market Economy

Preamble

The social market economy, based upon a reliable, state-guaranteed operating framework, provides opportunities for participation and sharing in prosperity for all. Social harmony represents both a prerequisite and a consequence of these conditions.

However, large sections of society now regard the social market economy model with scepticism. The foundation on which Germany's prosperity rests is no longer fully intact.

The industrial relations partners of the chemical industry are facing up to this development through the adoption of a common stance. IG BCE and BAVC plan to achieve a new social equilibrium based on the acceptance of economical, social and ecological requirements.

To this end, the social partners embarked on a discussion process for responsible action within the social market economy in July 2007, together with the Wittenberg Centre for Global Ethics. The aim of this process is to provide a firmer basis for the social market economy in society as well as to strengthen and extend the social partnership within the chemical industry.

The social market economy is dependent on social partnerships as structural elements in the framework of societal cooperation. As social partners within the chemical industry, we are committed to making our fair contribution to this now and in the future.



Guidelines for responsible action within the social market economy

To date, IG BCE and BAVC have agreed to guidelines for responsible action in five areas of discussion.

1. Exercising responsibility: The social market economy depends on sustainable entrepreneurial success

The industrial relations partners of the chemical industry acknowledge the responsibility which they bear for organising the social market economy. It is in our common interests to promote development of the social market economy under the prevailing conditions of globalisation through the achievement of sustainable entrepreneurial success.

The attainment of entrepreneurial success by companies operating competitively and according to the principles of sustainability is a precondition for innovation, investment and employment security.

Sustainable economic success demands integrity and a sense of responsibility from those taking part: This means the creation of economic value whilst maintaining fairly balanced social conditions and ecological answerability.

2. Exercising responsibility: Sustainability depends on a sound balance between economic, ecologic and social responsibility

The chemical industry has set itself the global aim of achieving continuous improvements in the protection of health and the environment as well as the safety of its employees, customers and neighbourhoods. The Responsible Care Initiative represents a common set of value benchmarks for the participating companies, their employees and society. The initiative provides an enduring reinforcement of the cooperation between society and this industrial sector as well as between companies and their staff. The chemical industry's industrial relations partners wish to extend the scope of the Responsible Care Initiative. It is in our common interests to promote the Initiative through continued dialogue involving



all those affected as well as with concrete measures and projects. In this way, we intend to exercise our responsibilities now and in the future, so as to secure the future viability of the chemical industry, its component companies and its employees in the context of global competition.

3. Exercising responsibility: Good work demands mutual respect, fairness, confidence and responsibility

The industrial relations partners of the chemical industry declare their commitment to the objective of doing a good job of work. Our goal is to maintain and foster the circumstances upon which good work depends, within the context of global competition, in order to draw mutual benefit from the advantages accruing. To this end, we will continue to practice our proven social partnership: to strive for understanding in mutual respect for each other, to demand and also contribute to fair standards and regulations, to build confidence and take on responsibility for our part in 'a job well done'. The basis for this is sustainable entrepreneurial success, for which a state of harmony between the world of work and the wider conditions of living must be achieved. Good work promotes innovation and competitiveness through qualification and vocational training. Good work carries the stamp of participation and common effort.

4. Exercising responsibility: Globalisation needs fair play

The industrial relations partners of the chemical industry see the phenomenon of globalisation as a necessary prerequisite for securing Germany's position as a provider of chemical-related goods and services. We recognise that globalisation carries both risks and opportunities. This demands a responsible attitude and a preparedness to take a stand against the possibilities of abuse. We explicitly oppose tendencies leading to social segregation between 'winners' and 'losers' in the globalisation process. We are making our contribution towards the definition and implementation of fair rules to govern worldwide exchange. Together, and in cooperation with our domestic and foreign partners, we aim to promote opportunities for mutual, beneficial development.



5. Exercising responsibility: Sustainable success is based on qualification and commitment

Germany's greatest asset in competitive international markets is to be seen in the people who live here. The greatest yield, in the long term, results from investment in people's potential. Such investments should thus be made by society as a whole, by enterprises and by individuals. The chemical industry's industrial relations partners are making their contributions towards promoting human potential for the mutual benefit of employees, employers and society. This depends on preconditions which must be established and maintained by society and the state – especially in the area of education. BAVC and IG BCE wish to play a part in the debate surrounding the development of human resources. For the decisive assets which determine the competitiveness of the chemical industry in Germany, its capacity for innovation and its future development are the people working in this sector with their knowledge and skills.

The Appendix to this Agreement between the industrial relations partners contains the full text versions for each of the five thematic sections.

The social partnership in the chemical industry

The central task of the contracting parties for collective bargaining in the chemical industry as laid down in the state constitution consists in the establishment of a framework for working and management conditions.

Through the continuing process of confidence building which has taken place over more than three decades, a unique mode of cooperation has developed between IG BCE and BAVC: The former adversaries in conflict have learned the advantages of cooperation and have now become social partners. Whilst fulfilling their respective obligations to defend their own interests, they recognise their common responsibility to work towards the creation of sustainable conditions in the chemical sector and society as a whole.

The social partnership as practised in the chemical industry today represents the most efficient form of interaction between the contracting parties, providing the



greatest benefit for the respective members. This is especially to be seen in modernised collective bargaining master agreements, fringe benefit agreements, institutions jointly established by the social partners as well as their active participation in the ongoing dialogue between the social partners within the European chemical industry.

IG BCE and BAVC wish to build on this cooperation-oriented working atmosphere in order to pursue the dialogue which has begun in the Wittenberg process at company level as well.

Common policies agreed by the social partners of the chemical industry

The industrial relations partners in the chemical sector are thus resolved to maintain their dialogue on responsible action within the framework of the social market economy.

Their aim is to continue the task of drafting guidelines for value oriented conduct in the working and management contexts and to supervise their implementation within the chemical industry. The Wittenberg Centre for Global Ethics is our strategic partner in this process.

Promoting and demanding value oriented conduct

The industrial relations partners in the chemical sector expressly acknowledge their commitment to value-oriented enterprise management and call upon all companies, works committees and employees involved to model their conduct on ethical standards and to introduce measures appropriate to this standpoint. In this respect, senior management and staff entrusted with leadership functions bear a special responsibility in view of the exemplary nature of the positions they hold.

For the purpose of promoting responsible conduct, the chemical industry's industrial relations partners shall, amongst other things:



- Initiate and support discussion at company level on the subjects of business ethics and responsible conduct. To this end, existing positive examples for such discussion processes shall be developed upon.
- Develop and provide training schemes for senior and middle management staff as well as works committee members with the aim of disseminating basic values and guidelines for responsible conduct.
- Found the Academy of the Chemical Industry's Social Partners (CSA) as a new joint institution of IG BCE and BAVC. Its central task shall consist in the organisation of training programmes for senior and middle management staff and works committee members. In this way, the academy will exercise a supportive and sustaining role to the benefit of the social partnership within the chemical sector.
- Regularly monitor the development of the discussion process. As part of the top level discussion content, BAVC and IG BCE shall issue reports on the results and provide corresponding information to the public.
- Commission and publish an external evaluation of their discussion process.

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Hubertus Schmoldt
Chairman
Industriegewerkschaft
Bergbau, Chemie, Energie

Eggert Voscherau
President
Bundesarbeitgeberverband
Chemie e.V.