

UN GLOBAL COMPACT - Communication on Progress

Company	Imperial Chemical Industries Ltd	Report Year: 2005
Address	20 Manchester Square, London W1U 3UN, UK	Chemicals Sector
Contact	Dr Frank Rose, Group VP Sustainability	Membership date: Feb 2003
Website	www.ici.com/sustainability	

Nature of business – extract from 2005 Sustainability Report

ICI is one of the world's major specialty products and paints businesses. At the end of 2005 we employed nearly 32,000 people, had operations in more than 50 countries and produced over 50,000 different products.

ICI's speciality products and paints businesses comprise National Starch, Quest, Uniqema and ICI Paints. These businesses serve diverse consumer and industrial markets through some 70 strategic business units, comprising around 180 operating units with an array of market leadership positions across the world. In addition, a number of Regional and Industrial businesses remain in ICI's portfolio.

Our products and ingredients are developed for a wide range of consumer and industrial markets. For example, we create fragrances for designer scents and for toiletries and detergents. Our flavours are found in snacks, beverages, soups and many other foods. We make organic, inorganic and synthetic ingredients for skin and hair care, and lubricants that enhance the performance of industrial processes. Our adhesives have a wide range of applications, from buildings to cars, and from sneakers to microchips. Our decorative paint business has well-established brands in paint, woodcare, metalcare, adhesives and fillers, including 'Dulux', 'Glidden', 'Valentine', 'Coral', 'Alba', 'Hammerite', 'Liquid Nails', 'Polycell' and 'Polyfilla'.

During 2005 we completed the sale of the Vinumul Polymers business to Celanese Chemicals; 51% of ICI India's rubber chemicals business to a joint venture company established in partnership with PMC Group International of the USA; and two small paints units in Germany and Uruguay. In September, we acquired the re-dispersible powder polymers business from Celanese. In February 2006, we announced that we are evaluating options for Uniqema, with a view to divesting the business.

ICI is a publicly listed company on the London and New York stock exchanges. Group operating profit (before exceptional items and goodwill) grew 5% in 2005 to £444m on sales that rose 4% to £5.8bn.

Statement of Support – extract from 2005 Sustainability Review

"The ICI Board is committed to the principles of sustainable development and those of the UN Global Compact to promote responsible corporate citizenship. Why? Because we believe it is right, and because our stakeholders expect it. They value our products and admire our creative talent; but they also fear that our activities might have harmful effects.

We want ICI to be respected for being responsibly run. We want our brands to be trusted. We need to attract the most capable people. So we must be seen as accountable, profitable, responsible in all we do – and applying our talents to make more products that are environmentally sustainable.

The more we work towards these goals, the more we learn: so we can keep raising the bar. In the process, we are making the company more efficient, focused and disciplined – in every respect, a better business."

Peter B Ellwood CBE, *Chairman*

John D G McAdam, *Chief Executive*

Charles F Knott, *ICI Executive Director, Sustainability*



UN GLOBAL COMPACT - Communication on Progress

A. Human Rights

Business is asked to:

- 1. Support and respect the protection of international human rights within their sphere of influence; and*
- 2. Make sure their own corporations are not complicit in human rights abuses.*

Policy and processes

For many years ICI has committed itself to the protection of the rights of individuals, both inside and outside the company, by incorporating these issues into key company policies: the [Code of Conduct](#) and the [Sustainability Policy](#). In 2004 this was strengthened with the publication of the [ICI Employment Principles](#), which includes Respect for the Individual.

Within the workplace implementation of these policies is through personnel procedures which support freedom from harassment and bullying. Awareness of and compliance with the Code is part of our internal audit process. Our Speak Up “whistleblowing” system acts as a further monitoring process.

Investment decisions are subject to risk management procedures, which include consideration of employee rights.

We aim to choose as business partners people with standards and ethical values compatible with our own. We do not formally ask partners to confirm their practices, but where it is clear that there is a serious incompatibility, which cannot be resolved, we will seek to terminate the relationship.

All business supplier assessment processes do not yet include specific human rights issues, though Quest is piloting an assessment based on all UNGC principles.

In our communities we support economic and welfare development, though a range of community based projects.

Specific actions during 2005, including outcomes

- ◆ Code of Conduct included in Sustainability Challenge 2010 – the next set of Group sustainability targets
- ◆ Code of Conduct reviewed against international standards, regulation and other good practice. Redrafted in Q1 2006.
- ◆ Supplier Assessment, based on all UNGC principles, being piloted in Quest
- ◆ Speak Up system operating globally: all calls investigated. Data collected and reported to Board Audit committee: number, nature and geographical split of calls. On-going metrics work.
- ◆ Projects to support education, skill development of women, under-privileged children.

Future plans

- ◆ Identify ‘Respect for the Individuals’ metric for future reporting.
- ◆ Identify indicator which gives a measure of the effectiveness of the Speak Up process, not just the number of calls
- ◆ 2006/7 Code of Conduct: develop new training and re-communicate across Group, review audit processes
- ◆ 2006/7 Update procurement code, train buyers
- ◆ Review broader supplier assessment, and extend across businesses



UN GLOBAL COMPACT - Communication on Progress

B. Labour

Business is asked to uphold:

- 3. Freedom of association and the effective recognition of the right to collective bargaining;*
- 4. The elimination of all forms of forced and compulsory labour;*
- 5. The effective abolition of child labour; and*
- 6. The elimination of discrimination in respect of employment and occupation.*

Policy and processes

We have a clear policy of non-discrimination, support freedom of association and recognise the right to collective bargaining in all countries where we operate. Our Code of Conduct, Employment Principles, and associated material deal specifically with discrimination and child labour issues.

Within the workplace we operate global standards for Health and Safety and more local personnel policies, which can focus on local requirements. These include consultation and training. The global/ regional employee surveys carried out by each business include questions on discrimination. Awareness of and compliance with the Code is part of our internal audit process. Our Speak Up system acts as a further monitoring process.

Investment decisions are subject to risk management procedures, which include consideration of employee rights.

We aim to choose as business partners people with standards and ethical values compatible with our own. We do not formally ask partners to confirm their practices, but where it is clear that there is a serious incompatibility, which cannot be resolved, we will seek to terminate the relationship.

All business supplier assessment processes include H&S but not all labour rights issues, though Quest is piloting an assessment based on all UNGC principles.

We work with the communities where we operate to support economic and welfare development.

Specific activity during 2005 and outcomes

- Code of Conduct included in Sustainability Challenge 2010 – the next set of Group sustainability targets
- Code of Conduct reviewed against international standards, regulation and other good practice. Redrafted in Q1 2006.
- Supplier Assessment, based on all UNGC principles, being piloted in Quest
- Speak Up system operating globally: all calls investigated. Data collected and reported to Board Audit committee: number, nature and geographical split of calls. On-going metrics work.
- Monitor and report minorities in management (15% women, 10% ethnic minority in US; 47% minority nationality – non IK/US/NL – in rest of world)
- Quest results for non-discrimination were some of the highest marks in their employee survey.
- We are activity pursuing allegations of child labour at one of our minor suppliers (and have ceased trading until the issue is settled)

Future plans

- ◆ Identify indicator which gives a measure of the effectiveness of the Speak Up “Whistleblowing” process, not just the number of calls
- ◆ 2006/7 Code of Conduct: develop new training and re-communicate across Group, review audit processes
- ◆ 2006/7 Update procurement code, train buyers
- ◆ Review broader supplier assessment, and extend across businesses
- ◆ Broaden HR metrics across Employment Principles



UN GLOBAL COMPACT - Communication on Progress

C. Environment

Business is asked to:

7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Policy and processes

Our Responsible Care Management System provides the basis of our operations. The standards and guidance covers such issues as risk assessment, product stewardship (from product development to disposal) and land remediation.

Since 1991 we have publicly reported our environmental performance and have been instrumental in developing the Environmental Burden approach – which helps to quantify the different impact of substances.

Our improvement approach is to set specific 5 year milestones for our key impacts. The current set of milestones, Challenge 2005, includes: greenhouse gases/energy, water, waste, biodiversity, land surveys and product stewardship. The new targets Sustainability Challenge 2010 are now in place.

All business supplier assessment processes include environmental issues.

ICI is a Corporate Member of Earthwatch in order to improve understanding of biodiversity.

Specific activity during 2005 and outcomes

- There are a number of examples of technology or material substitution, or products with a lower footprint:
 - Uniqema 'EMBARKATE' lubricants have been loaded into 500 million refrigerator compressor – reducing CO2 emissions by an estimated 25 million tonnes to date
 - Paints continue to reduce the VOC content in their coatings – the US Food and Drug Administration (FDA) identified Dulux Lifemaster paint as the industry leader in the development of low or zero levels of volatile organic compounds (VOCs)
 - NSC have reduced the energy used in their starch production processes by selling a waste product in the wet form – avoiding the need for an energy intensive drying process.
- Paints are involved in a UK Dept of Trade and Industry funded project, working with customer Carillion and Forum for the Future, with the aim of reducing the amount of construction waste going to landfill.
- Performance against Challenge 2005 milestones reported in 2005 Sustainability Review: achieved all environmental targets except Acid Gas emissions which were reduced by 37% against a target of 50%.
- ♦ Supplier assessment processes encourages suppliers to improve their environmental systems and performance: 402 assessments carried out, 280 with verification visits.
- Carried out environmental projects with schools and local communities across the world.

Future plans

- Implement Sustainability Challenge 2010 targets
- Implement REACH requirements, engage customers and suppliers
- Develop an environmental footprint tool to help identify regional and local impacts/ improvement opportunities



UN GLOBAL COMPACT - Communication on Progress

D. Anti-corruption

Business is asked to:

10. Work against all forms of corruption, including extortion and bribery.

Policy and processes

For many years ICI has committed itself to work against bribery, both inside and outside the company, by incorporating these issues into the ICI Code of Conduct.

Within the workplace awareness of and compliance with the Code is part of our internal audit process. Our Speak Up system acts as a further monitoring process.

We aim to choose as business partners people with standards and ethical values compatible with our own. We do not formally ask partners to confirm their practices, but where it is clear that there is a serious incompatibility, which cannot be resolved, we will seek to terminate the relationship.

All business supplier assessment processes do not yet include specific corruption issues, though Quest is piloting an assessment based on all UNGC principles.

Specific activity during 2005 and outcomes

- Code of Conduct included in Sustainability Challenge 2010 – the next set of Group sustainability targets
- Code of Conduct reviewed against international standards, regulation and other good practice. Redrafted in Q1 2006.
- Supplier Assessment, based on all UNGC principles, being piloted in Quest
- Speak Up system operating globally: all calls investigated. Data collected and reported to Board Audit committee: number, nature and geographical split of calls. On-going metrics work.

Future plans

- ◆ Identify indicator which gives a measure of the effectiveness of the Speak Up process, not just the number of calls.
- ◆ 2006/7 Code of Conduct: develop new training and re-communicate across Group, review audit processes.
- ◆ 2006/7 Update procurement code, train buyers.

