



Corporate Social Responsibility and social dialogue in the European Sugar Industry

RESPONSIBLE PRACTICES

LEAD THE SOCIAL PARTNERS

TO INTRODUCE A CODE OF CONDUCT





INTRODUCTION

The EU sugar industry is committed to creating added human and social value by incorporating corporate social responsibility (CSR) into all its activities. Established in 1969, just after the creation of the Sugar CMO, social dialogue in the European sugar industry has brought together CEFS and EFFAT for over 40 years.

Official recognition of these social partners by the European Commission was formalized in 1999 with the creation of the social dialogue committee for the sugar industry. In 2003, CEFS and EFFAT voluntarily became engaged in CSR and agreed on a Code of Conduct which sets eight compulsory minimum social standards and basic rights. CSR reflects the commitment of the social partners to progressively develop and demonstrate the overall sustainability of the sugar industry. Some fifty examples of best practices are regularly updated and serve as an inspiration for sugar companies.

Every year, a report is presented to the European Commission concerning the Code implementation and updating of examples of good practice. These reports can be consulted at the joint public website "www.eurosugar.org".

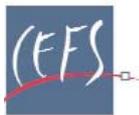
First produced in 2004, this brochure is an important tool for dissemination of the principles of CSR and for visibility of the added value to the sectoral social dialogue. This is particularly relevant at a time when the new Lisbon Treaty gives an enhanced dimension to the European social dialogue.



The social players



THE COMITE EUROPEEN DES FABRICANTS DE SUCRE



The CEFS represents the interests of industrial sugar producers and refiners of 20 EU countries plus Switzerland vis-à-vis the European institutions and other International bodies. For information non sugar producing countries are: Cyprus, Estonia, Luxembourg and Malta. Three countries totally gave up production following to the 2006 Sugar Reform (Ireland, Latvia, Slovenia). Bulgaria and Portugal became only refiners.



EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM



EFFAT comprises 120 national trade unions set up in 35 European countries representing some 2 600 000 members. This federation represents the interests of agriculture and the agri-foodstuffs, catering and tourism industries.





Johann MARIHART

President of the CEFS

Since 2004, the European Sugar Industry has included commitments to Corporate Social Responsibility in its overall industrial policy at both European and company level and we intend to continue our efforts in this field.

In the context of globalization of the economy, the European Sugar Industry is committed to reinforcing its overall sustainability in collaboration with its main partners. I am specifically referring to two major issues: the report on environmental sustainability carried out by the CEFS and the International Confederation of European Sugar-Beet Growers, and the Code of Conduct on Corporate Social Responsibility launched in cooperation with EFFAT, the European federation of trade unions representing the food industry, from farm to fork.

Faced with the reform of the sugar regime, the social players have agreed to pool their efforts in a constructive and responsible manner to cope with the changes to the industrial landscape. They take the opportunity of this brochure to underline once again the need to ensure that their industrial sector remains sufficiently competitive to enable it fully to assume its responsibilities vis-à-vis the different stakeholders. In practice the CSR commitments entered into by the European Sugar Industry can only be satisfactorily achieved in a context of economic viability, which is not put under threat by sudden radical changes in the regulatory and market environment.



Harald WIEDENHOFER

General Secretary of EFFAT

Certainly, the most significant aspect of the commitment of the European Sugar Industry to Corporate Social Responsibility is the implementation of the Code of Conduct by companies, at national and local level, in collaboration with the other stakeholders. We welcome this approach, which we consider essential to give credibility to voluntary minimum standards.

We also welcome the concrete measures taken at company level for implementation of the Code of Conduct. They are favouring the development of highly interesting good practices, as demonstrated by the annual implementing reports presented each year in February.



Norbert KAILICH

Chairman of the CEFS Working Group on Social Questions

With a long tradition of social dialogue, the social players in the sugar industry know that good management of human resources plays an important role in mobilizing energies in order to increase competitiveness. The CSR Code of Conduct constitutes a responsible management framework which has proved very helpful to cope with change in the context of restructuring. It gave a fresh impetus to the social dialogue in an enlarged Europe by bringing a new autonomous dimension to the acceding countries and by endeavouring to promote a model of dynamic dialogue.



The sugar industry and the European social dialogue

A LONG TRADITION OF SOCIAL DIALOGUE

Established in 1969, the social dialogue has brought together the CEFS and EFFAT for over 40 years. In 1997, the two organisations signed an "Agreement" defining their working rules. In 1999, the creation of the "Sectoral Social Dialogue Committee in the sugar industry" formalised official recognition of the social partners in the sugar industry by the European Commission. In July 2008 the Dublin Foundation confirmed that CEFS and EFFAT remained "unchallenged in their position as representative European social partners organizations in the sugar manufacture sector".

... from joint positions

AT SOCIAL, ECONOMIC AND POLITICAL LEVEL

The partners have adopted positions on:

- > **Apprenticeship**, recommending to sugar companies that they maintain the efforts being made in the field of apprenticeship and pursuing these efforts whenever possible in order to improve the skills of apprentices on the labour market (*November 1998 - November 2000*).
- > **The Common Organisation of the Market**, underlining its importance for employment (*November 1999*).
- > **Everything But Arms**: obtaining the phasing up of import liberalization until October 2010 (*November 2000 - February 2001*).
- > **Corporate Social Responsibility**: undertaking to reflect on the concept of CSR in the European Sugar Industry (*December 2001*).
- > **Enlargement**: anticipating its impact on the sugar industry in the Europe of 25 (*Bratislava - November 2002*).
- > **Rules of origin**: requesting a specific approach for the sugar sector, with a view to reconciling transparency, fair trade and real gains for the beneficiary countries (*April 2004*).
- > **Globalisation Adjustment Fund**: asking to adjust the admission criteria for medium sized companies and to take the sectoral dimension of the industry into account (*July 2006*).
- > **WTO negotiations**: Open letter to the Council and the Parliament (March 2008).
- > **European Emission Trading Scheme**: Need to keep jobs in rural areas (June 2010).

See the joint Website www.eurosugar.org



The sectoral dialogue in the European Sugar Industry

A CONSTANT RULE : "EXCHANGES AND CONSULTATION ON ALL SUBJECTS OF COMMON INTEREST"

The European social dialogue does not replace the national dialogue but complements it. Since 1969 the social dialogue in the sugar sector has been based on the same rule:

- > Exchange of views and concerted action on all subjects of common interest.
- > **Negotiation remains a matter of national competence.**

... to joint achievements and action

VOCATIONAL TRAINING AND SAFETY IN THE SUGAR FACTORY

- > **1993 - 1994:** the partners developed a video and three brochures on safety in the sugar factory with the help of the Force Programme.
- > **1997 - 2000:** a comprehensive interactive training tool on safety was produced and distributed in eleven languages to all European sugar factories .

TRADE CONSULTATION ON THE "EVERYTHING BUT ARMS" REGULATION

- > **In February 2002,** the social partners were consulted by the Commission on the economic and social impact of the "Everything But Arms" Regulation aiming at the complete liberalization of imports from Least Developed Countries into the EU. It was the first time that a sectoral committee had been consulted on a trade regulation.

CONFERENCE ANTICIPATING ENLARGEMENT

- > **In November 2002,** the Bratislava Conference was attended by some 80 participants representing the sugar industry in the candidate countries, the trade union partners and the public authorities. The partners reflected on the establishment of a constructive dialogue in an enlarged Europe.

REGULAR PRODUCTION OF INTERACTIVE WEB BASED TOOLS PLACED ON THE JOINT PUBLIC "EUROSUGAR.ORG" WEBSITE

- > **2006,** Creation of a Practical Guide on access to structural funds giving the instructions for use of structural funds according to the location of the factory and/or the industrial project.
- > **2010,** Production of a tool aiming at "Improving employability in the sugar industry" and exploring the main factors linked to employability (good practices, skills & competences, financing of projects).

CORPORATE SOCIAL RESPONSIBILITY

A NEW STEP IN THE EUROPEAN SOCIAL DIALOGUE IN THE SUGAR INDUSTRY

In February 2003 the social partners signed
and launched a CSR Code of Conduct

IN EFFECT SINCE 1st JANUARY 2004

Established on a voluntary basis,
this Code of Conduct covers eight minimum
standards, illustrated by some fifty
examples of good practice.

Along with the work carried out in regard to the environment,
the social partners are endeavouring to develop the sustainability
of the sugar industry at social level (*)

Recognising that companies are not only responsible for their products
but also for the conditions under which they are produced,
the European Sugar Industry is embarking upon
a dynamic process covering all social aspects.

"Our vision is to create added human and social value
by incorporating CSR into all our activities" (**).

(*) See the report entitled "The EU Beet and Sugar Sector: a model of environmental sustainability" drawn up by the CEFS experts on the environment and the International Confederation of European Sugar-Beet Growers (CIBE) and published in May 2010.

(**) See Introduction of the Code of Conduct



COMITE EUROPEEN DES
FABRICANTS DE SUCRE
CEFS

182, avenue de Tervuren
1150 - Brussels
Tel. 322/762 07 60
www.cefs.org



EUROPEAN FEDERATION OF FOOD,
AGRICULTURE AND TOURISM
EFFAT

38, rue Fossé-aux-Loups
1000 - Brussels
Tel. 322/218 77 30
www.effat.org

Corporate Social Responsibility in the European Sugar Industry

CODE OF CONDUCT

I - INTRODUCTION

Corporate Social Responsibility in the European Sugar Industry⁽¹⁾ is a framework within which we as a sector have voluntarily decided to promote social development as well as respect for fundamental rights. Through the creation of this framework we recognise that Corporate Social Responsibility is becoming increasingly important and thus commit ourselves to pursue and demonstrate the overall sustainability of the sugar industry¹. As an industry, our companies are not only responsible for their products and services but also for the conditions under which they are produced.

For a number of years the European Sugar Industry has already given its support to a European social model through a whole series of guarantees going well beyond legal requirements. It is a social model in which the involvement of the employees in the social dialogue at all levels is one of the major elements.

This is why the Social Partners decided to take a joint initiative on Corporate Social Responsibility.

Now this CSR framework in the European Sugar Industry goes even further and sets voluntary

minimum standards in a number of areas such as human rights, education and training, health and safety, pay and working conditions, restructuring, as well as relationship between social partners.

Moreover, this framework has been created to serve as a vehicle for sharing experiences and will function as a source for learning to develop best practice throughout the whole European Sugar Industry as an inspiration for continuous improvement.

Finally, it clearly positions the European Sugar Industry in relation to our stakeholders, be they employees, consumers, customers, shareholders, suppliers, public and financial authorities, the European Commission or the World Trade Organisation.

Our vision for this work is to create added human and social value by incorporating Corporate Social Responsibility into all our activities.

Our approach will be built upon a holistic view, transparency and an open dialogue with our stakeholders, also on other CSR issues and developments.

(1) In this context the European Sugar Industry covers the Members of the CEFS operating in countries where the CEFS is represented and within the field of activity of the CEFS - See list of CEFS Members on the CEFS website www.cefs.org

II - MINIMUM STANDARDS

The Members of the CEFS in the countries where the CEFS is represented undertake to comply with the minimum standards set out below and, as appropriate, to promote these standards beyond the area of activities for which the CEFS has a mandate. These voluntary standards of a general scope are usually much lower than the standards actually applicable in the Union. The respect of these standards shall not constitute a valid reason for reducing pre-existing higher standards, on the contrary.

I. HUMAN RIGHTS

The European Sugar Industry complies with the principles and rights at work as defined by the ILO and in the UN Universal Declaration of Human Rights and the European legislation.

The European Sugar Industry:

- a) respects the freedom of association and thus the right for all workers to establish trade unions and to affiliate, including for workers representatives the right of access to the enterprise (ILO convention 87).
- b) recognizes the effective right to collective bargaining as well as the right for worker representatives to get facilities as appropriate in order to carry out their functions promptly and efficiently. (ILO conventions 98 and 135).
- c) confirms the fact that exercising these rights

won't cause any personal or professional damage to the workers and their representatives.

- d) will not operate with any form of forced or compulsory labour (ILO Convention 29).
- e) is opposed to child labour (Convention 182) and meets ILO convention 138 in relation to the minimum age for admission to employment.
- f) Is against all discrimination, be it based on ethnic or national origin, religion, sex, sexual orientation, affiliation to trade union, age or political affiliation and undertakes in particular to guarantee and promote equal opportunities and equal treatment for men and women (ILO conventions 100 and 111 - EU directives n° 76/207/EEC of 9.2.1976, n° 2000/43/EC of 29.06.2000 and n° 2000/78/EC of 27.11.2000).

2. EDUCATION, VOCATIONAL AND LIFE LONG TRAINING

The European Sugar Industry endeavours to invest in its employees by providing them with the best possible skills and abilities in order to develop their individual potential to the maximum, and thereby contributes to the success and competitiveness of the enterprise.

It gives specific training to employees as regards technical aspects connected with the production process and the field of health and safety at the workplace, and all other relevant aspects connected with the enterprise.

Education and training constitute an integral part of the social dialogue in the companies. Proposals and initiatives by the employees and their representatives are welcome and will be implemented in accordance with national habits.

The European sugar industry recommends to sugar companies, whenever economically and socially feasible, to make a significant effort to offer more young people training periods and places as apprentices in order to improve their skills on the labour market.

3. HEALTH AND SAFETY

The European Sugar Industry pays special attention to health and safety. This is why the Sugar Industry strives to create working conditions that give its employees the possibility to work considering the human aspect and particularly without any risk for their health. In cooperation with the Employees and their representatives, the Sugar Industry will care for a healthy and safe working environment based on secure facts and practices regarding work protection; all preventive measures on health and safety are considered as a priority.

The sugar industry does not only pay special attention to the European legislations on health and safety and, in particular, the framework directive of 1989, but in most cases, it goes beyond the legislations.

Specific training programmes, safety procedures and policies, tailor-made for the sugar industry and taking into account the specific hazards linked to the manufacturing process, are implemented in all sugar factories and pay special attention to prevention.

4. RELATIONSHIP BETWEEN THE SOCIAL PARTNERS

The social partners of the European sugar industry - represented by the Comité Européen des Fabricants de Sucre (CEFS) and the European Federation of Food, Agriculture and Tourism (EFFAT) - consider that a constructive social dialogue with the employees representatives and trade unions at all levels is an important element for a successful functioning of enterprises. Informing and consulting the employees representatives promotes confidence and cooperation between employees and employers.

This is why the sugar industry has steadily carried out a social dialogue at European level since 1969, officially recognized by the European Commission by the creation in 1999 of a sectorial dialogue committee for the sugar industry. Furthermore the social partners have jointly developed a certain number of surveys and vocational

training programmes, particularly in the field of safety. They will continue with and further develop this dialogue.

At national level, the representation of employees and collective bargaining apply in accordance with the legislation and often go beyond.

The European legislation on information and consultation is implemented in all companies.

In connection with the enlargement of the European Union, the social partners express the wish that, with the complementary assistance and support of the public authorities, a genuinely constructive and responsible dialogue can be established with a view to laying the foundations for an enlarged Europe capable of combining social model with economic competitiveness in the applicant countries.

5. FAIR PAY

The present pay levels in the sugar industry meet or exceed the minimum rates provided for by branch or industry collective agreements and/or legal provisions.

When no agreement or pay scale exists, wages are enough to ensure that workers and their families have a decent standard of living as defined by

the Universal Declaration of Human Rights and the ILO Tripartite Declaration⁽²⁾.

In order to avoid any discrimination, the sugar industry also recognizes the right for employees in similar conditions to get equal pay for equal work (ILO Convention 100, EU Treaty 141, Directive 2000/78/EC).

6. WORKING CONDITIONS

The European Sugar Industry meets the European legislation covering working conditions and complies with branch or industry standards on working hours.

As far as working time during the processing season is concerned, special agreements may have

been concluded between the Social Partners or with the Public Authorities.

When no standard exists, the social partners can conclude appropriate agreements. At least working conditions must be equivalent to those offered by comparable employers in the country concerned.

7. RESTRUCTURING

At European level, within the framework of the European social dialogue, regular information, exchanges of views and, if necessary, joint action can be organised in relation to all issues, including those related to the Community policy and the Community legislations where they have economic and social effects for the sugar sector. This dialogue meets or exceeds the national and European legislation on information and consultation.

Since an open dialogue between management and employees is a pre-requisite for a climate of

mutual respect and confidence, employees and their representatives will be regularly kept aware of the situation of the enterprise as well as informed and consulted on planned restructuring measures in due time.

In case of restructuring, as well as in the event of investments having a social impact as provided by the present Code of Conduct, the sugar industry acts in a socially responsible way.

Steps are taken to improve the employability of employees.

(2) Universal Declaration of Human Rights - Art. 23: "everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity". ILO Tripartite Declaration : "Wages, benefits and conditions of work offered by multinational enterprises should not be less favourable to the workers than those offered by comparable employers in the country concerned".

8. BUSINESS RELATIONS AND CHOICE OF SUPPLIERS

The European Sugar Industry expects a socially responsible behaviour from its suppliers. Suppliers are generally chosen on a professional business basis, but for major suppliers this also includes a consideration of their corporate social responsibility according to the provisions of this Code of Conduct.

The European Sugar Industry will thus contribute to circulate the concept of corporate social responsibility at global level and see if it can make a

concrete contribution to the fight against child labour.

It supports all European provisions aimed at counteracting fraud and corruption in the trade developed with different countries of the world⁽³⁾ and, in the general context of business ethics, undertakes to comply with the OECD guidelines for multinational companies, or, beyond the CEFS area of activities, to promote them as far as possible⁽⁴⁾.

III - MONITORING, ASSESSMENT, UPDATING

1. The EFFAT and the CEFS will, within the context of their Sectoral Social Dialogue Committee, ensure the monitoring of the progressive implementation of this Code of Conduct and the regular updating of the examples of good practice.

2. To this effect the EFFAT and the CEFS will conduct a joint assessment of the implementation of the Code of Conduct at European level, in the form of an annual report covering the calendar year and to be presented in February of the following year, within the framework of the Sectoral Social Dialogue Committee, at a meeting specifically devoted to this subject.

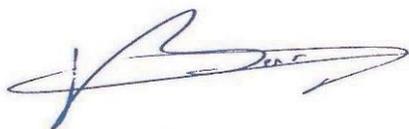
3. This annual report will be prepared on the basis of data collected by the European social partners. To this effect, every year the EFFAT and the CEFS will designate an ad hoc group which will be responsible for the process of collecting, pre-

paring and presenting these data and including two Sectoral Committee members from each organisation.

4. This Code of Conduct will come into effect on January 1st 2004. The year preceding this date will be devoted to prepare for its implementation. The first report, to be presented in February 2004, will take stock of the activities undertaken so far and the monitoring structures jointly arranged at European level to ensure adequate communication, promotion and training on the CSR Code of Conduct. The examples of good practice will also be updated as needed.

5. To ensure a wide dissemination and good understanding of the Code of Conduct at national level, it will be translated into the different European languages by the national delegations. The French, English and German versions will be deemed authentic.

Brussels, 7th February 2003



Jean-Louis BARJOL
General Director
CEFS



Harald WIEDENHOFER
Secretary General
EFFAT

(3) See Regulation on the General Scheme of Preferences n° 2501/2001 of 1012.2001-OJEC L 346 of 31.12.2001, art. 26, and withdrawal or suspension provisions included in different regulations as regulation 2007/2000/EC on Balkans, as well as in bilateral agreements.

(4) See the OECD Website: "<http://www.OECD.org>".



Examples of good practice

A SOURCE OF INSPIRATION AT EUROPEAN LEVEL

Some fifty examples of good practice, regularly updated, illustrate positive behaviour going beyond each of the eight minimum standards defined by the Code of Conduct. Constituting the dynamic part of the Code, they must be regarded as a source of inspiration and an exchange of excellence. They are presented on the basis of the following model:

TEMPLATE	THEMES
Place and date	1. Human rights
Theme dealt with	2. Education and training
Context	3. Health & Safety
Implementation project	4. Relationship between the social partners
Result obtained	5. Fair pay
Resources allocated	6. Working conditions
Contact person	7. Restructuring
	8. Business relations and choice of suppliers

They can be consulted on the website www.eurosugar.org (tab CSR).

Following to the reform of the sugar regime in 2006, the examples on "Restructuring" have been particularly numerous and interesting. They were complemented by the specific examples relating to "employability" presented in the joint web based interactive tool "Employability 2010" (See "eurosugar.org").

CSR implementation reports

A DYNAMIC CSR PROCESS...

A CSR implementation report is presented each year at the plenary meeting of the Sectoral Social Dialogue Committee normally taking place the last working day of February. This report covers the different CSR activities of the previous calendar year and includes following aspects :

1. Economic and political context
2. Management of restructuring
3. Implementation of the Code of Conduct
4. Summary and conclusions

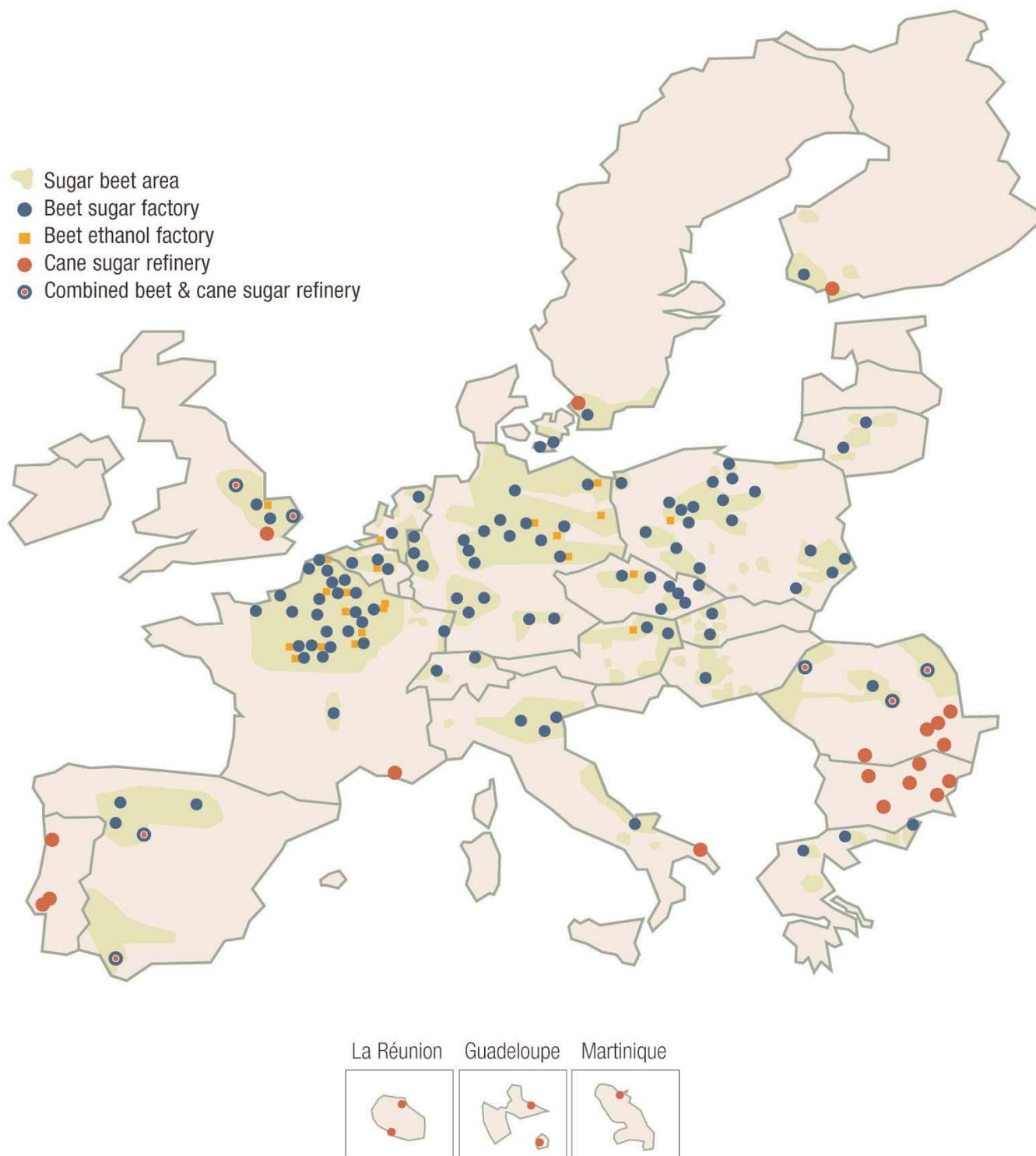
Eight reports have already been produced since 2003, the last one covering year 2010 (see www.eurosugar.org). Such reports are widely circulated to the different European Commission departments, as well as used in the contacts with the different Institutions, as the European Parliament.

They globally present the joint assessment of the social partners on the development of the European policies, their joint positions, requests, actions and expectations. They are mainly used :

- . to assess the CSR progress
- . to try and influence European policies
- . to help share information on main sugar topics.



Map of the UE 27





The European sugar economy in the world

The three leading sugar producers in the world in 2009

Brazil (33.45 million tonnes)

EU 27 (16.63 million tonnes)

India (15.65 million tonnes)

Raw value - source ISO Sugar Year Book 2010

In 2009, the EU 27 was the second largest consumer in the world

17.86 million tonnes

Raw value - ISO Sugar Year Book 2010

It shall be noted that in 2006/07, the EU switched from a leading net exporter to a net importer as a result of a sharp drop in production following to the sugar reform

Employment in the EU 27 (campaign 2010/2011)

. 106 factories

. direct jobs in the industry: about 30,000

. indirect jobs: about 150,000

(Source: CEFS statistics 2011. www.cefs.org)

Each direct job generates five indirect jobs

Impact of the reform of the sugar regime of 2006 (EU-25)

- . 80 closures of factories throughout Europe since 2006
- . Almost 20,000 direct workplaces lost over three campaigns



Sectoral Social Dialogue Committee in the sugar industry



To find out more
consult the joint website

www.eurosugar.org

> KEY INFORMATION ON EFFAT AND CEFS

(Presentation of the social partners, sugar statistics, etc.)

> CORPORATE SOCIAL RESPONSIBILITY

(CSR Code of Conduct, Examples of good practices, annual CSR implementation reports since 2003, Brochure on the European Social Dialogue etc)

> WEB BASED TOOLS :

- 2006: Practical Guide to access to structural funds according to the location of the sugar factory or the industrial project
- 2010: Employability interactive tool with good practices within and outside the sugar industry, analysis of the skills currently needed in the sugar industry, the skills in development and the skills common to different trades, sources of funding in the different EU countries...

> JOINT POSITIONS

> SECTORAL SOCIAL DIALOGUE COMMITTEE FOR SUGAR

(agendas of joint meetings as well as conclusions)

Publication Directors Jean-Louis Barjol (CEFS) - Harald Wiedenhofer (EFFAT)
Drafting Committee: Marianne Nagy - Jean-Pierre Pinasseau - Dominique Lund

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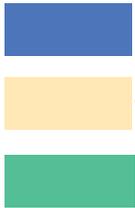
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Comité Européen des Fabricants de Sucre



European Federation of Food Agriculture and Tourism



www.eurosugar.org

COMITE EUROPEEN DES FABRICANTS DE SURE
Av. de Tervuren 182
B-1150 Brussels
Tel. +32 2 762 07 60
www.cefs.org

EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM
Rue du Fossé-aux-Loups, 38 box 3
B- 1000 Brussels
Tel. +32 2 218 77 30
www.effat.org

