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PLENARY MEETING OF THE SOCIAL SECTORAL DIALOGUE COMMITTEE
28.2.2012

**JOINT STATEMENT OF THE EUROPEAN SOCIAL PARTNERS
OF THE SUGAR INDUSTRY**

**ASSESSMENT OF THE CSR CODE OF CONDUCT IN THE SUGAR INDUSTRY
IN THE LIGHT OF THE ISO 26 000 GUIDANCE ON SOCIAL RESPONSIBILITY
AND THE 2011 UN FRAMEWORK ON BUSINESS AND HUMAN RIGHTS
(RUGGIE'S FRAMEWORK)**

***1. OBJECTIVE AND CHARACTERISTICS OF THE CSR CODE OF CONDUCT
IN THE SUGAR SECTOR***

The European social partners have committed to assess the CSR Code of Conduct in the sugar industry in the light of the ISO 26 000 Guidance on social responsibility issued in 2010 and the 2011 UN framework on Human Rights, also called Ruggie's framework.

Launched in 2003, the CSR Code of Conduct in the sugar sector aimed at promoting social development and respect for fundamental rights, with a focus on labour and human rights. It comprises eight minimum standards and approximately fifty examples of good practices. Nine implementation reports have already been issued since 2003. This Code of Conduct is monitored in the framework of the European Social Dialogue and the official Sugar Social Dialogue Committee.

The Code is applicable to the European Sugar Industry, covering the Members of CEFS operating in countries where CEFS is represented within the field of activity of CEFS. As appropriate, Members undertake to promote the minimal standards beyond the area of activities for which the CEFS has a mandate.

The minimal standards are guidelines intended to be implemented at European, national and local level taking into account the country, specific environment, industrial relations system, and the community the industry operates in. They are complemented by concrete examples of good practice illustrating positive behavior going beyond the minimal standards in the field and having to be regarded as a source of inspiration and an exchange of excellence.

As a result some of the benchmarks and recommendations enunciated in ISO 26 000 and UN Ruggie's framework cannot be directly taken up by the minimal standards having a general scope, but might be illustrated in the context of the examples of good practices, which are the dynamic part of the Code as applied at company/national level.

2. OUTCOME OF THE CODE OF CONDUCT ASSESSMENT IN THE LIGHT OF ISO 26 000 AND THE UN BUSINESS FRAMEWORK

After an in-depth technical assessment it appears that the sugar Code of Conduct is rightly addressing practically all ISO core subjects as well as ISO practices **either in a direct way** through the eight minimal standards **or indirectly through the numerous example of practices** illustrating a positive socially responsible behavior at national and company level (See detailed technical attachment). It is worth underlining that – in the same spirit as the ISO 26 000 Guidance and the UN framework - the sugar Code of Conduct is based on a voluntary commitment with a view to create a dynamic process giving potential rise to continuous improvement.

A. SOCIAL RESPONSIBILITY SCOPE AND CONTENT ISO 26 000 CORE SUBJECTS

Since the aim of the sugar Code of Conduct was to promote social development and respect for fundamental rights, **“labor practices”** and **“human rights”** are actually developed in a more concrete and complete way than recommended by ISO. The Code standards 1 to 7 are addressing practically all aspects of human resources in a detailed manner ¹ (See Annexes A.2/A.3). In addition numerous examples of good practice and joint web based interactive tools are illustrating these two core subjects, and are also connected to the principle of “due diligence” as described in Part B, in particular in the context of company decisions to close factories following to the 2006 sugar reform and their action to mitigate social consequences². Specific standards as standards 2 & 7 on “Vocational training” and “Restructuring” gave rise to joint projects conducted by the European social partners as the 2010 web based tool dedicated to the “employability of employees” or the 2006 “Practical Guide for access to structural funds”.³

Regarding the ethical relationship with the different stakeholders and the related civil socially responsible behavior, **“fair operating practices”** are addressed, either in a general manner or more specifically through concrete good practice examples. The Code of Conduct “clearly positions the European Sugar Industry in relation to its different stakeholders”, be they employees, consumers, customers, shareholders, suppliers, European Institutions or international organizations, as mentioned in the “Introduction”⁴. Standard 8 specifies that the European Sugar Industry expects a socially responsible behavior from its suppliers, thus contributing to circulate the concept of corporate social responsibility at global level. “For major suppliers this also includes a consideration of their corporate social responsibility according to the provisions of the Code”. The fight against child labor, corruption and fraud is mentioned. The Members of the CEFS undertake to comply with the minimum standards and, as appropriate, to promote the minimal standards beyond the area of

¹ Standards addressed by the sugar Code of Conduct : 1. Human Rights – 2. Education, Vocational and Lifelong Training – 3. Health and Safety – 4. Relationship between the social partners – Fair Pay – 6. Working Conditions – 7. Restructuring – 8. Business relations and choice of suppliers

² See the joint website www.eurosugar.org - Tab CSR – Examples of good practice – Restructuring – and Tab “Employability 2010” – Examples of good practice (co-operation with universities/schools, retraining, development of skills within the company, redeployment of personal in the same group, skills observatory, financial support for creating new activities, outplacement, development of alternative projects, creation of new activities in the same group, re industrialization of industrial sites ...).

³ Standard 7 provides that “in case of restructuring, the sugar industry acts in a socially responsible way. Steps are taken to improve the employability of employees”.

⁴ Introduction § 6 : The Code “clearly positions the European Sugar Industry in relation to its stakeholders, be they employees, consumers, customers, shareholders, suppliers, public and financial authorities, the European Commission or the World Trade Organization”

activities for which the CEFS has a mandate⁵. It is expected that the respect of the Profession for standards on environment, human rights, and the fight against child labor is also taken into account in third countries.

“Organizational governance” and “Community involvement” are partly covered within the scope of the European social dialogue for the aspects for which the social partners can have an influence. However such issues are the direct responsibility of companies. Regarding Community involvement, the social partners have for instance always strongly recommended to offer more young people places as apprentices in order to improve their skills on the labor market⁶. Numerous examples of good practice show the company’s influence on the community for instance through cooperation with schools/universities.

“Environment” and “Consumer issues” are not the direct responsibility of social partners. At CEFS level, environment matters are followed by the working group on environment. A report is regularly issued by experts of the CEFS and CIBE⁷ under the title *“The EU Beet and Sugar Sector: a model of environmental sustainability”*⁸. As indicated in this report, *“The EU sugar industry is committed to Integrated Management Systems combining environmental protection, occupational safety and quality assurance. Many of the systems also cover the production of the raw material on the farms, from seed to harvest - [...] All EU sugar companies are committed to environmental protection as a key parameter for their operations. A healthy environment is crucial for growing sugar beet and producing sugar. For environmental protection measures to be effectively devised and implemented, companies need the right organizational structure. Their management systems therefore provide an ideal basis for ongoing environmental improvements. The effectiveness of these systems is verified by internal and external audits. Annual internal company audits monitor their compliance with the relevant environmental regulations. Companies’ environmental impacts are also analyzed to identify potential improvements. This leads to the definition of new environmental targets and concrete measures to be implemented by companies in their environmental programmes”*.

Consumer issues are recognized in the Code of Conduct in a general manner, but appear to be mainly the responsibility of companies and/or of the public authorities.

B. METHOD FOR INTEGRATING SOCIAL RESPONSIBILITY (SR) ISO 26 000 PRACTICES

A detailed assessment of the Code regarding the ISO 26 000 practices is attached (See Annexe A.4).

SR recognition, identification, engagement, scope, framework

The CSR Code of Conduct in the sugar sector was jointly set up between CEFS & EFFAT on a voluntary basis to **promote social development and respect for fundamental rights**. It has revealed to be a strong tool to try and develop the **sustainability of the sugar industry** at social level⁹. It recognizes that companies are not only responsible for their products, but also for the conditions under which they are produced. **The scope** is the European Sugar Industry, covering the Members of the CEFS operating in countries where the CEFS is represented and within the field of activity of CEFS. The eight far reaching minimal standards are addressing practically **all human resources aspects**, as well

⁵ See Part II – Introduction - Minimum standards

⁶ See Standard 2 of the Code as well as Joint Recommendations on apprenticeship on the joint website eurosugar.org

⁷ International Confederation of European Sugar Beet Growers (CIBE)

⁸ The last CEFS-CIBE report, published in March 2010, is available on www.cefs.org (Tab “Sustainability”) – See Page 18 ‘Integrated Management Systems’

⁹ As said above the environmental sustainability is developed separately and is not under the responsibility of the social partners.

as **business relations and choice of suppliers**. About 50 examples of good practices, regularly updated, illustrate positive behavior at national/company level going beyond each of the eight minimal standards. They serve as a source of inspiration and exchange of excellence. The Code of Conduct is managed within the frame of the official European Sectoral Social Dialogue Committee for sugar created in November 1999. The representativeness of the European social partners (CEFS-EFFAT) is officially confirmed by the European Commission.

SR implementation, reporting, communication, lobbying

The implementation of the Code of Conduct is regularly reported and monitored through the annual publication of a **CSR implementation report** jointly produced and publicly available¹⁰. Part III of the Code of Conduct provides for the annual monitoring and assessment of the Code of Conduct¹¹. Eight CSR reports, publicly available, are still published on the joint website www.eurosugar.org showing the CSR evolution since the Code was launched in 2003. They serve as a **benchmarking** and allow to analyze the progression over years as well as to **identify the priorities, joint actions or projects** to be conducted at European level in a given context (for example the creation of a Practical Guide on access to structural funds in 2006 or the interactive tool aiming at improving employability in 2010, the organization of a Conference anticipating the sugar industry restructuring in 2005 or the enlargement to new countries in 2002).

After their adoption, the CSR reports also serve as **communication and lobbying tools** since they are widely circulated to the different Commission services concerned, as well as to specific committees of the European Parliament, and of course to all EFFAT and CEFS members. They are also used all the year round in contacts with political decision makers. Moreover they are publicly available to the different European social partners representing the European industry and to all interested parties by the way of the joint public website “eurosugar.org”.

However **the way the implementation report is prepared** needs to be more explicit. Actually the CEFS and EFFAT Secretariats are keeping in contact all the year round regarding the EU policies having an economic and social impact on the sugar industry and they concert themselves to reply to Impact Assessments or Commission consultations if needed. They conduct an annual survey, or any other specific action, on each side, regarding the implementation of the Code and examples of good practices. They jointly prepare a draft report which is circulated to CEFS members and EFFAT members for reaction and/or comments. Then they jointly present this draft report covering the previous calendar year at **the plenary meeting organized each year at the end of February** for adoption. The 2011 report to be adopted on 28.2.2012 will be the **ninth implementation report**.

Due diligence, Management and remediation systems

“Due diligence” aiming at identifying the actual or potential negative impact of an organization’s decisions with the aim of avoiding or mitigating, is not directly addressed by the Code of Conduct himself, since the definition of a “due diligence” strategy is the direct responsibility of companies and cannot be defined at sectoral level. The Code of Conduct enunciates SR related minimal standards which have to be respected. The way they are respected is the choice of companies. **The specific role of the social partners** is to collect examples of good practice showing the involvement of companies in situations entailing social consequences for employees. In the sugar sector, such situations having an economic and social impact are mainly resulting from political decisions reached by the Union and the Member States. The different economic **challenges** and the corresponding **social monitoring** are widely described in each CSR implementation report, as well as the different responses brought by

¹⁰ See « eurosugar.org » -Tab CSR – Annual reports

¹¹ See « eurosugar.org » Tab CSR – Code of Conduct

the industry according to the country, environment, industrial relations, culture they are operating in.

The situation is the same regarding “**Management**” and “**Remediation systems**” which are defined in each company at executive management level. At national level, in all sugar companies, “**Integrated Management Systems** combine environmental protection, occupational safety and quality insurance”, as well as, in many cases, the production of raw materials “from seed to harvest”. As described in the above mentioned CIBE/CEFS report “*All sugar companies operate with specific management systems in close cooperation with different players, from farmers to sugar factories and distributors, ensuring effective application of these measures throughout the food chain*” (See footnote 8).

It is however important to highlight that the **European social dialogue**, as well as the regular CSR reporting, **allow to raise any specific concern** of the social partners with a view **to try and solve it through engagement and dialogue**. Communication and exchange of views are taking place all the year round between the EFFAT and CEFS secretariats. At plenary meetings and/or specific meetings the social partners can freely express and discuss any concern they wish in a transparent way. Such an “**optional mechanism**” is also foreseen in the frame of the Ruggie’s framework and corresponds well to the functioning of the European social dialogue¹².

C. UN BUSINESS AND HUMAN RIGHTS FRAMEWORK

The three parts of the UN Framework (I - Protect – II - Respect – III - Remedy) are analyzed in detail in the Annexe A.5. The Code of Conduct comprehensively refers to the core international HR standards described in the new UN framework. The comments regarding “due diligence” and “remediation/grievance mechanisms” are the same as described above regarding the ISO 26 000 Guidance.

CONCLUSION

As indicated above, the Code of Conduct in the sugar industry addresses practically all ISO core subjects and practices, **either in a direct way** through the minimal standards, **or an indirect way** through concrete examples of practice illustrating positive behavior at national/company level going beyond the minimal standards. **The specificity of this Code is to apply at sectoral level within the frame of the European Social Dialogue**. This means that the Code has not to regulate internal management and strategic choices of companies. It has however over the years ensured a strong management commitment at European, national and local level. CSR issues have actually been progressively integrated in daily business at all levels, including in enlargement countries. Key issues could be tackled through joint projects conducted by the European social partners as in 2010 the improvement of employability in the sugar sector. Such web based initiatives, developed with the financial support of the Commission, as well as for instance Conferences organized on key issues for the sector, have steadily allowed **to anticipate and properly manage restructuring and continuous change in the frame of globalization**.

Without interfering with companies’ direct responsibility regarding management or remediation systems, the European Social Dialogue provides for an **open dialogue forum**. This allows to try and solve any specific concern through engagement and dialogue in a spirit of dynamic and constructive progression. The annual CSR reports serve as a **benchmark** to assess the priorities and development of the SR process in the sugar sector over the years.

¹² See UN Business and Human Rights Framework – Part III.B.31

TECHNICAL ATTACHEMENTS TO THE DECLARATION

- A.1 ISO 26000 – General outline
- A.2 General Overview – Sugar Code of Conduct compared to ISO core subjects/Practices
- A.3 Sugar Code of Conduct compared to ISO 26 000 core subjects
- A.4 Sugar Code of Conduct compared to ISO 26 000 practices
- A.5 Code of Conduct compared to UN Business & HR framework

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