

Corporate Social Responsibility and social dialogue in the European Sugar Industry

RESPONSIBLE PRACTICES LEAD THE SOCIAL PARTNERS TO INTRODUCE A CODE OF CONDUCT









Four years after the appeal launched by the Lisbon Summit, Corporate Social Responsibility has become a key instrument on the agenda for European social policy.

CSR is basically a company approach to sustainable development. It completes the arsenal of social policy instruments, without however replacing legislation and social dialogue. It enables companies to make progress by taking them beyond the requirements laid down by law.

When a company adopts a policy of social responsibility, this derives dynamically from its interaction with the parties involved, in an open dialogue.

Within the framework of the activities of their Sectoral Social Dialogue Committee, the social partners have negotiated and signed a Code of Conduct on Corporate Social Responsibility in the European sugar industry. Last February, the Committee approved the first joint report on implementation of the Code of Conduct.

The purpose of this publication is to present the Code of Conduct in a simple format with references to just some of fifty or so examples of good practice which should be regarded as sources of inspiration, exchange and excellence.

This brochure is a very important tool for dissemination of the principles of CSR and for visibility of the added value to the sectoral social dialogue at this moment when the enlargement of the European Union to 25 Member States is about to become a reality.

Brussels, April 28th 2004

Odile QUINTIN Director-General Directorate-General for Employment and Social Affairs of the European Commission*

The social players



THE COMITE EUROPEEN DES FABRICANTS DE SUCRE

The CEFS represents the interests of all industrial sugar producers in the European Union of 25 (excluding the non sugar producing countries Cyprus, Estonia, Luxembourg and Malta) vis-à-vis the European institutions and other international bodies.





EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM

EFFAT comprises 128 national trade unions set up in 37 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

The European Sugar Industry has for some time 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 globalisation 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 the environment 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 practice, as demonstrated by the annual report presented in February 2004.



Marianne NAGY

Chairperson 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 mobilising energies in order to increase competitiveness. The CSR Code of Conduct will constitute a responsible management framework to help the acceding countries adjust their industrial capacities to meet market needs. It will also give a fresh impetus to the social dialogue in an enlarged Europe by bringing a new autonomous dimension to the most recent

EU members 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 **30 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.

... 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: arguing in favour of a reassessment in 2005 of the import management system (November 2000 February 2001).
- > The Generalised System of Preferences, emphasising the need to define rules of origin guaranteeing real added value (November 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).



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

- > 1991-1993: a survey was conducted on vocational training in the European Sugar Industry.
- > 1993-1994: the partners developed a video and three brochures on safety in the sugar factory (management, supervisors, operators) with the help of the Force Programme.
- > 1997-2000: an interactive training tool on safety was developed and distributed to all European sugar factories (See page 13 «Examples of good practice»).

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. 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. A specific databank was created. The partners reflected on the establishment of a constructive dialogue in an enlarged Europe.

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 «Environmental report - Beet growing and sugar production in Europe» drawn up by the CEFS experts on the environment and the International Confederation of European Sugar-Beet Growers (CIBE) and published in February 2003.
(**) See Introduction of the Code of Conduct.





COMITE EUROPEEN DES FABRICANTS DE SUCRE 182, avenue de Tervuren 1150 - Brussels Tel. 322/762 07 60 www.cefs.org EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM 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 pursuing and demonstrating the overall sustainability of the sugar industry. As an industry, our companies are not only responsible for their products and services but also for the conditions in 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 employee involvement in the social dialogue at all levels is one of the major elements.

This is why the Social Partners decided to undertake 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 and relationship between the social partners.

Moreover, this framework has been created to serve as a vehicle for sharing experiences and to constitute a source of learning in the development of best practice throughout the whole European Sugar Industry and 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.

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 will not

cause any personal of 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

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

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 prerequisite 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.

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).

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.

⁽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 it 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 of 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

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, preparing and presenting these data and

including two Sectoral Committee members from each organisation.

- 4. This Code of Conduct will come into effect on January Ist 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

Under lis

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 OCDE 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.

Two examples have been developed within the framework of the Sectoral Social Dialogue Committee in the sugar industry. These are the creation of the Leonardo Kit and the «Everything But Arms» consultation.



EVERYTHING BUT ARMS

(Relationship between the social partners)

In 2001 the European social partners were officially consulted by the European Commission on the social and economic impact of the «Everything But Arms» Regulation, opening up frontiers to the 49 least developed countries for duty-free imports in unlimited quantities.

Following this consultation, it was decided that implementation of the Regulation would be phased in up to 2009, thus avoiding a sharp and drastic reduction in production in the European Union and, therefore, the closure of many factories. The Commission has undertaken to submit an implementation assessment report to the Council of Ministers in 2005.



Examples of good practice

EXCHANGES OF EXCELLENCE AT NATIONAL LEVEL

Some fifty concrete examples, regularly updated, illustrate responsible behaviour going beyond each of the minimum standards. They are presented on the basis of the following model: 1. Place and date2. Theme dealt with3. Context4. Implementation project5. Result obtained6. Resources allocated7. Contact person

We give some extracts below, which naturally cannot replace the full examples available on the Website « eurosugar.org ». By consulting them it is possible to appreciate their true value within a global context.

I. HUMAN RIGHTS

Danisco Sugar, Denmark, 2001

To ensure fair treatment for all the employees of Danisco Sugar, whatever their location, the company has decided to introduce a new common human resources policy for the organisation as a whole...

2. EDUCATION AND TRAINING

British Sugar, United Kingdom, 1990

Policy to improve flexible working in factories and a broadening of skills...

Agrana Zucker, Austria

Training of apprentices for 3 or 4 years to enable them to become qualified technicians (electricians, plumbers, metal-workers, etc...).

Hellenic Sugar, Greece, 1993-2002

Introduction of a practical training programme enabling post-graduate students to adapt their training to working life...

France, 1994

Creation of a mutual fund aimed at improving the professional skills of employees in order to develop new skills...

3. HEALTH AND SAFETY

Danisco Sugar, Denmark, 1996

Lowering the number of accidents and reducing stress at work through the "Stumbling Stone" project. The active involvement of employees has been one of the keys to its success...



CSM, Netherlands, 2001-2003

Development of a new health and safety management system based on the ISO standards and incorporated into a quality and environment management system...

Pfeifer & Langen, Germany

Introduction of an Intranet system on safety at work, made available to all employees...

4. RELATIONSHIP BETWEEN THE SOCIAL PARTNERS

Italy, 1990

Creation of a national standing committee called the «Observatory», which helps companies and their employees find solutions to specific problems...

5. FAIR PAY

Nordzucker, Germany, 1999

Granting of special bonuses in line with company results. Introduction by the company of a specific pension scheme...

Spain

Inclusion in the sugar industry branch agreement of an economic supplement to the pension...

Eastern Sugar, Hungary, 2003

Introduction of a system organising work in four shifts, with no reduction in pay...

6. WORKING CONDITIONS

Südzucker, Germany

Possibility for employees in certain conditions to work part-time before retirement...

Suiker Unie/CSM, Netherlands

Search for a balance between working life and private life...

7. RESTRUCTURING

France, 1998-2004

The Vermandoise company has undertaken to reindustrialise the local labour market area following the closure of a sugar factory. The employment outcome has been positive...

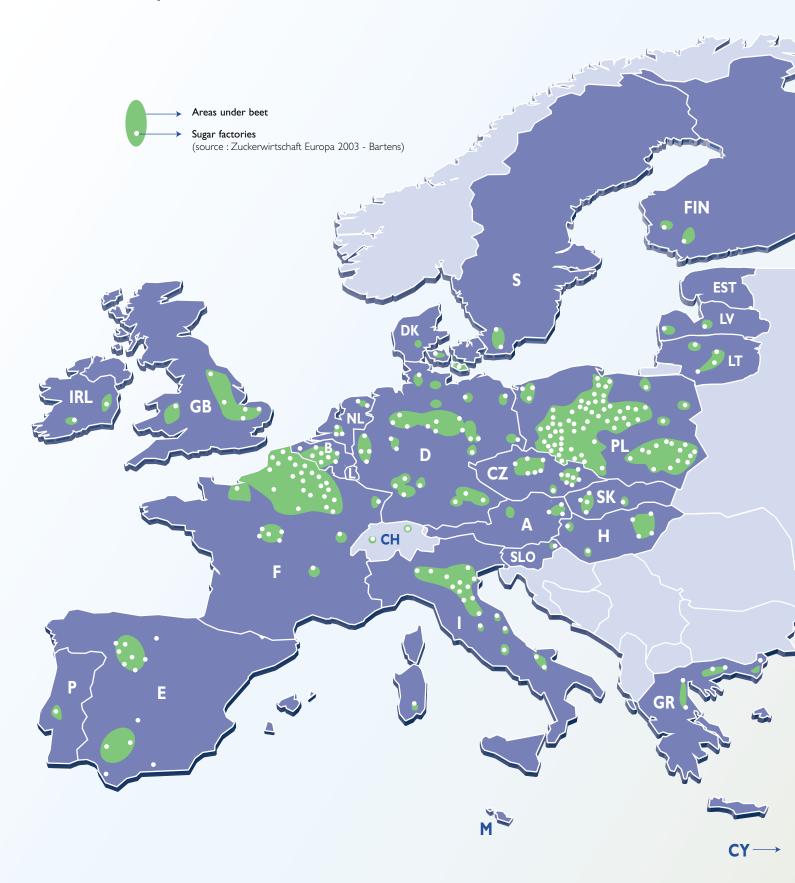
8. BUSINESS RELATIONS AND CHOICE OF SUPPLIERS

Danisco Sugar, Denmark, 2003

The choice of suppliers is now also based on criteria concerning child labour, forced labour and equal opportunities.



Map of the EU of 25





The European sugar economy in the world

THE EUROPEAN UNION OF 25 IS :

- the leading world consumer of sugar (18 millions of tonnes, before India and Brazil)
- the 2nd largest sugar producer (21,6 millions of tonnes, after Brazil)
- the 2nd largest sugar exporter (5,1 millions of tonnes, after Brazil)
- the 2nd largest sugar importer (2,5 millions of tonnes, after Russia)

The three leading sugar producers in 2002 are in millions of tonnes (raw sugar value)

I. Brazil: 23.6 • 2. EU: 21.6 • 3. India: 19.5

Source : ISO 2002

Employment in the European Sugar Industry (2002-2003)

(Source: CEFS statistics for the EU of 15 - Statistics currently being compiled for the EU of 25)

- 56 sugar companies
- I34 factories
- 35 920 employees
- 264 863 beet-growers

EVERY DIRECT JOB GENERATES 5 INDIRECT JOBS



Sectoral Social Dialogue Committee in the sugar industry



To find out more consult the joint website

www.eurosugar.org

- > KEY INFORMATION ON EFFAT AND THE CEFS (Presentation of the social partners, sugar statistics, etc.)
- CORPORATE SOCIAL RESPONSIBILITY (Code of Conduct, Examples of good practice, CSR Report 2003, Brochure on the European social dialogue, etc.)

> JOINT POSITIONS

> SECTORAL SOCIAL DIALOGUE COMMITTEE FOR SUGAR (Agendas and conclusions of the joint meetings)

Publication Directors: Jean Louis Barjol (CEFS) - Harald Wiedenhofer (EFFAT) Drafting Committee: Marianne Nagy - Jean Pierre Pinasseau - Dominique Lund Design: Studio GRAPH'it - LLN Printing: JCB Offstet Photography: Cedus, Sophie de Boisseuil, photothèque Tereos, Nordzucker, CIAA.

Date: May 2004



Comité Européen des Fabricants de Sucre



European Federation of Food Agriculture and Tourism

www.eurosugar.org

COMITE EUROPEEN DES FABRICANTS DE SUCRE 182, avenue de Tervuren • 1150 - Brussels Tel. 322/762 07 60 www.cefs.org

EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM 38, rue Fossé-aux-Loups • 1000 - Brussels Tel. 322/218 77 30 www.effat.org