



SUGAR: SUSTAINING LIVELIHOODS

THE EU SUGAR INDUSTRY
CORPORATE SOCIAL RESPONSIBILITY REPORT

2017





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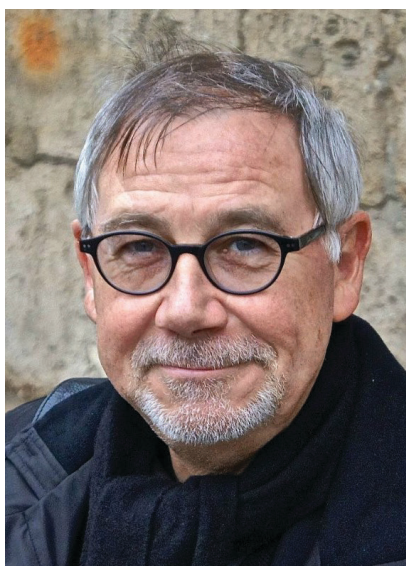
Credit – Nordic Sugar

1.

FROM THE CHAIRMEN A NEW ERA FOR THE EU BEET SUGAR SECTOR



JOHANN MARIHART



HARALD WIEDENHOFER

The EU sugar sector is facing a potentially difficult period. High production in the current campaign and low world market prices have translated into a challenging market situation. But after a decade of change our sector has never been more competitive, and we intend to make use of the new opportunities on offer.

Our sector plays a crucial role in the rural economy. 106 factories across 19 EU Member States provide high-quality industrial employment where few alternatives exist (for key figures, see pp. 6-8).

Industry and employees continue to cooperate effectively in Brussels, fighting successfully for a reasonable emissions trading system and caution in the EU's trade negotiations (pp. 12-13).

Most importantly for this report, sugar companies continue to implement good social practices to adapt to changing realities and improve employees' wellbeing (pp.14-20). This is the case in all eight areas of our Code of Conduct, and we have collected more good practices in this report than we have ever done before.

This is our fourteenth EU-wide CSR report. It is a testament to the strong relations between the industry and employees – a model for other sectors. We have no doubt that both social partners will do their best to ensure that these links continue to flourish.

Johann Marihart
CEFS President

Harald Wiedenhofer
EFFAT General Secretary

2.

ABOUT THE EU CSR CODE OF CONDUCT

EIGHT
Minimum
standards on :

1. Human Rights
2. Education, Vocational and Lifelong Training
3. Health and Safety
4. Relationship Between the Social Partners
5. Fair Pay
6. Working Conditions
7. Restructuring
8. Business Relations and Choice of Suppliers

GOOD PRACTICES in the implementation of the Code of Conduct are monitored every year and a number of them are added to the list of good practices for each of the eight minimum standards.

Companies aim not only to respect those minimum standards but also to implement those principles **BEYOND** their **LEGAL OBLIGATIONS**.

The Code of Conduct has been **ASSESSED** in accordance with **ISO26000** guidance on social responsibility and the 2011 **UN framework on business and human rights**.

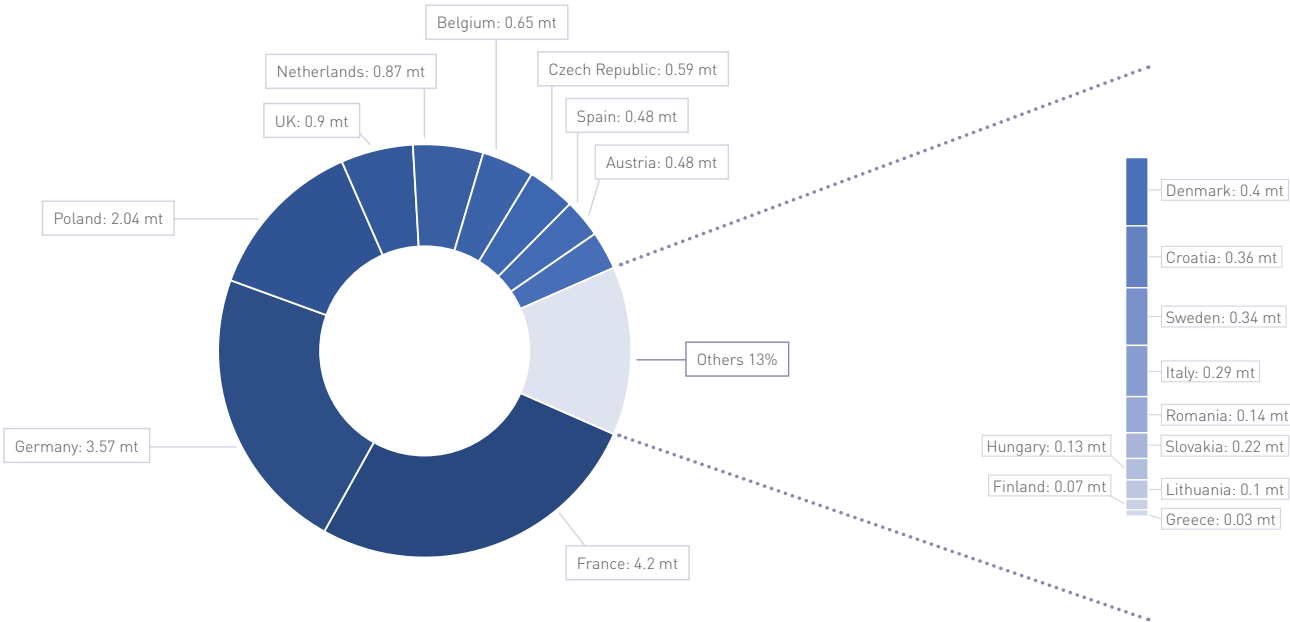
The Code of Conduct and its associated Good Practices are available in the common website of the social partners www.sugardialogue.eu

3.

THE EUROPEAN SUGAR SECTOR AT A GLANCE

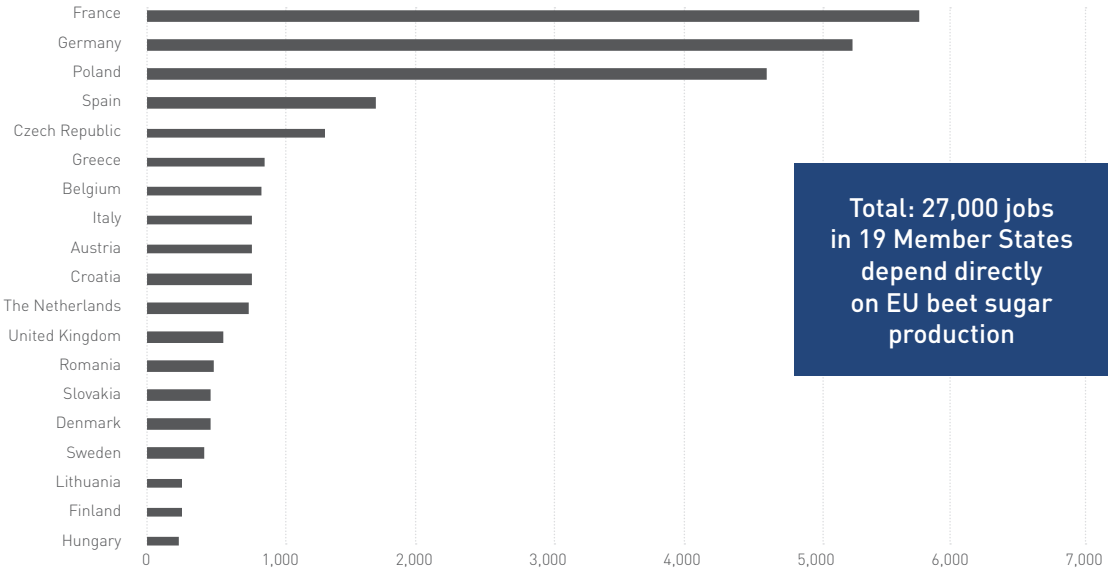
Sugar production in the EU is an industrial activity. The construction of a sugar factory entails high capital costs, typically of several hundred million euros. Not the least of these costs is the specialised equipment and heavy machinery required to produce sugar at scale.

Figure 1: EU beet sugar production in 2016/17, by Member State. Source: CEFS statistics. Mt = million tonnes.



The process of sugar production is also highly technical, and requires skilled engineers, experienced process managers, and highly-qualified chemists to run smoothly

Figure 2: Direct employees of the EU beet sugar sector in 2016/17, by Member State. Source: CEFS statistics.



3.



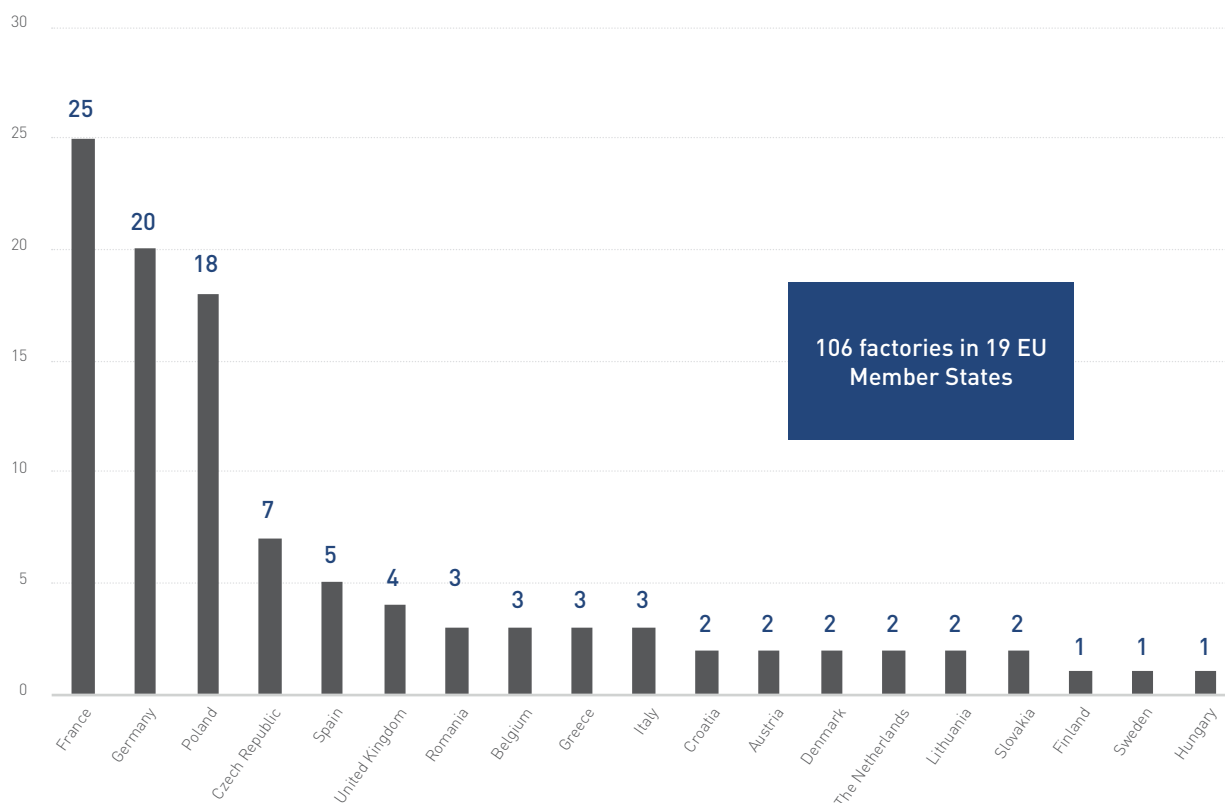
589 tonnes

of sugar produced
per employee

140,000 farmers

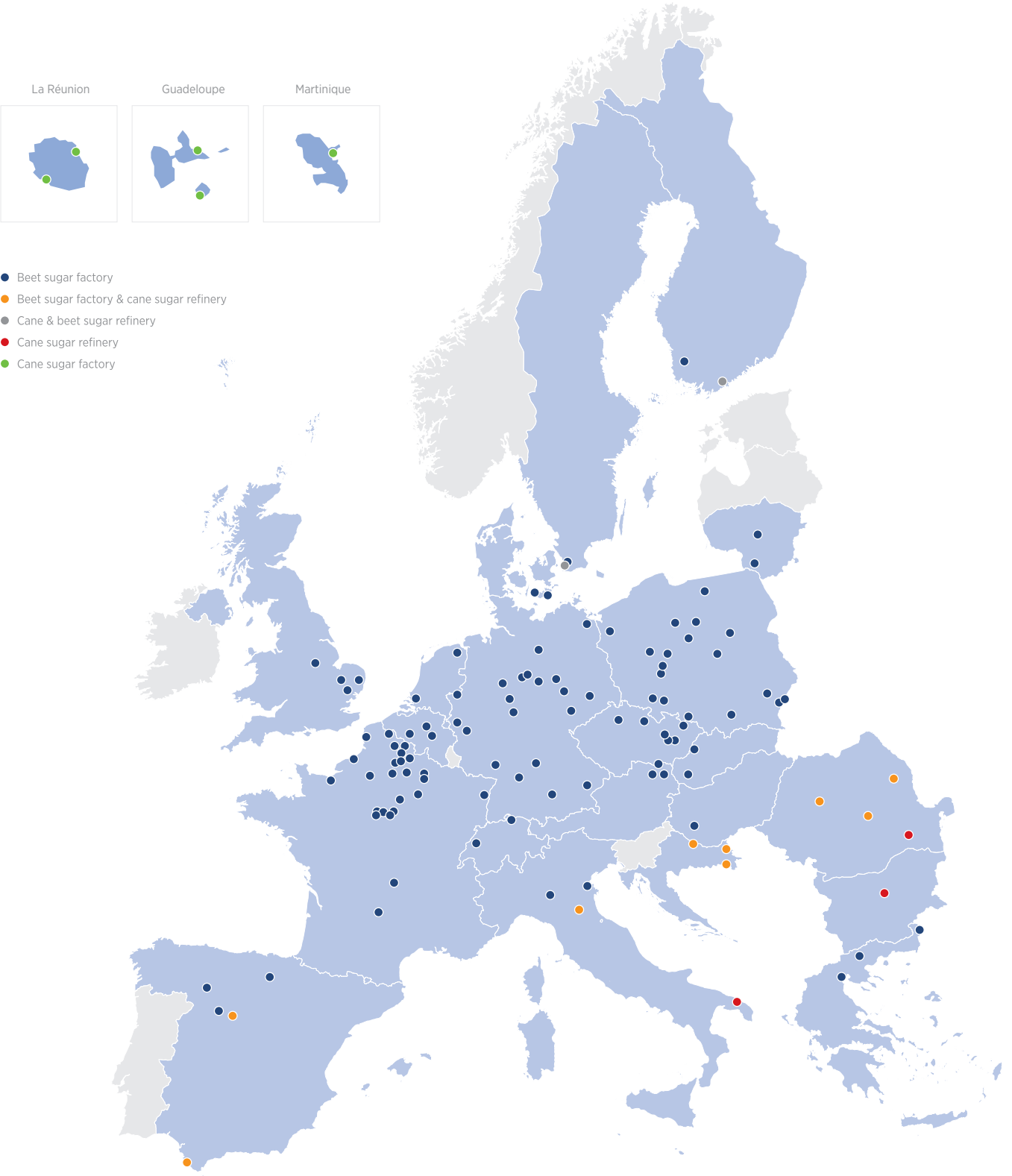
supported by beet
sugar production in
the EU and Switzerland

Figure 3: EU beet sugar factories per Member State (as at February 2018).



3.

EU and Swiss beet sugar factories and cane sugar refineries associated with CEFS



4.

THE END OF QUOTAS: OPPORTUNITIES AND RISKS

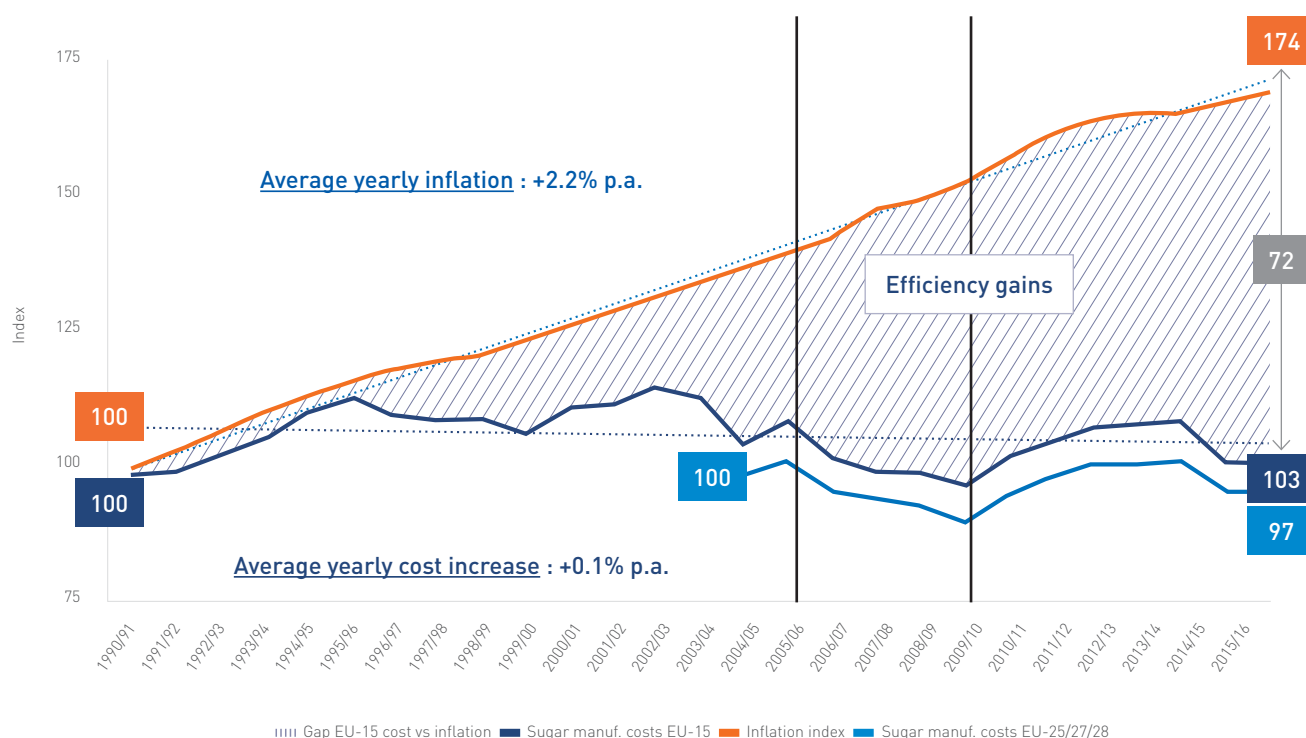
On 1 October 2017 sugar production quotas that were in place for almost fifty years ceased to exist. The step marked the culmination of a decade of EU policies meant to increase the competitiveness of the sector.

The EU sugar sector has risen to the challenge. Results from our most recent manufacturing costs survey reveal that average yearly costs increased by only 0.1 per cent per annum between 1990/91 and 2016/17, against an annual inflation rate of 2.2 per cent. In short, the sugar industry has been making real costs savings for two and a half decades (see figure 4), a remarkable feat for one that is over two centuries old.

The end of quotas presents opportunities. Production of sugar for food use is no longer limited, opening the possibility of increased revenues. EU sugar exports are no longer restricted, meaning that producers and traders are now free to conquer new markets overseas.

But the end of quotas also generates considerable uncertainties. The experience of the milk sector demonstrates that prices can suffer when supply restrictions are lifted. While sugar production follows a different cycle to milk, and is characterised by a much higher capital intensity, the risks cannot be ignored.

Figure 4: Average yearly cost increases of sugar-producing companies in the EU-15 and EU-25/27/28



Source : CEFS Manufacturing Costs Survey, Marketing Year 2016/17.

4.

In the first months following the abolition of quotas, average EU white sugar prices have dropped considerably, and the European Commission's agricultural outlook for 2017-2030 forecasts prices to remain around 400 EUR/tonne for at least the next decade.

All this underlines the need to draw up a Plan B, which must include:

- Better definition of crisis management tools, in particular aid for private storage.
- Support for regional and local employment in the event of difficulties in the sector, for instance through the European Structural and Investment Funds.
- Promotion of bio-based beet-derived products, such as renewable ethanol, bio-chemicals, and bio-plastics.

Meanwhile, the EU is pursuing trade negotiations with some of the EU sugar sector's biggest competitors: Brazil (as part of the Mercosur negotiations), Mexico, and Australia.

Brazil and Mexico offer substantial and increasing government support to their sugar sectors. This support has helped Brazil

become the dominant exporter of sugar on the world market, accounting for over 40 per cent of world exports. Meanwhile, Mexico has been condemned by the U.S. International Trade Tribunal for subsidising its sugar production and dumping it onto the American market.

This is putting pressure on a sector that brings life and economic activity to rural communities across the EU. Although small in direct employment terms, the impact of the EU sugar sector can be felt widely: in the high-quality industrial employment that it provides to vulnerable rural communities; in the hundreds of thousands of sugar users whose competitiveness is supported by European sugar's high quality and convenience; and by the 140,000 farmers whose income it bolsters.

This is not business as usual. The challenges that European sugar is facing are unprecedented for the sector and unique within EU agriculture. The European Commission, European Parliament and Member States must be ready to step in in case of adverse market developments. And they must exercise extreme caution in their pursuit of trade negotiations with third countries.



Credit - Nordzucker



5.

JOINT INITIATIVES OF THE SOCIAL PARTNERS: CEFS AND EFFAT

As EU-level social partner organisations, CEFS and EFFAT regularly join forces to fight for sound EU policies. A selection are presented here.

CEFS-EFFAT joint statement on the end of EU sugar production quotas

In March 2017 CEFS and EFFAT issued a Joint Statement on the end of sugar production quotas.

The statement calls for vigilance on the part of policy-makers in the context of intensified competition, potential price pressure, and an increasing market share for isoglucose.

Opinion of the European Economic and Social Committee (EESC) on “Industrial change in the EU beet sugar industry”

This EESC opinion, initiated by the social partners and published in 2017, is available in 23 official languages of the EU.

The opinion underlines the efficiency of the sector and its role as a provider of high-quality, sustainable employment. The opinion also calls for a number of policy responses to address the challenges facing the European sugar sector after 2017.

CEFS-EFFAT joint declaration on the EU-Mercosur negotiations: Stand up for EU sugar and ethanol!

CEFS, EFFAT, the beet growers of CIBE, and the renewable ethanol producers of ePure joined together in July 2017 to call for no concessions on sugar and ethanol in the context of the EU-Mercosur trade negotiations.

The ongoing negotiations represent a major threat to the EU sector, given that Brazil is the world's dominant sugar producer and exporter.

CEFS-EFFAT joint statement on the EU Emissions Trading System (ETS)

In November 2016 CEFs and EFFAT produced a joint statement regarding the potential implications of the revision of ETS for the sugar industry.

The social partners considered the transition to the tiered approach on carbon leakage as highly problematic for the sector, and a potential threat to both jobs and competitiveness.

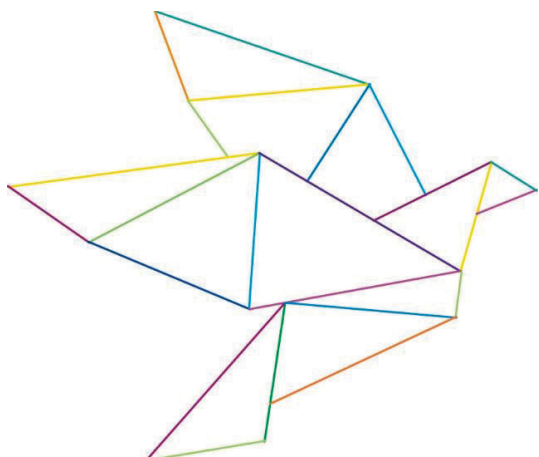
The tiered approach has since been rejected by the European Parliament, in line with the sector's requests.



5.

Joint declaration on industrial policy

In October 2017 CEFS and EFFAT issued a Joint Declaration on President Juncker's flagship Industrial Policy Strategy.



The declaration calls for an EU industrial policy that recognises and supports the EU sugar industry as an industrial sector that contributes to rural economic activity and employment.

The declaration considers, notably, that the protection of our sector in ongoing bilateral trade negotiations is essential in this regard.

Representativeness of the European social partner organisations: Manufacture of sugar

The tripartite EU agency Eurofound published in early 2017 a report examining the operations of social partner organisations and collective bargaining in the sugar manufacturing sector. The purpose of the study is to confirm the representativeness of social partner organisations in the context of the EU sectoral social dialogues.

Top-down and bottom-up analyses of the sugar sector showed that CEFS and EFFAT are unquestionably the most important European-level social partner organisations in the sector.



Credit - Suiker Unie

6.

GOOD SOCIAL PRACTICES IN THE EU SUGAR SECTOR: A SELECTION

STANDARD 1: HUMAN RIGHTS



An AB Sugar Company

Azucarera’s Visible Project

Azucarera started the Visible Project in May 2015 to promote equality, eliminate direct and indirect gender discrimination, and guarantee a harassment-free working environment.

The Visible Project involves awareness actions among employees, including inter alia internal workshops given by the National Women’s Institute, leaflets, screensavers, posters, and ad hoc training of permanent employees in equality.

Azucarera has made strong progress in its promotion of equal opportunities in employee training and professional career development (see table below).

| | 2010 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|-------|-------|-------|-------|
| % women in workforce | 10.8 | 16.00 | 16.53 | 17.52 | 21.36 |
| % women in management | 0.00 | 25.70 | 28.75 | 31.03 | 31.02 |

Nordzucker has also engaged in promoting gender equality through its “Charta der Vielfalt”, a diversity initiative that goes beyond legal requirements to ensure maximum diversity within the company.

In addition, Nordzucker supports an international network for women in business to enable exchange of thought and knowledge transfer (PANDA).

STANDARD 2: EDUCATION, VOCATIONAL AND LIFELONG TRAINING



Investing in technical training

The newly-established Cristal Union Training School aims to capitalise and transfer the know-how of the company, through mixed learning resources such as a combination of classroom teaching with on the job training, and use of different educational materials.

Cristal Union has also put in place programmes with their partners in different schools and training centres in order to overcome a shortage of certain job profiles (maintenance) or lack of initial training adapted to their trades (process candy and distillery).

All activities are concerned including professional efficiency and management training.

The purpose of their training is both to develop the skills of their employees and to improve their employability.



Tereos Academy

Tereos Academy, the internal group learning centre, was created in June 2014 to support the sharing of the group's values, expertise, and managerial practices to help improve performance and efficiency. The modules within the Tereos Academy focus around four main themes:

- Corporate: the culture of the organisation, adherence to group values, knowledge about the group, supporting a sense of belonging
- Métiers: knowledge and know-how sharing, learning about the good practices across the group, understanding markets, clients, activities, products...
- Managerial and professional efficiency: improving efficiency on a daily basis
- Specialised: language skills, integration into the group....

Know-How Library

Tereos has extended its hard skills offer, particularly in the

Industrial Know-How Library. This evolving learning portal aims at sharing Tereos Group's Operational know-how with Tereos employees.

In this offer, whatever your expertise level is, you will be able to access operational domains contents, test your knowledge, and also train yourself.

If employees want to go further, they can access experts to learn more.

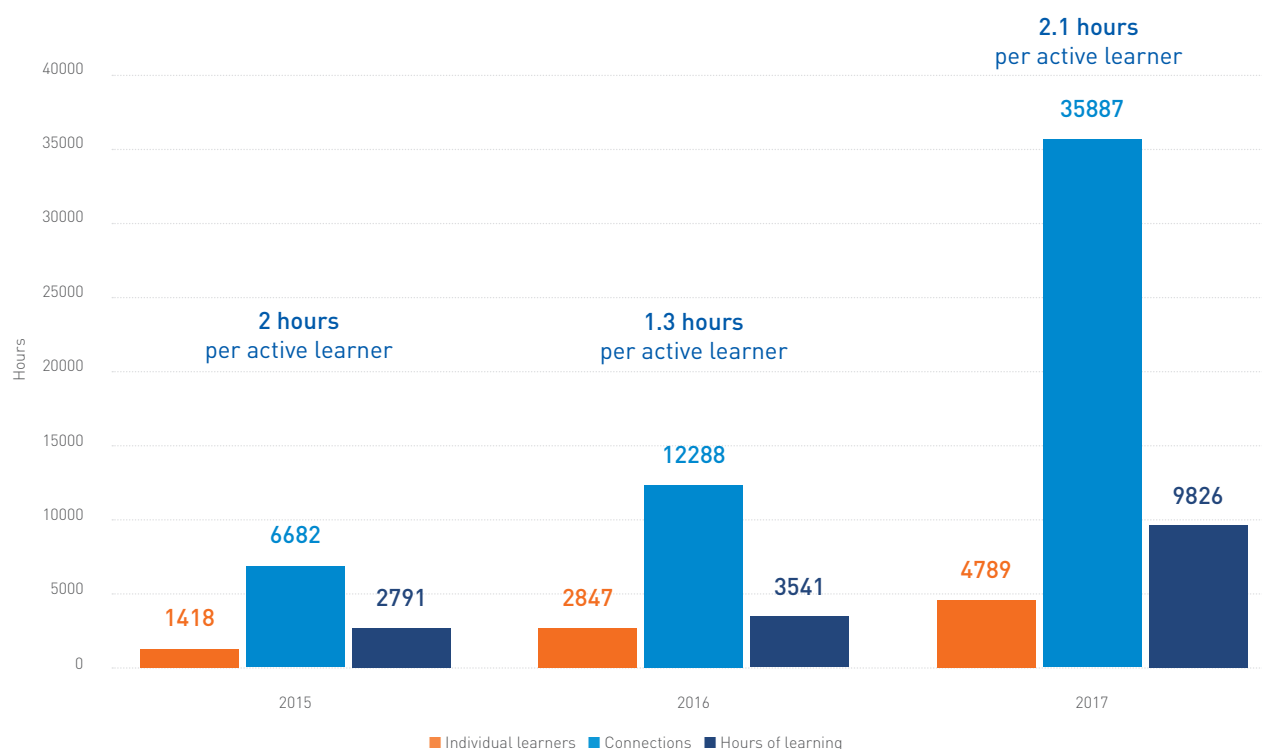
Social Learning

Tereos Academy has put into place a social learning platform that allows connected employees from around the group to provide concrete examples (and counter-examples) of behaviours and to comment on or like the examples provided.

The aim is to contribute to an understanding of how the Tereos efficiency model is applied in different roles and to foster employee engagement with these behaviours. Social learning has a number of advantages: increased efficiency, cooperation and sharing, more incentives for employees to organise and manage their own learning and development

Social learning has a number of advantages: increased efficiency, cooperation and sharing, and more incentives for employees to organise and manage their own learning and development.

Figure 5: Evolution of Tereos Academy's online learners, by calendar year.





Nordzucker

Nordzucker’s Leadership Development Process

Nordzucker initiated its Leadership Development Process in 2016, which focusses on leadership and tools, mind-set, positive psychology, communication, self-reflection, and empowerment of teams. The initiative targets employees’ development needs in order to strengthen them in a systematic and sustainable manner.

The purpose of the initiative is to boost employees’ soft skills to prepare them for management functions. It seeks to promote new ways of thinking, flat organisational structures, and lean management. Ultimately, the goal is to optimally equip all management levels, including the Executive Board, for all future contingencies.



Nordic Sugar
Member of Nordzucker Group

Nordzucker’s subsidiary, Nordic Sugar Denmark, is also engaged in new training initiatives. In 2017 the company introduced a graduate engineer programme and recruited the first two graduates; each year a further two new graduates will be brought on board. The programme lasts for two years, during which graduates are located in various sites within the Nordzucker group. Each graduate is paired with a mentor; when the mentor retires, the graduate is to take over the position. The programme seeks to find a perfect match between competences and motivation across a variety of roles within sugar production.



Agrana’s comprehensive training programmes

Agrana offers basic training at the beginning of apprenticeships for production-related apprenticeships. Specific trainings are offered for drivers, operators, sugar technologists, and finance staff. In addition, Agrana offers general trainings to boost employees’ English, presentation skills, and project management competences. To attract new apprentices, Agrana engages in social media, local initiatives (e.g. Girls’ Day), and presentations at schools.



An AB Sugar Company

Development of young talent

Azucarera is in contact with schools, colleges, foundations and universities, through which it has access to talent and can offer opportunities for different professional profiles. It also participates in several employment forums with the aim of promoting its Apprenticeship and Graduate Programmes, the uptake of which can be seen in the table below.

These programmes target young people who have recently graduated from university or completed an advanced-level vocational course in mechanics, electricity or chemistry. In both cases, young people acquire and develop knowledge, expertise, technical and leadership skills, health and accident prevention management and an insight into Azucarera’s business and values through the CMC – “Creating My Career” – training programme (with quarterly assessment and feedback meetings). This experience is the starting point for establishing career plans, so the participation and involvement of the human resources officers at each factory is essential for optimum monitoring and the selection of the profiles with the greatest potential.

| | 2014/15 | 2015/16 |
|----------------------|---------|---------|
| Apprentice programme | 7 | 24 |
| Graduate programme | 8 | 8 |

Promotion is fostered by announcing internal vacancies via an internal online portal; by analysing the internal and external mobility details for the direct management of personal requests; and by holding talent meetings with area and factory managers.



Credit - Azucarera

6.

STANDARD 3: HEALTH AND SAFETY

**Südzucker's self-confidence workshop**

Daily subconscious thoughts and beliefs can potentially harm the mental state of employees. But they can be controlled to effect an improvement in quality of life.

With this in mind, Südzucker Germany has developed a self-confidence course starting in March 2018, to help participants avoid being victims of their own thoughts and become the actor in their own lives.

The course covers such modules as: how to increase resilience under stress, pressure, and failure; how optimism can foster success; the effects of stress and fear on the body; how to recognise the seven phases of burnout and avoid them; how to better handle difficult conversations with confidence; and how to recognise potentially health-consequent warning signals from one's own body.

Südzucker's health day

On 28 September 2017 Südzucker Germany organised a health day at their headquarters in Mannheim. The event enjoyed strong participation from employees.

The day covered such diverse themes as nutrition, exercise, and stress. The caterer of the company restaurant in Mannheim and the Südzucker subsidiary Beneo offered numerous tips on nutrition and offered smoothies, muesli biscuits and other snacks to participants.

The Institute for Work and Social Hygiene (IAS) offered blood pressure and cholesterol readings, as well as physical and psychological advice.

Participants learnt about proper sitting and took part in a spinal column fitness check. They also participated in a coordination course to measure their balance and reaction times.



Credit - Südzucker

**VR Training for Hazard Perception**

Ensuring the safety of employees at work is a top priority of British Sugar, which is continually looking at ways to improve its health and safety culture, including through a new safety training programme using virtual reality (VR) technology. The training presentation aims to improve hazard awareness, increase perception of risk, and support safety-related decision making through an immersive and fully interactive 360 degree simulation of a hazardous working environment.

It is delivered using specially developed apps so that numerous people can access it at the same time using VR headsets. Over 500 British Sugar employees used the VR training programme last year and the company intends to expand the innovative programme to other staff in the future.



STANDARD 4: RELATIONSHIP BETWEEN THE SOCIAL PARTNERS



An enlarged role for the Tereos European Works Council

Previously the European Works Council of Tereos covered the Cereal Processing Business within "Tereos Starch & Sweeteners Europe." It covered three countries and 1,400 employees and was composed of nine representatives.

Tereos Group Management and the Special Negotiating Body finalised the founding agreement of the new European Works Council on 4 May 2017. The committee has been extended to cover six European countries (France, the Czech Republic, Belgium, Spain, Romania, and the UK) and represents 5,500 employees. It is now composed of 29 representatives from these countries, who are elected for a four-year term.

The European Works Council is a place of information, exchange of views and opinions on the situation, projects, and strategy at the European level on the transnational topics of the Tereos group. It is a joint committee that complements national staff representation bodies. It meets twice a year for plenary meetings and for a specific meeting on social topics.



Adapting to longer campaigns: new shift systems

The end of sugar production quotas means that many sugar producers are seeking to increase the length of their production campaigns to reduce fixed costs. This can put additional pressure on employees.

With this in mind, Suiker Unie in the Netherlands has implemented a 5-shift system during the beet campaign. The company is also working with employees on a less intensive three shift system for the year-round activities. Employees are very satisfied with the new shift system, since it is less tiring.

Agrana has also made changes to its own shift system: from a four-shift system to a 4.5-shift system. As part of this system an additional person is on standby responsible for two shift stations, which means that no overtime is built in to the new shift plan.



Credit: Suiker Unie

6.



Credit - Agrana

STANDARD 6: WORKING CONDITIONS

**Staff engagement on British Sugar's new head office**

Last year construction began on British Sugar's new head office in Peterborough, which will accommodate up to 350 employees. The company has sought to incorporate the wellbeing of employees into the design of the building. As such, a dedicated project team has been running a continual engagement programme with staff to allow them to regularly feed in their views on how the new head office can be designed to improve collaboration and their overall workspace environment. The design of the building should maximise natural daylight, offer landscaped green spaces, provide space for exercise, and minimise environmental impact.

STANDARD 7: RESTRUCTURING

**A smooth merger of Pfeifer & Langen's Polish subsidiaries**

Pfeifer & Langen merged its two Polish subsidiary companies: Pfeifer & Langen Polska S.A. and Pfeifer & Langen Gliniojeck S.A. The main characteristics include:

1. Reliable communication and information campaign for trade unions, works councils, and employees (letters, consultations).
2. The unification of corporate rights (internal regulations) of both connected enterprises on a voluntary basis.
3. New common rules of company social benefits fund.
4. New Work Regulation – in progress.
5. New Collective Labour Agreement – in progress; the existing rules are applicable until August 2018.

6.

STANDARD 8: BUSINESS RELATIONS AND CHOICE OF SUPPLIERS

**Catering from the handicapped**

Since October 2013 Nordzucker Germany has worked with a non-profit limited liability company to provide catering for business meetings and the company canteen in its headquarters in Braunschweig. Lebenshilfe Braunschweig is a non-profit company working with over 1,300 mentally-handicapped people in around 30 locations. In providing catering for Nordzucker these individuals are stimulated in their development and integrated into the wider community. Lebenshilfe train their apprentices on the job at Nordzucker.

Both Nordzucker and Lebenshilfe are very content about the results. From Nordzucker's perspective the learning process is two-way: it is a very helpful experience for employees to deal with disabled people. And, according to the company, "Lebenshilfe's catering is better than every other professional catering we have had before!"

**Driving responsible purchasing in the industry**

In 2016, Cristal Union developed its own responsible purchasing strategy. The strategy is complemented by a supplier charter, in which the group requests the commitment of its suppliers. It recalls Crystal Union's commitment to CSR and highlights the essential points of Crystal Union's sustainable collaboration with its suppliers.

The group's responsible purchasing strategy can be downloaded here:

<http://bit.ly/2yYgdeG>

Cristal Union became a member of the UN Global Compact in 2016 and made its first communication on its commitment regarding fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.



Credit: Nordic Sugar

ANNEX

COMPANY CSR & SUSTAINABILITY REPORTS PUBLISHED IN 2016 & 2017



Associated British Foods

"Doing good every day"

Published: 2016

Link: <http://bit.ly/2ve14E2>



Azucarera

"Growing together, creating value"

Published: 2017

Link: <http://bit.ly/2DVM0E9>

ABOUT THIS CORPORATE SOCIAL RESPONSIBILITY REPORT

This is the 14th implementation report of the CSR Code of Conduct signed in 2003 by the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors (EFFAT) and the European Association of Sugar Producers (CEFS).

The EU Sugar Industry CSR Report is adopted through an extensive consultation process whose purpose is not only to report but also to explore issues of common interest, to disseminate information on best practices while creating a spirit of collaboration and contributing to the capacity building of social partners in the face of current and emerging challenges for the sector.

The procedure for the adoption of this report is as follows:

CEFS and EFFAT Secretariats launch a consultation of their respective national delegations regarding the application of the Code of Conduct. That consultation takes place first through a questionnaire regarding the application of each of the 8 minimum standards contained in the Code of Conduct. CEFS also convenes a meeting with its members in order to analyse the responses to the questionnaire and eventually complete or update those. That meeting is also an opportunity to analyse the economic and political context in light of its impact on the sugar sector. The CEFS members present at that meeting are either company representatives (most often responsible for personnel matters) or social affairs experts within national sugar associations that collect and coordinate the response of their member companies.

Sugar companies generally use the knowledge drawn from their regular contacts with workers representatives to identify the challenges and best practices that are to be reported under the EU Sugar Industry CSR Code of conduct. The collected information is then contrasted with the ones collected by EFFAT and, in the event that inconsistencies would appear, the issue can be discussed at the level of CEFS and EFFAT Secretariats with the involvement, if needed, of the social partners of the company or companies concerned.

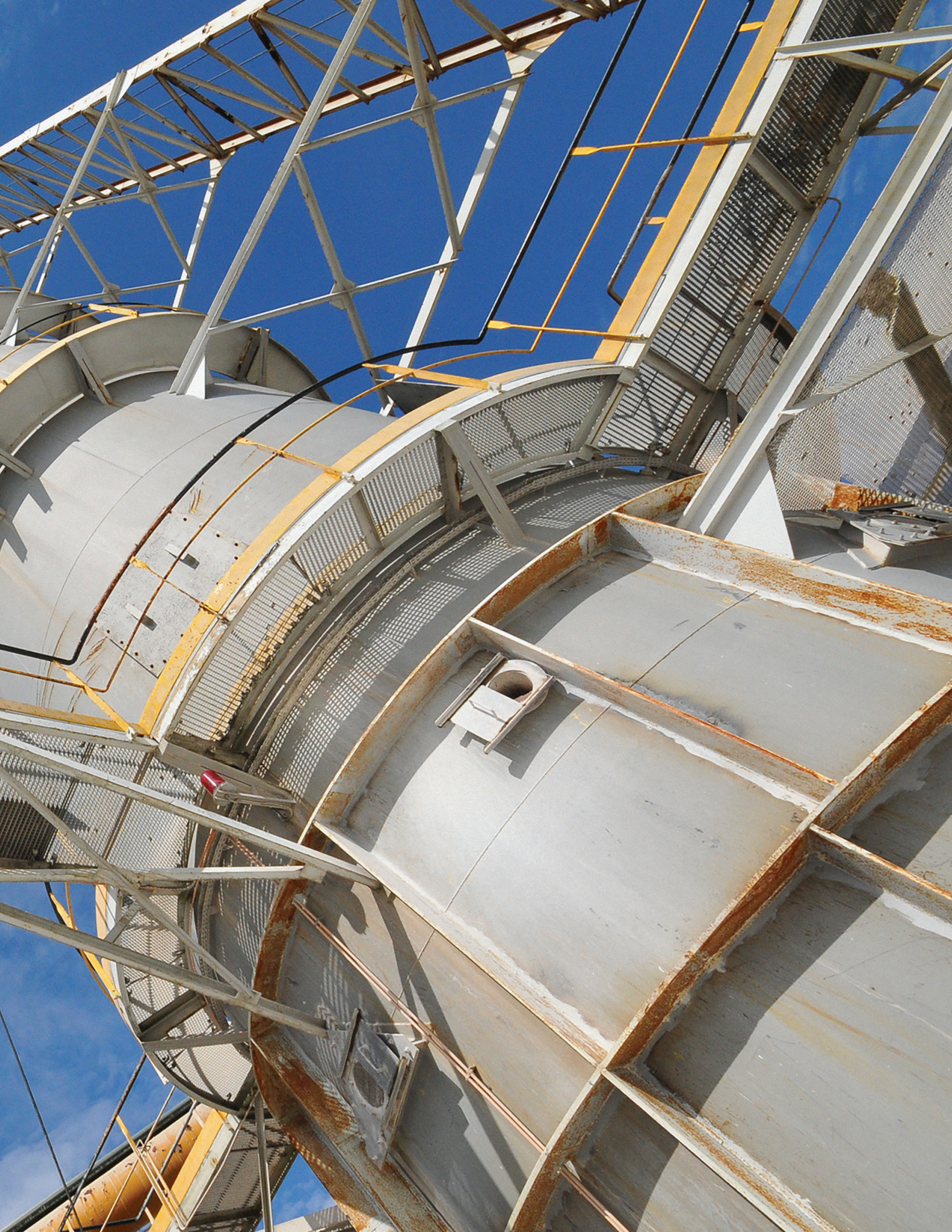
At least two face-to-face meetings between EFFAT and CEFS are generally required in view of coordinating the content of the implementation report and the preparation of the annual plenary meeting of the social partners, where the report is adopted. Just before the plenary meeting (which traditionally takes place the last working day of February) both workers and employers representatives discuss separately the final draft report before the latter is discussed at the plenary. The plenary itself is designed, through presentations from experts on relevant topics, to explore in greater detail some of the topics described in the draft report as well as emerging issues that should be the focus of the social partners' joint work in the coming year.

This report was edited by CEFS and EFFAT Secretariats. For any questions or suggestions regarding this report please contact

Josh.gartland@cefs.org or E.Brentnall@effat.org



Credit – Polish Sugar



**CEFS**

Comité Européen
des Fabricants de Sucre

182 Avenue de Tervuren
1150 Brussels

cefs@cefs.org
Tel: +32 2 762 0760
Fax: +32 2 771 0026

www.cefs.org
www.sugardialogue.eu

Founded in 1953, CEFS represents
EU beet sugar manufacturers and cane
sugar refiners in 20 EU Member States
and Switzerland.

**EFFAT**

European Federation of Food,
Agriculture and Tourism Trade Unions

38, Bte 3 Rue du Fossé-aux-Loups
1000 Brussels

effat@effat.org
Tel: +32 2 218 77 30
Fax: +32 2 218 30 18

www.effat.eu
www.sugardialogue.eu

EFFAT results from the merger of
two European federations (ECF-IUF
and EFA) in 2000. It represents
120 national trade unions from
35 European countries, defending
the interests of more than 2.6 million
members in the food, agriculture
and tourism sectors.

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