



EFFAT



SKILLS IN THE EU SUGAR SECTOR

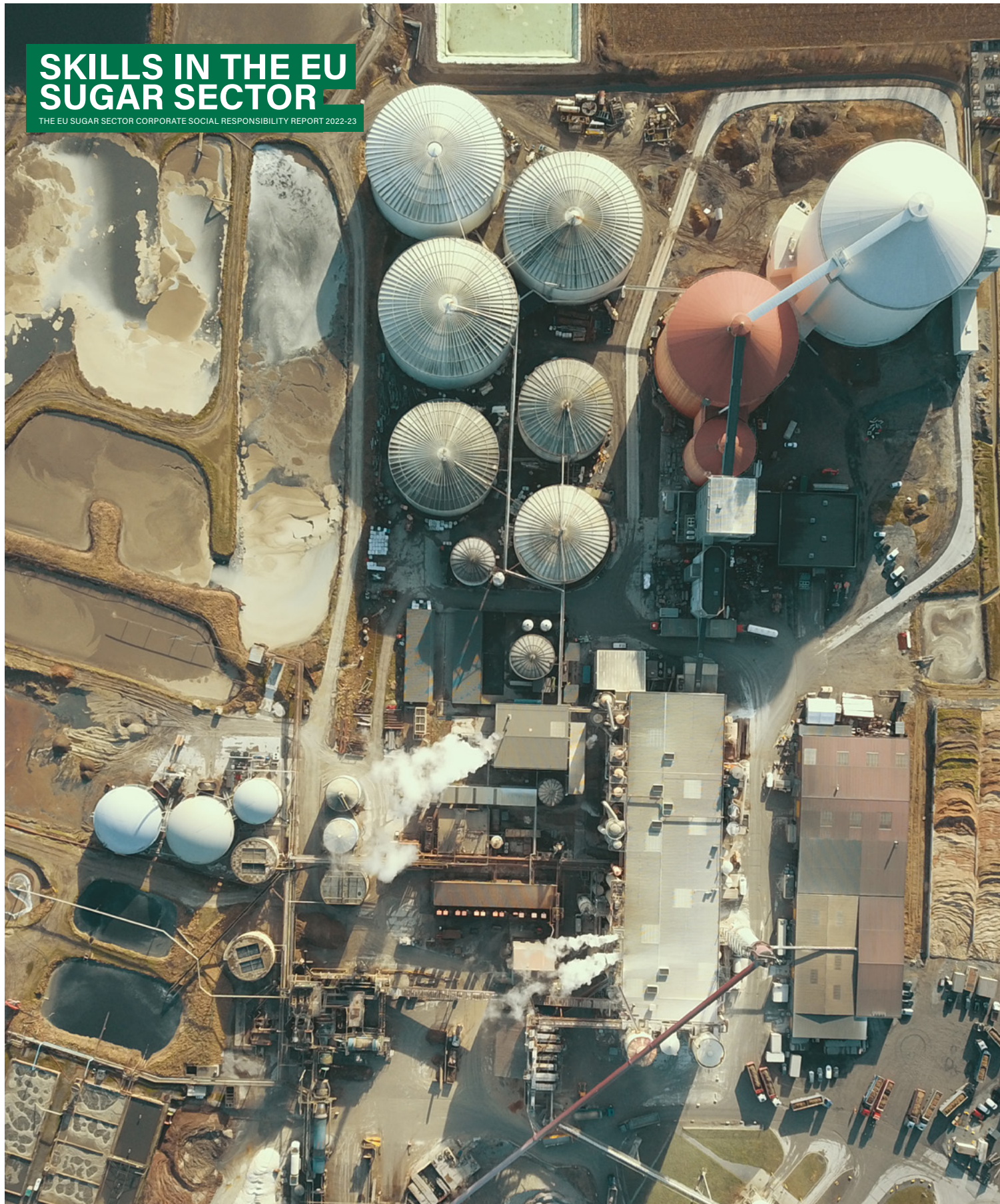
THE EU SUGAR INDUSTRY CORPORATE SOCIAL RESPONSIBILITY REPORT 2022-23



April 2024

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1. MESSAGE FROM THE CHAIRPERSONS

The European Union is the world's leading producer of beet sugar: around 50% of total global production is cultivated and processed here. Our industry supports food security and sovereignty in Europe.

But the EU sugar sector is not only a pillar of the EU's food security: it is also vital to the rural economy. Sugar factories in Europe provide around 24,000 direct jobs in Europe and support around 300,000 additional jobs along the supply chain.

Employment in the sugar sector comes with higher-than-average pay for the food industry. We offer highly specialised and qualified jobs in rural areas, ranging from mechanical engineers to laboratory assistant and HR specialists.

However, our sector is also faced with challenges around our workforce, with skills gaps being particularly prevalent. According to a 2023 survey conducted amongst CEFS members, there is a demand for highly qualified professionals across Europe (e.g. mechanics or electricians).

Skills gaps are an issue across EU Member States and sectors. For this reason, European Commission President Ursula von der Leyen declared 2023 to be the European Year of Skills (EYS). On occasion of the EYS, CEFS and EFFAT decided to focus this 17th sugar industry CSR report on skills.

Besides the focus on skills, this report demonstrates our sector's continued commitment to improving the sustainability of our industry together: workers and industry.



A stylized blue ink signature of Paul Mesters.

Paul Mesters
CEFS President



A stylized blue ink signature of Malin Ackholt.

Malin Ackholt
EFFAT President

2. ABOUT THE EU CSR CODE OF CONDUCT



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**.



3. WORKING FOR THE EU SUGAR SECTOR: KEY FIGURES

Figure 1: Sugar industry employment during the beet processing campaign

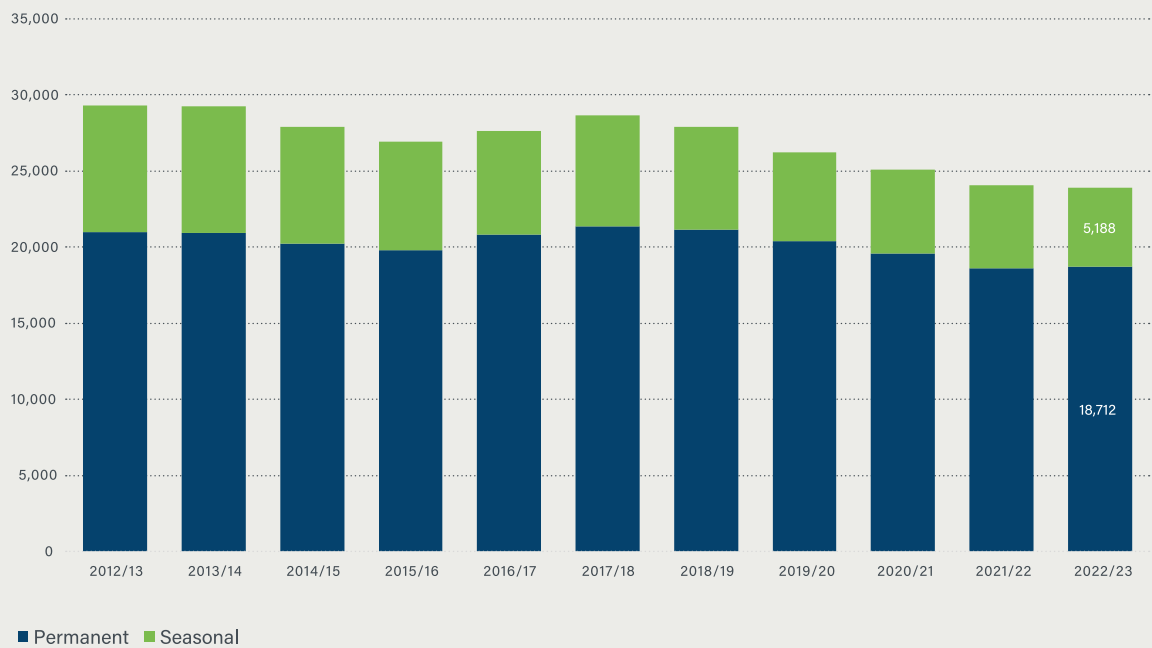


Figure 2: Sugar industry employment during the beet processing campaign by region

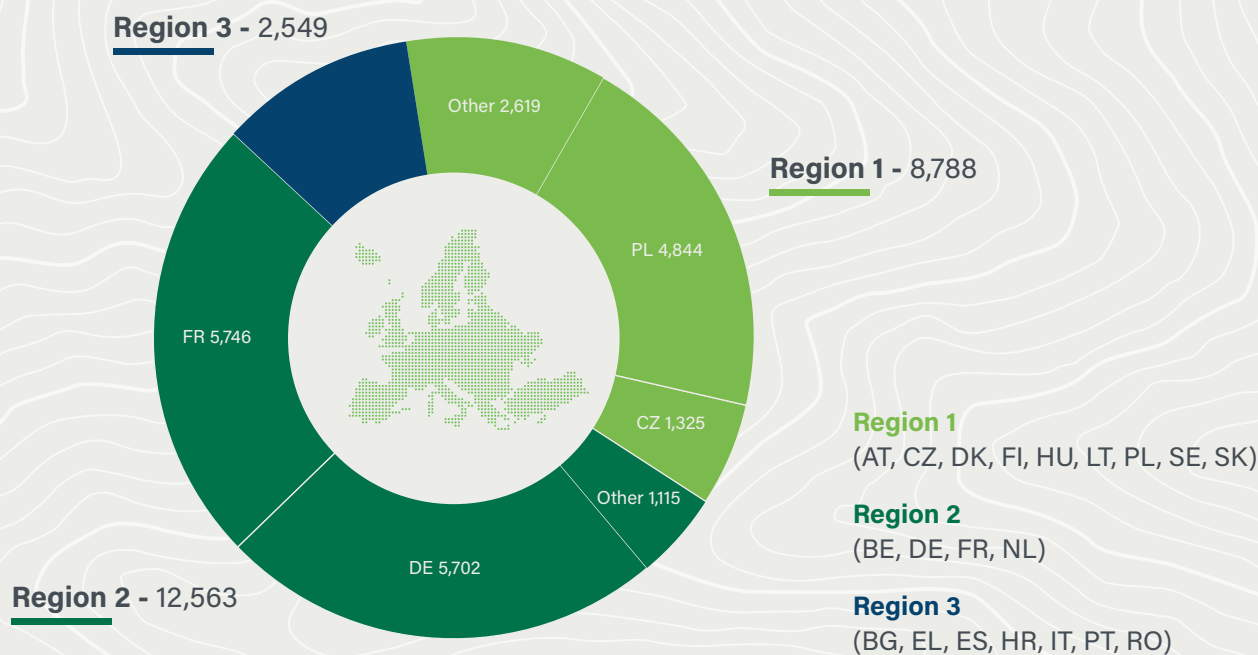
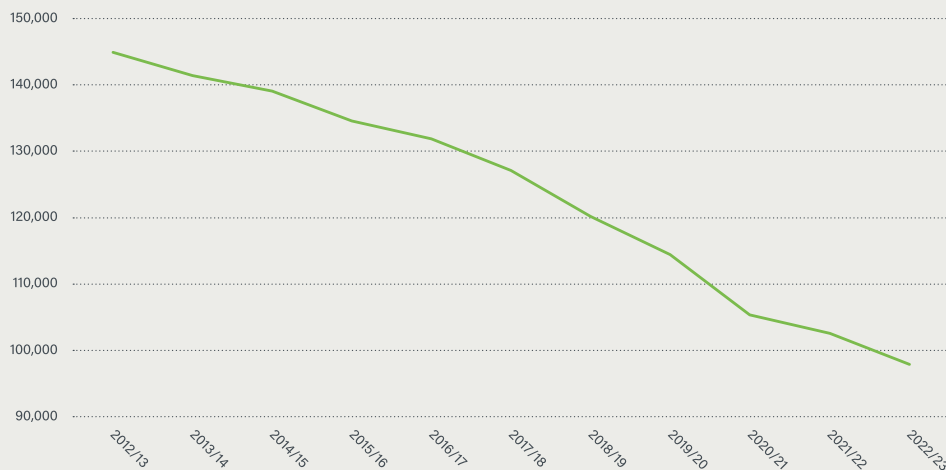


Figure 3: Number of beet growers in the EU over the last 10 years



2012/2013

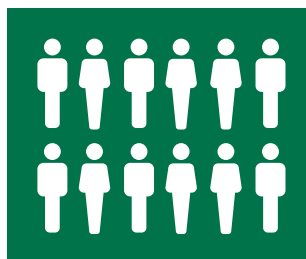
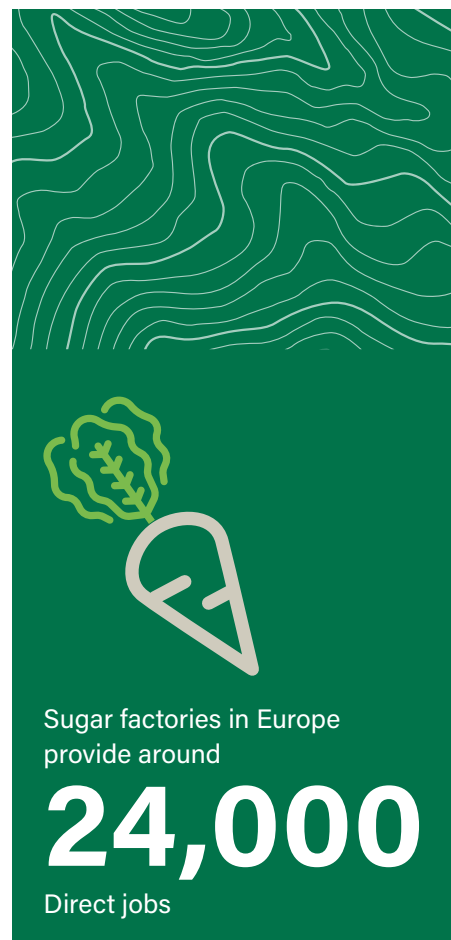
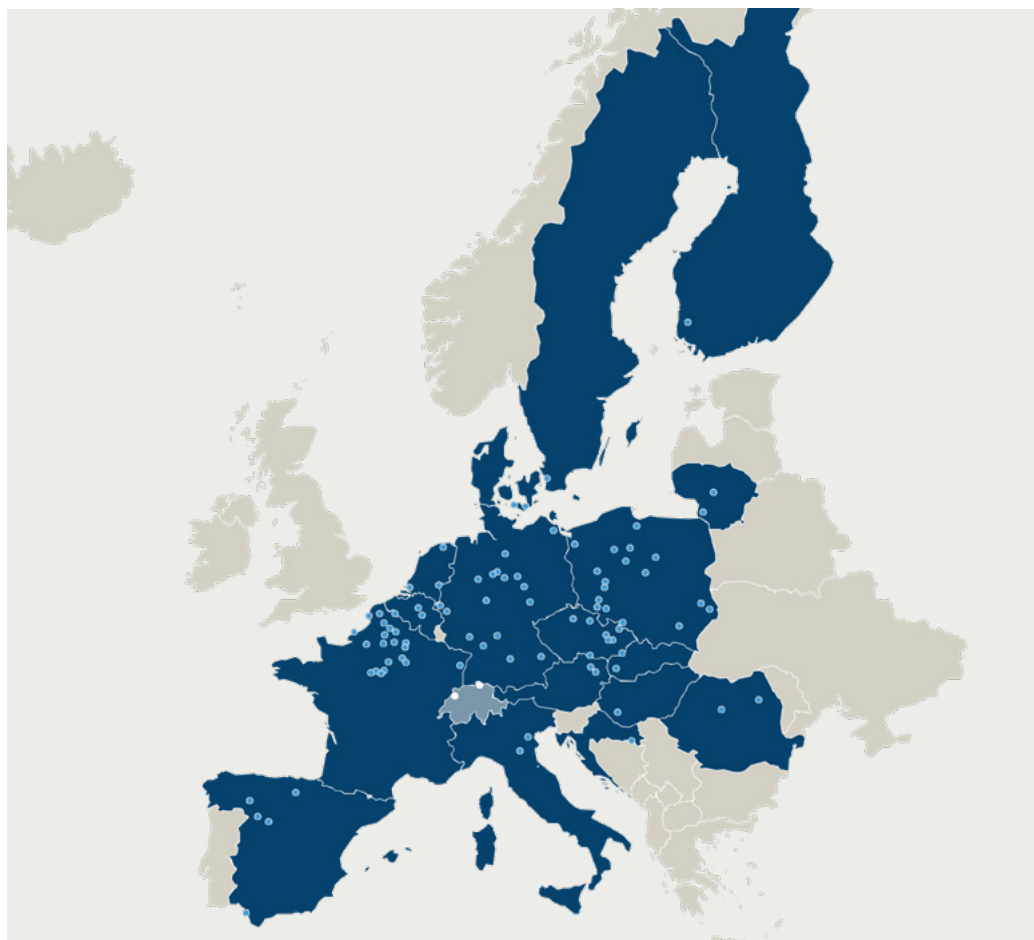
145,000

Growers supplied beets to EU sugar factories

2022/2023

98,000

Growers supplied beets to EU sugar factories



4. SKILLS IN THE EU SUGAR SECTOR

During her 2022 State of the Union address, European Commission President Ursula von der Leyen proclaimed 2023 to be the 'European Year of Skills' (EYS). The aim of the EYS was to give fresh impetus to lifelong learning and address skills gaps in the European Union.

To ensure long-term growth and remain competitive, the EU needs a workforce with a skillset that is fit-for-purpose and able to contribute to the green and digital transitions. The EYS included a number of initiatives to help build in-demand skills across Europe: the Green Deal Industrial Plan (upskilling and reskilling to help reach a climate neutral industry) and projects to improve digital skills across the Union and promote participation of women in labour markets. Events and activities around skill development were held across Europe involving various stakeholders, including the European Commission, the European Parliament, Member States, Social Partners and public and private employment services.

Skills gaps are a prevalent issue across EU Member States: 77% of EU companies report difficulties in finding workers with the necessary skills. European Commission President von der Leyen underlined the need to work together with companies in addressing those skills gaps:

“We need better cooperation with companies because they know best what they need. And we need to match these needs with people’s aspirations.”

Addressing skills gaps is also one of the major challenges for our sector. CEFS worked with member companies to identify skills gaps in the EU sugar industry and establish potential measures to mitigate those. Together with EFFAT and the European Commission, we sought to identify practical solutions for our sector, one that provides highly qualified employment in rural areas.

CEFS Skills Survey

As part of this effort CEFS launched a member survey to gather an overview of skills missing and hard-to-fill occupations in sugar factories across Europe. The results of the survey have contributed to a better, industry-wide understanding of which specific profiles are most in need and highlighted differences in skills gaps between Member States.

The results of the survey showed a consistent demand for highly qualified professionals across the CEFS membership, including electricians, engineers, mechanics, and administrative staff (e.g. purchasing, sales, HR, accounting). Nearly half of respondents also highlighted a shortage of campaign workers in the sugar industry. This suggests that recruiting individuals for seasonal or temporary positions related to campaign work poses an additional challenge for the sector. Filling positions in sugar factories is also made difficult by other factors, such as the rural location of our plants and irregular working hours.

While CEFS members reported shorter recruitment periods for campaign workers, highly skilled technical jobs can require considerable time to fill, sometimes up to a year. This can present considerable challenges for EU sugar production.

European sugar manufacturers are working hard to address skills gaps through for instance new programmes, targeted training and re-skilling and up-skilling initiatives. This includes process automation, staff referrals, mentoring programmes, internal restructuring, employer-brand management (e.g. social media), participation in job fairs, support for staff mobility and active headhunting campaigns. But skills shortages remain a challenge for the European sugar sector, across Member State boundaries.

Looking ahead to the future, CEFS members are planning to implement a range of additional strategies to combat those shortages: collaboration with educational institutions to develop tailored

training programmes, apprenticeship initiatives and establishing and maintaining upskilling and reskilling programs. However, continued policy and financial support are needed to build a skilled and sustainable workforce that meets the industry's evolving needs.

CEFS-EFFAT workshop on skills

As part of the Working Group meeting of the Sectoral Social Dialogue Committee Sugar (SSDC) on 16 November 2023, EFFAT and CEFS facilitated a workshop on skills to help identify good practices and potential measures to mitigate skills gaps in the sector.

Eurofound: Preventing a mismatch between skills and jobs in times of transition

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) gave an overview of their 2023 report entitled "Preventing a mismatch between skills and jobs in times of transition". Eurofound presented the research undertaken on skills and labour shortages that served as a basis for the report and underlined the urgency in addressing

labour and skills shortages in Europe. They also identified opportunities to tackle shortages at European level, including:

- Attracting labour through enhancing attractiveness of certain sectors (improve pay, inform potential workers about career pathways), improving the living and working conditions of regions (e.g. rural areas) and improved recruitment strategies.
- Improving handling of labour resources in the EU through improving mobility, better work-life balance to make access to the labour market more equal (e.g. child care facilities, flexible working) and labour market policies to integrate disadvantaged groups.
- Enhancing the use of existing labour through improving supply and demand matching, improving education and training programmes to address skills gaps, improved matching of needs and existing labour (e.g. for bottleneck occupations), better preparation of future employees for the job market and employee sharing.

While CEFS members reported shorter recruitment periods for campaign workers, highly skilled technical jobs can require considerable time to fill, sometimes up to a year.



COPROB – Addressing skills gaps in the sector

CEFS member and Italian sugar producer COPROB presented a best-practice case study on addressing skills gaps in the EU sugar sector. The company experienced increasing difficulties in attracting particularly young workers due to atypical working hours (including nights, weekends), lack of flexibility and work-life balance issues due to seasonality (the sugar beet campaign coincides with summer holidays in Italy). Another factor contributing to the difficulties in recruitment was the rural location sugar factories, away from cities.

To address skills gaps, COPROB works with educational institutions, such as technical schools and universities, to inform students about the basic and specialist skills needed to work in the sector. The company also organises factory visits for students to raise curiosity and interest. Students and teachers of COPROB's partner institutions also have access to special training equipment in sugar factories. To support their work with educational institutions, COPROB has also invested in their communication activities on social media, participation in events such as job fairs and implemented a range of benefits for workers (e.g. carpooling app, working from home allowance and a company canteen (symbolic price €1/meal)).

Seker-Is – Unifying occupational standards

EFFAT affiliate Seker-Is presented their approach to addressing skills gaps in the Turkish sugar sector. The company carried out a holistic study to examine the nature of jobs in the industry, including skills requirements, employment trends and economic, legal, social and managerial characteristics of the sector.

The research showed that occupational standards across Turkey varied significantly. Seker-Is therefore

took the strategic decision to define occupational standards and vocational qualifications for the sugar industry. This was done in cooperation with employers and other stakeholders. In March 2022 a protocol on cooperating to determine occupations in the beet sugar industry was signed by Seker-Is and the Turkish Sugar Refineries Corporation. In a next step, this was brought to universities and government agencies. Seker-Is and partners have since made considerable progress: a range of occupations in the sector are now awaiting final approval of their definition.

In parallel, Seker-Is set up an authorised vocational qualification certification centre in February 2023 to provide training to sector employees and certify their professional competences.

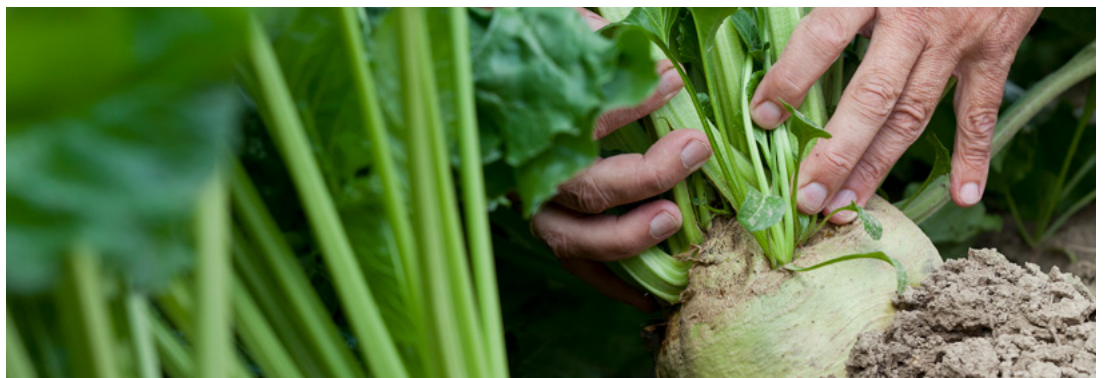
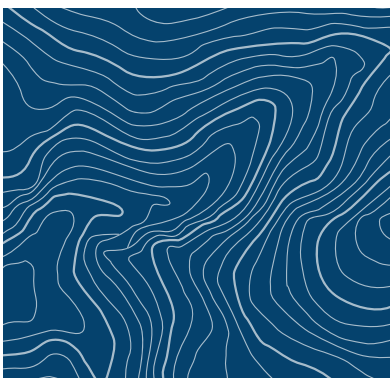


To ensure long-term growth and remain competitive, the EU needs a workforce with a skillset that is fit-for-purpose and able to contribute to the green and digital transitions.



77%

of EU companies report difficulties in finding workers with the necessary skills.



5. ENVIRONMENTAL SUSTAINABILITY: IN PRACTICE

Environmental sustainability is at the heart of what we do in the EU sugar sector: from growing beets in the field to making sugar in the factory. CEFS and EFFAT are working to reduce greenhouse gas emissions and find innovative solutions to reduce our sector's environmental footprint. As part of the European Beet Sugar Sustainability Partnership (EUBSSP), we work closely with the International Confederation of European Beet Growers (CIBE) to advocate for robust good practices that help to deepen sustainability across our industries:

"To make our sector even more sustainable, both environmentally and socially, all parts of the value chain need to work together to find and implement innovative solutions: from growers to producers and trade unions."



Elisabeth Lacoste
Director, CIBE

CEFS members and EFFAT affiliates are already working across Member States and companies to improve sustainability both in the field and factory: between 1990 and 2021 we reduced CO₂ emissions by 59%.

A. AGRANA: A holistic Climate Protection Plan

AGRANA is committed to decarbonising its production activities and phasing out the use of fossil fuel by 2040. By 2050, the company aims to reach CO₂ neutrality by also cutting greenhouse gas emissions upstream in the supply chain.

AGRANA is working to achieve its targets under the Science-Based Targets initiative (SBTi) by implementing its existing Climate Protection

Plan. This includes a package of measures for switching from fossil fuels to renewable energy, starting with the purchase of external green electricity in Austria. AGRANA is actively working to phase out coal as an energy source completely. The company is also developing energy efficiency measures in all business segments.

In AGRANA's Hungarian factory in Kaposvár biogas made from beet pulp is already used to cover 80% of the factory's energy usage.

In 2022-2023 AGRANA implemented measures to reduce greenhouse gas emissions in the field. Experts developed a range of measures, including greater transparency in the procurement of raw materials to reduce emissions from land use changes (by, among other things, ensuring imported cane sugar for refining is deforestation-free), the use of emission-reduced fertilisers in crop production, and the introduction of regenerative agricultural practices at supplier level.

AGRANA has also been publishing its greenhouse gas emission data as part of the Carbon Disclosure Project (CDP) since 2021.

B. Cristal Union: Winning decarbonisation projects

Three of Cristal Union's decarbonisation projects have been awarded grants under "France Relance", a recovery investment plan launched by the French government in response to the economic crisis resulting from the Covid-19 pandemic.

- The first project at Bazancourt involves an investment of €4 million to supply drying ovens with biomass and create a storage platform to ensure sufficient supply of wood fuel. The initiative saves 65,000 tonnes of CO₂ per year and was therefore supported by the French State.



- The second project at Sainte-Emile involves a large investment of €25 million into a new indirect sugar beet pulp dehydration unit to enable residual heat from the plant to be recovered and in turn used to replace coal. Experts expected a 90% reduction in CO₂ emissions from drying. Replacing coal will also lead to a reduction of particulate matter and sulphur.
- The third project consists of a €5 million investment into its subsidiary Sidesup to create a third dehydration line with a hot gas generator powered by biomass. This will significantly improve the sustainability of Cristal Union's alfalfa production in the South of Paris.

The French Government's support of Cristal Union's projects showcases the importance and potential of large-scale investments in decarbonising the French (and EU) sugar sector. Cristal Union's workers were an important part of realising the decarbonisation processes and have been at the core of implementing each projects. Workers also benefit from the developments through learning green skills.

C. Nordzucker: Smart beets for biodiversity

Regional beet cultivation and its profitability need to be safeguarded while supporting the European Green Deal and roadmap to climate neutrality in 2050. Nordzucker established its Smart Beet Initiative (SBI) in 2019 to support growers in making sugar beet cultivation more sustainable. The project strives to strike a balance between preserving sugar beet cultivation and improving sustainability. SBI consists of a variety of initiatives dedicated to preserving and improving biodiversity, improving soils and reducing pesticide usage:

- In Klein Wanzleben and Uelzen in Germany, Nordzucker is testing strip tilling, a system using minimum tillage on the field. Strip tilling helps stabilise the soil structure and thereby improves soil quality. Since 2010 around 70% of sugar beet growers in Germany have implemented improved tillage systems, without the use of a plough.
- In 2021 Nordzucker teamed up with Agricentres in Denmark and Germany to test band spraying with a conventional crop sprayer. Band spraying precisely applies a band of pesticide to a row of beet plants. This can help reduce the pesticide usage by at least 50%.

- Nordzucker has been working with growers to introduce beneficial insects, such as ladybirds, to help combat aphids and other harmful species. This involves planting flower verges adjacent to beet fields and monitoring which insects are attracted and how they improve plant health. This project is part of a collaboration between Nordzucker and the Julius Kühn-Institute, part of the German Federal Ministry of Food and Agriculture, to help reduce the use of chemical pesticides.

D. Tereos: Transitions in agriculture

Tereos, together with grain cooperative Vivescia, joined the so-called TRANSITIONS programme. The programme, designed to promote agricultural regeneration, takes a unique cooperative approach: the rollout of agricultural techniques for beet growers together with its cooperative members in accordance with the principles of a more resilient, sustainable agriculture that can adapt to climate change. The project aims to engage 1,000 farmers by 2026.

TRANSITIONS can help farmers change their practices to, for example, preserve soils and store more carbon while maintaining a sustainable level of production and staying competitive.

TRANSITIONS is designed to remove economic and technical barriers to implementing more sustainable agricultural practices to adapt to the challenges of climate change. Participating in the programme allows Tereos to propose a TRANSITIONS product range to its customers, while ensuring that growers adhering to the programme are fairly remunerated for their efforts.

E. Iscal: Actions based on insight

To get a clear understanding of the impact of their production, Iscal commissioned a CO₂ audit to be conducted in 2019 and 2020. The production cycle at Iscal's sites was studied to obtain a clear estimate of the impact in terms of scope 1, 2 and 3 carbon dioxide emissions.

Based on the results of the CO₂ audit, Iscal developed an action plan to reduce the environmental impact of its beet sugar production. The plan defines 17 action points including the construction of a wind turbine (active since early 2024) and a decrease in sugar beet delivery radii (down to 59km as of 2023).

A crucial part of this is the so-called Plan B(eet) initiative, a joint project with CBB (Confederation of Belgian Beet Growers), Raffinerie Tirlemontoise and the IRBAB (Royal Belgian Institute for the Improvement of Beet). The aim of the project is to reduce the CO₂ impact of growing sugar beets. Participants exchange best practices and discuss opportunities for improve environmental sustainability in every part of the sector.

Iscal has already made progress in reducing its environmental impact: in 2021 the company inaugurated a new biogas facility in one of their factories, allowing the factory to transform residues from beet cleaning into green gas used for to power factory processes. Combined with pre-existing facilities, Iscal can now cover 15% of its energy needs with biogas produced from sugar beet residues on-site.



TRANSITIONS is designed to remove economic as well as technical barriers to implementing more sustainable agricultural practices that can be adapted to the challenges of climate change.

6. GOOD SOCIAL PRACTICES IN THE EU SUGAR SECTOR: A SELECTION

STANDARD 1: HUMAN RIGHTS AND LABOUR STANDARDS

Südzucker Polska – Inclusivity in practice

Südzucker Polska is committed to fostering a culture that embraces inclusivity and respect. By cultivating a workplace where employees' voices are heard, the company is working to develop an environment where every individual feels valued, heard, and empowered.

These principles are put into practice through institutionalising the dialogue with employees. Südzucker Polska employees are represented in the following committees to ensure high labour standards:

- **Employee Council:** The Employee Council is a body elected by Südzucker Polska employees to represent the workers' interests. The Council holds regular meetings with the company management to discuss issues such as employee benefits, working conditions, and company policies.
- **Social Commissions:** Social Commissions are groups of workers responsible for advising the employer on matters of social policy, thereby ensuring their voices are heard. Social Commissions gather input from workers, identify common concerns and address those to Südzucker Polska.
- **Company Trade Unions:** Company Trade Unions safeguard the rights and interests of employees, serving as the collective voice of Südzucker Polska's workforce. They engage in dialogue with the employer to negotiate better wages, working conditions, and benefits packages. For the employer, trade unions serve as a valuable channel of communication, providing insights into employee morale, concerns, and suggestions and thereby allowing for a harmonious and productive work environment.

Raffinerie Tirlemontoise – Collective bargaining on every level

Raffinerie Tirlemontoise ensures employee representation through an institutionalised system of collective bargaining, in line with Belgian legislation to uphold labour standards. The system of collective bargaining is organised on three levels:

- 1. Government and social partners:** This bi-annual negotiation is carried out by an equal composition of members representing employers and trade unions. Social partners negotiate an inter-professional agreement (on e.g. wage increases) for all industries at national level that serves as a basis for legislation.
- 2. Industry-level:** During this negotiation, industry representatives decide on any options left undefined by the inter-professional agreement and national legislation. For the Belgian food sector, negotiating parties consist of the food industry employers' association FEVIA and trade unions.
- 3. Company level:** During this last stage, all trade unions represented in each company discuss issues relevant to the specific company's workforce. This can range from e.g. work conditions to questions of pay.

With mutual respect and dialogue between employers and employees, Raffinerie Tirlemontoise collaborates with their workers to uphold labour standards and create an attractive and inclusive workplace for everyone.

STANDARD 2: EDUCATION, VOCATIONAL AND LIFELONG TRAINING

Südzucker – Enabling skills through digital learning

In 2020 the Südzucker Group established their Group Campus, a comprehensive digital learning platform. The digital campus gives Südzucker employees access to a wide range of learning and training opportunities.

The offer includes training to improve language skills, soft skills, cognitive skills and IT skills. It is also used for mandatory, documented training exercises to ensure adherence to legal and other code requirements (work safety, data security, hygiene, environmental protection, human rights etc.).

Beyond the regular trainings, employees also have access to modular training programs at various levels and in different formats to provide them with the best possible support for their individual professional development and interests. The Campus' offer gets revised and modernised on a regular basis. For instance, recent additions in 2022/2023 include training courses related to communication.

Having a wide range of training opportunities on a central digital platform allows Südzucker to provide universally accessible yet tailored courses to their workforce. While ensuring a minimum level of training on e.g. hygiene and data security, Südzucker supports individual interests and career paths.

Having a wide range of training opportunities on a central digital platform allows Südzucker to provide universally accessible yet tailored courses to their workforce.

The extensive offer for Südzucker employees has been widely taken up by the company's workforce. The dynamic tool can be adapted and responds to needs within the workforce. Südzucker workers are notified as soon as a new course or module is available.

Nordzucker – Education at all levels

Lifelong learning is at the heart of Nordzucker's philosophy, based on the belief that development of individuals, leaders and teams fosters organisational development.

All Nordzucker employees have access to GoodHabitZ. GoodHabitZ is an online learning platform with an extensive offer, ranging from individual trainings on resilience, stress management, time and project management to mindfulness trainings, Microsoft Office support and leadership development. The group function "HR Development & Culture" supports the company's workforce by developing and offering tools and processes which help to maintaining a healthy and motivated Nordzucker team.

Nordzucker has established a threefold structure of entry opportunities for potential employees.

- 1. Education:** Nordzucker works with educational institutions to provide students with company- and school-based training in a dual education system (educational programme with theoretical and practical phases in school and companies). Registered supervisors and trainers in Nordzucker provide students with on-the-ground training in the company and factory to equip them with practical experience. Graduates hold a state-recognised professional education.
- 2. Dual study programme:** Nordzucker partners with universities to provide students with a company as well as a university training in a dual system (educational programme with theoretical and practical phases in company and university). Graduates of this programme benefit from both practical experience, for example in a sugar factory, and the knowledge gained from academic study.
- 3. Trainee programme:** University graduates can complete a training programme at Nordzucker that can be customised to the company's or employee's needs. As there are no legal requirements for a training programme, the company and the new hire are free to adapt the training. This provides the worker with experience in different areas of the company and helps Nordzucker to train specialists required.

STANDARD 3: HEALTH AND SAFETY

Azucarera – A holistic approach to health and safety

Azucarera is working on three strategic projects on health and safety:

- 1. Safe environment:** In 2021 health and safety specialists carried out a detailed and comprehensive hazard identification analysis at all Azucarera's production sites. Identified hazards were categorised and corrective measures grouped into Action Plans defined. These Action Plans are currently being implemented, supported by investments planned for the coming three years. In order to facilitate a dynamic, continuous and agile risk identification and management, Azucarera also implemented digital tools such as a smartphone application to report hazards.
- 2. Healthy company:** To identify opportunities for improvement of employee health Azucarera analysed health data of their workforce. The data showed room for improvement around the prevention of musculoskeletal disorders (MSDs), cardiovascular health and the promotion of diversity. This is why Azucarera established a number of initiatives and campaigns to promote workers' health, such as bi-weekly workshops led by physiotherapists to help prevention of MSDs or nutrition programmes.
- 3. Health and safety culture:** On a more holistic level, Azucarera has created four tools to ensure a continued culture of health and safety for workers: senior management takes part in quarterly training on critical risks, supported by a tool to promote the alignment, direct participation and support of HR and Operation Directors in the H&S Strategy. Frontline managers and workforce participate in monthly inter-factory meetings on health and safety as well as a programme to improve analysis, planning, communication and teamwork skills. Every month, a description of an accident or incident that has occurred at our sites is sent to the different frontline managers for joint analysis with their whole teams.

Employee representatives play a crucial role in Azucarera's health and safety strategy. The Director for Health and Safety at the company regularly exchanges with trade union representatives to ensure relevant issues both at factory- and company-level are addressed. Every Azucarera site has three health and safety representatives. These are trade union representatives with expertise in the area of workplace safety.

COPROB – Smart reporting

In 2022 COPROB introduced a smartphone app for supervisors to report any non-conformities found relating to safety in the workplace. The app, called '626 Suite', allows supervisors of COPROB's plants and logistical sites to immediately alert plant or site managers when identifying any risks.

In 2022 COPROB introduced a smartphone app for supervisors to report any non-conformities found relating to safety in the workplace.

If workers or supervisors encounter an issue and report it through the application, managers can assign technicians to resolve the issue or avert the risk without delay. This helps avoid unnecessary risk for workers in COPROB's plants and sites and improves the overall health and safety policy in the company. By accelerating and simplifying the reporting process for supervisors, COPROB's is striving to decrease the number of accidents on their sites.

STANDARD 4: RELATIONSHIP BETWEEN THE SOCIAL PARTNERS

Pfeifer & Langen – Upholding sustainable business practices

To establish a workplace aligned with the highest employment standards, Pfeifer & Langen implemented the renowned Members Ethical Trade Audit (SMETA), established by SEDEX, a leading sustainable business organisation. The so-called 4-Pillar Audit is recognised worldwide as the “gold standard” for sustainable business audits.

This helps ensure that working conditions and workers’ rights at the company are not only protected but upheld at the highest standard. Pfeifer & Langen is working with the social partners to uphold and improve these standards.

Looking ahead, SMETA will be implemented across the entire group. Pfeifer & Langen endeavours to implement the audit wherever the group operates. So far, in addition to Germany, the SMETA 4-Pillar Audit has been successfully implemented in Poland, Ukraine and, most recently, in Hungary in 2024.

Through an established European Works Council supported by a good collaboration with social partners and group-wide SMETA auditing, Pfeifer & Langen ensures inclusion and protection of its workers across countries.

German sugar industry – health and safety as a priority

Workplace health and safety is a top priority in the German sugar industry. Works councils and companies work together to uphold this.

However, there are still considerable challenges: longer campaigns and thin staffing levels lead to challenges. 40% of employees feel rushed and under time pressure, with 29% rating the physical strain as high and only 38% believing that they will be able to retire in a healthy state under the current conditions.

To respond to those issues, shift systems are being revised across all German companies to enable free blocks of time for workers during the campaign.

NGG – An example successful bargaining

The Food, Beverages and Catering Union (German: Gewerkschaft Nahrung-Genuss-Gaststätten or NGG) reports that social partners in the German food industry successfully collaborate on issues around pay and working conditions. Working conditions in the sector are protected by and subject to a nationwide industry-collective bargaining agreement. All four sugar companies in Germany (Südzucker AG, Nordzucker AG, Pfeifer & Langen GmbH & Co. KG, Cosun Beet Company GmbH & Co. KG) have negotiated a collective agreement with NGG. These agreements have also been concluded by mutual agreement for newly established subsidiaries of companies, so that their employees can benefit from the high standards defined in the collective agreements of the German sugar industry.

In the case of contracts for work and services such as cleaning, the Works Council and employers ensure the application of the respective collective agreements.

The cooperation of social partners is also shown in a high level of trade union membership in Germany.

STANDARD 5: FAIR PAY

National Food Industry Group – Upholding ethical, environmental and social standards

In February 2022 Poland’s National Food Industry Group developed a second version of its Code of Ethics for Suppliers. The Code sets out standards on ethical, social and environmental sustainability for direct suppliers. Companies providing supplies and services to Polish sugar manufacturers are obliged to adhere to these standards, including fair pay for their workers. But the second version of the Code goes even further: it obligates suppliers to also have appropriate procedures in place to ensure that their own suppliers of products and services conduct their business in accordance with the guidelines.

This ensures that beyond the sugar factories and their direct suppliers, all workers along the supply chain receive fair pay. The Code strengthens the relations between Polish sugar manufacturers and their business partners.

Cosun Beet Company – Social dialogue with an impact

At Cosun Beet Company, an increase of the minimum wage was negotiated between the social partners, along with a salary adjustment reflecting inflation and consumer price indices. Employees benefitted from a substantial wage increase, supported by an elevation of minimum wage.

Following this successful negotiation process, wage levels at the company are 35% higher than statutory minimum wage and even exceed the minimum wage benchmark advocated for by social partners by more than 15%.

The company has also conducted a thorough assessment of potential initiatives aimed at enhancing sustainability and fostering a more favourable work-life equilibrium. Cosun Beet Company maintains a constant dialogue with their social partners to improve working conditions. Employers and employees are currently engaged in discussion on pensions and future employment conditions.

Social dialogue between partners is also institutionalised through a National Works Council that collaborates with Cosun Beet Company's management team.

STANDARD 6: WORKING CONDITIONS

Cosun Beet Company – A better work-life balance for employees with a long working life

Cosun Beet Company is continuously working with its social partners to enhance the work-life balance of its employees.

Currently, Cosun Beet Company and social partners are working on expanding their so-called "seniority scheme". This allows employees to reduce working hours while maintaining their full pension accrual. The workers' salary is simply reduced proportionally. Participation is permissible starting from 9 years before reaching the official retirement age, but not earlier than the age of 58. Once workers become part of the

scheme, they work 80% of regular hours while still receiving 90% of their gross monthly income and continuing to accrue their full pension. This allows those with a long working life to achieve a better work-life balance and protect their health while not forfeiting any pension contributions.

Employees aged 58 and older are also given the opportunity to work reduced days without this affecting their vacation arrangements. This scheme, entitled "senior hours" is also open to employees starting from 9 years before reaching the official retirement age. Workers benefit from more time to recover between shifts with the workload decreasing each year.

More than half of Cosun Beet Company's employees above the age of 58 participate in one of the seniority schemes.

COPROB – Better working conditions through a best-practice example of a collective agreement

On 01 February 2024 company management and trade union representatives renewed the Group Integrative Contract for the four-year period from 2024-2027. The agreement strengthened the system of trade union relations. Involvement of trade unions will grow, with two meetings between company management and the unions per year.

Some of the most important points in the new agreement include:

- Pay increases, specifically for on-call workers. The agreement also establishes an additional allowance for employees called out of their shift. Employees also benefit from an additional eight hours of training per year, including additional health and safety training.
- The company now guarantees the right of precedence for seasonal workers in the case of permanent positions and to implementing the 'communicating tanks' system.

- The agreement also established, work-life balance policies with a special focus on supporting parenthood. This, for example, includes leave to care for a sick child and paid leave for childrens' doctor's appointments.
- The company commits to enrolling all workers in health funds from 01 January 2024. In addition, the company committed to identifying additional benefits beyond those provided for in the insurance policies within the first half of the year.

STANDARD 7: RESTRUCTURING

Slovenský cukrovarnícky spolok (SCS Sugar) - Targeted support in case of restructuring

In case of reorganisation, SCS Sugar members follow the collective agreement between employer and employees. This includes above-standard severance payments for affected workers.

In addition to the standard procedure and higher-than-average severance payments, SCS Sugar members offer targeted comprehensive support for employees aged above 55 years affected by restructuring. This includes various obligations of the employer designed to protect employees:

- The employer is obliged to behave in a socially responsible manner when terminating the employment of a worker in pre-retirement age. This includes trade union hearings, severance pay increased additionally by one month's salary and support in finding new employment.
- The employer cannot terminate employment contracts of two spouses within a period of six months.

These precautions allow companies to provide targeted support to those who may struggle to find alternative employment in the case of restructuring.

SCS Sugar members offer targeted comprehensive support for employees aged above 55 years affected by restructuring.

STANDARD 8: BUSINESS RELATIONS AND CHOICE OF SUPPLIERS

AGRANA Romania - Supply chain monitoring

AGRANA Romania has a detailed Code of Conduct for all suppliers. Anyone providing goods or services to the company is instructed clearly on the Code which is continuously adapted to reflect best practices in the sector.

AGRANA Romania has a detailed Code of Conduct for all suppliers.

The company has also established a comprehensive monitoring system for each part of their operation: beet supply, raw sugar supply, logistic providers, other services. The performance of suppliers and contractors is assessed individually by each department. AGRANA annually checks any supplier shipments against defined criteria:

- Adherence to product specification
- Delivery time
- Quantity
- Contract execution (documentary fulfilment, in full and on time)
- Post service/post delivery satisfaction (e.g. claim solving)
- Price competitiveness

These standards are adapted for different parts of the company's operation. Suppliers receive marks for each standard, with the results affects their likelihood to continue working with the company.

Azucarera – Prioritising sustainable supply chains

Azucarera works hard to ensure environmental and social sustainability along their supply chain. Sustainable supply chains are safeguarded on three levels:

1. Compliance with Azucarera's corporate policies to guide and promote good governance and ethical behaviour across the group are a red line for all suppliers sourcing the company. Policies range from standards on anti-bribery and corruption policy to health, safety and wellbeing to board diversity.
2. Azucarera works with a broad range of suppliers: from large businesses to smallholder farmers. Most of Azucarera's suppliers use the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a reference point for upholding human rights due diligence processes.

3. Corporate policies and due diligence procedures are supported by the Group Supplier Code of Conduct, a pillar of Azucarera's responsible business conduct. This document is based on the core conventions of the International Labour Organization (ILO) and on the Base Code of the Ethical Trading Initiative.

Through their comprehensive set of regulations on supply chains, Azucarera ensure that their European sugar is produced to the highest environmental and social standard.

Azucarera works hard to ensure environmental and social sustainability along their supply chain.



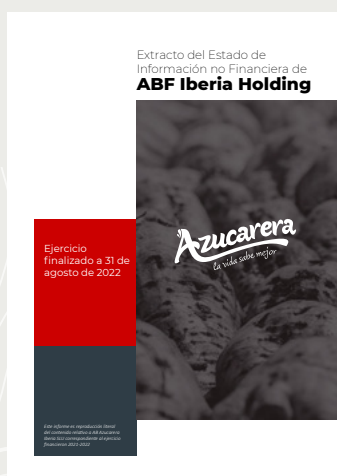
7. COMPANY CSR & SUSTAINABILITY REPORTS PUBLISHED IN 2022/23



↓ Agrana



↓ Nordzucker



↓ Azucarera



↓ Cristal Union



↓ Pfeifer & Langen



↓ Iscal



↓ Tereos

8. ABOUT THIS CORPORATE SOCIAL RESPONSIBILITY REPORT

This is the 17th 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. Its 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:

Every two years, in autumn, CEFS and EFFAT Secretariats launch a consultation of their respective national delegations regarding the application of the Code of Conduct during the years in question. The consultation takes place first via a questionnaire regarding the application of each of the 8 minimum standards contained in the Code of Conduct and a focus topic, in the case of this report skills in the EU sugar sector.

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 data 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(ies) 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 SSDC plenary meeting, both workers and employers' representatives discuss separately the final draft report before the latter is presented 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:

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CEFS stands for le Comité Européen des Fabricants de Sucre, or in English: the European Association of Sugar Manufacturers. CEFS is a international non-profit organization and a recognised interlocutor for the EU Institutions since 1953, sharing knowledge and technical expertise on sugar. CEFS' membership is composed of sugar-producing companies in the EU and Switzerland.




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EFFAT is the European Federation of Food, Agriculture and Tourism Trade Unions, also representing domestic workers. As a European Trade Union Federation representing 116 national trade unions from 37 countries, EFFAT defends the interests of more than 25 million workers. EFFAT is a member of the ETUC and the European regional organisation of the IUF.