


Communication on progress

Implementing UN global compact principles in Nordzucker AG, 2013



1. Our commitment to the UN Global Compact Principles

We are pleased to confirm that Nordzucker AG reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Nordzucker AG



Hartwig Fuchs
Chief Executive Officer



Axel Aumüller
Chief Operating Officer

2. All Global Compact Principles

In 2013 Nordzucker developed its Code of Conduct (COC). The COC respects international recognized conventions and principles, including Global Compact's 10 Principles. The COC development has been closely linked to the Nordzucker work with company values.

Early 2014 Nordzucker introduced its supplier code of conduct which now forms part of Nordzucker's general terms and conditions.

Nordzucker has an existing process in place when it comes to selection of new suppliers. We also routinely evaluate existing suppliers. In both of these processes various aspects of the Global Compact principles have been included. With the introduction of the supplier code of conduct and the adoption of a new Human Rights Engagement and Corrective Actions Policy Nordzucker will introduce a more stringent process for identification of critical suppliers which include a country and supplier risk assessment covering all of the areas of the UN Global Compact Principles, i.e. Human Rights, Labour Rights, Environment and Business Ethics.

It is the goal to implement the supplier code of conduct and the process for identification of critical suppliers in the coming years.

Implementation

Based on the risk assessments, critical suppliers are subject to audits which in most cases result in findings that require a corrective action plan. Nordzucker is monitoring the results of the audits as well as the corrective actions.

The COC has been introduced on management level. In 2014 a company-wide implementation will be started. The basis of the implementation is dilemma discussions facilitated by animated videos.

In connection with the COC implementation Nordzucker has established an Ethical Committee which is responsible for the on-going development of the policy framework and which is also a point of contact for employee concerns related to the COC.

Measurements of outcomes

Nordzucker will record the number of suppliers identified as critical, the supplier audits performed, the number of major audit findings and the closing of the corrective actions.

Progress will be reported on the internet in the course of 2014 as part of Nordzucker's project on web-based Sustainability Communication.

3. Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

See section on “All Principles”.

Early 2014 Nordzucker developed a Human Rights Engagement and Corrective Actions policy and a position statement on Land Acquisition. The development was made as a response to the risk assessment of critical suppliers within raw cane sugar sourcing.

Implementation

The new initiatives on Human Rights will be implemented as part of Nordzucker’s supplier procedures related to the supplier code of conduct and will be subject to supplier audits.

Measurements of outcomes

See section for “All principles”.

4. Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Apart from the work with suppliers Nordzucker has an on-going project on work-life balance. This work is part of the general HR work and has clear links to the proactive work on Health & Safety when it comes to the effect of stress. The work is clearly linked to Nordzucker’s Health & Safety mission: “We want you to be safe and healthy at the workplace. We do not tolerate unsafe work or conditions that impair health”.

Implementation

The pro-active Health & Safety work is part of the Health & Safety Action plan, developed by the internal production workgroup on Health & Safety and overseen by production management. Work-life balance is run by Corporate HR and is also the focus of regular employee dialogues.

Measurements of outcomes

See section for "All principles". As part of the Health & Safety Action plan new pro-active indicators are being developed.

5. Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

See section on "All Principles".

In 2013 Nordzucker developed a new Energy and Environment policy, which specifies what is already expressed in the Code of Conduct. As reported in the last COP, Nordzucker has decided on energy and CO₂ reduction targets for 2020. We furthermore evaluate the energy and environmental performance of key suppliers as part of our procurement process.

Implementation

Nordzucker continues to invest heavily in energy efficiency and energy reducing technologies. Continuous improvement of energy and environmental performance is an intrinsic part of the production. Most factories are certified according to ISO14001 environmental management system and several according to ISO 50001 on energy management.

Measurements of outcomes

See section for "All principles". Energy KPIs will be reported via Nordzucker's project on web-based Sustainability Communication.

6. Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

See section on "All Principles".

As part of the work on Business Ethics, Nordzucker has mandatory training on Competition Law. Nordzucker is also taking forward more detailed guidelines related to gifts, hospitality, entertainment and donations as well as bribery and corruption.

In 2014 it is the goal to implement a web-based, protected employee reporting hot-line.

Implementation

Implementation will be done through mandatory training.

Measurements of outcomes

See section for "All principles".

Statistics on number and type of cases handled through the future employee reporting hot-line will be available for future reporting.