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WORLD BANANA FORUM GOOD PRACTICES COLLECTION

PRIVATE CODES OF CONDUCT IN THE BANANA INDUSTRY

Corporate Social Responsibility (CSR) is defined by the UN Industrial Development Organization (UNIDO) as a business management concept through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders, distinguishing it from the concepts of charity, sponsorship or philanthropy. In the framework of CSR, companies have developed voluntary internal Codes of Conduct (CoC) in which they commit to social, labour and environmental standards.

Being only internal principles these codes are neither binding nor recognized outside the company, but they can be a first step towards the adoption of more ethical practices. Given the increasing public concern on multinationals' responsible use of resources and working conditions in their subsidiaries and global operations, CoC have been shifting from a corporate governance focus to have a more comprehensive approach on societal issues.

Brands in control of large portions of the banana industry have developed private codes of conduct and use them alongside external sources of certification. Companies have included the core principles of collective bargaining and freedom of association in their own codes of conduct. In Latin America, some companies have gone beyond and developed collective agreements that cover environmental and social standards.

Content to include in a CoC:

- ↪ aspects that the standard will address (social, environmental or both);
- ↪ objectives of the standard;
- ↪ who must apply the standard and when;
- ↪ assessment method of the standard implementation;
- ↪ due diligence procedure.

Core elements in banana industry codes of conduct:

- Human rights
 - ➡ fair treatment and privacy
 - ➡ protection against forced and child labour
 - ➡ diversity and inclusion
- Labour rights
 - ➡ freedom of association
 - ➡ collective bargaining
- Health and safety
 - ➡ risk and hazard prevention
 - ➡ violence and harassment prevention
- Business and consumer relationships
 - ➡ due diligence, conflicts of interest and corruption
 - ➡ product safety and quality
 - ➡ marketing and trade policy
 - ➡ recording and confidentiality policy
- Environmental impact reduction
 - ➡ natural resources management
 - ➡ human health and nutrition
- Support to local development
 - ➡ programs that benefit local communities to enhance livelihoods
- Administration of the code of conduct

CoC benefits for the company

- ✓ Establishes an agreed way of behaving and communicates a set of values, promoting what the company stands for.
- ✓ Constitutes a framework for employees influencing attitudes, enhancing communication and corporate culture.
- ✓ Tailored to individual companies.
- ✓ Covering global supply chains.
- ✓ Creating an inclusive workplace.
- ✓ Helping meeting standards requirements.
- ✓ Improved decision-making and risk management.
- ✓ Improved productivity and quality.
- ✓ Improved transparency, reputation and consumer loyalty.
- ✓ Element of choice for consumers.
- ✓ Reduced costs of regulation, locally and overseas.

Challenges

- ➡ Accountability and difficulty in measuring improvements.
- ➡ Risk of inconsistency.
- ➡ Risk of inability to implement the code.
- ➡ Risk of use of CoC as a reputational tool only.
- ➡ Inflation of the number of codes creates confusion for consumers.



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CoC Development: example of BAMA

BAMA, importer and distributor of fruits, vegetables and flowers to Norway, has developed a voluntary code of conduct for the purchasing of goods and services. It includes indicators of social and, on a smaller scale, environmental impacts. The principles of the code of conduct are:

- ✓ freely chosen employment;
 - ✓ right to organize in workers' union and collective bargaining;
 - ✓ rejection of child labour;
 - ✓ rejection of ill-treatment or inhumane work;
 - ✓ safe and healthy working conditions;
 - ✓ living wage;
 - ✓ working hours;
 - ✓ regular employment;
 - ✓ respect for property right and traditional use of resources;
 - ✓ respect for marginalized groups;
 - ✓ environmental impact.
- This code of conduct defines the standards that BAMA's suppliers and transporters must meet to continue doing business with the distributor.
 - It also ensures that BAMA's vendors accept the code of conduct of its suppliers.
 - The code's implementation is confirmed during the signing of the purchase contract between suppliers.
 - Suppliers must supply BAMA with infrastructure and data records to verify compliance. This data must be supplied even without notice.
 - Purchasing managers at BAMA are responsible for monitoring compliance with the code at a supplier level, overseen by a CSR manager.



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Recommendations when drafting a Code of Conduct:

- ✓ Establish negotiations based on trust and transparency.
- ✓ Design the code around shared responsibility and a long-term vision.
- ✓ Understand each supplier's situation and the conditions they operate under.
- ✓ Suppliers are more likely to follow a code of conduct imposed by purchasers as their business relationship depends on it.
- ✓ Ensuring that a proposed code of conduct is similar to others in the industry will streamline implementation and make it easier for suppliers who work with multiple purchasers.