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CODE OF CONDUCT FOR ETHICAL SOURCING COFFEE: A UNION OF QUALITY AND SOCIAL RESPONSIBILITY

“To challenge mediocrity, to inspire with excellence to demystify, to be accessible and to deliver the ultimate cup of coffee infused with taste, passion and ethics”

INTRODUCTION

Union Hand-Roasted seeks to improve the levels of health, social, education and economic services in the communities where coffee is produced. To achieve this we are advocates for ensuring that high quality living and working conditions are provided for farmers and workers in producing countries and creating sustainable livelihood depends upon growing coffee. This framework provides a basis for action on ethical sourcing:

1. Context and considerations
2. Social principles of coffee production
3. Environmental impact of coffee production
4. Implementation and verification

1. PRINCIPLES AND IDEOLOGY

- Union Hand-Roasted purchases high quality green coffee from family-owned and managed farms, Smallholder Producer Co-operatives and coffee growers associations. We support origin based specialist organisations and development schemes that educate, inform and assist farmers to produce high quality coffee and thus achieve superior prices. This is preferable to charity based aid, un-related to quality which may not be sustainable.
- Union Hand-Roasted believes in rewarding high-quality coffee production with prices that exceed the cost of production, plus a margin for profit and investment. We seek to create long term trading relationships and contracts extending for at least three years and beyond. Farmers who produce exceptional coffee are skilled, crafts-people and should be given individual recognition.
- The ethical sourcing objectives of Union Hand-Roasted is to purchase our green coffee from producers that put into practice the principles outlined in our Code of Conduct which define quality, social economic and environmental considerations.
- As part of the agreed purchase price for the coffee, Union Hand-Roasted engages with producers to define specific projects related to social and economic development in the producing community to be determined by the farmers themselves.
- Ethical sourcing is more than putting good intentions on paper. To be effective, ethical sourcing is actively supported at the highest levels within our company and is reflected in Union Hand-Roasted business philosophy, policy and practices. It is a continuous effort and not a one-off action.
- Ethical sourcing is not a 'black or white' issue. Although basic principles must be adhered to, many of those included in our Code of Conduct contain an element of flexibility. Ethical sourcing therefore does not lend itself to labelling where a coffee with a label is 'ethical' and one without is not. Union Hand-Roasted approach to ethical sourcing is a process of continuous improvement in working and living conditions for farmers, workers and respect for the environment.

- The target of our approach is to create sustainable livelihoods in coffee-growing communities. Hardships regarding living and working conditions mainly arise at plantation level. Most coffee roasters buy from importing brokers, through world commodity markets where buyer and seller never meet and the buyers do not know how much money the growers receive for their coffee. Nor is it possible to know the working conditions of the producer workforce. However, Union Hand-Roasted sourcing strategy involves developing relationships directly with the producers to ensure that we can be confident of the quality of the coffee we buy, the production methods and the working conditions at the farm. Despite evident complicating factors, ethical sourcing must be targeted at the coffee growers.
- The credibility of our ethical sourcing approach is essential and involves setting realistic objectives, obtaining support from Non-Governmental Organization's and local agencies and a sensible and effective monitoring and reporting system where we participate by spending time on the farms, stay in farmers houses, and engage in a continuous communication about how to grow together and benefit. Experience has shown us that we can achieve results through our own efforts and attain a higher level of transparency than we could by simply purchasing Fairtrade coffees.
- Union Hand Roasted does not restrict green coffee buying to Fairtrade Certified farms only. We select from single-estate farms not eligible for Fairtrade certification, on the basis of their high quality of coffee and the social, environmental and economic considerations.
- Every participant in the coffee chain has a well defined role. The farmer produces the coffee with great attention to detail throughout the harvest. The mill facility cleans and sorts coffee by density, size and colour. The shipping line is responsible for getting it loaded on the vessel, ready for shipment and delivered to our local port, and then Union Hand-Roasted have the final role at our Roastery to highlight the intrinsic quality of the coffee with careful craft-roasting and preparation. When all of these people work in harmony and with full transparency, we achieve the sustainable business which is our UNION. Without each link, coffee could not make its journey to the cup of the consumer. It fails when there is obscurity, lack of communication and competing interests

2. SOCIAL PRINCIPALS OF ETHICAL SOURCING

Union Hand-Roasted respect social principals of coffee production. We endeavour to contribute towards raising the standards of health, education, workplace safety, and economic well-being where we purchase our coffee and to obtain our green coffee from sources valuing the following requirements for adequate living and working conditions¹ and also respecting the environment in which coffee is produced.

- employment is chosen because people want to or need to and no forced, bonded or prison labour is employed
- freedom to associate with any organisations and the right to collective bargaining are respected
- working environments are hygienic and free from hazardous conditions
- unlawful child labour shall not be used and if children do work it should not affect their education
- living wages and benefit levels should address the basic needs of workers
- working hours are not excessive
- no discrimination is practised
- regular employment is provided
- no harsh or inhumane treatment is allowed
- workers should have access to safe housing, clean water, health facilities and services.
- sustainable methods of agriculture are practised and hazardous chemicals and pesticides are used safely and responsibly, preferably not at all.
- agricultural practises include awareness of biodiversity preservation and pollution control.

¹ Derived from the Ethical Trading Initiative (1999)
3rd Revision July 31, 2007

2.1. EMPLOYMENT IS FREELY CHOSEN

No use is made of any form of forced or compulsory labour in accordance with ILO² Convention 105 on the Abolition of Forced Labour. Specifically forced, compulsory, bonded or prison labour is prohibited:

- as a means of political coercion or as a punishment for holding or expressing political views of views ideologically opposed to the established political, social or economic system
- as a method of mobilising and using labour for purposes of economic development
- as a means of labour discipline,
- as a punishment for having participated in strikes
- as a means of racial, social, national or religious discrimination.

In addition:

Workers must not be required to lodge deposits or identity papers with their employer.

Workers must be free to leave employer after reasonable notice.

2.2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

This means³:

- The right to organise is to be granted to workers and employers, without distinction.
- It must be possible for organisations to be established without prior authorisation.
- Organisations shall be free from interference by the public authorities when drawing up their constitutions and rules, electing their representatives, organising their administration and activities and formulating their programmes.
- Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment. For instance: employment must not be conditional on agreement by a worker not to join a trade union.
- Indeed employer must take an open attitude, without interference towards union activities and worker representatives have the right to carry out representative functions within the workplace.

2.3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

This includes:

- The farm should apply a Health and Safety policy to all work procedures by minimizing risks.
- There should be clean toilet facilities and potable water available for all workers.
- Adequate housing for workers living on the plantation (size, layout, ventilation, cooking, washing, water supply and sanitary facilities) and medical services⁴
- Proper mechanical equipment with adequate safety features (for example, moving or hot parts are covered)
- Protective clothing is used when working with hazardous agricultural chemicals
- Training in the handling of equipment and materials
- Senior Management should demonstrate a commitment and responsibility for health and safety.

2.4. CHILD LABOUR SHALL NOT BE USED

There is no absolute prohibition for children to work, but children should not work when below the age for compulsory schooling: preferably not lower than 15. If the education system is insufficiently developed the age

² ILO = International Labour Organization, a UN subsidiary founded in 1919. It has a tripartite structure, with representatives of governments, employers and employees.

³ ILO Convention 87 (Freedom of association and protection of the right to organise) and ILO Convention 98 (Right to organise and collective bargaining)

⁴ ILO Convention 110 (Plantations)

^{3rd} Revision July 31, 2007

may initially be set at 14. Children may be only employed in circumstances that fully safeguard them from potential exploitation, which protect them from moral or physical hazard and long term damage to health and which does not disrupt their education⁵. As far as coffee growing and harvesting is concerned, it is a normal and acceptable practice for families, including children, to work on coffee plantations to contribute to the family income. However, it is not acceptable for children to be deprived of education, to require them to perform tasks that are heavy or dangerous or to have them work long hours or work at night.

The following forms of child labour must be banned⁶:

- All forms of slavery or practices similar to slavery such as the sale and trafficking of children, debt bondage, serfdom and forced or compulsory labour;
- Work which is likely to harm the health, safety or morals of children.

2.5. LIVING WAGES ARE PAID

Wages shall be in line with or exceeding the regional average and official similar wage for similar occupations.

Wages should be specified for all functions sufficient to meet basic needs of personnel and to provide some discretionary income⁷.

Preferably minimum wages are to be set in negotiations between trade unions and employers' organisation⁸.

Additionally⁹

- Wages are to be paid in legal tender and properly documented, not as promissory notes, vouchers or coupons.
- Part of the wage can be 'in kind', but not in the form of alcohol or noxious drugs.
- The freedom of workers to dispose of his wages shall not be limited by the employer.
- Wages must be paid regularly and documented.
- All workers should be employed in a labour contract.
- Deduction from wages as a disciplinary measure is not permitted nor any deductions without the permission of the worker concerned.

2.6. WORKING HOURS ARE NOT EXCESSIVE

Working hours must comply with national laws or benchmark industry standards, whichever higher. Personnel shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime work (more than 48 hours per week) should not exceed 12 hours per employee per week, is voluntary and is remunerated at a premium rate¹⁰.

2.7. NO DISCRIMINATION IS PRACTISED

Men and women must receive equal pay for work of equal value¹¹. There must be no discrimination in access to employment, training and working conditions on grounds of race, caste, colour, age, disability,

gender, marital status, sexual orientation, religion, national extraction or social origin, political opinion union membership and activities of worker representatives¹².

2.8. REGULAR EMPLOYMENT IS PROVIDED

To every extent possible work performed must be on the basis of recognised employment relationships established through national law and practise.

⁵ ILO Convention 138 (Minimum age)

⁶ ILO Convention 182 (Elimination of worst forms of child labour)

⁷ Social Accountability 8000 (SA8000); see www.cepa.org/sa8000.htm

⁸ ILO Convention 110 (Plantations)

⁹ ILO Convention 110 (Plantations)

¹⁰ SA8000

¹¹ ILO Convention 100 (Equal remuneration)

¹² ILO Convention 111 (Discrimination)

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Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour only contracting or subcontracting, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, not shall any such obligations be avoided through the excessive use of fixed term contracts of employment.

For coffee harvesting it is normal practise for additional labour to be recruited at harvest time. Differences in the conditions of employment for casual, seasonal and permanent workers should be progressively diminished.

2.9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

This includes corporal punishment, mental or physical coercion, verbal abuse sexual or other harassment and other forms of intimidation¹³.

2.10. WORKER AND FAMILY WELFARE

Basic education should be available to school age children living on the farm and parents should be motivated to send their children to school. The literacy skills of the workers should be encouraged and support should be provided for graduated secondary students to continue their schooling.

3. AGRICULTURAL PRACTICES AND ENVIRONMENTAL IMPACT CONSIDERATIONS

Union Hand Roasted seeks to promote sustainable farming practices. By our definition sustainable coffee must; respect peoples rights to an environment adequate for their health and well being; protect and improve the natural and agricultural environment and make environmental protection a part of farm management for present and future generations; maintain ecosystems and ecological processes essential for the functioning of the biosphere; preserve biological diversity; observe principles of natural sustainable yield in the use of living natural resources and ecosystems; establish adequate social environmental protection standards and monitor changes in and publish data on environmental quality and resource use. In this context we must consider the entire process of bringing coffee to the consumer. It is paramount that the quality of the coffee enthusiastically satisfies the taste and cup profile requirements for our customers'. We strongly endorse supporting producer communities as we believe that land ownership promotes strong cultural survival of indigenous peoples.

As well as sourcing organically certified coffee, we seek to procure bio-dynamically grown coffee which is coffee chemical-free but not certified. This coffee may have a low level of synthetic nitrogen fertilizers and low toxicity chemicals may be permitted to protect against crop failure. Fungicides and insecticides should not be used or only at very low levels and measured by laboratory analysis. Commercial coffee crops are not produced from materials containing genetically modified organisms.

3.1. PLANTATION GROWING SYSTEM TO ENSURE STABLE AND PROTECTED ECOSYSTEM

Preference is towards traditional varieties (e.g. *Bourbon*, *Typica*), rather than more recent high yield, developed cultivars, although the requirement to use resistant varieties is understood. Organically produced trees must be compliant with Regulation (EEG)2092/91.

Systems for managing erosion control should be used to ensure soil conservation with consideration given to tree density and degree of mechanisation for harvesting.

Coffee trees should be shade grown under natural rainforest canopy or traditional poly-culture and where this is not appropriate a defined area of the farm, ideally at least 25%, must be set aside for indigenous tree species to provide a natural habitat for wildlife and foster biodiversity preservation.

Information on shade gradient and bird or other indicator species of biodiversity should be recorded.

¹³ SA8000

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Environmental assessment of the region where coffee is grown should show a positive contribution of the area to biodiversity through the creation or maintenance of environmentally protected bio-region corridors. There should be replanting of native species to restore recovery of degraded areas.

Residue recycling should be practised and control systems for disposal of residues should be in place.

3.2. MEASUREMENT SYSTEMS WITHIN THE FARM

There must be an integrated system of crop and pest management with use of inputs according to technical analysis. This integrated system minimizes the use of fertilizers and pesticides, and partially and gradually replaces them with organic fertilizers and biological disease control. The aim is to establish a balance between environmental protection and business results through permanent monitoring of economic and environmental parameters. This should be based upon an integrated cultivation and protection plan which is permanently adapted.

Inputs must be handled according to national and international legislation and applied following the advice of agronomists.

Pesticides in WHO Class 1a & b Pesticide Action Network's 'dirty dozen' list cannot be used.

3.3. PROCESSING METHODS SHOULD NOT NEGATIVELY IMPACT THE ENVIRONMENT

Washed coffee processing should use methods that reduce stream and ground water pollution and conserve water sources.

Drying systems by patio sun dried or using sustainable sources (solar) or energy generated through combustion of waste materials (parchment).

Organic waste materials should be recycled and renewable sources of energy should be sought wherever possible

3.4. TRANSPARENCY IN OUR SUPPLY CHAIN

Union Hand-Roasted develops long term relationships with producers who fulfil our sourcing criteria. This way we form a partnership with producers, provide identity of the farm and the people who grow the coffee and hence give recognition to the mark of quality. This model provides transparency and complete traceability of our coffee from producer through to the consumer.

4. IMPLEMENTATION AND VERIFICATION

Union Hand-Roasted communicates our Code of Conduct to farmers who supply us and to our customers.

- Verification that producers have implemented effective actions is achieved by maintaining engagement with the producers through direct visits to the farms. Visits are undertaken either by the Directors or representatives of the company, or Non-Governmental Organisations. Verification is in the structure of formal social audits, Semi-Structured Interviews and Focus Group discussions.
- An annual assessment status report is produced on our progress in achieving compliance towards the Code of Conduct.

Many of the principles discussed and embodied in this document are end-goals. Some principles can be implemented immediately just by stopping those practices, other complex issues need time and engagement to resolve and appropriate resources may be required. Producers may have financial, training or capacity building restraints. Union Hand-Roasted prefer to engage with producers, continuing to source coffee from the farm and work towards improvements in corrective actions.

