

Research Report
2006

Unilever
South Africa

NALEDI (National Labour and
Economic Development Institute)

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Acknowledgements

The researcher would like to thank FNV for funding the project and SOMO for the valuable comments and support.

This research would not have been possible without the valuable contribution from workers and shop stewards. A special thank you to Stanley Dlamini who helped transport the interviewers in Durban and provide other support. James Mdlalose and Danny Pillay are thanked for their valuable input on specific details that emerged through the research. Their in-depth understanding of the processes and policies of the company helped shape the research.

Finally the researcher is grateful to Percy Sithole and Wolfe Braude for conducting the interviews and focus group discussions.

Introduction

This report is a follow-up to the 2002/3 Unilever South Africa (SA) research report and a continuation of FNV Mondiaal global research project that monitors and assesses the corporate and social activities of Dutch multinational corporations, in particular those with business operations in developing countries. The Unilever component of the project has expanded from three global locations in 2002/3 to six in this project.

This report while focusing on Unilever (SA) also examines, though to a lesser extent, two Unilever supplier companies. In the 2002/3 Unilever study, Unilever (SA) management refused to partake in the research. They refused to be interviewed or respond to a questionnaire. In the 2005 research project, the company initially agreed to partake in the study, that is, respond to a management questionnaire and be interviewed. However, this did not materialise.

The first draft of the 2005 research report therefore had no input from Unilever (SA) management. They nevertheless were given the opportunity to respond to the research report and its findings. Whereas they agreed to provide a written response to the researcher by the 31 January 2006, no response was received. The report was then submitted by FNV to the Unilever corporate management in the Netherlands, who in turn requested the Unilever (SA) management again to respond to the report. This was done and the comments are incorporated in this report. It was not possible to ascertain the validity of all Unilever (SA) management comments. It should be noted that some of the remarks did not directly concern the research findings but were of a general nature or emphasised a variety of positive initiatives of the company instead, suggesting a focus on public relations. Other comments, however, provide a useful explanation of the management's perspective and have contributed to a more balanced research report.

The research, by design, is bias towards labour standards and conditions thereby underscoring the labour practices of Unilever South Africa by measuring the company's labour practices against its labour policies, the South African national labour legislation, and ILO core conventions.

The report is structured as follows: an examination of South Africa's labour legislation followed by a brief overview of the research methodology. The rest of the report follows the structure suggested by FNV Mondiaal to examine aspects of labour standards, union freedom and association, collective bargaining, workplace restructuring, industrial relations, corporate social responsibility and environmental practices.

South African National Labour Legislation

Redressing the racially skewed labour market inherited from the apartheid regime was one of a number of priorities for the newly elected ANC government in 1994. Post elections, as a product of extensive consultation between government, labour and employers; an array of labour legislation was passed.

Occupational Health and Safety Act, 1993 (the OHSA)

This was the first piece of legislation that was passed in the 1990's, just prior to the first democratic elections. The Act provides for the health and safety of persons at the workplace by setting health and safety standards and by placing extensive responsibilities on employers and users of machinery. It obliges employers to establish safety committees at the workplace. The Act also established an Advisory Council for Occupational Health and Safety, which advises the Minister of Labour on policy matters.

National Economic, Development and Labour Council, 1994¹

In the spirit of consensus seeking the National Economic, Development and Labour Council (NEDLAC) was launched in 1995. NEDLAC is a product of the anti-apartheid movement's struggle against unilateral decision-making. It is an institution of social dialogue with representatives from government, organised labour, organised business and community groupings. NEDLAC works through four chambers: the labour market chamber, the trade and industry chamber, the development chamber and the public finance and monetary chamber. Through debate the constituencies try to reach consensus on social and economic policy issues.

Labour Relations Act, 1995

The objective of the Labour Relations Act (LRA), passed in 1995, is to promote economic development, social justice, labour peace and the democratisation of the workplace. The act:

- provides for a simplified procedure for the registration of trade unions and employers' organisations, and regulates the governance and accountability of these structures;
- spells out both employer and employee rights;
- promotes and facilitates collective bargaining at the workplace and at sectorial level;
- regulates the right to strike and the recourse to lockout;
- promotes worker participation in decision-making through the establishment of workplace forums;
- provides simple procedures for the resolution of labour disputes, etc.

¹ For more information on NEDLAC visit www.nedlac.org.za

This act underpins the entire system of labour legislation and provides parties with legal recourse dedicated exclusively to labour issues with the establishment of the Commission for Conciliation, Mediation and Arbitration (CCMA), the Labour Court and Labour Appeal Court.

Basic Conditions of Employment Act (BCEA), 1997

The BCEA established minimum standards for employment in South Africa with the exceptions of members of the National Defence Force, the National Intelligence Agency, the South African Secret Service, and unpaid volunteers working for charitable organisations. The BCEA covers working hours, minimum age, it defines overtime and the method of calculating overtime wage, leave, deductions, etc. Compliance to BCEA is monitored by the Department of Labour. Violation of the BCEA is not met with severe sanctions though the legislation encourages compliance.

The Employment Conditions Commission was established in terms of the BCEA, to further aims of the Act's and to advise the Minister of Labour on basic conditions of employment and trends in collective bargaining.

Skills Development Act, 1998

The Skills Development Act (SDA) seeks to address the realities of the global economy while remedying the racially skewed skills profile of the labour market and the need to continually improve skills in the country so as to improve productivity and competitiveness. This Act changed workplace learning arrangements from an informal one to a more predictable one.

The National Skills Development Strategy realises the aims of the SDA through the Sector Education and Training Authorities (SETAs), and the apprenticeship programme.

The SDA is finance through the Skills Development Levies Act.

Skills Development Levies Act, 1999

The Skills Development Levies Act obliges employers to pay a skills levy of 0.5 percent of their monthly payroll for the year commencing 1 April 2000 to 30 March 2001. The levy was increased to 1% of payroll as from the 1 April 2001. Every employer in South Africa who is registered with the South African Revenue Services for PAYE or has an annual payroll in excess of R250 000, 00 must pay the levy. The employer identifies the SETA that best suites his business activities.

Employers then engage in training, which may be carried out in house, or by a registered trainer. Employers have to start the process by conducting a skills audit. This is used to draw up and submit a workplace skills plan to the relevant SETA. Once training has begun, regular reports are submitted to the SETA. For every step of the process completed, employers get back a percentage of the skills levy they have paid, up to a total of 70%.

The Employment Equity Act, 1998

The Employment Equity Act (EEA) aims to promote equality in the workplace by eliminating unfair discrimination. The Act aims to create a workforce, which is representative of all South Africans. The EEA affects almost every aspect of employment policy and practice:

- recruitment procedures, advertising and selection criteria;
- appointments and the appointment processes;
- job classification and grading;
- remuneration and employment benefits; and
- terms and conditions of service

The EEA identifies a designated employer as one who employs 50 or more employees, and if less than 50 employees whose annual turnover is in excess of R10,000,000 per annum in the manufacturing sector or finance and business services sector; and R25,000,000 in wholesale trade, commercial agents and allied services sector. The Act further identifies how designated groups (or special groups), as black people (African, Coloured and Indian people), people with disabilities and women, require special attention.

Employers are required to develop Employment Equity Plans that locates the designated group within its workforce and then demonstrate how it seeks to redress the historic imbalance at its workplace. The plan, together with progress reports, is submitted to the Department of Labour.

The Employment Equity Act also provided for the establishment of the Employment Equity Commission, which is a stakeholder body responsible for establishing Codes of Good Practice. The Act requires that these codes be monitored and enforced.

Unemployment Insurance Act, 2002

In terms of the Act, an employer and an employee will contribute equally to the fund, entitling the employee to unemployment benefits on a sliding scale and subject to a cap. It is applicable to all employees. The Act further provides cover to female workers during maternity leave calculated on a sliding scale with the lowest earners receiving the highest percentage benefit of about 58% of their monthly income and those earning more than R10 000 per month receiving about 30%.

Sectorial Determinations

In sectors where there is no bargaining council and where workers are exposed to poor labour practices, and working conditions the Department of Labour set minimum wage and employment standards. Sectoral Determinations have been set in the domestic, agriculture, and retail sectors.

ILO Conventions

South Africa has ratified a total of 23 ILO conventions (see addendum 1). The table below lists the ILO core conventions and which legislation gives effect to it.

Table 1: Effecting ILO Core Conventions

ILO Core Conventions	National Legislation
Freedom of association (Conventions 87) Ratified 1996	This convention is enforced in the LRA, Act number 66 of 1995.
Right to organise and to collective bargaining (Conventions 98) Ratified 1996	This convention is enforced in the LRA. The LRA obliges employers to disclose information relevant to collective bargaining.
Abolition of all forms of discrimination (Conventions 100 & 111) Convention 100, ratified 2000 Convention 111, ratified 1997	This convention is enforced through the Employment Equity Act. However, government has chosen not to enforce equal remuneration in the labour laws, but to leave it open for the labour movement to apply this convention by means of collective bargaining between employers and employees. There is still a large wage gap between women and men and between black and white workers doing work of equal value. Discrimination with regards to people suffering from HIV/AIDS is also covered in the Employment Equity Act.
Minimum Age Convention (Convention 138) Ratified 2000	This convention is enforced as part of the BCEA. The law prohibits employers from employing children of less than fifteen years of age.
Abolition of forced labour (Conventions 29 and 105) Both ratified 1997	This convention is enforced through the BCEA.

Methodology

The research methodology is divided into two sections. The first describes the engagement process with Unilever (SA) and the second with Unilever supplier companies.

Unilever

The engagement with Unilever included two phases.

The first phase, sought to secure the participation of workers, unions, and Unilever management. The unions and, through the unions, workers willingly agreed to part-take in the research. The engagement with Unilever (SA) management began with a letter to the Managing Director requesting a meeting with him or a representative of the company. After several emails and a number of telephone calls, a meeting was held the Human Resource (HR) Director on the 16 of March 2005 where the research aims and process was discussed. At the meeting it was agreed, with the HR Director, that the company would respond to a questionnaire (Appendix B attached), make available the company's policies and codes to the researcher, communicate with plant managers to ensure that workers and shop stewards were available for interviews, and to provide the researcher with information on the supply chain.

This led to the second phase, the information-gathering phase, which began with a literature survey on the company. This proved to be fruitless as publicly available information on Unilever is aggregated to a regional or global level. Hence, information on Unilever South Africa's operation was not available. It was anticipated that management would, through the questionnaire or interviews, filled this gap.

The researcher discovered that management was no longer willing to co-operate when they failed to return calls and respond to messages left. Several attempts to secure interviews with head office management failed. Similarly there was no response on the questionnaire sent. No attempts were made to contact site managers.

It also became evident that the company was reluctant to facilitate the workers and shop stewards² interviews. This delayed the study by three months, forcing the researcher to make alternative arrangements with unions. While some shop stewards were interviewed, it proved difficult to interview workers, even after working hours, as most relied on public transport. Those workers that the researcher managed to interview were chosen randomly. Once again the company was approached to assist with the interview. After much difficulty a meeting was held with one of the HR managers who agreed to help facilitate focus group discussions in Durban. This time round, focus groups were held at the plants with workers and shop stewards. Workers for the focus groups were identified with the aid of the union with the main criteria being workers who were employed at the company for more than 1 year.

² A shop steward is a worker leader elected by his peers at the workplace.

The interviews and focus groups discussions covered Unilever (SA) six sites and eight plants. Where it was not possible to hold face-to-face interviews, telephonic interviews were held. Thirty-five workers and 18 shop stewards were either interviewed or partook in the focus group discussions. Two regional organisers³ were also interviewed. The table below provides a breakdown of the number of workers and shop stewards/regional organisers interviewed at each plant.

Table 2: Interview Schedule across Unilever

Plant/site	Union	Workers	Shop Stewards & Regional Organiser
Phoenix – Durban	CEPPWAWU	7	2
Maydon Wharf – Durban	CEPPWAWU	7	5
Boksburg	NUFBWSAW	5	7
Phoenix – Durban	FAWU	8	2
Prospector – Durban	FAWU	8	1
Pietermaritzburg	FAWU		3
Overall total		35	20

Supply chain

Nampak (the Corrugated division) and Consol (the Glass and Plastic division) were the two companies chosen for the supply chain research. The companies were chosen based on the interviews with Unilever shop steward who indicated they were in contact with the shop stewards from both these companies through the union. Another contributory factor was the availability of information on the companies.

Management at the firms were contacted and informed of the research and asked to participate. They were referred to Unilever head office for confirmation of the study's legitimacy. Contact details of the relevant shop stewards were attained from the relevant trade unions.

The delays encountered with the Unilever research, prevented worker focus groups in the remaining research time, and the researcher had to therefore rely on interviews with shop stewards alone. In addition, further delays were incurred when Nampak management were reluctant to co-operate with the researcher. Unilever HR was requested to contact Nampak directly to allay their fears⁴. Likewise Nampak was requested to contact Unilever to confirm the legitimacy of the research. Nevertheless Nampak management were unable or unwilling to delegate a manager to be interviewed, and so the process became bogged down at Nampak's Marketing Manager's office. A final attempt was made to secure co-operation prior to the finalisation of this report, but messages to the Group Marketing Manager's office were not responded to. Such reluctance to be interviewed is in contrast to Nampak's desire to be seen as a world-class manufacturer. World-class manufacturing presumes predictable, transparent labour relations and corporate governance. Without further

³ An organiser is a union official who recruits workers to the union, represent the workers during negotiations with management, represents workers at disciplinary hearings, etc.

⁴ It is not known whether Unilever acceded to the researcher's request.

co-operation, such questions remain unanswered about Nampak's perspective of its labour relations.

Due to the different sizes of the plants, and the various shifts and duties of the shop stewards, it was not possible to interview groups of shop stewards. In some cases the plants had only a few shop stewards, and in others, respondents were not available. Therefore interviews were held with shop stewards that were available. In each case this turned out to be one individual, however, each shop steward was sufficiently knowledgeable about conditions at their respective divisions, and missing information was clarified with the relevant human resources department at the plant, with the assistance of the shop steward.

Management at Consol were very co-operative and helpful, and directed the research to the relevant management structure.

General characteristics

Unilever products have been available in South Africa since 1890, with Sunlight Soap being the first product. The South African subsidiary of Lever Brothers was registered in 1904, and the first factory was built in 1912 in Cape Town, followed by the opening of the Maydon Wharf factory in Durban in 1914. This site remains as the soap factory. A margarine factory was built in 1954 in Boksburg, Gauteng.

Unilever (SA) business interests centre around two categories: Home and Personal Care (HPC) and Foods. It is a market leader in a number of product rangers. The food division has a number of brands such as Rama, Ola, Lipton, Joko, Glen tea, etc. Some products are South African specific such as Mrs Balls Çhutney. In the HPC division, also has a host of brands such as Sunlight, Skip, Axe, Dove, Shield, Sunsilk, etc.

Unilever has are eight factories located at six sites in two provinces. The table illustrates the production that takes place at each site.

Table 3: Unilever production sites and products

KwaZulu Natal	
Site	Product category
Mardon Wharf	Chemical plant x2
Phoenix	Chemical plant
Phoenix	Food plant
Prospecton	Food plant
Pietermaritzburg	Food plant
Gauteng	
Boksburg	Chemical and Food

Some shop stewards were not certain for which markets they were producing, that is, whether it was exclusively for the South African market or regional market. However the Boksburg plant was able to confirm that the powders division was producing for Mozambique, Kenya, Malawi, and Zimbabwe.

It was impossible to get financial information on the company's South African operation. As mentioned earlier, management failed to respond to the questionnaire sent to them and the publicly available information is aggregated at a regional or global level, making it impossible to separate the information specific to the South African operation. The information provided below, in Box 1, is extracted from the 2002/3 research report.

- Unilever South Africa had an estimated annual turnover of R7.7 billion for the year 2002.
- In the last decade its capital expenditure exceeded R1 billion.
- South Africa accounts for more than half of group profits in Africa.
- The HPC division accounted for R4.35 billion or 56% of total turnover while Unilever Bestfoods Robertsons (UBR) accounted for R3.3 billion.
- Although UBR is only active in 21% of the food and beverage market, it has an average of 57% market share in those sectors where it is active. Its market share is largest for the chutney sector having 74% market share followed by 67% for margarine. Its smallest market share is cream with only 7.7% market share.
- Lever Pond's has number one position in South Africa for home/personal care products. It controls 72% of the market for laundry products and 61% for skin cleansing products. Its market share is smallest for hair care products accounting for only 7% for the market share putting it in second or third position.
- Turnover per employee has more than doubled since 1988 from approximately R637 000 per employee to R1 450 000 per employee in 2001 (measured in constant 2001 money). This stems from a gradual rise in turnover since 1994 and a sharp drop in employment since 1990.

Employment

Employment levels at Unilever have declined sharply since 1988. Employment peaked at just over 8 000 in 1988 before declining to 4 000 by 2000. Employment in 2002 was estimated at 5 100, with HPC employing 2 031 people and Foods 2 860 people. In 2005 total employment is estimated at 2 862 with 1 493 and 1 369 employees from the HPC and Foods divisions respectively. The 2005 figures do not include head office staff. The decline in employment is in all probability the result of the disposal of Simonsberg cheese and Quality Products factories in 2003.

The table below shows that temporary workers represent some 30% of the workforce. This figure is consistent with the 2002 study. Unilever (SA) management state that the figures below are not correct and temporary workers constitute 13% of total factory site numbers.

Table 4: Estimate nature and size of employment by plant⁵

Plant	Permanent	Casual/Temporary	Total
Maydon Wharf (chemical)	488	90 (16%) ⁶	578
Phoenix (chemical)	33	12 (27%)	45
Boksburg (chemical)	650	220 (26%)	870
Boksburg (foods)	400	230 (37%)	630
Phoenix (foods)	80	50 (38%)	130
Pietermaritzburg (foods)	89	20 (18%)	109
Prospecton (foods)	280	220 (44%)	500
TOTAL	2020	842 (29%)	2 862

Source: Estimates provided by shop stewards during interviews

⁵ The figures don't include management at the plant.

⁶ The percentages within brackets reflect that percentage of the workers at the plant that are either casual or in temporary employment.

At Maydon Wharf and Phoenix chemical employment has been stable in the last 3 years. At Boksburg, the employment status of temporary workers in the liquids and foods plant was converted to permanent positions, while the temporary posts at the powders plant were cut back. This led to a reduction in the number of temporary workers at the site. At Prospecton foods both permanent and casual jobs have been created in the past 5 years. The permanent positions were taken up by apprentices. Shop stewards at the plant are unhappy that apprentices are being appointed to the full-time positions while casual workers who have been performing these tasks for a number of years are overlooked. This practice of employing individuals with higher educational levels is in line with the company's policy according to shop stewards.

Unilever foods division employs casual workers through labour brokers. This practice it seems was inherited from the Robertsons Foods⁷. At the Prospecton plant the labour broker has an office on site. Some workers at the plant have been employed through the labour broker and working for Unilever for more than 10 years. In keeping with its policy, Unilever directly employs higher skilled persons while outsourcing job functions for less skilled workers. An attempt by Unilever to introduce this system in the HPC side of its business was brought to a halt by the unions, namely CEPPWAWU and NUFBWSAW. The company claims that the recruitment and selection of temporary workers "is usually a matter of consultation between management and union representatives". However, workers and unions indicated they oppose atypical forms of employment.

All casual and temporary workers at Unilever are covered by the Unemployment Insurance Fund and the Compensation Commission.

Company management

Since Unilever management ignored the questionnaire sent to them, the researcher was unable to:

- ascertain the extent and level of influence corporate management has on the national or local management. According to the unions, local management are implementers of corporate management decisions. For example a decision will be taken at the corporate head office that there is a need to reduce costs in South Africa, local management will then effect this decision.
- determine what decisions are made by national management and which are taken at the corporate level; and
- obtain the company's future plans, including the company's local strategies on subcontracting, outsourcing, and employment structure and relations

The unions explained that plant managers compete with each other across the globe. Poorly performing plants are closed. This exercise enables the company to improve efficiency.

⁷ In 2002 Unilever entered into a joint venture with Robertsons Foods. This deal was worth around R5 billion.

Corporate Social Responsibility (CSR) policy

For the same reason stated above the researcher could not establish when writing the first report:

- management's understanding of CSR;
- whether it considered labour issues, and charity to be part of CSR;
- if it engages, consults or communicates with stakeholders (such as trade unions, community based organisations, etc.) about its CSR policy and activities, and if it does to what extent; and
- who in the company is responsible for CSR policy and activities?

However through the interviews with the shop stewards the following emerged on CSR:

- at Maydon Wharf a newsletter is circulated with details of the current CSR activities;
- at Boksburg there is a Social Investment Committee, which includes shop stewards. This committee though has not met since mid-2004 due to the plant's management "diaries being full". The union has now started requesting CSR information;
- at Phoenix foods, there is no feedback process is in place. Occasional information on the company's contribution in the fighting against Aids is made available;
- the Prospecton shop stewards are given general expenditure figures on the company's CSR activities, but no actual reports since Unilever took over the plant in 2003. The shop stewards stated that Robertsons management communicate more detail and even took the shop stewards to visit some of the projects supported; and
- at Pietermaritzburg, CSR feedback is given through the Communications and Social committee.

The company in its response to the report states that *"In South Africa, Corporate Social Responsibility is generally taken to mean Social Investment. (Philanthropic activities in the words of the report writer). We are therefore not surprised that our Shop Stewards misunderstood the researcher. Our Social report details the activities undertaken by the Business at a National Level. These include leading the South African Business initiative against HIV/AIDS. The Business organisation SABCOA has rolled out an HIV/AIDS toolkit that was developed within Unilever. We pioneered the Thokomala homes concept. This is an initiative to house and care for kids who are infected or affected by HIV/AIDS. This initiative has now been joined by other Donors because of its success. We are also very proud of our Nelson Mandela Scholarship scheme whereby we grant scholarships to individuals from Previously Disadvantaged Communities to do post graduate study of their choice in the UK. The only condition is that they should return to South Africa to plough back what they have learned. We recently celebrated our 100 Year centenary by sponsoring 100 women who were making a positive difference in the lives of their communities. Corporate social Responsibility as understood by Unilever is very high on our Agenda. All our sites are*

externally audited by an independent organisation. We have received excellent results in these SHE audits. Some of our sites have received the Gold, Silver & Bronze Unilever Safety Awards”.

In its response, Unilever (SA) indicates that it interprets CSR as social investment. Similar to the shop stewards response on CSR, the company mainly emphasises its philanthropic activities. There is no mentioning of other engagement with environmental, community, and other organisations. Although such an interpretation is common among private sector entities, it would be incorrect to suggest that CSR in South Africa always means social investment. From a South African NGO perspective, for example, CSR is generally understood as a company having good policies and practices on corporate governance, environment issues, labour matters, community engagement, etc. The NGO sector in South Africa therefore tries to shift companies away from what they perceive as a too narrow definition of CSR.

Business Principles and Code of Conduct

In most cases, it was found that the unions are aware of the existence of the company’s Business Principles and other Code of Conducts such as Business Partner Code but they have not been provided with copies. The Maydon Wharf, Phoenix chemicals, Boksburg chemicals, Pietermaritzburg, and Prospecton foods unions are aware of the Business Code while at Phoenix foods, the union was not aware of such a code. Prospecton foods have requested a copy of the codes in 2004 but to date have not been made available to them. At all the plants surveyed, all documents provided by management, such as the Corporate Code, Employee Code, Skills and Equity Plans are provided only in English although just about all African workers, particularly those working on the factory floor, speak almost exclusively their mother tongue.

The Maydon Wharf and Boksburg chemicals plants have a Code of Conduct booklet. Both Prospecton and Pietermaritzburg foods have an employee code of conduct on display, in a chart format. Although the shop stewards from both plants have requested copies of this code in a booklet format as it is deemed to be more comprehensive than the chart, they have not received any. At Phoenix foods, since Unilever took over the plant from Robertsons, there has been no new Employee Code in place.

The unions noted that there is no formal process of monitoring compliance to these codes. Neither are they aware of a manager who fulfils this function. The unions stated that they themselves monitor labour standards through their day-to-day activities. They felt that the closest process to monitoring would be the monthly plant management/union meetings, which focus on labour issues.

Apart from their own plant level complaints around enforcement of aspects of labour legislation, which occur from time-to-time, the unions were not aware of any violations, or complaints of violation of the Business Principles or any other codes.

Supply chain policy

It was not possible to realise the specifics of the relationship between Unilever and its suppliers companies. It was impossible to determine whether Unilever exerted any

control over its suppliers. Shop stewards and workers were not aware of any control mechanism or measures imposed by Unilever other than the “pressure exerted on suppliers”⁸ to keep prices low and to consistently deliver quality goods on time. Hence the unions presume that Unilever Business Principles or Code of Conduct is irrelevant to the supplier companies. At the Boksburg plant, according to the union, quality standards of the product is monitored by the plant management and workers employed at the quality assurance department of the plant.

Evidence suggests that Unilever does not assume responsibility for the labour conditions or demand that mandatory labour conditions be adhered too by its suppliers. According to the unionist from Boksburg chemical and Phoenix foods there is no monitoring of labour conditions in the supply chain. The exception, it seems according to the Maydon Wharf shop stewards is those suppliers that are based on-site, that is, on Unilever premises. While the union has demanded that suppliers comply with Unemployment Insurance Fund, Health and Safety, and Skills Development requirements, shop stewards stated that Unilever is reluctant to ensure such compliance.

Shop stewards stated that Unilever could lock out on-site suppliers should the supplier fail to meet health and safety standards and UIF commitments. They further risk losing their contract. With regards to monitoring the supply chain, all three unions stated that they were not involved and they were unaware of any independent verification.

Unilever states that it has “a Regional CSR Leadership Team which is made up of our VP Supply Management; QA Leader; SHE Leader; and CSR Co-ordinator. Its objectives were: to complete communication to all suppliers, risk scan of priority areas, and develop action plans for high-risk suppliers. We are well on our way to meeting all our objectives in this regard”. Surprisingly none of the suppliers studied have mentioned meetings or other contacts with the *Regional CSR Leadership Team*.

⁸ Quotation from an interview.

Labour relations

There are three unions organised at Unilever plants. These are the Chemical Paper Printing Wood and Allied Workers Union (CEPPWAWU) with a total membership of 67 000, the Food and Allied Workers Union (FAWU) who represent 85 000 workers and the National Union of Food Beverage Wine Spirits and Allied Workers (NUFBWSAW) with a total membership of 10 000. Both CEPPWAWU and FAWU are affiliated to the Congress of the South African Trade Unions (COSATU), the largest trade union federation in the country representing some 1,6 million workers. NUFBWSAW is affiliated to the National Congress of Trade Unions (NACTU), the third largest federation in the country, representing some 350 000 workers.

CEPPWAWU is well organised in KZN, at both the Maydon Wharf and Phoenix chemical plants where it solely represents between 80-90% of the workforce. FAWU exclusively represents the workers at Unilever food plants in KZN, namely the Phoenix, Prospecton, and Pietermaritzburg. The union density at these plants is 80%, 90%, and 98% respectively.

NUFBWSAW is the active union at the Boksburg plant. Membership is estimated at about 90% of the workforce, including long serving temporary workers.

In terms of global union affiliation, while FAWU is affiliated, NUFBWSAW has just applied to be affiliated to International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF). CEPPWAWU is affiliated to International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM).

Both workers and shop stewards confirmed that workers are free to join a union of their choice and union members are generally treated the same as non-union members. However, a few incidences to the contrary were reported.

- At the Prospecton plant it was reported that supervisors/controllers victimised union members, who stand up for their rights, by assigning them and shop stewards tougher tasks and the more difficult shifts. While this practice has decreased, it still occurs occasionally. In addition, workers stated that departmental team leaders, namely, senior plant operators who are responsible for the running of the line⁹, used to impede on shop stewards right to meet, and were hostile to the union. The union has now almost eliminated this practice, with the exception of one department.
- The Maydon Wharf shop stewards noted that more incentives are offered to non-union members, especially if the non-union members are white.

The distribution of union information at the workplace is not inhibited and union leaders have access to Unilever plants as long as they notify the company of their visit beforehand. This requirement has not been used by management to restrict access.

⁹ By way of an example, a “line” would be the production of Sunsilk shampoo. That is inputs at one end and final product at the other.

Shop stewards at Maydon Wharf reported that since the start of the new management team in 2004 it has become increasingly difficult to get permission to undertake normal shop steward duties. The Boksburg plant shop stewards stated that it is sometime difficult to attend meetings, as it is not easy to leave the workstations. They conceded though that this is a minor practical issue and not a company policy.

In each department¹⁰ within a plant there is a Steering Committee that comprises of the shop stewards and the department management. At a plant level, both workers and shop stewards confirmed there are monthly meeting between the shop stewards and management. It had come to light that this committee has not been meeting regularly for a while at the Prospecton plant. In addition to these committees:

- at Maydon Wharf and the Phoenix chemical plants there is a Communications Forum where the management and the union discuss issues around overtime and other working conditions;
- at the Boksburg there is a Manufacturing Excellence meeting every three months; and
- there is a Training Forum at the Prospecton plant, but the union is in the minority on this committee.

The only strike to have taken place at the company within the past 5 years occurred at Boksburg plant in 2002 over wages. Two incidences of work stoppages were also reported. The first, in one department at the Boksburg plant in 2003, was over equity related issues. The other, in 2004, at the Avenue East division of the Prospecton plant was over benefits. Here the union, FAWU, cited poor communication with the plant manager as a contributory factor to the strike.

While no strikes have occurred at the Maydon Wharf plant, shop stewards stated that the new senior and middle managers who started at the plant in late 2004 seemed determined to control the workers more autocratically. They also appear to have control over the Phoenix chemical plant. Their management style has led to higher levels of frustration and overtime absenteeism amongst workers and a generally negative atmosphere at the two plants.

At both Phoenix and Pietermaritzburg foods there have been no strikes or work stoppages in the last five years.

Most Unilever plants are engaged in collective bargaining at site level only. Management has refused to bargain at regional or national level with unions. This, it seems, is not unique to South Africa, but rather it is the company's global bargaining strategy. The company states: "we have not to date received any union demands for Enterprise Bargaining".

Of grave concern to both workers and unions is the on-going threat by management to shift the South African operations overseas. The Phoenix food plant management have repeatedly threatened to relocate the plant to Brazil or Australia unless the competitiveness of the plant meets United Kingdom benchmarks. At Maydon Wharf

¹⁰For example at the Maydon Wharf site at the personal wash plant, there is the laundry soaps department, bar soaps departments, etc. Each department has a steering committee.

the threat is to relocate the plant to Brazil, Indonesia, India or Egypt. In its efforts to improve efficiency and productivity, the union has on a number of occasions asked for a thorough examination of the production process, people, machines, lines, management, quality of inputs, etc. but management has not made a concerted effort to do this. Similarly, when production is low at Boksburg, the company threatens to move its operations. The union is provided with statistics as proof that the overseas operations are performing much better. The personal hygiene division is apparently 7th out of 13 global sites, but the foods section is lower down the table. The union at the Pietermaritzburg plant are concerned that the current restructuring and re-skilling programme, the 'Good to Great' programme which is up for review in 2007, may see the plant being relocated overseas if the if the review report is not positive.

Unilever maintains that its “businesses participate in various Unilever Global & Regional Visual Sites. These Sites use a rigorous process of benchmarking to identify areas of improvement as well as to learn from each other and adopt best practice where it clearly exists. The results of these exercises are always shared with employee representatives as they are aimed to ensure our long-term survival as a business. These benchmarks are not shared as a threat but as part of our good industrial relations practices. It is a fact of life that investment will always go to those who perform better and as such we see it as our duty to share these statistics and advise employees of the need to continuously improve in a global environment”.

Information requested by the unions is made available but it varies from plant to plant. At the Boksburg plant management release on a monthly basis information on the company and plant performance, for example figures on profit, turner over, etc. At the Maydon Wharf and Phoenix chemical plants, global and national profit levels were reported. At Phoenix and Prospecton foods information on national profit levels is given. Prospecton also receives information on productivity. There is evidence to suggest that some plant managers are not totally honest in releasing information. For example at the Pietermaritzburg plant when the union requests for national and global profit and production information, they are informed by management that such information is sensitive.

The Prospecton plant stated that it is very difficult to obtain information, and when it is provided in most cases it is irrelevant. At Maydon Wharf and Phoenix chemicals, the unions had to reason with management before they could get information on the Phe-Zulu restructuring. At Boksburg, the union complained that it is difficult to get information from the company to resolve disputes.

At all the plants surveyed, none of the unions were aware of managers' salary packages, annual increases or incentives. Management has consistently refused to disclose this information, claiming that it is sensitive and confidential.

There is no direct relationship between the unions organised at Unilever and the unions from supplier plants. It was noted that where the same union is organised at the main company and the supplier company, then there is limited co-operation at a regional or branch level.

Labour conditions

Child and forced labour

Unilever subscribes and complies with the national legislation banning the use of child labour¹¹. The study found that the youngest person employed at Unilever was 18 years old. No incidences of child labour were reported by workers and unions.

Similarly the study found no evidence of forced labour at any of the plants. This was confirmed by both workers and shop stewards.

Discrimination

An example of discrimination raised by both shop stewards and workers from the Maydon Wharf site is the job grading system and the linked educational requirements. The 'Phe-Zulu' Project, also noted in the restructuring subsection of this paper, has increased the educational requirements for workers in the highest job grade, now JC 15, whilst at the same time eliminating the previous highest job grade of JC16. Work experience or existing skills are not taken into account. A similar process had led to redundancies and early retirements taking place at the Pietermaritzburg plant where the company raised the standard of education of lowest grade workers.

These projects are in line with Unilever's Path to Growth strategy and were all meant to ensure long-term survival as a Business. The company asserts that unions were extensively consulted and comprehensive agreements reached with both CEPPWAWU and NUFBWSAW.

The Company has since 1970 been providing free, on site, Adult Basic Education to employees. Employees were further given support to achieve the new education qualifications. Tutors were brought onto site and there was no cost to employees. These qualifications requirements were discussed and agreed to with Unions, with the purpose to provide a foundation for continuous improvements with operators taking responsibility for minor repairs to their machinery. Four out of five HPC factories will be receiving TPM Excellence Awards. The higher technical understanding of employees has been a decisive contributor to these achievements. Unilever states that the whole matter of educational qualifications was aimed at building the capacity and skills of the shop floor employees and therefore do not understand the criticism on this point.

The company has in place a variable pay scheme, which is based on targets being met and workers receiving a 14th cheque. The variable pay scheme is not applicable to unionised workers in the collective bargaining unit. Unionised workers without collective bargaining rights receive the variable pay. This practice by the company is highly questionable. At the Pietermaritzburg plant workers receive production target bonuses and time off for meeting targets. Failure to meet the targets results in workers working a Saturday shift to make up the shortfall. At the Boksburg plant, while non-unionised workers receive variable pay, unionised workers are covered by the

¹¹ The BCEA prohibits the employment of persons under the age of 15.

collective agreement receive an enhance bonus pay paid on a monthly basis should they meet the targets set jointly by the workers and management.

Unilever (SA) affirms there have been various discussions with Unions at various plants regarding variable pay for the bargaining unit. In most of these discussions, according to management, it has become clear that variable pay as applicable to non-union employees does not work well in a bargaining set up. Alternatives have been put in place as a result of these negotiations. Both our Boksburg and Prospecton operations have alternative incentive schemes in place.

Most plants noted that there is little or no difference in the work performed and pay received by race and gender. The number of female employees varies from plant to plant. For example at Phoenix foods, female employees make up 60% of the workforce while at Maydon Wharf and Boksburg they comprise of about 10%. At Boksburg though, some divisions at the plant do not have separate toilet facilities for female workers. Union membership, political opinion, social origin and religion did not arise as issues from any of the plants.

Shop stewards from Boksburg note that no disabled persons¹² are employed at the plant. Linked to employment equity, at management level, most plants are still trying to achieve the targets with most senior positions still held by whites, followed by Indians. The Maydon Wharf plant appears to have hired more white management staff over the last five years. According to the union the plant was more representative in the late 1990's. In terms of gender and management, female managers have only recently been appointed at the Maydon Wharf plant. The Phoenix foods plant appointed its first black manager in 2005, as a human resources officer. Shop stewards from Prospecton foods stated that the company prefers to use Indian workers in the warehousing section and management positions are still largely held by white men, with a few female managers.

The following were noted as unfair practices at the Boksburg plant:

- only women are used on the automated lines in the liquids plant;
- Indian workers are usually given the day shifts, and black workers the night shifts;
- black workers (including women) are often given more physical jobs than the white, Indian and coloured workers;
- skilled factory positions are still largely held by white males in the engineering department; and
- the administration section is largely staffed by women and new appointments (transferred from Durban) have been largely Indian.

Other issues raised under discrimination include:

- unionised workers don't receive performance bonuses,
- shop floor workers are perceived to be less valuable than other workers,

¹² The Employment Equity (EE) Act specifically seeks to redress discrimination against persons with disability. Companies are encouraged through the Act to employ persons with disability.

- some workers don't have access to HR and access card, "but only whites do",
- at the Maydon Wharf plant, white and Indian artisans are paid more for the same work than black artisans, and
- there is the preference to promote non-unionised workers

Unilever management states that "the above points are false and are without any foundation or substance. We will have to see proof. We do have affirmative action targets that include Gender Equality. Managers are measured and rewarded based on their achievement of these targets".

Training and promotion

Shop stewards and workers have stated that training is infrequent and ad hoc, although workers are keen for more training. New workers receive on the job training by seasoned workers. A dedicated training department used to exist with training packages, but was closed.

The company has dedicated training on basic health and safety, and the company's restructuring projects. Temporary workers are often not formally trained in health and safety when joining the workforce although health and safety standards are strictly enforced by the company who at times use it as a means to discipline workers when breached. However there is no action taken against management when they violate or infringe on health and safety standards.

The recruitment process differs from plant to plant. At most plants surveyed the unions disapproved of external applicants given preference over internal ones, especially when the external candidate has a higher qualification. The selection procedure seems to be biased, with internal candidate only appointed if the external person can't physically do the work. This suggests that the company would rather hire a skilled person, than train a prospective internal applicant. Shop stewards stated that in most cases it was observed that the external 'skilled' appointee could not perform the task without the assistance and training of the supposedly 'unskilled' internal would-be applicant.

In addition, the Maydon Wharf shop stewards reported that at the plant there is an inclination to recruiting non-union applicants over unionised ones. At Boksburg it was felt that administrative positions appeared biased towards Indian applicants. The Prospecton foods plant, according to shop stewards and workers, have an unofficial policy of not hiring workers older than 35 as they are harder to train.

The research found that no female employee has been dismissed after getting pregnant. The unions reported almost no incidences of sexual harassment. In the one case reported, at the Prospecton plant, the offender was dismissed.

Skills and equity

In terms of the Skills Development Act and Employment Equity Act, a committee made up of worker representatives and management must be established for each. The committees will each develop plans that state the output and time frames for their

achievement. Legislation requires that worker representatives (shop stewards) to sign off on the plans. The committee also serve as monitoring mechanism for its implementation.

Each plant has an Education and Training Development (EDT)¹³ committee and an Equity Forum made up of management and workers/unions. EDT identifies training needs and trainers, and deals with other training related issues. The functioning of the committees differs from plant to plant. The Equity Forum was reported to be inactive at most plants.

The Workplace Skills plan for Unilever plants was apparently drawn up by management as a generic overall plan for the company. The plan is not tailored to fit the requirements of each plant, although the skills requirements differ from plant to plant. Equally, the equity plans were also drafted by management, though NUFBWSAW was consulted during the process. A general presentation was made to the unions/ shop stewards at each plant but they were not given copies, although it was requested.

CEPPWAWU rejected the Workplace Skills plan, as they were not involved in its drafting. Management then asked the NUFBWSAW from the Boksburg plant to sign off on the plans. Unaware of CEPPWAWU objections to the Workplace Skills plan, NUFBWSAW signed the plans. The company response to this matter is as follows: "The matter raised in the report was for practical purposes in terms of obtaining one signature from Boksburg where our Training Manager was based at the time. This concern was brought to our attention and was amicably resolved. We regard this as a minor technical issue which certainly does not deserve to be included in this report". For CEPPWAWU, on the other hand, the matter was important enough to mention it.

Both the unions agree though that the Workplace Skills plan does not have any substance to it and simply speak of mandatory training. Essentially the plan fails to meet the objectives of the Skills Development Act.

Unilever (SA) claims to be pioneers in the area of Workplace Skills Development as they are founding members of both the Foods and Chemical Education and Training Authorities. The company has also piloted a number of apprenticeships for the Department of Labour.

Unilever manufacturing facilities spend approximately 6,5% of their total wage budgets on training and development. This is well above the norm of the industry.

Wages

Both Phoenix chemical and Maydon Wharf union representatives believe their wages to be reasonable while the Boksburg shop stewards considered their wage to be favourable. Wage differential per job grade was noted across Unilever plants.

Both shop stewards and workers from Phoenix and Prospector foods stated that their wages were lowest amongst the other Unilever plants. Phoenix foods believe that the

¹³ In some plants such as Boksburg, the EDT is called the Learning Committee in line with legislation.

reason for their low wage is Unilever failure to readjust their wage when it took over from Robertson's. Prospector shop stewards pointed out that in general the other plants have engaged in more training, hence the workers are better paid, as they are better skilled. In addition management at the plant is seen as very determined to focus on wage issues as means to control costs.

Wages at the Pietermaritzburg foods plant are also seen to be the lowest in Unilever by the union. The management has told the union that this is so because the cost of living in Pietermaritzburg is lower than the other Unilever plant locations. The wages at similar manufacturers such as ABI or Nestle' are believed to be higher. The Pietermaritzburg foods plant workers receive production target achievement bonuses. They also get time-off for achieving the targets. However if the targets are not met, then workers have to do a Saturday shift to make up the shortfall. According to the union there have been no complaints about the targets set by management and they are seen as fair.

The minimum wage for permanent workers at Maydon Wharf and Phoenix chemicals is about R4 800 per month. This is seen by workers as not too bad, as the minimum entry level wage in the current bargaining council agreement is set at R3500. However, it was noted that the food plants bought by Unilever, namely the ex—Robertson's plants, generally pay less than R4 500. Maydon Wharf and Phoenix chemicals temporary workers come in at the current bargaining council agreement R3500 minimum. The Phoenix foods entry-level permanent wage is R3500. The Prospector foods lowest permanent workers wage is R4 500, and the lowest wage at the Pietermaritzburg foods plant is R4 200. Temporary workers earn from R3 900 to R4 200 at the Pietermaritzburg foods plant.

Worker and shop stewards reported payment for all hours worked. The only problem noted at Maydon Wharf was that temporary workers employed by Unilever sometimes have trouble getting their leave recognised on their payslips and their sick leave recognised as paid leave.

The table below provides the minimum wage per job grade for Maydon Wharf, Boksburg and the Phoenix foods plants. Attempts to get similar information from the other plants were impossible.

Table 5: Wage levels per Job Grades

		Maydon Wharf ¹⁴	Boksborg ¹⁵	Phoenix foods ¹⁶
Job Grade	Job Description	Wage level		
10	Packers	4,865	4,816	3,508
11	Case Packer Operator	5,136	5,038	3,606 – 3,698
12	Case Packer Operator	5,754	5,878	3,935
13	Case Packer Operator	6,473	6,576	4,109
14	Operator	7,362	7,409	
15	Operator	8,411	8,275	

Source: Shop stewards and HR Phoenix foods. See footnotes for more details.

Working hours

The normal working hours at Unilever plants is a 40-hour week, with two or three shift systems in place. Recently management at Maydon Wharf has requested a change to a 42-hour week. This is presently under negotiations with the unions. The Phoenix food plant is the only known plant that does not conform to the 40-hour week. It runs a 43-hour week with two shifts with the second shift, the night shift running when the plant is busy. The 43-hour week has been negotiated down over the past two years from a 45-hour week inherited from Robertsons Food.

The labour legislation allows a maximum of 10 hours of overtime per week. Maydon Wharf, Phoenix chemicals, and Phoenix foods average 34 hours overtime per month. Shop stewards from both plants stated that overtime has recently declined, due to costs. The Boksborg workers have stated they work more than 30 hours per month overtime. At Prospecton foods the union notes that overtime often runs up to or just over 40 hours per month. The workers stated that overtime is a normal practice. It appears as though the company has no real limits set to overtime. At the Pietermaritzburg food plant overtime is usually 12 to 24 hours a month.

Production for demand peaks partly drives overtime at Prospecton foods, Maydon Wharf and Phoenix chemicals. At Phoenix chemicals overtime occurs every weekend, and on holidays. This is normal practice at the plant and the workers felt that Indians benefited the most from overtime. Overtime has increased at Boksborg since the company introduced continuous running, which is a 7-day week, 24hours per day. Overtime occurs, as some sections are under-staffed.

¹⁴ The wage data for Maydon Wharf was supplied by the shop stewards. At the Maydon Wharf plant the union and company negotiate at the bargaining council around March/April each year. The wage data provide therefore is for the period March 2005 to March 2006.

¹⁵ The wage data for the Boksborg plant was supplied by the shop stewards. At Boksborg the union and company negotiate at plant level, and the implementation of the negotiated agreement takes place on 1 November of each year. The wage data provided is the latest offer made by management, which the union has not accepted. The parties have deadlocked.

¹⁶ The wage data for Phoenix Foods was made available by the HR department at the plant. At Phoenix Foods the union and company negotiate at plant level. Negotiations take place early each year. The wage data provide is for the 2005 calendar year, with wage negotiation for 2006 taking place again in January or February 2006.

The Pietermaritzburg food plant schedules overtime in week-long batches, but not continuously. It occurs in times of peak production or unexpected peaks in demand, but is not allowed to go past the legal maximum. At the Maydon Wharf, and Phoenix foods and chemicals plants overtime is announced on the Wednesday before the weekend. In some instances this announcement only spreads through the factory floor by the end of the week. Shop stewards at the Boksburg plant noted that their overtime is often announced at the last minute. Workers are also often placed on standby so that they can be called in to work if the need be during their days off. The union at the Prospecton believes that overtime is announced too late, with too little warning. At Pietermaritzburg overtime is usually announced in advance.

While overtime is voluntary, if there is no alternative relief¹⁷ available, the overtime becomes compulsory, especially for key personnel. At one site shop stewards noted that those who refuse overtime are regarded as lazy or uncooperative by their supervisors and thus open to increased criticism on their working ability. Shop stewards noted that workers take on higher levels of overtime to boost their salaries, as the lower paid workers can almost double their salary through overtime. At the Boksburg plant, the shortage of available relief workers in some sections is leading to an increase in 'compulsory' overtime, which in turn is leading to an increase in overtime absenteeism.

The company generally pays time and a half during the week and on Saturdays, with double pay on Saturday nights and Sundays. The Prospecton plant pays time and a half for overtime on Saturdays and double time on Sundays, however, during the week, overtime is paid at normal pay rates - in contradiction to labour legislation.

There is general consensus amongst all the respondents that the use of overtime has not lead to an increase in workplace accidents.

Benefits

The BCEA defines and quantifies the minimum benefits workers are entitled to. These benefits may be improved upon during negotiations and collective bargaining.

The Maydon Wharf and Phoenix chemical plants have moved to a defined contribution pension system. Presently the union is trying to establish what the surplus in the fund is. The union also feels that the fund needs to manage its investments better after 25% of fund value was lost recently. It seems as though the maternity leave is 6 months, and the company pays 50% of salary before exercising the UIF.

The Boksburg union notes that workers are not given any housing bond subsidy¹⁸. They don't have any problems with leave, as the workers get family responsibility and compassionate leave amongst others statutory leave. The severance pay at Boksburg is 3 weeks for every year worked. Just prior to the 2002 restructuring at the plant, management tried to negotiate a 1-week reduction in this severance pay, but failed.

¹⁷ A relief worker is a replacement worker that can perform the same duties.

¹⁸ A housing bond subsidy refers to a benefit offered by some employers to their employees to subsidise the monthly repayments on their houses. The financial system in South Africa is biased against workers in that workers generally pay higher interests for loans and housing bonds.

The union also stated that some workers lost annual leave days during the administrative changeover to the current four-shift system. The union has been unable to resolve this matter with management and have declared a dispute and referred the matter to the CCMA. It is at the arbitration stage.

The Prospecton foods workers likewise get family responsibility and compassionate leave. Maternity leave pay at the plant is 25% of monthly salary from the company, before the government contribution through UIF.

At Phoenix foods, according to the shop steward workers get six months maternity leave¹⁹ and receive 50% of monthly salary from the company with additional income obtained through UIF.

The Pietermaritzburg foods plant reports that they do not get family responsibility leave. If they wish to take leave for this purpose it must come out of their annual leave. They do get compassionate leave. The severance pay at Pietermaritzburg foods is 2 ½ weeks pay for every year worked.

¹⁹ See Appendix 3 for Unilever Maternity Policy.

Reorganisations, outsourcing, flexibility, and job security

Reorganisation/restructuring

In 2002/3 the company had 14 plants located within 7 sites across the Western Cape, Gauteng and KwaZulu Natal provinces. In 2002/3 Unilever sold the Simonberg/Melrose cheese plant in the Western Cape to Parmalat. Around the same period the company sold off its Quality Products plant to a Black Economic Empowerment consortium headed by the Thebe Group and the Culinary Products Group (CPG) plant in Pietermaritzburg was closed. This is possibly the reason for the drop in total employment since the first Unilever research in 2002.

The Maydon Wharf job grading system was changed under the Phe-Zulu Project, aimed at decreasing costs and increasing efficiency. The highest grade (JC16) has been scrapped leaving JC 15, which pays less as the highest grade. The project is an essential part of Unilever's global business strategy "Path to Growth" announced in 1999. The project was introduced at the Boksburg plant in 2001 and at Maydon Wharf and Phoenix chemical plants in 2003. Unilever South Africa is interested in repositioning its key manufacturing sites that is Durban as regional and global supplier for a range of personal products, and the Boksburg soap powder factory will be benchmarked in line with globally competitive standards for soap powder production. This implies that in order for the Boksburg plant to remain in business it would have to keep its costs down and improve sales.

According to the unions there is little evidence after three years that the Phe-Zulu project has led to increased efficiencies. Older workers at Maydon Wharf, who were educationally disadvantaged during apartheid, had to accept the lower salary of the new grades, or be made redundant. In the end 13 workers were made redundant. In 2003, more workers were made redundant at Maydon Wharf when new technology was introduced.

The Total Production Maintenance (TPM) system was introduced at the Unilever plants in 1999. The efficiency gains of the system, according to workers and shop stewards from Maydon Wharf, are low. They believe the company should have used the same resources to improve the quality of practical production skills, that is, the actual activities that workers perform.

NUFBWSAW shop stewards from the Boksburg stated that a few restructuring projects have occurred and the union had been consulted. The union has been told that 1 liquids plant in South Africa may be closed in the near future. This led to Project Thala in the liquids section. Project Vuka, implemented in 2002 at the Boksburg plant, led to 289 redundancies, mainly in the liquids and powders sections. The workers made redundant were not rehired. A system of early retirement was part of the redundancy process. Some of the workers made redundant were hired by the subcontractor who took over the distribution section, some were redeployed in other Unilever plants, and some were given business training and secured Unilever supply contracts. However, these small businessmen were hired as groups of individual

owners, and so the salaries and benefits were low. Finally, Unilever retained some of the early retirees for specific projects.

The Pietermaritzburg plant reports that the “Good to Great Strategy” was launched at the plant and aims to train the workers in the entire plant. The union has not been informed on the specifics of the training. Some of the redundancies that occurred at the plant were the result of the company raising the education requirements for workers to N1 and N2 level. This affected mainly older workers. Not only were factory workers affected, so was management. At the last major restructuring in 2003, when Unilever entered into a joint venture with Robertsons' foods, the CPG, where soup was manufactured, was shut down. Sixty-five workers were made redundant and others were redeployed. The plant does not offer small business training for those made redundant. Apart from these, there have been no other redundancies at Pietermaritzburg.

The company has in the past provided training for the workers made redundant, but this has been inconsistent, and usually only comprises drivers license training or occasionally various three month courses.

Outsourcing/subcontracting

The oils section (now sourced from overseas) and farm tank operations at the Maydon Wharf operation have been outsourced over the last five years. The union is not convinced that this has led to any savings. The workers made redundant during this outsourcing were given small business training and encouraged to apply to become suppliers to the Maydon Wharf plant. Other redundant workers were re-employed as independent cleaning contractors, replacing the temporary workers previously used for this.

In 2002 the Boksburg plant distribution section was outsourced to Tibbett and Britten Logistics. Working conditions at Tibbett and Britten are not as good as at Unilever. Workers reported that union activity is suppressed at Tibbett and Britten and workers are prevented from joining a union. Apart from this incidence of outsourcing, the union does not see any trend towards outsourcing. The plant management prefer to keep capacity in house.

Although there is a trend towards casualisation of the workforce at the Phoenix food plant, the management has not outsourced any of the plant's functions.

Since Unilever bought the Prospecton plant from Robertsons in 2003, there has been no outsourcing. The only outsourcing mentioned took place in 2000, under the ownership of Robertsons.

At Pietermaritzburg, the Joko tea packaging function has been outsourced to Connoisseur, and the Glen tea 100's and 200's section was outsourced to the same firm. The Unilever workers affected were either made redundant or redeployed. Working conditions at the outsourced sections are worse than when they were run by Unilever. The wages paid by Connoisseur is lower than that which it stated in its proposal to Unilever. The production was initially moved off site, but is now back on site. According to the union Connoisseur achieves its low operation cost by using

temporary workers. Unilever workers who were made redundant during the outsourcing process chose not to work for Connoisseur, due to low wage.

Temporary or flexible contracts

A distinction should be made between temporary workers employed directly by the company and those employed via a third party, commonly referred to in South Africa as a 'labour broker'. Wages and benefits for labour broker workers are usually poorer than for those temporary workers employed directly by the company itself. As a result the unions fight vigorously against the introduction of labour brokers as labour suppliers to companies. Unions see the temporary workers as co-workers and thus part of their mandate as a union, even though they are not members of the union.

The use of temporary workers at Maydon Wharf is deeply entrenched, making up 25% of the overall workforce rising to 50% in the Maydon Wharf Personal Products division. Attempts by management to introduce a labour broker at the site were squashed by the union who strongly opposed this form of employment. The Personal Wash Division at Maydon Wharf has 30% temporary workers. At the Phoenix chemicals temporary workers make up 50% of the workforce. Some long-term temporary workers were made permanent in 2003. Temporary workers are employed to provide additional labour for what is referred to as 'winter' and 'Summer Drives'. These are seasonal production peaks, scheduled to meet seasonal demand for certain products.

According to the Boksburg shop stewards the trend appears to be a reduced reliance on temporary workers but noted that the latest line to open in the powders section is staffed entirely by temporary workers. The liquids section though has been replacing temporary workers with more skilled technical staff. The company tried to introduce contractors but the union managed to stop this. The union also notes that specialist jobs are filled by permanent external appointees.

The Phoenix foods plant shop stewards and workers reports that although there has been very little permanent staff hired over the past five years, casuals have been hired through a labour broker and employed in all sections replacing permanent staff that have resigned or retired.

The Prospecton plant reported that the level of temporary workers has remained steady over the last five years; however the number of casuals has been rising over the last three years. Ten permanent workers were hired from the ranks of the apprenticeship and six from temporary workers. According to the union, the company is apparently using the apprenticeship to fill permanent posts instead of filling these posts with long serving temporary workers. The plant has a high number of temporary workers - around 190 temporary workers and 30 casuals out of a work force of 500. Where new employment is created, it is permanent employment. The temporary workers and casuals used to be employed directly by Unilever, but now fall under a labour broker situated at the plant.

The union at the Pietermaritzburg notes that the number of temporary workers rose in 2002, due to the restructuring which led to redundancies. Amazingly the numbers of temporary workers hired matched the number of workers made redundant. However,

the number of temporary workers has since decreased to around 20. Most of the temporary workers employed were those that were made redundant. There has been no new permanent employment at the plant since 2002. Labour brokers are also used at the plant to supply labour.

Both workers and shop stewards noted that temporary workers and casuals are not guaranteed permanent employment. These workers are not given preference to fill vacancies that arise. Evidence suggests that Unilever South Africa takes no responsibility for its workforce. Labour is simply seen as an input cost.

Temporary workers and casuals across the plants do not receive any benefits (e.g. housing, medical insurance, pension, etc.), other than the standard leave and Unemployment Insurance Fund coverage as stipulated by labour legislation. This applies to both independent temporary workers and those employed via a labour broker. In addition, temporary workers and casuals are usually not given any training outside of basic health and safety and the minimum required to operate the machinery. Temporary workers directly employed by Unilever often receive the same percentage annual increase as permanent workers.

Wherever possible the unions across all the plants have fought for the temporary workers to be made permanent. Successes were recorded at the Maydon Wharf and Boksburg plants, through union pressure on management.

At the Boksburg plant, management used to retrench temporary workers just before they had completed 12 months of service, to avoid paying them the annual bonus, but the union intervened and stopped this practice.

The Pietermaritzburg plant reported that the temporary workers earn slightly less than the JC10 scale, which is Unilever's lowest job grade. The temporary workers are not eligible for the performance target related pay and time-off benefits. Furthermore, the temporary workers at the Pietermaritzburg plant are on renewable monthly contracts. There is a high turnover amongst the temporary workers. This could be partly explained by the fact that the temporary workers are not given permanent positions when they become available and skilled redundant workers from the plant are rehired as temporary workers, but at lower skilled position. It was also found that management terminate the temporary workers contracts just before the worker is entitled to an annual bonus. The union notes that managers are given cost cutting incentives, although the value of the incentives is never released. Although workers have provided suggestions to the management to cut costs in other ways, they have preferred to reduce costs by focusing on labour costs. This reemphasises the low value the company attaches to its workers.

Temporary workers are not guaranteed permanent employment, but the unions have in some cases pressured the company to give the temporary workers first chance to apply for any permanent jobs that become available. At Maydon Wharf plant the company uses temporary workers for short term and prolonged periods. Contracts usually run for six months. Some temporary workers have been working for the company for over a year. In a few cases temporary workers have been employed for between four to seven years without the company taking them on as permanent staff. The union believes temporary workers should be given the first opportunity to fill

suitable permanent posts, by placing them on a waiting list. However, the new management has taken a harder line on this. The union notes that apprentices are sometimes given further training or hired for artisan positions.

In an important development, the Boksburg and Maydon Wharf plants shop stewards states that an agreement has been reached in principle with management that new temporary workers positions, which are created, will be made permanent. The union will be monitoring this to ensure that the company sticks to the agreement. The current position is that some temporary workers have had their contracts rolled over for as long as three or four years.

At Phoenix foods the union notes that although casuals have been employed for long periods their employment status has not changed. The casuals are employed through a labour brokerage company called Workforce, and many of the workers have been working for Unilever for two to three years.

Some casuals at the Prospecton plant have been with the company for more than 10 years without a change to the employment status. Similarly, some of the temporary workers have been with the company as temporary workers for up to 15 years, without receiving any of the benefits permanent workers are entitled to. The union is fighting for these workers to be made permanent. However, the company often employs from outside the company, claiming the appointees are better qualified (usually referring to maths and science schooling). Often these external appointees turn out to be less skilled in the performance of the tasks when compared to the casuals or the temporary workers. Management does not give the casuals an opportunity to be trained for the advertised posts. Maths and science ABET (Adult Basic Education and Training) training for temporary employees started in 2005. Similar training has been given to permanent workers for a few years now.

Workers employed as temporary workers in the majority of plants do not appear to earn significantly less than the entry level permanent wage. In most cases they earn at least the same as the lowest paid permanent workers while the skilled temporary workers are paid higher salaries. The unions prefer to retain the skilled jobs for permanent staff. The lack of permanence for temporary workers that job security is generally low, and the absence of any additional benefits means that health, pension, transport and educational costs are borne by the individual temporary workers, without support from the employer. This leads to greater income insecurity.

At all the plants surveyed, the relationship between permanent and temporary workers was good, with the unions defending the rights of the temporary workers where possible. In some cases the temporary workers are partly made up of redundant workers from the same plant, which strengthens the relationship.

Conditions in the Supply Chain

Boksburg Chemicals is supplied by the following principal suppliers: Consol, C-Plus, Nampak, KhoelaPak, Polyforce, Inveschem, Keartlands, Akhulu, Hutamaki. Phoenix Foods is supplied by the following principal suppliers: Consol Glass, Nampak Corrugated. Prospecton Foods is supplied by the following principal suppliers: Khoela, Kharma (Italy), Triumph Printing. Most of the raw materials come from the rest of Africa or Italy. Pietermaritzburg Foods is supplied by the following principal suppliers: Khoela, Nampak, Nasa, SV Distribution, and Magwa.

Consol glass and plastics, and Nampak were the supplier companies chosen to be studied.

Consol Glass and Plastic²⁰

General characteristics

Consol Limited is a South African packaging group engaged in the manufacture of glass and plastic packaging. Consol's shareholder is AVI Limited, a company listed on the Johannesburg Securities Exchange, which holds 81%, with the remaining 19% held by Owens Illinois of the US. Owens Illinois are the worlds leading container glass producer and are also Consol's technology partner. Consol operates glass and plastic packaging plants, supplying a range of manufacturers from food and beverages, to household cleaners, and personal products. The glass division of Consol Ltd consists of four glass-making factories, one decorating shop, one engineering workshop and a glass sand manufacturing plant. Consol's plastics division consists of three factories, a rigid plastic operation in Wadeville, and both a rigid and thermoforming plastic (Plastform) operation in Cape Town.

The 2004 interim results for Consol reflected a turnover improvement of 3, 5% to R1, 24 billion. This earnings is before interest, taxation, depreciation and amortisation is up 13,4% to R382.1 million; operating profit up 8,7% to R279.9 million and an operating profit margin of 22.6% (in 2003 it was 21.6%). The plastics plant made a number of workers redundant in 2002, and has also consolidated production in the rigid section by dropping poor selling products. This has increased the profit of the rigid section by 18%. Unilever accounts for 35% Consul's sales.

Employment

Total employment at Consol is of 4000 workers nationwide. The plastics plant surveyed employs 200 workers and the glass plant employs 270, with around 20 of

²⁰ Please note that unless otherwise indicated, all responses listed below apply only to the Consol plastics and glass plant in Wadeville, and not the entire Consol group. As can be seen from the Unilever sections of this report, although conditions at a plant may give a good indicator of conditions throughout the company, there can be important differences, between labour and working conditions at different plants in the same group. This is also apparent from the two Consol plants interviewed. It should be noted that a shop steward from the Consol glass plant at Wadeville was interviewed, but an interview with management could not be secured given time constraints. It should also be noted that a manager from the Consol plastics plant at Wadeville was interviewed, but an interview with shop stewards could not be secured given the unavailability of all the shop stewards on various duties – training, negotiations, CCMA. Finally, where reference is made to a union opinion it is referring to CEPPWAWU union respondents at the glass plant. Respondents in other unions at the plant could unfortunately not be interviewed due to time constraints related to the earlier delays in the study.

these being temporary workers. Apart from the 2002 redundancies, employment at the Wadeville plastics plant has been stable. At the Wadeville glass plant the number of permanent workers has increased while the number of casuals has decreased over the last five years. Those casuals that remain are on very short-term contracts.

Corporate Social Responsibility

The glass plant union is aware of the existence of Consol's codes such as the Corporate Business Principles, and Code of Conduct but have never been given a copy, although they have requested a copy. All documents provided by management, such as the Corporate Code, Employee Code, Skills and Equity Plans are provided only in English at both the glass and plastic plants. While the glass plant has an employee code of conduct, no copies have been given to the union.

The union stated that there is no formal process or any specific individual responsible for monitoring compliance of the Corporate Business Principles. Labour standards are monitored through day-to-day union activities. The union was unaware of any complaints of the violation of Business Principles, etc. A CSR policy does exist at both the glass and plastic plants, and feedback is provided to the plant and other parties through a newsletter at the plastics plant and a booklet at the glass plant.

The relationship between Unilever and Consol plastics is a long term one. Unilever does not assume responsibility for Consol's labour conditions neither does it demand from Consol to adhere to minimum labour standards. Interestingly Consol conducts health and safety inspections at its own suppliers, with the involvement of the unions. Unilever has no share ownership in Consol. An annual commercial quality audit is conducted by Unilever of the supplier plant operations. Unilever maintains no staff presence at the Consol plants. The supplier must sign a stock level service agreement and a confidentiality agreement.

The supplier has to sign a Code of Conduct that bans bribery between the two parties. It is uncertain whether the other components of Unilever's Business Principles apply to the supplier. The supplier appeared to be unaware of the title "Business Partner Code" which is the official name given by Unilever to its supplier code, however, the anti-bribery code would fall under this category.

Labour relations

Workers at both plants are free to exercise the right to join a trade union of their choice. The company does not discourage union membership. CEPPWAWU is the only union active at the plastics plant. The glass plant has three unions active - CEPPWAWU has 125 members, Solidarity (an independent union) with 45 members and the third union is JEWUSA. CEPPWAWU shop stewards also noted that a previous attempt by JEWUSA to gain official recognition at the plant failed.

There are monthly shop steward and management meetings at both plants. Regular health and safety, and skills development meetings are held. A Training Committee and an Equity Committee also exist at the plants.

No strikes have occurred at the plastic or glass plants in the last five years. Union leaders have access to the workplace at both plants. Union representatives can operate

without restrictions, attend regional union meetings, distribute information, and hold meetings with members at both plants. There has been no victimisation of trade unionists by the company.

A two year wage agreement is in place at the Consol plants, negotiated under the National Bargaining Council for the sector. There are no profit sharing schemes at the plastics plant.

The glass plant union is provided with information on production and profit. The plastics plant produces a daily newsletter giving details of the various indicators of production and output. The plastic plant management said the company provides information on profits at a national level, although information is apparently available at independent plant level for other statistics. Consol does not have any global operations. Information on managers' salary, benefits or incentives is not made available.

Labour conditions

Child labour and forced labour

Management states that the youngest person employed at the plastics plant is 28 years old and at the glass plant is 25 years old. The youngest apprentice is 20 years old. Child labour is not permitted.

Discrimination

The union at the glass plant notes that racial discrimination appears to exist, in that whites are favoured for promotion, and are sometimes paid higher than black workers who are in the same job grade. According to the union there is a slim chance that a black person will be appointed as the factory manager. The union feels that black shift managers should be trained to apply for factory manager positions. However the union noted improvements on the equity front at other management levels in 2005.

Apart from the above, the union confirmed that no general discrimination exists in terms of training. Posts are advertised internally first before external adverts are placed. Internal candidates are sometimes given training to allow them to apply for advertised posts. This usually applies to older workers. Adult Basic Education Training is also provided to those workers who wish to use it. The company pays for the training. Apprentices are often given priority to fill vacant posts.

No victimisation of female employees has been mentioned. In particular there were no sexual harassment cases reported or dismissals of female employees who have fallen pregnant

Management at the plastics plant states that a Skills Plan is in place, and was drawn up with the participation of the CEPPWAWU shop stewards at the plant. A national survey of skills in the entire company is undertaken every few years. As different skills are needed for glass and plastics, skills plan are apparently customised to suite each plant. The union at the glass plant notes however that they have not yet seen a copy of the final skills plan. Each plant has a career development plan for its workers. Shop stewards sit on the Training Committee, and are busy with this process. An

Equity plan is in place and the shop stewards are given copies of the minutes of the meetings of the committee.

Wages

Wages are apparently higher than average at the plastics plant. The wages are grade related and in line with national wage bands for each grade. The glass plant shop steward feels that the wages are the same as those of other companies, but notes that the wages at the other Consol glass plants are apparently higher.

The lowest permanent wage at the glass plant is R3780 per month. The lowest permanent wage at the plastics plant is R3486. Casuals at the plastics plant are paid the same as the lowest permanent workers. However, their pay may be higher depending on their job rate.

The company pays for all hours worked, including over time worked.

Working hours

Management stated that the plastics plant operates a 40-hour week while the glass plant a 45-hour week with both operating a three-shift system. The company respects core and maximum working hours.

Overtime is voluntary at both plants and is announced on the Wednesday before the weekend and occurs at times of production peaks or shortfalls. The glass factory workers have to work an extra four hours on their normal shift if no relief worker is available, however, this usually runs to eight hours extra for most workers, i.e. a double shift. This extra work is counted as overtime work and is paid as such. The general practice at the plant is that overtime is used to make up for employment shortfalls or machine breakdowns. There has been no increase in workplace accidents at either plant as a result of overtime.

Employees at the plastics plant are paid time and a half for weekday or Saturday overtime work and double time on Sundays. Employees at the glass plant are paid time and a third during the week and Saturdays, and double time on Sundays. The union is currently negotiating to increase weekday and Saturday pay to time and half.

Reorganisations, outsourcing, flexibility and job security

As a product of consolidation, cut backs occurred at the plastics plant in 2002. The redundant workers were given internal training. The redundant workers were also placed on the shortlist for casual work at the plant. A few sections at the plastics plant have been outsourced, namely the rejects and assembly work sections. Quality concerns about outsourced work have led to the review of the outsourcing policy. Sub-contractors are also used at the plant.

The glass plant union states that no outsourcing or redundancies in the last five years.

Casuals are used at the plastics plant, but they are directly employed by the plant, not through a labour broker. Generally casuals are employed when the plants require extra workers for short-term production peaks. The company has hired 20 permanent and 10 casual staff in January 2005. Ten casual workers were employed at the same time. At the glass plant the number of casuals has decreased but the number of

permanent workers has increased by almost 20% over the last five years. The glass plant has hired largely skilled people in 2004 and 2005.

At both plants the temporary workers and casuals can apply for permanent jobs. At the glass plant this was a result of union pressure. The company does not guarantee stable employment to casuals or temporary workers. They are not entitled to the same package of benefits as permanent workers. They merely get leave and unemployment insurance cover. The relationship between the permanent workers and casual/temporary workers is good.

Nampak Corrugated²¹

General characteristics

In South Africa, Nampak represents approximately 40% of the total packaging industry. Nampak operates packaging plants, supplying a range of manufacturers from food and beverages to household cleaners and personal products with packaging solutions involving paper, plastic, metal and glass. The company operates plants in South Africa and Europe, with business interests and partial ownership of a number of African businesses in other African countries.

In 2003 Nampak's global revenue stood at R18, 4 billion, of which 4% of turnover and 6% of profits were generated by the African operations outside of South Africa. Nampak also has extensive interests in the European paper and plastics packaging industries. According to the group's 2005 interim report, group sales from continuing operations are down by 9%. Improved financial performance in 2006 is expected to follow the restructuring and cost containment initiatives. Nampak is Africa's largest and most diversified packaging manufacturer. In South Africa, a focus on the cost strategy includes the implementation of a flatter management structure, improved capacity utilisation, technology enhancement, procurement savings and a renewed focus on working capital.

Employment

Nampak employs approximately 13 000 workers in South Africa, and about 20 000 workers globally. The corrugated plant surveyed employs 280 people, with 5 of them being casuals. Redundancies have recently occurred in 2005, with 10 older workers taking voluntary redundancy. The five current casuals are drawn from the workers recently made redundant. There are currently 20 apprentices on the site. Apart from the 2005 cut-backs, employment at the plant has been stable. The number of casuals has decreased dramatically during the restructuring, as the union insisted that they go first, before permanent workers were made redundant. The company moved from a

²¹ Please note that unless otherwise indicated, all responses listed below apply only to the Nampak corrugated plant in Wadeville, and not to the entire group of Nampak plants. As can be seen from the Unilever sections of this report, although conditions at a plant may give a good indicator of conditions throughout the company, there can be important differences, between labour and working conditions at different plants in the same group. It should be noted that a shop steward from the Nampak corrugated plant at Wadeville was interviewed, but an interview with management could not be secured given head office management unwillingness to co-operate. Finally, where reference is made to a union opinion it is referring to CEPPWAWU union respondents at the plant.

four-shift system before the restructuring to a three-shift system after the restructuring. There are no labour brokers at the plant.

Corporate Social Responsibility

While a CSR policy exists, the union is not certain of the status of CSR activities. The union is aware of the existence of such a code but has never been given a copy. All documents provided by management, such as the Corporate Code, Employee Code, Skills and Equity Plans are provided only in English.

The union noted that there is no formal process to monitor compliance of these codes or whether an independent organisation is involved. The union itself though monitors labour standards through day-to-day union activities.

Similar to Consol, the relationship between Unilever and Nampak is a long term one, with Unilever assuming no responsibility for Nampak's labour conditions. Unilever has no share ownership in Nampak; neither does it maintain a staff presence at any of Nampak's plants. Nevertheless Unilever expects Nampak to adhere to health and safety regulations. The union was not aware of any other demands by Unilever. Nampak itself instructs its own suppliers to meet health and safety requirements.

There is apparently a national skills plan for Nampak, but the union has not seen it, and was not asked to participate in drawing it up. There does not appear to be a dedicated skills plan for each plant.

Training occurs across the company and is also given to the casuals. At the plant there is a training committee, and ABET training is provided for employees. The company pays for the training and it occurs during working hours.

An Equity Plan for the plant exists, and equity at the plant amongst managers is very good, with the staff balanced in terms of race.

Labour relations

CEPPWAWU is the only union active at the Nampak Corrugated plant in Wadeville. Almost 100% of workers are union members. Workers are free to join the trade union trade union. Union leaders can operate without restrictions at the plant. The union is free to distribute information and hold feedback sessions with its members. There is a monthly shop steward and management forum. There are also a Grading Committee, a Health and Safety Committee and a Training Committee.

Collective bargaining is conducted nationally within the Bargaining Council for the sector.

According to the shop steward from Nampak there is no relationship with the Unilever unions. Of interest though is that there is a relationship between the Nampak union and the unions in Nampak's suppliers. However, it is not often that they actually co-operate on a practical action. In addition the union at the Nampak plant works together with other branches of the same union at other Nampak plants.

The union is provided with information on production and profit, which is restricted to the plant. The union works with the company on resolving production problems.

There is a profit sharing agreement at the plant, which is calculated on a monthly basis, although this may be changing. The union is given information about the plant's profit only, not national profit. No breakdown of the figures for the plant are given, but are provided if requested. The performance payments linked to this scheme have not been paid since the restructuring in early 2005, but the union has now complained and is currently negotiating to have it re-installed.

No information is given with regard to managers' salaries, benefits or incentives.

Labour conditions

Child labour and forced labour

The youngest person is employed through the apprenticeship programme, and is 20 years old. This is in compliance with national legislation.

Discrimination

The union is satisfied that there is no discrimination based on race, gender or age. Men and women get equal pay for equal work. Female workers have not been victimised for falling pregnant. Management profile is racially balanced, with a large percentage of non-white managers.

Wages

The union feels that the wages at the Nampak is fair. The company pays for all the hours worked.

The lowest permanent wage at the plant is around R4 100. Casuals at the plant are paid almost the same as the lowest permanent workers, around R4 000. However, their pay may be higher depending on their job rate. If the casuals work for more than 30 days they are paid at the same rate as the lowest permanent worker.

Working hours

The corrugated plant runs a 40-hour week with three shifts. Before the 2005 restructuring the plant employed 25 more casuals and 10 more permanent workers than present numbers, and ran a four-shift system.

Overtime is voluntary at the plant and is announced in advance. Since the restructuring in early 2005, when some older workers took voluntary redundancy, overtime increased rapidly at the plant. Overtime is also worked when new machines are installed, in order to adjust to the new technology.

There has been no increase in workplace accidents at the plant as a result of overtime work.

Employees at the corrugated plant are paid time and a half for Saturday overtime work (after 12-midday) and double time on Sundays. Employees working shifts are also given extra allowances, with the highest allowance going to night shift workers.

Reorganisations, outsourcing, flexible working and job security

Redundancies have only recently occurred at the plant during a restructuring initiative, in early 2005. These were mainly older workers, and all the redundancies were voluntary, that is early retirement. The redundant workers were given business plan training. The shop steward assumed that some may be, by now, contracted as suppliers or sub-contractors; the union is waiting to see what happens. The union was given advanced notice of the restructuring. Management wanted to make redundant more than the 10 permanent workers who actually lost their jobs, but the union insisted that the company retrench the existing casuals first (there were 30 casuals at the plant). All the casuals were retrenched. The workers made redundant were also placed on the shortlist for casual work at the plant, and five are currently working as casuals. Other than this no redundancies have occurred at the plant in the last five years, neither was there outsourcing at the plant. Amazingly the union has reached an agreement with management that casuals hired after June 2005 will be eventually be permanently employed.

Conclusions

Unilever broadly complies with the South African national labour legislation and applies fair working conditions. The company has been in the country for over 100 years and has over this time entrenched itself within the economy. In drawing conclusions the researcher draws on this history and analysis the company from a corporate citizen perspective. Sometimes real or apparent contradictions between information provided by the unions, workers and management could not be solved during the research process. This is reflected in the conclusions below.

In the 2002/3 Unilever (SA) research report drafted by Naledi concluded that the company was violating CEPPWAWU organisational rights at the Boksburg plant. In this study, 2005, it was found that CEPPWAWU no longer had members at the plant. The researcher was not able to ascertain what transpired since the 2002/3 research. At best it was explained that the CEPPWAWU organising drive at the plant dissipated shortly after the CCMA ruling in its favour. It was not possible to ascertain the reason for this.

The 2002/3 study further concluded that the company has high levels of atypical employment, that is, non-permanent employment. This trend persists and it seems has become an entrenched company practice. Unilever (SA) though claims that only 13% of its total factory workforce is temporary. This claim was not verified. On the positive side, while there is still a high level of temporary and casual workers at all plants, the research discovered that the unions at Boksburg and Maydon Wharf reached an agreement with management to convert the long-term temporary workers employment status to permanent position. This is a substantial improvement in employment conditions, as there is no legal protection against on-going casual or temporary employment.

Although the company apparently complies with legislative requirement, apparently it does so with some contempt. For example, the labour regime in South Africa encourages joint decision making between the company and its workers and further encourages parties to reach consensus. In some instances, Unilever management has failed to act accordingly, as indicated by the company's failure to engaging with CEPPWAWU in the development of the Workplace Skills plan. When CEPPWAWU rejected the plan, the company requested NUFBWSAW who was consulted on the plan, to sign. Unilever management, however, regard this conclusion disturbing and misplaced, and claims to have "a proud track record of a sound and fruitful Industrial Relations climate."

The research found important variations in pay and working conditions across Unilever. According to the unions, this is primarily driven by management refusal to negotiate at a company level, although the unions have requested to do so. The management, on the other hand, states it has "not to date received any union demands for Enterprise Bargaining."

Of grave concern to both workers and unions is the perceived on-going threat by management to shift the South African operations overseas. The Phoenix food plant management would have repeatedly threatened to relocate the plant to Brazil or

Australia unless the competitiveness of the plant meets United Kingdom benchmarks. At Maydon Wharf the threat is to relocate the plant to Brazil, Indonesia, India or Egypt. In its efforts to improve efficiency and productivity, the union has on several occasions asked for a thorough examination of the production process, people, machines, lines, management, quality of inputs, etc. but the plant management has not made any effort to do this. Similarly, when production is low at Boksburg, according to the union the company threatens to move its operations. The union is provided with statistics as proof that the overseas operations are performing much better. The personal hygiene division is apparently 7th out of 13 global sites, but the foods section is lower down the table. The union at the Pietermaritzburg plant are also concerned that the current restructuring and re-skilling programme, the 'Good to Great' programme which is up for review in 2007, as management has told them that the plant may be moved overseas if the review report is not positive. Such a threat of relocating the plants would constitute a violation of the OECD Guidelines for Multinational Enterprises, to which Unilever is a signatory, and of Unilever's own Code of Business Principles. According to the management, this is simply "sharing information" and the benchmarking is not used to threaten workers but rather a good industrial relations practice. The management states: "(...) we see it as our duty to share these statistics and advise employees of the need to continuously improve in a global environment."

The Phe-Zulu project introduced higher educational qualifications to each job grading system. This has limited the promotional opportunities of older black workers who in all probability, have the work experience to perform the tasks of a higher job grade but don't have the higher 'academic' or formal qualification. According to the unions, through the Phe-Zulu project and the apprenticeship programme the company relegated on its responsibility to up-skill its work force, primarily the black workers. Instead of using the apprenticeship programme to up skill its present work force, as envisaged in legislation, the company selectively complies with legislation by employing learners from outside the company. Unilever SA, on the other hand, emphasises they are "pioneers in the area of Workplace Skills Development " and founding members of the Foods and Chemical Education and Training Authorities.

The Maydon Wharf shop stewards noted that more incentives are offered to non-union members, especially if the non-union members are white. It was not possible to ascertain the validity of this assertion, as the company was not interviewed. The variable pay scheme at the company is not applicable to unionised workers in the collective bargaining unit. The company argues that "variable pay as applicable to non union employees does not work well in a bargaining set up". The Boksburg and Prospecton operations have alternative incentive schemes in place. However, as the majority of the unionised workers are from the factory floor, the effects of this practice are to discourage workers from joining unions. The company offers no explanation as to why variable pay cannot apply to both unionised and non-unionised workers equally.

The company states in 2004 Social Report that "...we are working with our first-tier suppliers on human rights, labour standards, working conditions, ..." However, suppliers based at the Unilever sites are monitored to ensure they meet health and safety standards only. Off site suppliers are not monitored. Evidence was found of poor working conditions at the two supplier companies Connoisseur and Tibbett and

Britten Logistic. The research has found no evidence of Unilever (SA) acting against these companies. It therefore appears as though Unilever (SA) management does not fully implement Unilever's Business Partner Code. While the union has demanded that suppliers comply with Unemployment Insurance Fund, Health and Safety, and Skills Development requirements, shop stewards stated that Unilever is reluctant to ensure such compliance. Unilever management, on the other hand, perceives that they are well on their way to meet all the objectives regarding complete communication to all suppliers, risk scan of priority areas and developing action plans for high risk suppliers.

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Appendix 1: ILO Conventions ratified by South Africa

(Source: ILOLEX - 2. 11. 2005)

Convention	Ratification date	Status
<u>C2 Unemployment Convention, 1919</u>	20:02:1924	ratified
<u>C4 Night Work (Women) Convention, 1919</u>	01:11:1921	denounced on 20:10:1935
<u>C19 Equality of Treatment (Accident Compensation) Convention, 1925</u>	30:03:1926	ratified
<u>C26 Minimum Wage-Fixing Machinery Convention, 1928</u>	28:12:1932	ratified
<u>C27 Marking of Weight (Packages Transported by Vessels) Convention, 1929</u>	21:02:1933 Conditional ratification	ratified
<u>C29 Forced Labour Convention, 1930</u>	05:03:1997	ratified
<u>C41 Night Work (Women) Convention (Revised), 1934</u>	28:05:1935	denounced on 02:03:1950
<u>C42 Workmen's Compensation (Occupational Diseases) Convention (Revised), 1934</u>	26:02:1952	ratified
<u>C45 Underground Work (Women) Convention, 1935</u>	25:06:1936	ratified
<u>C63 Convention concerning Statistics of Wages and Hours of Work, 1938</u>	08:08:1939	ratified
<u>C80 Final Articles Revision Convention, 1946</u>	19:06:1947	ratified
<u>C87 Freedom of Association and Protection of the Right to Organise Convention, 1948</u>	19:02:1996	ratified
<u>C89 Night Work (Women) Convention (Revised), 1948</u>	02:03:1950	ratified
<u>C98 Right to Organise and Collective Bargaining Convention, 1949</u>	19:02:1996	ratified
<u>C100 Equal Remuneration Convention, 1951</u>	30:03:2000	ratified
<u>C105 Abolition of Forced Labour Convention, 1957</u>	05:03:1997	ratified
<u>C111 Discrimination (Employment and Occupation) Convention, 1958</u>	05:03:1997	ratified
<u>C116 Final Articles Revision Convention, 1961</u>	09:08:1963	ratified
<u>C138 Minimum Age Convention, 1973</u>	30:03:2000	ratified
<u>C144 Tripartite Consultation</u>	18:02:2003	ratified

<u>(International Labour Standards)</u> <u>Convention, 1976</u>		
<u>C155 Occupational Safety and Health</u> <u>Convention, 1981</u>	18:02:2003	ratified
<u>C176 Safety and Health in Mines</u> <u>Convention, 1995</u>	09:06:2000	ratified
<u>C182 Worst Forms of Child Labour</u> <u>Convention, 1999</u>	07:06:2000	ratified

Appendix 2: Unilever SA Management Questionnaire

UNILEVER – SOUTH AFRICA MANAGEMENT QUESTIONNAIRE 25 April 2005
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General characteristics of the company

1. Business description

- 1.1 Describe the presence of the company in the country (plants, divisions, products).
- 1.2 Describe the profit and turnover (per division) and trends in these figures over the past five years.
- 1.3 Describe reorganisations/relocation/mergers/acquisitions/divestments that have occurred over the past five years.
- 1.4 What proportion of sales is realised from exports?
- 1.5 What proportion of purchases is imported?

2. Employment

- 2.1 Describe the nature and structure of employment by the company. (Total employment in the country/plant/division by gender and fixed/temporary employment.)
- 2.2 What have been the trends in employment over the past five years?
- 2.3 What percentage of employees are replaced each year (that is, employee wastage)?
- 2.4 What has been the trend in employee wastage over the past five years?

3. Company management

- 3.1 To what extent does the corporate management influence the national/local management?
- 3.2 What decisions are taken at national/local level and what decisions are taken at a corporate level? (E.g. about labour relations, business strategies, location of production).
- 3.3 Describe the general strategy and future development plans of the company?
- 3.4 What is the company's position and strategy on subcontracting and outsourcing (off-loading) of production?
- 3.5 What are the company's strategies on flexible employment relations?

4 Corporate Social responsibility (CSR) policy

- 4.1 What is your understanding of 'CSR'?
- 4.2 Do you consider labour issues as part of CSR?
- 4.3 Do you consider charity as part of CSR?
- 4.4 Is there dialogue between the company and stakeholders (e.g. trade unions, communities, authorities) about CSR policy in general or about specific aspects of CSR policy? If yes, describe the dialogue.
- 4.5 Who in the company is responsible for CSR policy?

- 4.6 Does the national/local management and the employees know the corporate Business Principles or Code of Conduct (Unilever: *Code of Business Principles* and *Business Partner Code*)?
- 4.7 Have the corporate Business Principles or Code of Conduct been adapted by the national/local management? (please list the changes).
- 4.8 Are the Business Principles available in the local language? If yes, attach a copy to the report.
- 4.9 Apart from the corporate Business Principles or Code of Conduct, is there a local document that specifies the rights and duties of employees? (The company may call such a document a 'Code of Conduct' or 'Code of Ethics' too.)
- 4.10 What is the level of compliance with the corporate Business Principles, e.g. with regard to labour issues to what extent is it monitored at the local level?
- 4.11 Who in the company is responsible for monitoring the above compliance?
- 4.12 Does the company co-operate with independent organisations to verify the above compliance?
- 4.13 Have there been (complaints about) violations of the Business Principles? If yes, describe how the company responded.
- 4.14 Are the international standards referred to in the corporate Business Principles (e.g. OECD guidelines, see company profiles) known to the national/local management?
- 4.15 Is the company transparent at the local level about CSR policy and the implementation of CSR policy?

5. Supply chain policy

- 5.1 Describe the relation between Unilever and the supplier. (For example, is it a long term relation? Does the supplier produce for other companies as well? Does Unilever check quality standards? Are there any staff from Unilever present at the suppliers plant?)
- 5.2 To what extent does Unilever assume responsibility for labour conditions of suppliers?
- 5.3 To what extent does Unilever exert control over the supplier company?
- 5.4 Do the corporate Business Principles or company Code of Conduct of Unilever apply to the supplier?
- 5.5 Does Unilever demand certain labour conditions from the supplier?
- 5.6 If yes:
 - 5.6.1 How is compliance with demands or standards monitored by Unilever?
 - 5.6.2 What measures are taken in the case of non-compliance?
 - 5.6.3 Is compliance also verified by independent organisations?

Appendix 3: Unilever Maternity Pay

(a) Rate of Pay

Maternity leave is basically partially paid leave. For periods of up to six months, the Company will pay half the individual's basic salary for the duration of the period.

The employee's Basic Rate of Pay for the above purpose is defined as the employee's monthly salary (excluding annual bonus) in force at the time of commencing maternity leave, prior to any deductions.

(b) Adjustment to Basic Rates of Pay During Maternity Leave

Where a normal salary review date falls within the period of maternity leave, the employee's basic salary should be adjusted in line with their pay scale adjustment. This adjustment will maintain the employee's percentage pay point.

(c) Implementation

For the purpose of implementing the above salary arrangements, an estimate of the employee's UIF benefit will be made by Human Resources Department in conjunction with the employee, prior to her commencing maternity leave. The amount paid monthly to her credit by the Company will be one half of the Company Basic Rate of Pay less an estimated UIF Benefit, less tax and deductions related to benefits.

On receipt of the first UIF payment after approximately six to eight weeks from the commencement of maternity leave, the employee will be required to submit evidence of this payment to her Human Resources Department, which will serve as the basis upon which the Company Maternity Pay will be calculated for the remaining period.

At the end of the period of maternity leave and on receipt by the Company from the employee of her UIF benefit statements, the actual amount of deductions which should have been made will be calculated by Payroll Department. Any amounts owed to the Company or owing to the employee should then be settled.

(d) Taxation of Remuneration While on Maternity Leave

The employee's earnings whilst on maternity leave will be taxed in accordance with tax legislation.