

## Summary

Unilever  
Hindustan Lever Limited  
India



**Summary based on research by:  
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# 1. Introduction

This report presents the main findings of a research into Hindustan Lever Limited (HLL), a subsidiary of Unilever. The research was based on information gathered during visits to four HLL plants and the plants of six of HLL's suppliers.

The work started in December 2004. It took some time to ensure the company's co-operation; however once senior management's permission to conduct the fieldwork was granted, the research could quickly be finalised. The company provided a complete list of their suppliers and plants in the Western region of India. Interviews were conducted with managers, Authorised Representatives (ARs) and workers at each of the researched HLL plants. The researchers also studied some of the companies' documents and records related to its workers and working conditions.

We note that, in this report, HLL suppliers are categorised as 3P (Third party) or 2P (Second party) units. 3P units are mostly contracted for product finishing work and, at times, for regular manufacturing. These 3P units obtain their raw materials from HLL, and HLL commits to buy back a specified quantity of the product from the 3p at a specified price.

2P units supply end or finished products to HLL. HLL does not provide raw materials, and the 2P unit is also responsible for packaging. Compared to 3P units these 2P units are relatively large, both in terms of both sales and number of employees, and less dependent on the company than 3P units are.

## Investigated plants and operations

This research covers the following HLL plants:

- ❑ Athal Beverages was established in 2001 and is one of two beverages plants in Silvassa that operate under the name "Silvassa Beverages."
- ❑ Dapada Detergents Unit, which produces detergents and soap cakes.
- ❑ Personal Products Factory in Almi, also in Silvassa. This plant produces cream, lotion, shampoo and talc.
- ❑ Pune Tea Export Factory, which produces tea bags and packed tea for export only.

In addition, this research included six companies in HLL's supply chain, four of which were 2P suppliers and two were 3P. These suppliers are:

- ❑ 2P unit Alfa Packaging
- ❑ 2P unit Global Healthcare Products
- ❑ 2P unit Aero Pharma (Silvassa) Inc.
- ❑ 2P unit Bharat Cosmetics Silvassa –Athal
- ❑ 3P unit Shree Sopaps and Chemical Industries
- ❑ 3P unit Yash Enterprises

Initially, it was planned to include research on the HLL plant in Mumbai (Bombay) as well, but the management did not allow access to this plant. It was later discovered that a conflict was going on between the management and the trade union regarding the operations of the plant and, during 2005, the plant was first sold to another company and subsequently closed.

## 2. General characteristics of Hindustan Lever Limited in India

### Business description

Hindustan Lever Limited belongs to the multinational Unilever group, which has an annual sales turnover of approximately €40 billion. HLL is India's largest producer of so-called Fast Moving Consumer Goods, dealing in home and personal care products and food and beverage. It is also one of the most respected and sought after companies in India for the talented youngsters seeking employment.

In India, HLL has 80 company factories, more than 150 outsourcing units and it works with more than 2000 suppliers in its supply chain. The company's stated corporate purpose is to "meet the everyday needs of people, everywhere", which is very much in line with how Unilever describes its activities.

### The HLL operations investigated

Athal Beverages was established in 2001. This plant encompasses two beverages units and blends and packages two types of tea, from North and South India. The total sales turnover of this unit is Rs104 crores (approximately €18.6 million).<sup>1</sup>

The Dapada Detergents Unit was set up in 2001 in Dapada (Dadra and Nagar Haveli). This unit produces detergent powder and cakes. Its annual turnover is Rs550 crores (€102 million) and its production capacity amounts to 120,000 tonnes of soap per year.

The AMLI Personal Products (PP) factory was set up in 1998, and produces skin products and shampoo. This unit's annual turnover approximates Rs45 crores (€8.3 million) with an output of 20,000 tonnes per year.

The Pune Tea Export Factory was set up in 1985 as Lipton India, and taken over by HLL in 1995. The plant produces tea for export only, currently to 18 countries, with Arabia and Australia being the largest buyers. This factory has sales turnover amounting to Rs2,200 crores (€408 million), and produced 3,750 tons of tea in 2004. This unit also blends imported tea. It operates with very old machines (1934–1964), which were bought from Unilever.

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<sup>1</sup> One 'crore' is 10 million, so Rs104 crores is Rs1,040,000; exchange rate as of December 2005.

### **The 2P, or End Product Suppliers, investigated**

As mentioned, 2P units are 'end product' suppliers of the company. Compared to 3P units, the 2P units are relatively large and less dependent on the company. 2P units purchase their own raw materials and are also responsible for packaging.

Alfa Packaging sells shampoos and hair oils to HLL. It used to provide to Ponds, which was taken over by HLL. Alfa's annual turnover is Rs65 crores (€11.5 million). HLL has no investment in this unit. Alfa is an entirely independent company. The company reportedly maintains an ongoing relationship with HLL, whose executives regularly check the product's quality.

Global Healthcare Products (GHP) is located in Dapada and has been associated with HLL since 1998. Its main brand is *Close UP* toothpaste and *Mentadent* for export. GHP's annual turnover is Rs55-56 crores (€10 million). Reportedly, the unit reportedly much relies on HLL's technical assistance, for instance in quality monitoring and analysis. HLL senior management team also visited the plant.

Areo Pharma (Silvassa) Inc. has been associated with HLL since 1999. Areo Pharma produces lipsticks, eyeliners, mascaras and coloured cosmetics mainly for the domestic market. Its turnover is Rs25 crores (€4.6 million) with excise and, with these inputs, HLL generates a turnover of Rs65 crores (€12 million).

Bharat Cosmetics (Silvassa – Athal) has been associated with HLL since February 2004. This unit is owned by GHP. It produces coloured cosmetics and compacts. The regular sales turnover was Rs2-3 crores (€0.5 million). It produced 1.5 million units of compacts.

### **The 3P suppliers investigated**

As mentioned, 3P suppliers are mostly contracted for product-finishing work. HLL provides these suppliers with raw materials and commits to take off a specified quantity of the finished product.

Shree Soaps and Chemical Industries has been associated with HLL for 1.5 years and its "parent company" also supplies to HLL. Shree Soaps packages HLL's *Surf Excel* – soap powder that is provided by HLL. HLL commits to at least provide a certain amount of Shree's business. Shree's annual turnover is Rs1.5 crores (€0.3 million). It was observed that a number of HLL employees actually work in the Shree plant.

Yash Enterprises polishes and packages HLL's PEARS soap. Its annual turnover is Rs0,8 crores (€0.15 million).

## Relevant aspects of Corporate Social Responsibility

HLL is also a founder member of the UN Global Compact in India. This means that the company's operations are expected to comply with the UN Global Compact principles, which include a responsibility for the labour practices and worker's rights in its supply chain.

Within this framework, the company has committed itself towards the Corporate Social Responsibility in its corporate purpose, with the belief that "to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and the world in which we live". "HLL's Corporate Social Responsibility philosophy is embedded in its commitment to all stakeholders – consumers, employees, the environment and the society that the organisation operates in".

### Unilever's Code of Business Principles

In 1996, Unilever formulated its "Corporate Purpose." This mission statement was translated in its "Code of Business Principles", which was revised in 2001–2002. This code of conduct basically reflects the OECD Guidelines for Multinational Enterprises.

The Code explicates that Unilever complies with the laws and regulations of the countries in which it operate. With respect to its employees it states:

*"Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company based information and consultation procedures."*

### Supply chain policy

Unilever's Code of Business Principles also states:

*"Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own."*

In 2004, Unilever developed a "Business Partner Code." This code is based upon its Code of Business Principles and covers items as business integrity, responsibilities concerning employees, consumers and environment. In its most recent corporate strategy, Unilever committed to requiring its first-tier suppliers everywhere in the world to undertake a self-assessment and implement the Code of Conduct. It was originally foreseen that, by the end of 2005, Unilever would expect from all first tier suppliers a positive assurance of adherence to the Code.

HLL management explains that “HLL obtains from these units a Positive Assurance towards compliance to the Minimum Mandatory Standards encompassing COBP [Code of Business Principles] and statutory regulations.” Apparently, the management uses Unilever’s internal Code of business Principles as a standard for suppliers as well, instead of Unilever’s shorter Business Partner Code originally intended for this purpose.

Reportedly, a HLL executive is typically stationed at both the 3P and 2P suppliers’ workplace, to monitor the product quality. It is not clear whether this official also monitors CSR related issues, such as abidance by health and safety standards and labour conditions.

**Employment and employment trends**

**HLL operations**

The company employs more than 33,000 individuals including around 1,500 managers. The table below provides an overview of the available employment figures in the different HLL operations. Management at Athal and Almi reported that they have never dismissed a worker, and that those who left did so voluntarily.

A large share of the workforce is made up of so-called contract workers. These workers are mostly hired via one of three “labour contractors” for a variety of indirect / non-core jobs, such as housekeeping, loading unloading, security etc. The law requires the plant’s HR executive to monitor the payment of wages to the contract workers.

	Total employees	Officers & Management	Permanent	Contract	ITI trained	Average Age	Female workers
Athal Beverages	169-189	10	69	100-120	24	26	0
Dapada Detergents	406	27	271	135	technicians	18-25	0
AMLI PP	359	34	235	90		28-32	0
Pune Tea	671		204	467	All technicians	PW:36-40 CW*:26-30	0

\*) PW = Permanent Workers, CW = Contract Workers

Athal Beverages: There is one HR manager that also looks after the other HLL beverages plant (in Sayali). Many workers are “multi-skilled”; they have been trained to work on two to three machines. All workers are male, and their average age is 26. Reportedly no worker was ever laid off; those who left did so voluntarily.

Dapada Detergents Unit: Management reported that workers are, at times, recruited from different HLL units and, for instance, moved from the tea to the detergents factory. Reportedly, no worker was ever laid off; those who left did so voluntarily. Recently some workers left to work with

Birla Copper. There are two types of technicians at these plants: assistants (who passed 10th grade) and ITI trained technicians. Contract workers are involved in housekeeping, security, loading and unloading and manufacture work. Most of them rotate between different units and only stay for about six months.

The Pune Tea unit: a number of contract workers were recently granted a “fixed term” contract. Every two months, they get a letter for reapplication. There are no female workers, and reportedly the company, as a policy, does not recruit women. The plant reportedly has not recruited new workers since 1992.

### Suppliers Investigated

The table below provides an overview of the available employment figures for HLL’s suppliers.

	Total employees	Officers & Management	Permanent	Contract	ITI trained	Average Age	Female workers
2P Alfa Packaging	258	9		28	“some”	25	6
2P GHP	149	47	130 or 149		30-40	24	0
2P Aero Pharma	165	29	60	105		26	12
2P Bharat Cosmetics			10	12	6		0
3P Shree Soaps	57	2	47	10		23	0
3P Yash Enterprises	130		76	54*			0

\*) Including 44 fixed term contract workers, working on 6 months contracts.

Alfa Packaging: There are 6 female workers, two of whom for administrative work. Reportedly, the contract and permanent workers do the same kind of work and are entitled to the same benefits. Contract workers are recruited to meet peaks in demand. Alfa reported that, at times, it has difficulties retaining its maintenance workers; they get better offers and leave for another job as soon as they gain experience. Some of these workers keep circulating between units.

GHP: Management maintains that no worker has ever been dismissed. Labour is hired locally, usually as and when people come and ask for it.

## 3. Labour relations

### Active unions and Collective bargaining

Indian Labour legislation protects freedom of association, the right to organise and collective bargaining. However, in India unions are regarded with distrust and organising the workers is not encouraged or welcomed.

#### HLL operations

The HLL management describes its policy as follows: “HLL respects the right of its employees to unionise and collectively bargain in its units. (...) In the absence of the workmen forming a Union, a team of Workmen Representatives are sought who are authorised by the workmen to engage in the Collective bargaining process with the Management to arrive at a mutually beneficial Long Term Settlement.”

All four HLL operations have such ‘Authorised Representatives’ (ARs). However, only Almi and Pune Tea have free and independent unions, which are also registered with the Register of Trade Unions. There are no actual unions at Dapada and in Athal. In particular, in Athal the ARs seem to have become quite effective in protecting workers’ rights and good working conditions.

The ARs unions negotiate with management on wages and working conditions. They also negotiate the collective bargaining agreement, also called a Long Term Settlement (LTS), which is regularly negotiated every three or four years. These negotiations are based on a Charter of Demands that the ARs present to management, and include provisions on minimum wages, various allowances (e.g. cost of living and house rent), various kinds of leaves, incentives and social security benefits like the provident fund. In addition, the ARs tend to meet monthly to discuss work related concerns.

However, a number of ARs stated that they hardly have an opportunity to meet, due to the scheduled working hours and shifts. As a consequence, they are mostly also unable to discuss organisational matters such as membership and membership fees, or to discuss goals before the collective bargaining agreement is signed, and even to agree on a fair and independent election of the union committee. Moreover, it should be noted that the ARs only represent the permanent workers and that the collective bargaining agreement is not applicable to the contract workers.

The AMLI PP collective bargaining agreement expired in 2002. Negotiations were going on at the time of the research. The management later added that the previous LTS was signed for a period of two years and, after negotiations with the union, a new agreement for three years had been reached.

Unions at Dapada Detergents Unit reportedly are not systematically engaged in management decisions on issues that concern working conditions and practices. They were for instance not involved in the decision to introduce the Total Productive Maintenance-system (TPM). However, the management claims “Incentive schemes which detail standards of productivity (...) are discussed and agreed upon as a part of the LTS”.

The Pune Tea union has been affiliated to Sarva Shramik Sangatana (SSS) since 1988. The SSS represents workers from other companies’ plants as well and is headed by a woman. In India, such an external affiliation typically brings in more awareness of legal issues related to working conditions and thus makes the union more effective from the workers’ point of view. The last Long Term Settlement was signed in Oct 2003. In 2004, the permanent worker’s wages were revised, and this will happen again in 2006. There was controversy over the plant’s incentive scheme. The scheme was based on Overall Efficiency and required unrealistic performances. This issue is reportedly solved. Contract workers do not qualify for incentives.

#### **Supply Chain**

None of the investigated 2P or 3P suppliers have a union or collective bargaining agreement. However, at 2P supplier Aero Pharma, some workers raise labour related issues with management on behalf of the workers.

## **4. Labour conditions**

### **Child and Forced labour**

There are no reports or other indications that child or forced labour occurs in the operations of HLL or its suppliers

### **Gender issues and discrimination**

#### **HLL Operations**

At Athal Beverages, there is reportedly a good mix of workers from different local Adivasis (Tribes), castes and communities. The older beverages unit reportedly has a very good mix of Hindus and Muslims.

There are no women workers employed at any of the HLL units investigated. Athal management claimed that no women ever applied for a job. Some perceive that the Pune Tea has policy not to recruit women. However, the management denies this and explains that the company is unable to employ women due to the continuous operations and rotating work shifts.

#### **Supply Chain**

2P supplier Alfa Packaging employs 6 women in a 258-person workforce. However, management claims there is no discrimination. Women are reportedly more often absent, for instance in times

of school holidays. 2P supplier Aero Pharma employs 12 women of a 160-person workforce. There are two female staff. Women only work the general shift, from 9 am to 5pm.

In interviews, the women workers appeared not to be aware of the social security benefits they are entitled to, including maternity benefits.

Other 2P and 3P suppliers do not employ women. Management at Yash Enterprises reportedly stated that it is HLL's company policy not to hire female workers. Other managers claimed they aim to hire trained workers, and women simply lack training. However, it should be noted that many non-trained male workers are hired.

### **Wages, bonuses and social security**

The national minimum wage is set by the government and adapted from time to time. However there are indications that these wage levels are not fair and realistic.

HLL contributes to the Provident Fund and pays a Dearness Allowance. Dearness Allowance (DA) is an allowance calculated as a percentage of the basic salary and is related to a person's pension. Rates vary regionally and are corrected according to the costs of living's increase. DA is paid in addition to the basic salary, along with a House Rent Allowance (HRA). The Provident Fund is a social security savings plan. Worker and employer both contribute to this fund.

### **HLL operations**

All of Athal Beverages' permanent workers are 'daily rated' and are paid at the end of month for 26 days. The beverages industry in this region is exempted from the government run Employees' State Insurance Scheme (ESIS). However, the company arranged an alternative insurance scheme that is also available to the contract workers. A permanent worker's average monthly salary is Rs6,800 (€120) for 26 days at maximum. The higher skilled workers get around Rs7,300 (€130).

The contract workers are paid the minimum wage set by the government. The company also deducts a 12% provident fund contribution and contributes an equal amount. There are no other social security benefits available for these contract workers.

Salaries at Dapada Detergents vary between Rs4,500 and Rs8,000 (€85-150) a month, which include "dearness allowance" and a 20% bonus. It has been noticed that the minimum wages are different for tea and soap factories. All workers that are employed are daily rated. The workers are provided a medical insurance. The LTS provides for the worker's rights to paid and sick leave. The policy on paid leave, sick leave and casual leave is such that it discourages people to be absent.

Workers at AMLI PP are paid per day worked. However, they do not get paid for Sundays. Like in Athal, the ESIS is not applicable; however, the company provides insurance for work related accidents. Contractors bear the costs of this insurance.

The contract workers at Pune Tea earn around Rs2,600 (€48) a month. They do not participate in any incentive scheme. Permanent workers can take a loan. A doctor visits the plant twice a week and an ambulance is available 24hrs a day.

### **Supply Chain**

2P supplier Alfa Packaging's permanent workers' wage varies between Rs3,200 and Rs5,000 (€59-93). This wage includes a Provident Fund Contribution and various allowances for house rent, "dearness", cost of living, etc. Workers also get a bonus and medical benefits. Contract workers get the same benefits. The company provides a group health insurance.

At 2P GHP, wages vary between Rs2,700 and Rs3,600 (€50-67), which are complemented with DA and HRA. They are entitled to seven paid leave days and are paid *monthly*. A Provident Fund contribution is deducted from their salary.

Wages in this unit are slightly higher than other 2P units. One worker stated his monthly salary to amount to Rs3,100 (€57), including DA and HRA. The maximum monthly wage at this plant was reportedly Rs6,500 (€120). A contribution to the Provident Fund is deducted from the wage. Workers also get medical allowance, a monthly "attendance bonus" of Rs100 (€2) and an annual bonus. They are entitled to various kinds of leave. Workers complained that there is no night shift allowance.

The salaries at 2P supplier Bharat Cosmetics vary between Rs2,700 and Rs3,100 (€50-57). They are entitled to one day leave for every 20 days worked. The Provident Fund deduction applies to permanent workers only.

Permanent workers at 3P supplier Shree Soaps earn between Rs2,700 and Rs5,000 (€50-93). This wage includes benefits such as dearness allowance, a contribution to the Provident Fund and an annual Festival Bonus. Contract workers commonly earn about Rs1,400 (€26) for 26 days (with Provident Fund deduction). Workers are offered medical insurance and a doctor visits every month.

The wages at 3P supplier Yash enterprises vary between Rs2,100 and Rs2,300 (€39-43).

HLL management explains that within the statutory framework, remuneration is a variable of "Region cum Industry norms and Capacity to Pay", and as these two elements differ for HLL's own plants and the 2P and 3P units, the remuneration may differ.

## Other benefits

### HLL operations

There are canteens at all HLL units. There is no canteen service at Athal Beverages, where workers tend to bring their own lunch. At AMLI PP and Pune Tea subsidised meals are served.

### Supply Chain

Workers at 2P supplier Alfa Packaging used to be able to apply for a vehicle loan (two wheeler); however, this facility was recently ended. GHP provides a bus service for workers staying near to the factory.

## Working hours

### HLL Operations

All HLL plants operate in three 8-hour shifts, which typically run from 7am to 3pm; 3pm to 11pm and from 11pm to 7am. In addition there is one general shift from 9 am to 5pm. Workers usually get at least one break for lunch and more breaks at times.

### Supply Chain

2P suppliers Alfa packaging, GHP and Aero Pharma and 3P supplier Yash Enterprises also operate three 8-hour shifts and one general shift. Like the HLL operations, workers get breaks for lunch and at times also for tea. 3P supplier Shree Soaps is the only company that operates two 8-hour shifts. Except GHP, all suppliers appear to have a canteen, although no meal service.

## Overtime

### HLL operations

Workers at AMLI PP are strictly prohibited from working more than 48 hours per week. At Pune Tea, reportedly only contract workers get paid for overtime, while permanent workers do not. The management responded that if the workmen are held back on overtime they are remunerated at double the gross wage rate for the overtime period, in accordance with the law.

### Supply chain

At 2P supplier Alfa Packaging, only men are allowed to work overtime, while women are not. The wages registry records overtime varying from 30 to more than 70 hours per month. This exceeds the legal maximum. In addition, it seems to show that overtime is compensated at the regular wage rate instead of the double time required by law. HLL management responded that “[t]he above observation by the researcher has been noted and the management will take up the same with the proprietor of the concerned 2P and recommend corrective action.”

Overtime reportedly does not occur at 2P and 3P suppliers GHP and Yash Enterprises. It is uncommon at 2P supplier Bharat Cosmetics. However, if overtime is necessary, the workers are paid at double rates.

## Health and safety

### HLL operations

The safety standards at Athal Beverages are reportedly regularly supervised. Training programs are conducted for the workers. At Dapada Detergents Unit, a “Employee Safety suggestion register” is available on the work floor. It recorded 189 suggestions, 149 of which had been “completed”.

### Supply chain

2P supplier Alfa Packaging provides health and safety training, in accordance with HLL guidelines. Management at 3P supplier Shree Soaps also claims it upholds the same health and safety standards as HLL does. Health and safety training programmes are in place.

Workers at Aero Pharma (2P) claim that the company does not care much for Health and Safety standards, except when it affects the quality of the product.

## Training

Typically, in India, training is conducted at the Industrial Training Institute (ITI) and is vocational in nature. These Institutes are run by the Government of India. In order to get this training the individuals are expected to have completed a minimum 10 years of schooling.

### HLL operations

All HLL units provide some form of training and/or education programmes, both classroom and on the job training at the plant itself. AMLI PP's management reported that it is setting up a learning centre that will teach in the local language. Other training related to the TPM system is provided on the work floor.

### Supply chain

It appears that HLL guidelines prescribe its 2P suppliers to provide specific training, in particular for health and safety concerns. 2P supplier GHP provides an education and training programme for the workers, a “training calendar” is maintained and there is a Technical Training Centre. 2P supplier Aero Pharma provides training programmes that are also available to the temporary workers.

## 5. Conclusions

### **Unions and Authorised Representatives**

There are free unions at two of the investigated HLL plants, and “Authorised Representatives” at all four HLL plants. However, these Unions and ARs only represent the permanent workers and not the contract workers. Moreover, the ARs reportedly have little opportunity to meet and discuss labour issues, to agree on goals and a strategy for the negotiations with management, let alone to decide on organisational matters. Furthermore, it was reported that worker’s representatives are not always engaged in crucial decisions on labour conditions. There is no union or workers representation at any of the investigated HLL suppliers. This is an issue that requires Unilever’s serious attention and does not match its various CSR commitments.

### **Employment**

As a general practice, HLL appears to strongly rely on contract workers. Some of these workers get a contract for a fixed term. Interviews and discussions with the various managers and union leaders from different large companies indicate that typically the plants end up circumventing the statutory laws which restrict lightly (fixed term) contract workers to work on the tasks which are perennial in nature and which should, by law, be done by permanent workers. HLL warned against generalisation on this issue, but had no data to support or reject the above claim. Suppliers heavily rely on contract workers as well and the permanent workers in the supply chain do not receive a formal letter of appointment.

### **Working hours and Overtime**

Both HLL and its suppliers, with one exception, operate three 8-hour shifts and one general shift. Overtime is reportedly not common at most of the investigated operations. However, the wage registry at 2P supplier Alfa Packaging showed excessive amounts of overtime worked - between 30 to more than 70 hours per month - in violation of the legal maximum. Moreover, it appeared that these hours were compensated at the regular wage rate, instead of the legally prescribed double rates. HLL management responded that it had taken notice of the findings, would take up the issue with this supplier and recommend corrective action.

### **Wages**

It appears that the wages of contract workers and permanent workers strongly differ at HLL operations, even though these workers do the same kind of work. This might be attributable to the presence of unions in these plants (who, as mentioned, only represent the permanent workers). Wages of HLL permanent workers are also higher than what the suppliers’ permanent workers earn. There is not much difference between the wages earned by the contract workers at HLL and by those working at its suppliers’. 3P suppliers tend to have a small workforce and pay significantly less. Apparently, when outsourcing production, HLL does not assume full responsibility to ensure that suppliers have sufficient capacity to pay wages and benefits comparable to those in HLL’s own plants.

**Gender issues**

The investigated HLL plants employed no women at all. The same goes for the investigated 3P suppliers. Some state that it is their aim to hire trained workers, and female workers lack this training. However, many untrained male workers appear to be hired at all investigated plants. Unilever explains the lack of female employees as a result of the rotating work shifts for continuous production.

Very few women were employed in two 2P suppliers. All these women were permanent workers. They receive the same pay as their male colleagues. However, in the interviews, the women appeared not to be aware of the social security benefits they are entitled to, including maternity benefits. This is an indication that workers are insufficiently and inadequately informed about their entitlements, which in fact undermines their rights.

**Supply chain responsibility**

In its Business Partner Code, Unilever explicitly aims to ensure that its suppliers' standards are compatible with those of Unilever itself. HLL management states that it obtains a Positive Assurance from suppliers regarding compliance with Unilever's Code of Business Principles. Although an HLL executive is reportedly stationed at the suppliers' plants, it appears that this executive does not monitor labour conditions. The various issues mentioned above and the general differences in working conditions between HLL and its suppliers suggest that a more active approach to monitoring of labour issues in the supply chain would be desired.

## 6. Annex: overview of company data and abbreviations

### Wages and Working Conditions at Hindustan Lever Limited Plants

	ATHAL BEVERAGES			AMLI PP			DAPADA DETERGENTS			PUNE TEA		
	PW	CW	FTCW	PW	CW	FTCW	PW	CW	FTCW	PW	CW	FTCW
Number of Workers	69	100-110	--	235	90	--	271	135	--	204	--	467
Hourly Wages	0.5	0.12	---	0.57	0.18	---	0.4	0.18	---	0.7	---	0.3
Daily Wages	4	1	---	4.6	1.5	---	3.3	1.5	---	5.6	---	3
Gross* Wages	6800* + (121)	1680* + (30)	---	5000* + (138)	2640* + (47)	---	5554* + (99)	2470* + (44)	---	9537* + (170)	---	4,951* + (88)
Presence of TU	AR	No	---	Yes	No	---	AR	No	---	Yes	---	No
Collective Bargaining Agreement	Yes	No	---	Yes	No	---	Yes	No	---	Yes	---	No
Women Workers	---	No	---	---	No	---	No	No	---	No	---	No
Provident Fund (PF)	Yes	Yes	---	Yes	Yes	---	Yes	Yes	---	Yes	---	Yes
Medical Facilities	---	No	---	Yes	No	---	Yes	Yes	---	Yes	---	No
Leave Travel Allowance	Yes	No	---	Yes	No	---	No	No	---	Yes	---	No
Working Hours	8	8	---	8	8	---	8	8	---	8	---	8
Over Time (OT)	No	No	---	Yes	No	---	Yes	Yes	---	OT For IT only	---	Yes but not for ITI
Educ. Work	X <sup>th</sup>	X <sup>th</sup> or less	---	X <sup>th</sup>	X <sup>th</sup> or less	---	X <sup>th</sup>	X <sup>th</sup>	---	X <sup>th</sup> to XII <sup>th</sup>	---	X <sup>th</sup> to XII <sup>th</sup>
Training ITI/ Non ITI Male	Both	No	---	Both	No	---	Both	No	---	Both	---	Yes Both
Female	---	---	---	---	---	---	---	---	---	---	---	---
Weekly Off. W/O Pay	No	No	---	No	No	---	No	No	---	No	---	No
Dearness Allowance (D.A.)	Yes	Yes	---	Yes	No	---	Yes	No	---	Yes	---	Yes
Leave	Yes	Yes	---	Yes	Yes	---	Yes	Yes	---	Yes	---	Yes
	*Basic + DA	*Basic + DA + PF	---	*Basic + HRA + LTA	*Basic + HRA	---	*Basic + DA + HRA + PL + Other allowances	*Basic	---	*Basic + DA + LTA + PF + Gratuity + Various Other Allow.	---	*Basic + DA + HRA + Bonus + Other Allowance + Benefit

For Abbreviations see hereafter

Where \* is Gross Wages +() Figure in parenthesis indicate wages in Euro. 1 Euro = 56 Rupees

## Wages and Working Conditions at 2P Suppliers

	2P – Alfa Packaging			2P – GHP			2P – Aero Pharma			2P – Bahrat Cosmetics		
	PW	CW	FTCW	PW	CW	FTCW	PW	CW	FTCW	PW	CW	FTCW
Number of workers	258	--	28	149	--	--	60	--	100	10	--	12
Hourly Wages (in Euro)	0.2	---	0.16	0.2	---	---	0.2	---	0.2	0.21	---	0.18
Wages per day (in Euro)	1.9	---	1.3	1.6	---	---	1.6	---	1.6	1.7	---	1.5
Wages for the No. of days worked per month	3,200* + (57)	---	2,151* + (38)	2,700* + (48)	---	---	2,835* + (50)	---	2,795* + (50)	2,900* + (51)	---	2,470* + (44)
Presence of Trade Unions	No	---	No	No	---	---	No	---	No	No	---	No
Collective Bargaining Agreement	No	---	No	No	---	---	No	---	No	No	---	No
Women Workers	Yes	---	No	No	---	---	Yes	---	No	No	---	No
Provident Fund	Yes	---	Yes.	Yes	---	---	Yes	---	Yes.	Yes	---	No
Medical Facilities	Yes	---	Yes.	No	---	---	No	---	No	No	---	No
Leave Travel Allowance	Yes	---	Yes.	No	---	---	No -	---	No	No	---	No
Working Hours	8	---	8	8	---	---	8	---	8	8	---	8
Over-time	Yes Single Rate	---	Yes.	No	---	---	No	---	No	Yes Double	---	Yes Double
Night Shift Allowance	No	---	No	Yes	---	---	No	---	No	No	---	No
Child Labour	No	No	No	No	---	---	No	No	No	No	No	No
Weekly Off with / without pay	No	---	No	No	---	---	No	---	No	No	---	Yes
Dearness Allowance (D.A.)	Yes	---	Yes	Yes	---	---	No	---	No	Yes	---	Yes
Leave	Yes	---	No	Yes PL	---	---	No	---	No	Yes	---	Yes
Education of Worker ITI / Non-ITI	XII <sup>th</sup>	---	X <sup>th</sup>	X <sup>th</sup>	---	---	X <sup>th</sup>	---	< X <sup>th</sup>	XII <sup>th</sup>	---	X <sup>th</sup>
Male	No	---	Yes	Yes	---	---	Trained	---	No Trg. Initially	ITI (Not all)	---	Non-ITI
Female	No	---	No	No	---	---	--	---	--	--	---	--
	* FTCW Basic + DA + HRA + Other Allow. ** PW Basic + Bonus + PL + Med + LTA			* PW Basic + DA + HRA + Bonus + PL, SL + Some Spl. Allow. ---	---		* PW Basic + PF	---	* FTCW Basic + PF	* PW Basic + DA + HRA + Various other Allow	---	* FTCW Basic +

For Abbreviations see hereafter

Where \* is Gross Wages +() Figure in parenthesis indicate wages in Euro. 1 Euro = 56 Rupees

## Wages and Working Conditions

	3P – Shree Soaps			3P – Yash Enterprises		
	PW	CW	FTCW	PW	CW	FTCW
Number of workers	47	10	--	76	10	44
Hourly Wages (in Euro)	0.3	0.1	---	0.16	0.16	0.16
Wages per day (in Euro)	2.3	0.8	---	1.3	1.3	1.3
Wages for the No. of days worked per month	3,850* + (69)	1,400* + (25)	---	2,200* + (39)	2,200* + (39)	2,200* + (39)
Presence of Trade Unions	No	No	---	No	No	No
Collective Bargaining Agreement	No	No	---	No	No	No
Women Workers	No	No	---	No	No	No
Provident Fund	Yes	Yes	---	Yes	Yes	Yes
Medical Facilities	Monthly visit by Doctor	No	---	No	No	No
Leave Travel Allowance	No	No	---	No	No	No
Working Hours	8	8	---	8	8	8
Over-time	No	No	---	No	No	No
Night Shift Allowance	No	No	---	No	No	No
Child Labour	No	No	---	No	No	No
Weekly Off with / without pay	No	No	---	No	No	No
Dearness Allowance (D.A.)	No	No	---	No	No	No
Leave	No	No	---	No	No	No
Education of Worker ITI / Non-ITI	< X <sup>th</sup>	< X <sup>th</sup>	---	< X <sup>th</sup>	< X <sup>th</sup>	< X <sup>th</sup>
Male	Trg. provided	No	---	No	No	No
Female	--	---	---	---	---	---
	* PW Basic + HRA + Bonus	* CW Basic + PF	---	* CW Basic + PT + PF	* CW Basic + PT + PF	* CW Basic + PT + PF

*For Abbreviations – see hereafter*

*\*) is Gross Wages + ( ) Figure in parenthesis indicate wages in Euro. 1 Euro = 56 Rupees*

## Abbreviations

<b>Benefits</b>		
1	DA	Dearness Allowance
2	HRA	House Rent Allowance
3	LTA	Leave Travel Allowance
4	PL	Paid Leave
5	SL	Sick Leave
6	CL	Casual Leave
7	PF	Provident Fund
8	PT	Part-time
9	OT	Over-time
10	NSA	Night Shift Allowance
<b>Workers</b>		
11	PW	Permanent Workers
12	CW	Contract Workers
13	FTCW	Fixed Term Contract Workers