

Summary

Unilever  
Ghana



**Summary based on research by:**

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# Contents

- 1. **Introduction** ..... 1
- 2. **General characteristics of Unilever in Ghana**..... 2
  - Business description ..... 2
  - Employment and employment trends ..... 5
  - Company’s management and relations with the corporation ..... 5
  - Relevant aspects of Corporate Social Responsibility ..... 5
  - Supply chain policy..... 5
- 3. **Labour relations** ..... 6
  - Freedom of Association..... 6
  - The unions active within the company ..... 7
  - Collective bargaining and Collective Bargaining Agreements ..... 8
  - Access to Information..... 8
  - Labour conflicts ..... 9
- 4. **Labour conditions**..... 9
  - Child labour ..... 9
  - Forced labour ..... 10
  - Discrimination..... 10
  - Working hours ..... 10
  - Overtime..... 11
  - Rest and holidays..... 11
  - Wages, bonuses and other benefits ..... 11
  - Health and safety ..... 13
  - Medical care ..... 14
  - Pregnancy and maternity ..... 14
  - Training ..... 15
- 5. **Reorganisations, Outsourcing & Work Flexibility**..... 15
  - Reorganisations and lay-offs ..... 15
  - Outsourcing and subcontracting..... 15
  - Work Flexibility ..... 16
- 6. **Conditions in the supply chain** ..... 17
- 7. **Optional issues** ..... 18
  - Corporate citizenship and charity ..... 18
  - Waste management ..... 18
  - Community concerns..... 18
- 8. **Conclusions** ..... 19



# 1. Introduction

This research describes Unilever's business operations in Ghana, and is the first study on this company conducted in the context of the Company Monitor Project. From the outset of the research, Unilever's corporate management in the Netherlands was approached to ensure the company's co-operation. A detailed research proposal was designed, including a comprehensive questionnaire for management and workers. The questions addressed issues including the company's general characteristics, its interpretation of Corporate Social Responsibility (CSR), CSR related policies and standards, labour relations, working conditions, and supply chain issues. The research plan also included site visits and meetings with representatives of the company's management, workers and the unions.

A number of letters were sent and repeated phone calls were made to Unilever's national headquarters, a factory in Tema, near Accra, and an oil palm plantation in Benso. However, Unilever Ghana's management proved largely uncooperative. Therefore the draft of this report does not reflect the national management's view and is largely based on secondary data, provided by the Industrial and Commercial Workers Union (ICU) in Accra and local union executives in Tema. These include copies of the collective bargaining agreements, annual reports and a few other documents relating to the company's operations. Information on CSR related issues was obtained from the internet.

In addition, with the help of local union leaders, interviews were conducted with union representatives at the Tema plant. Interviews were also conducted with workers at BOPP and two companies in its supply chain, and with workers and trade unions leaders of Twifo Oil Palm Plantation (TOPP). With union leaders' assistance, the researchers also met with members of the community adjacent to the plantations. The farmers in these communities work for the plantation as so-called "smallholders" (as described hereinafter).

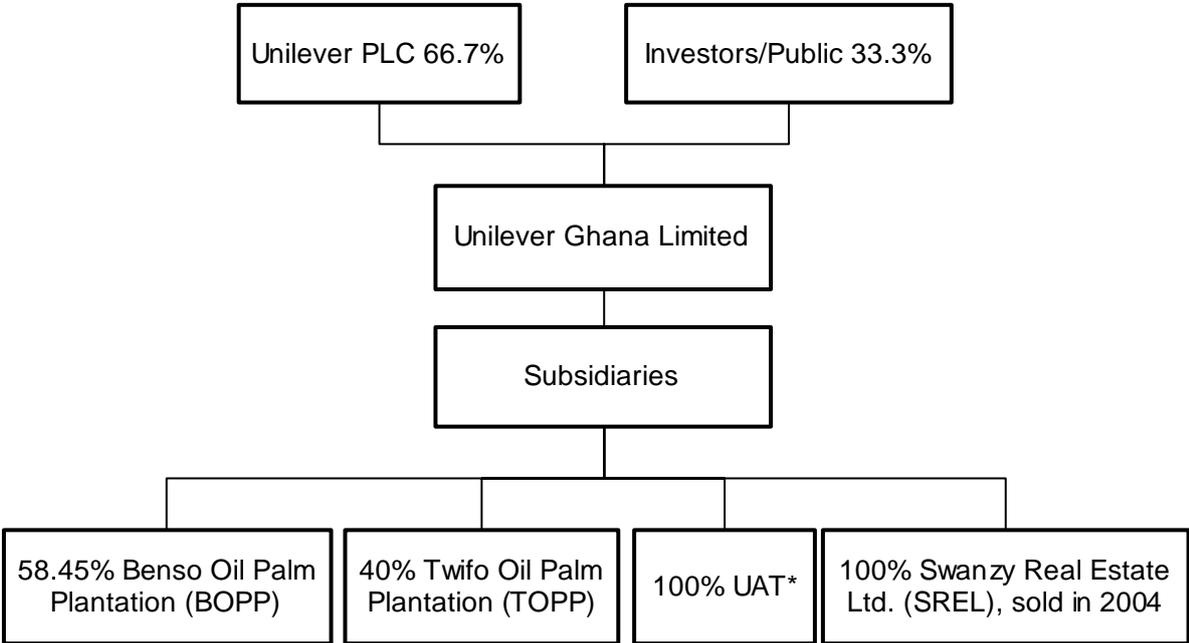
Copies of the first and second drafts were sent to the management and union executives for their reactions, comments and necessary inputs. This led to two meetings with management representatives from the oil palm plantation of BOPP and TOPP where they were given the opportunity to correct what they considered to be inaccuracies. The management later explained that the refusal to grant entry to the head office and plant site at Tema was due to sensitive issues occurring on the labour front. Another reason mentioned by the management was the company's preoccupation with reorganisations.

## 2. General characteristics of Unilever in Ghana

### Business description

Unilever was established in Ghana between 1928-1931 as the United African Company (UAC) out of two main companies, the Lever Brothers' Company and the African and Eastern Trade Corporation. The Lever factory was built in 1963. The UAC was absorbed into its parent company Unilever to form Unilever Ghana Limited in 1992. It had initially been operating as a trading company but later shifted to manufacturing. Currently, Unilever PLC owns 66,7% of Unilever Ghana. The company's business in Ghana comprises the manufacturing and distribution of food products (cooking oil, spices, iodised salt, etc.), home care products (soaps and detergents) and personal care products (body, hair and oral care products). The company's head office and factory are in Tema, near Accra. The legal structure is as shown in Figure 1 below.

Figure 1: Legal Structure of Unilever.



Unilever Ghana Limited 2004 Annual Report & Financial Statements

\*) UAT operated as a trustee for the pension and provident fund for employees

The company engages third parties for transportation, distribution, security, canteen, and housekeeping services. It also outsources the harvesting of palm fruits in the plantation and the production of salt.

Financial Highlights for 2004 (¢ millions; ¢1 million is approximately €94)

	Company			Group		
	2004	2003	% change	2004	2003	% change
Turnover	849,494	894,793	(5.1)	888,110	911,227	(2.5)
Operating profit	20,638	81,263	(74.6)	45,607	96,703	(52.8)
PBT and NRL <sup>1)</sup>	63,808	141,959	(55.1)	83,628	160,909	(48.0)
Net Profit	61,364	111,301	(44.9)	62,739	116,063	(45.9)

<sup>1)</sup> Profit Before Tax and National Reconstruction Levy

Source: Unilever Ghana Limited 2004 Annual Report and Financial Statements

In the 2004 Annual Report, the Company's Chairman claimed that the company faced fierce competition and was compelled to discount the prices of major brands like *key soap* and *frytol* cooking oil to protect market shares, and in addition encountered increased counterfeiting of its products. Other quoted factors that lead to the 2004 decrease in turnover included the costs associated with the new National Health Insurance Scheme and the improved compensation package for its distributors. However, a number of key products performed very well and Unilever Ghana maintained market leadership in 7 out of its 12 focus brands.

Internal measures taken to reduce cost include a major process and structural review. This led to a reduction of management layers and flattened the corporate hierarchy and a reduction of the workforce. According to the Chairman, the review improved functional and operating alignments and reduced overhead costs.

The plantation division comprises TOPP, located in Twifo Hemang Lower Denkyira district of the Central Region of Ghana, and BOPP, located between Benso and Adum Bansa in the western region. These investments in the production and distribution of oil palm ensure that the company has control over the supplies of its main raw material. As a result, Unilever has a dominant role in the oil palm industry in Ghana.

A study conducted in 2004 by ActionAid in collaboration with the General Agricultural Workers' Union (GAWU) found that, in 1999, TOPP and BOPP together accounted for 42% of the total land surface taken up for oil palm production in Ghana, and were respectively the second and third largest plantations.<sup>1</sup> The 2004 Annual Report states that TOPP had performed very well that year. BOPP on the other hand had suffered the impact of the "leafminer" pest. BOPP was listed on the Ghana Stock Exchange in August 2004 with approximately 13,000 shareholders.

<sup>1</sup> Antwi-Asare, T.O., TNCs [Transnational Corporations] and Corporate Responsibility: The Case of Twifo Oil Palm Plantation – a Subsidiary of Unilever Ghana Limited, 2004. Study prepared for ActionAid Food Rights Unit, conducted in collaboration with GAWU.

TOPP was first developed as a Ghana government project in the early 1970s and began its operations in 1977/1978 with financial assistance from the European Union, the Commonwealth Development Corporation, and other European donors. In 1998, the government sold 50% of its shares to Unilever, which also gained management control.

According to the 2004 Annual Report, TOPP had an excellent year buoyed by good volume growth and higher prices for palm oil on the world markets, particularly in the first half of the year. The total palm oil output of 21,426 tons compared with 19,003 in the previous year.

TOPP operates West Africa's largest oil mill and a 'nucleus estate' at Twifo Ntafrewaso, about 62 kilometres from Cape Coast. This estate comprises plantations owned by the company, surrounded by land that is cultivated by so-called "smallholders". These smallholders are contract farmers who work in an area that is acquired by the company for the Smallholder Project. The so-called "Out growers" form another category of contract farmers, who grow oil palm on their own land, near the estate. This site provides bungalow accommodation for senior and junior staff and a basic school reputed to be among the best in the country. The buildings were erected when the company was state-owned. Since then, Unilever has expanded the clinic, built a police station and added a recreational centre.

The aforementioned 2004 ActionAid–GAWU study reported the following positive spin-offs of TOPP's operations:

- ❑ Economies of scale facilitated by large scale production methods, mechanization, reasonable capital and modern corporate management;
- ❑ A higher palm oil extraction rate of 95-99% percent compared to 50-60 percent for the small-scale manual or semi mechanized processors scattered in the local communities.
- ❑ Facilitated access to land, credit and other benefits facilitated by the company's support;
- ❑ Worker incentives such as subsidized housing, free medical care and low fees at the company's school for their children;
- ❑ Reduction of harvesting and transportation costs by the provision of road networks inside the estate.

BOPP was established in 1975 by the United Africa Company and the Ghana government to attract foreign investment. The project began full operations in 1980 with the construction of an oil mill to process fruits and produce about 9,000 tonnes of palm oil, which was equivalent to 50% of Ghana's annual imports. At the time, the anticipated annual production was two thousand tonnes of palm kernel, with small holders in the area benefiting from a ready market for their produce provided by the oil mill. At its fullest potential the project was expected to directly employ 1,000 people and indirectly help several hundreds if not thousands of smallholders. BOPP currently employs 500 workers and deals with 438 small holders.

## Employment and employment trends

The company currently employs 1,702 workers – 650 in the factory at Tema and the rest in its oil palm plantations. The company claims its operations indirectly generate over 40,000 jobs in Ghana. The aforementioned structural review apparently led to a reduction of the workforce.

## Company's management and relations with the corporation

Unfortunately, without the input from Unilever Ghana's management, this report cannot assess corporate relationships.

## Relevant aspects of Corporate Social Responsibility

### Unilever's Code of Business Principles

In 1996, Unilever formulated its "Corporate Purpose." This mission statement was put into practice 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 states that Unilever complies with the laws and regulations of the countries in which it operates. 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."*

### The Business Partner Code

In 2004, Unilever developed a "Business Partner Code." This code is based upon the Code of Business Principles and covers items like business integrity, responsibilities concerning employees, consumers and the 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 is stated that by the end of 2005, Unilever would expect from all first tier suppliers a positive assurance of adherence to the Code.

## **3. Labour relations**

### **Freedom of Association**

Ghana ratified all relevant ILO conventions, including the conventions on freedom of association, the right to organise and collective bargaining, equal remuneration, discrimination, abolition of forced labour, minimum wage and hours of work. These conventions have been translated in national legislation.

The 2003 Labour Act no. 651 (the Labour Act), which entered into force in March 2004, covers all labour related issues and reflects the ILO Conventions ratified by Ghana. The Labour Act affirms the rights of all workers in Ghana to freely associate and provides that the employer may not impede the enjoyment of this right in any way. The right to organise is conditioned for workers who perform managerial and supervisory functions. The Labour Act also provides for the mandatory registration of all trade unions with the Chief Labour Officer. The Ghana Trade Union Congress (GTUC), the federation of trade unions, historically had a monopoly on trade union representation and remains the most powerful actor in national labour relations. The Industrial Relations Act 299 of 1965 prohibited the operations of more than one trade union in any one industrial concern or enterprise. The provisions in the present labour law Act 651 allow any two or more workers to organise, but this is yet to take effect, and workers in one enterprise still remain organised under one union.

### **Company practice**

Interviewed workers explained that the unions have been in operation since the companies were set up and do not remember any attempt on the part of management to frustrate their formation. Also, trade unions have never resorted to legal action for the infringement of the rights to organise or associate. Workers reported that they are in fact free to join trade unions, as specified in their Collective Bargaining Agreements (CBAs), and all affirmed the presence of shop stewards in their enterprises. They did, however, observe that the management's attitude towards trade union leaders is at times questionable.

On the one hand, workers claimed that union leaders are more respected by management than their colleagues. However, this allegedly only relates to non-significant issues, and is not the case when real matters are at stake, for instance in CBA negotiations. Moreover, union leaders are reportedly not as easily promoted, with the excuse that they dedicate more time to their union activities than to the regular work. This was disputed by the management on the basis that union duty is voluntary and that workers cannot cite any instance of such discrimination. The management also explained that the decision to promote or not to

promote is based on appraisals from section heads in accordance with company policies and that there are examples of promotions involving union leaders at the factory in Tema.

The movement of all union leaders at the Tema plant site is restricted by a company policy that bars free access to certain sections of the company. According to management's representatives, this restriction applies to all workers including those in management as it represents a control mechanism for food safety. Union leaders have unrestricted access to departments in the main administration offices in addition to their work locations, unlike other colleagues. The management provides assistance to union leaders who have to travel to attend to union duties and activities. Workers at BOPP stated that union leaders are allowed to meet during working hours.

Union leaders are free to distribute information to workers within the enterprise and do not record any attempt by management to restrict this freedom.

### **The unions active within the company**

The Industrial and Commercial Workers Union (ICU) represents Unilever's manufacturing and distribution employees and BOPP and TOPP plantation workers belong to the General Agricultural Workers' Union (GAWU). Until recently, both unions were affiliated to the Ghana Trade Union Congress (GTUC) - the federation of trade unions. GTUC remains the most powerful actor in national labour relations.

GAWU was formed in 1959 and organises workers employed in the agricultural sector. At the height of its membership size in 1984, GAWU boasted over 100,000 members mainly in the public service. Its total membership is currently about 30,000. GAWU engages in collective bargaining negotiations and handles workplace grievances. Furthermore, it offers trade union and skills education and credit facilities for its "informal sector" and rural based members.

The ICU organises workers in 11,000 enterprises located in the industrial and commercial sector. During the past decade, it was plagued by internal conflict and lost members as various sections split to form new unions. However, it remains the largest national union. It also engages in collective bargaining negotiations, handles workplace grievances and offers trade union education.

In the 1980's and 1990's, both GAWU and ICU lost a considerable number of its members under the effects of the structural adjustment policies imposed by the multilateral institutions, including the privatisation of state enterprises and trade liberalisation.

### **Sex balance within the unions**

The national unions in the confederation that make up the GTUC are male dominated in membership and leadership. Women constitute an estimated 25% of the total membership of the GTUC with membership proportion varying across national unions. Since the 1980s

several affirmative actions, like special women's bodies, quota representation and special seats on governing structures of the National Executive Councils have brought some improvement in female representation. ICU and GAWU have 31% and less than 20% female membership, respectively. It should be taken into account that women workers constitute a minority also at the Unilever plant and plantations.

## **Collective bargaining and Collective Bargaining Agreements**

The Labour Act grants workers in Ghana the right to collectively bargain. It specifies how a collective agreement on the terms and conditions of employment may be concluded between one or more trade unions on one hand and representatives of one or more employers' organisations on the other.

### **Company practice**

Workers in all three locations are covered by Collective Bargaining Agreements (CBAs) that governs the employment contracts the company enters into. The current CBAs were signed in 2004. The CBA between Unilever Ghana Limited and ICU is valid for two years. Workers of BOPP and TOPP are covered by the CBA of the Plantation Workers which is signed by the Palm Oil Producers Employers Group (POPEG) of Ghana Employers Association (GEA) and is valid for 3 years.

The CBAs confirm the right of all workers (with the exception of employees in the managerial or supervisory rank) to be members of the two unions ICU and GAWU. The CBA for BOPP and TOPP, for instance, stipulates that the CBA applies to all workers, and that all workers covered are automatically union members. The CBA also provides that union dues are deducted from the salaries of workers at source and stipulate that union officers enjoy leave of absence with pay for union activities. According to the CBA, employers are obliged to recognise shop stewards as the official representatives of workers in the various departments and provide them reasonable facilities to carry out their union responsibilities.

### **Access to Information**

There is no regular practice of information sharing. Workers' representatives explain that, although information is provided to the union on time and is relevant to their needs, the contents are inadequate for the union's purpose - which is usually to back their demands during negotiations. Their access to information is limited to the little the management considers necessary to share. At times, they resort to the statements on profits and turnover that Unilever publishes in the national daily newspapers

Workers at BOPP stated that meetings with the management, for union leaders or the general working body, are infrequent and ad hoc, and at the management's discretion. Worker-management meetings are used to discuss issues such as productivity targets, health and safety

procedures, wages, incentive bonuses, and the general performance of the company. At times, these meetings were used to resolve differences with the general body of workers.

### **Labour conflicts**

Workers reported differences with management, mainly over issues such as salary levels and the cancellation of overtime work. The period of negotiations generally tends to generate tensions between workers/union leaders and the management.

Workers at Unilever's main plant and TOPP reported of one instance of strike action within the company. The strike followed a breakdown in communication between workers and management over demands for better working conditions. Their demands included higher wages, end of year bonus, free transportation to work, refusal to allow their free meals cancelled, and a delay in completing the CBA.

## **4. Labour conditions**

### **Child labour**

The Labour Act prohibits the employment of children. Young people may not be employed in work that poses a physical or moral hazard and conditions for their employment include registration and a health certificate.

#### **Company practice**

Union leaders interviewed explained that the companies do not employ children and Unilever requires other companies it deals with to confirm the same, by providing the age of all their employees.

BOPP and its service suppliers Abepa and AVOM also maintain that there is no usage of child labour in any of their activities. However, a 2005 rapid assessment survey of child labour at plantations conducted by the Ghana Employers Association (GEA), concluded differently.<sup>2</sup> This survey was part of a child labour project implemented in collaboration with the ILO in five commercial oil palm and rubber plantations, including BOPP and TOPP. It found that child labour is rampant in the oil palm and rubber plantations, in particular during peak seasons. The children are not directly or formally employed, but are used by out growers and smallholders. The children identified in the study fall between the ages of 8-17 years with an average age of 14; many often stayed away from school. The highest monthly amount paid per child labourer was ₵400,000 (€37), with some earning just ₵10,000 (€0.90).

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<sup>2</sup> Ghana Employers' Association (2005); Dissemination of findings of Rapid Assessment Survey on Child Labour. Benso Oil Palm Plantation.

These children confront hazards, which include exposure to toxic substances, sexual abuse, violence, snake bites and accidents, such as from falling fruits, and cuts.

Since the GEA report some interventions have been put in place that may help to ameliorate the situation. However, the company recognises that it can improve with regard to the use of child labour by the retailers of its products.

### **Forced labour**

The Labour Act also prohibits the use of forced labour. None of the workers and union leaders interviewed reported any instance of forced labour.

### **Discrimination**

The Labour Act prohibits the termination of employment on grounds of a worker's gender, race, colour, ethnicity, origin, religion, creed, social, political, or economic status. Termination of employment due to absence of work during maternity leave or pregnancy is also deemed unfair. The Act also stipulates that every worker is entitled to receive equal pay for equal work. Workers who feel they have been victims of discrimination can seek redress from the Labour Commission.

### **Company practice**

The CBAs of BOPP's and TOPP's workers confirm that the employer must recognise the principle of equal pay for equal work. Unilever's CBA is however silent on the issue.

Interviewed workers reported no incidents of discrimination on the grounds of sex, religion, ethnicity, political orientation or any other form of differences in a worker's background. There are few women employed within the companies and fewer still in managerial positions. There was, however, no report of affirmative actions or provisions designed to offset the sex balance in employment. The management explained that, while there is no explicit discrimination against women, they do not apply for jobs on the plantations because of the rural nature of the locations. The management also added that the company has a global policy that prohibits gender discrimination. However, the researchers were not given copies of this policy for review.

Incidents of sexual harassment were not reported. Workers mentioned that acts of "sexual impropriety" by plantation workers against members of the neighbouring communities are treated as disciplinary issues. Workers involved may be dismissed.

### **Working hours**

The Labour Act specifies the maximum working hours. Workers are generally expected to work eight hours per day, unless this does not fit with the nature of the work. The weekly working hours should not exceed 40. More hours worked are deemed to be overtime, and entitle the worker to overtime payment. All CBAs for Unilever's workers affirm the 40-hour working week.

## Overtime

### National legislation

The Labour Act provides that workers can only be required to work overtime if their enterprise has predetermined fixed overtime payment rates. Moreover, the Labour Act stipulates that the worker can only be obliged to work overtime in cases where a company, by nature, cannot function without overtime work, or if there is an emergency that requires overtime to avoid threat to life or property.

### Company policy

The CBAs regulate overtime and stipulate the overtime rates for different job functions. They also state that overtime work is not compulsory and that employers should discuss the need for overtime work with either the worker concerned or the union leaders. However, the CBA for BOPP and TOPP CBA also states that all employees are expected to work a reasonable overtime unless they put forward good and valid reasons for not doing so. Disputes are settled between the employer and the union. The CBA further stipulates that for the purpose of keeping the mill working in full capacity, workers engaged in harvesting the oil palm, those involved in operations at the workshop and the mill, will need to work Saturdays and are paid twice the daily wage for this.

### Company practice

Workers reported that their companies respect the hours of work stated in the CBAs. However, they also stated that needing a “good reason” to refuse overtime implies that overtime is not voluntary in practice. They may also refuse overtime if it is announced with less than 24 hours notice. The company’s practice is to inform workers of the need for overtime work in advance on Thursdays. Workers do not believe that overtime causes an increase in workplace accidents.

## Rest and holidays

Workers are by law entitled to period rests from work on daily, weekly and annual basis. The Labour Act also provides that “every worker is entitled to not less than fifteen working days leave with full pay in any calendar year of continuous service”. Workers are free to determine when they will take their leave and can take the leave in two equal parts. They may only be called back to work in cases of urgent necessity, and specifies conditions for this standard. Workers are also entitled to compassionate leave and sick leave with pay. The length of sick leave a worker is entitled to is determined by the length of employment with the company.

## Wages, bonuses and other benefits

Unilever appears to pay its workers relatively well. The average wage at the manufacturing plant is far in excess of the national minimum wage. The daily minimum wage in Ghana is ₵13,200 (about €1.25). Workers can earn more because of performance-based bonuses. Unilever’s

monthly minimum pay (including bonus and shift allowance) of ₵3 million (€280) also compares favourably with other multinationals and local companies, as shown in the table below.

**Table 1: Comparison of monthly minimum wages<sup>1)</sup> (in ₵1,000; ₵1,000 is approximately €0.09)**

	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO <sup>2)</sup>	Accra Brewery	VALCO <sup>2)</sup>
Basic wage	1,914	1,562	1,686	1,462	968	1,317	2,200
Productivity bonus	459	130	211	122	28	110	183
Stakeholder scheme	37	0	0	0	0	0	0
Shift allowance	555	186	292	270	194	395	154
<b>Total</b>	<b>2,965</b>	<b>1,878</b>	<b>2,189</b>	<b>1,854</b>	<b>1,190</b>	<b>1,822</b>	<b>2,537</b>

Source: ICU CBA Review Analysis, 2005.

<sup>1)</sup> Some companies were reviewing their salaries at the time of the research.

<sup>2)</sup> GAFCO (= Ghana Food Company) and VALCO (= Volta Aluminium Company) were formerly owned by Kaiser International of the United States.

Hence workers at the minimum basic salary point earn more in total per month than workers at comparable companies. These differences get larger as they reach the mid points salary levels, as shown in the next table.

**Table 2: Comparison of monthly midpoint wages<sup>1)</sup> (in ₵1,000; ₵1,000 is approximately €0.09)**

	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO <sup>2)</sup>	Accra Brewery	VALCO <sup>2)</sup>
Basic wage	3,228	2,737	2,922	3,330	1,172	1,558	3,384
Productivity bonus	775	227	281	276	49	1,293	281
Stakeholder scheme	37	0	0	0	0	0	0
Shift allowance	936	328	506	616	234	467	153
<b>Total</b>	<b>4,976</b>	<b>3,292</b>	<b>3,709</b>	<b>4,222</b>	<b>1,455</b>	<b>3,318</b>	<b>3,818</b>

Source: ICU CBA Review Analysis, 2005.

<sup>1)</sup> Some companies were reviewing their salaries at the time of the research.

<sup>2)</sup> GAFCO (= Ghana Food Company) and VALCO (= Volta Aluminium Company) were formerly owned by Kaiser International of the United States.

Workers and union leaders covered in the study explained that an average worker could have a household of about 6 people including children and extended family members. Although company benefits like subsidised accommodation, transport and meals reduce the pressure of expenditure on workers' salary, feeding family members alone, they explained, took away almost 90% of this salary. The cost of living vis-à-vis wages have to be examined from the entire Ghanaian economy's point of view and not limited to one company. The issue of wages and salaries has been continually mentioned by the President of the country who has called for a national debate to find workable solutions.

### Overtime pay

The CBA specifies that overtime hours will be paid extra, ranging from 1.25 times the normal hourly wage for overtime on week days to 2.75 times for overtime on Sunday or during a public

holiday. Furthermore, the CBA provides for a Call-in-Allowance, when an employee who is not on duty is called to come it to work overtime.

### **Other allowances**

Workers may also qualify for performance related allowance, tools allowance (for workers who use their own tools), out of station and day trip allowance (if employees have to travel to perform official duties), and inconvenience allowance (for workers on transfer). The company provides accommodation or covers the accommodation expenses.

Workers who work at Unilever's main plant who reside within the Accra and Tema's metropolitan area enjoy free transport from and to work, from specified points. The CBAs stipulate that workers of BOPP and TOPP who cannot access the company's transportation can call upon a loan facility in the form of a salary advance for the purchase and licensing of motorcycle or bicycle.

BOPP's and TOPP's workers are entitled to accommodation at a close proximity to their work place. If such accommodation is not available, workers are entitled to rent subsidy.

### **Health and safety**

The workers and union leaders interviewed at all three sites revealed that the management provides the basic health and safety equipment, services and facilities, ranging from protective clothing to a clinic with a resident doctor. According to the workers and union leaders interviewed, the management insists on compliance with all safety measures by all workers. Workers who break safety rules are sanctioned. All interviewed workers stated that the company organises health and safety training for them and that they are satisfied with the company's efforts to ensure their safety. In addition, there is a safety award scheme to encourage compliance with safety regulations.

Workers, however, indicated that they still experience a number of health hazards in the course of their work. Problems mentioned by plantation workers at BOPP and TOPP include falls from heights inside the factory (one case was mentioned at the Tema factory), slipping due to oil spillage in the factory, injuries from palm branches, and snake bites at plantations (two cases were mentioned). The management admitted that these hazards are real, but stated that there is a downward trend and the aim is to reduce that trend to zero. Workers have also been supplied with anti-slippage boots and failure to wear them can lead to dismissal.

In 2000, an independent study was carried out among workers of TOPP, to assess health problems particular to plantation workers.<sup>3</sup> It appeared that workers were exposed to the Simulium flies, whose bites can cause river blindness. The author reported that due to the

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<sup>3</sup> Krah C.K., The prevalence of onchocerciasis and other parasitic infestations on an oil palm plantation in Ghana, 2000.

isolated location and the absence of good roads, it was difficult to deliver adequate health care. This report apparently contradicts the workers' representatives' statements about free medical care, but it is likely that the study covered not just TOPP employees but others who may not have had access to the plantation's clinic.

## **Medical care**

Both CBAs grant free medical care to workers, excluding conditions such as infertility treatment, cosmetic and dental treatment, and optical lenses. Workers at BOPP and TOPP are not entitled to medical care for additional conditions like major surgery, hearing aids, artificial limbs and other appliances. Accidents or medical conditions related to the work place are always covered.

Medical facilities extend to the registered spouse and a specified number of children who are neither married nor of school age. This currently applies to five children for workers employed after July 2000 at Unilever's main plant and after 1 July 1992 for workers at BOPP and TOPP.

## **Pregnancy and maternity**

The Labour Act provides for a total of 12 weeks of maternity leave with full remuneration and other benefits. This period may be extended if there are complications during childbirth. Furthermore, employers must allow nursing mothers to interrupt work for an hour during working hours for nursing. Pregnant women and mothers of young infants are protected from night work or overtime and, under some conditions, employment outside their place of residence.

### **Company practice**

Both Unilever's CBAs reflect the maternity leave stipulated in the Labour Act. However, in apparent violation of this Act, the CBA for BOPP and TOPP stipulates that female workers can only enjoy full pay in wages and salaries if they have served 12 months of continuous employment. The CBAs allow two hours nursing breaks a day, for a period up to 9 months (at Unilever main plant) and up to 6 months (at BOPP and TOPP).

It is therefore unclear what the rights are for a worker who becomes pregnant before she has served her probation. The above suggests that she might be denied part of her payments during maternity leave.

The companies have no childcare facilities to support workers in the combination of their work and parenting duties. The CBA at Unilever's main plant does not provide for medical care to cover pregnancy and childbirth. Female workers at BOPP and TOPP are entitled to routine antenatal care at the company clinics.

## Training

The company does not provide training for skills or career development. Workers at BOPP get training on the job in subjects such as health and safety, fire fighting, driving and, reportedly, even receive paramilitary training. Why the latter is provided is entirely unclear. The CBA stipulates the opportunity for study-leave; however, BOPP's workers report that this is not granted in practice. Supervisors and managers do travel outside for training purposes.

# 5. Reorganisations, Outsourcing & Work Flexibility

## Reorganisations and lay-offs

### National legislation

The Labour Act provides that, when an employer contemplates changes or restructuring that are likely to entail termination of employment, he/she must notify the Chief Labour Officer and the trade union concerned not later than *three months* before these changes are to take effect. The employer must communicate all relevant information, including the reasons for the termination and the number and categories of workers affected.

### Company policy and practice

The CBA also obliges the employer to consult the union if workers are to be declared redundant. Workers who are affected by redundancy are entitled to any outstanding leave, and if the company recruits again after a redundancy exercise, the former employee is entitled to be re-employed. The unions tend to negotiate a redundancy package. The CBA for BOPP and TOPP only stipulate a two month notice given to the employer "whenever possible", before the intended termination of employment. This period should in no event be less than one-and-half months. The CBA of Unilever's main plant stipulates a minimum notice period of only one calendar month. These provisions constitute a significant deviation from the protection prescribed in the Labour Act.

As described in chapter 2, the reorganisations in response to the loss of market shares in 2004 included internal cost reduction measures that led to a reduction of management layers and a reduction of the workforce. Except for the specific cases described in this report, it is unclear how and whether the unions were engaged in this process.

## Outsourcing and subcontracting

A number of corporate activities have been subcontracted or outsourced, such as purchasing, distribution, security services. In the plantations, the company engages out growers and smallholders for the harvesting, milling and other work at the field.

At BOPP, a company called Abepa is engaged to buy palm fruits from private out growers for use by BOPP. The Achimota Vegetable Oil Mills (AVOM) is responsible for milling of palm fruit waste. AVOM processes palm kernel oil and palm kernel cake for poultry feed's manufacturers, both for local consumption and for export.

According to workers at BOPP, it is company policy to insist that outsourced activities are conducted in accordance with the company's labour standards. This would mirror what's provided in Unilever's Business Partners Code, which states that *"Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our business partners to adhere to business principles consistent with our own"*. It is unclear whether and how the company monitors its partners' activities.

## **Work Flexibility**

### **National legislation**

The Labour Act stipulates that all legal provisions concerning minimum wage, hours of work, holiday and rest, night work and sick leave also apply to temporary workers, unless the parties agreed on a different arrangement. The Labour Act also stipulates that the status of a temporary worker reverts to that of a permanent worker if the worker has been in the same employment for continuous period of six months and more. Workers that are employed for seasonal work are however referred to as "casual workers". These workers only have legal right to medical care.

### **Company policy and practice**

Unilever heavily relies on casual workers for seasonal task such as clearing the undergrowth of the oil palm plantations during the rainy season. Casual workers provide cheaper labour, since they do not enjoy the benefits accorded to permanent workers, such as pension contribution, medical care, leave with pay, Christmas bonus, redundancy pay, and rent subsidy. These workers are not covered by the CBA. However, it is reportedly not uncommon for unions to step in on behalf of casual workers in the event of a conflict.

The casual workers' pay is mostly related to their output. The daily wage rate of the contract workers vary from ₵ 15,000 (€1.40) to ₵ 20,000 (€1.85). This rate is in excess of the national minimum wage of ₵13,200 (€1.25), but only half the fixed daily minimum wage of ₵ 26,500 (€2.50) for permanent workers. Some workers stated they would not mind working as a casual, since it offers the opportunity to make more than this.

Workers believe the number of temporary workers has increased significantly in the last twelve months. They also reported that some permanent workers have become temporary workers, and work for more money, while at the same time some 20 contract workers at BOPP received a permanent position last year. Overall, the interviewed workers felt relatively secure in their jobs and trusted that the company would not easily dismiss them.

## 6. Conditions in the supply chain

According to Unilever's Business Partner Code, suppliers should be expected to uphold Unilever's Code of Business Principles. However, without the management's co-operation, it could not be verified whether and how these principles are actually imposed, and whether effective monitoring mechanisms are in place.

As mentioned, TOPP contracts local farmers to bring in palm fruit bunches from outlying areas. Farmers complained about the low prices as compared to other plantations, and the non-transparent manner in which the cost of inputs were determined. According to the farmers, both TOPP and BOPP pay between ₵550,000 (€51) and ₵600,000 (€55) per metric ton of fruit bunches for outside purchases, but then pay only ₵420,000 (€37) for purchases from small holders and out growers. Moreover, TOPP does not weigh their produce in their presence, so it is impossible to redress mistakes. Consequently, most out growers prefer to sell their produce on the open market. It was also noted that TOPP sells the palm trees at the end of the plant life cycle, but does not share the profits with the farmers. According to the aforementioned 2004 Antwi-Asare report, the relationship between TOPP and the surrounding communities is so poor that some of the farmers replant with cocoa when they fell their aged palm trees.

BOPP contracts the company Abepa to purchase the fruits. In addition, there are about 20 other contractors who are responsible for cleaning the undergrowth in the plantation. BOPP ensures that Abepa provides quality fruits and contract drivers are often sent to defensive driving school at the company's expense. AVOM is contracted for the milling of palm fruit waste.

Business principles relating to financial integrity and prohibition of bribes are strictly applied to both Abepa and AVOM. These principles also apply to suppliers of equipment. According to both Abepa and AVOM, representatives of BOPP offer field and technical advice to fruit suppliers and there are two permanent employees who monitor their activities. The suppliers are reminded regularly to maintain safety standards or risk losing contracts, and contract workers who do not use safety equipment are released.

However, other CSR standards are apparently not imposed. The minimum wage for workers at BOPP is at least ₵26,000 (€2.40), while it is only ₵10,000 (€0.90) at Abepa, which is almost 25% below the national minimum wage. Unlike BOPP, Abepa does not provide transport subsidies, rent subsidies, and periodic medical check ups. Similarly, wages at AVOM are lower than BOPP's and their workers are faced with conditions that are similar to or worse than those at Abepa.

As mentioned above, a 2005 survey by the Ghana Employers Association found that child labour often occurs at Oil Palm Plantations, including BOPP and TOPP, although BOPP, Abepa and AVOM officially maintain that there is no use of child labour in any of their activities.

## 7. Optional issues

### Corporate citizenship and charity

In 1999, Unilever established the Ghana Foundation for Education and Development. This Foundation brings together a range of Unilever sponsored community activities. Initiatives include, for example, a scholarship programme for children of employees to cover three years of education at secondary level, workshops for small-scale entrepreneurs, and emergency medical care in isolated rural communities.

Unilever was also involved in the introduction of iodised salt (*Annapurna*) into the Ghanaian market, which helps to eradicate iodine deficiency related diseases. However, community leaders in the salt producing areas reported that Unilever's dominance in the production of iodised salt negatively impacted on the local producers. Since its launch in 2000, the use of iodised salt has nearly doubled from 28% of the population in 1988 to around 50% in 2002.

### Waste management

The workers believe that the company takes forest and environmental protection very seriously. The waste generated by the company includes bio-degradable factory effluents, ashes, palm bunches, nut shells and fibre. Workers confirm that these are disposed off as follows: palm bunches are left in the plantation to decompose and serve as fertilisers, shells and fibre are used in the boiler, buried in the ground or burned at disposal points, effluent are drained into the plantation, and ashes are sometimes spread on the road.

### Community concerns

Community leaders in the area of BOPP and TOPP mentioned that the smoke from the palm bunches and the ashes spread on the road pose health hazards to the communities. Moreover, the effluent that is drained into the plantation often also drains into the water source and makes the water undrinkable. BOPP community leaders stated that the local river is currently so polluted that it cannot be used at all. Attempts by the community's leaders to convey their concerns and to urge the company to remedy the situation did not yield any result. The government eventually provided pipe borne water to save the situation. This situation contradicts the plantation's rhetorical commitment to operating in a safe and clean environment.

The community's leaders state that the company destroyed and claimed land that was theirs, and caused scarcity. The community doubts whether or not the land was legitimately acquired: "*In the past one just needed a bottle of whiskey to be given land for use*".

Heavy company vehicles have damaged the roads in Benso, but the company does not provide for road maintenance and this is taken care of by the community. The community is disappointed

that the company mainly employs workers from outside the community. The best they do for the community is to lease land for farming as out growers. However *“As a farmer you have no right to consume some of your produce, not even a little for soup.”*

The Company’s hospital is open to the community, but community members must pay for their own medical services. Community leaders also report that BOPP repaired the roof of the Senior Secondary School that was blown off in a storm. Moreover, the company provided electricity poles and light, and schools to communities outside the operational areas.

However, community concerns communicated to BOPP have been so far ignored and the company has not responded to invitations to meet. The company alleges that there is a conflict in the community between two royal families and apparently perceives this as an obstacle. The community members suggested that TOPP has been more helpful in its operational areas than BOPP. According to them, they could use BOPP’s help in improving their roads and school building.

## **8. Conclusions**

Unilever Ghana’s financial performance was not as good as expected in the years 2004 and 2005, but a number of its key brands still have a leading market position. Moreover, the optimism about future growth that radiates from the annual reports appears to be shared by the company’s workers, who generally expressed much faith in the company’s strength and intention to treat them well. The company performs well on various aspects of working conditions. It takes health and safety issues very seriously and Unilever’s plantations provide free medical care to workers and their families. Furthermore, wages at Unilever’s plant in Tema, near Accra, are high compared to other manufacturing companies.

Workers are free to join trade unions without any hindrance from management and shop stewards are present at the company’s sites. Workers at Unilever’s main factory are represented by the Industrial and Commercial Workers Union (ICU) and workers at BOPP and TOPP oil palm plantations are organised in the General Agricultural Workers’ Union (GAWU). The union is mostly busy with issues related to wages and overtime work. Conflicts between management and the union have never led to legal action. ICU’s and GAWU’s leaders have free access to the workers. The management generally supports their work and enables them to fulfil their duties.

Workers observed that the management’s attitude towards trade union leaders is mixed. Some believe they are favoured over ordinary workers, others report that the management is not receptive to their input, and that union leaders are not as easily promoted. Moreover, workers feel that management only provides infrequent and minimal information to unions and workers.

Workers at BOPP and TOPP reported that their wages are comparable to similar companies but not always enough to cover basic expenses. Benefits that the company should provide are often

not available. Furthermore, training programmes are considered too narrowly focused on specific working skills. The company does not encourage further education and would even obstruct workers that want to follow a study. In theory, overtime is not compulsory, however in practice workers often feel compelled to accept overtime work.

Reorganisations since 2004 have resulted in a reduction of the work force. Various activities have been outsourced leading to retrenchment and redundancies. The notification period for redundancies appears to be less than the legal minimum of three months. Unilever also continuously relies on casual or temporary workers. These workers are not entitled to the same benefits as permanent workers and cannot bargain collectively. Their basic daily wages are above the minimum, but only half of those of the minimum for permanent workers.

Unilever faces problems with respect to labour conditions in the supply chain. Other studies found that on the BOPP and TOPP plantations, child labour is widely used by so-called out growers and smallholders. Although this may be a difficult issue to monitor, the company could take a first step to address this issue by raising the low price it offers to out growers and small holders for their products. Furthermore, whereas suppliers are requested to comply with business integrity and safety standards, this is not the case for other aspects mentioned in Unilever's Business Partner Code. For example, at Abepa, a company contracted by BOPP, workers earn almost 25% less than the national minimum wage.

Finally, the communities in the BOPP and TOPP plantation areas expect more than what the company currently provides. They complained that the company severely contaminated their drinking water, damaged roads, and made claims regarding land ownership that may have been illegitimate. At the same time, the company implemented water projects and other forms of assistance. Overall, it appears that the company's communications and engagement with the communities leaves considerable room for improvement.