FAST MOVING CONSUMER GOODS SECTOR

SUBSTANTIVE AGREEMENT

between

CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS' UNION
(CEPPWAWU)

GENERAL INDUSTRIES WORKERS UNION OF SOUTH AFRICA
(GIWUSA)

SOLIDARITY

SOUTH AFRICAN CHEMICAL WORKERS' UNION
(SACWU)

(hereinafter referred to as the "Unions")

and

PARTICIPATING EMPLOYERS IN THE FAST MOVING CONSUMER GOODS EMPLOYERS ASSOCIATION
(FMCG Employers)
As listed in Annexure A

(hereinafter referred to as "employers")

FOR THE PERIOD 1 JULY 2021 TO 30 JUNE 2023

B. SUBSTANTIVE TERMS AND CONDITIONS:

An agreement has been reached between the employers and the unions on the following matters:

3. SCOPE OF AGREEMENT:

To be referred to a task team with full negotiating teams and in accordance with Council procedures.

4. DISASTER LEAVE:

Employees will be entitled to 3 days disaster leave from 1st of July 2022.

5. WAGES:

5.1 GENERAL INCREASE IN BASIC WAGES:

The parties agree to an across the board increase of 5.00% on current basic wages with effect from 1st July 2021 to 30 June 2022 (Year One).

For (Year Two) 1 July 2022 to 30 June 2023, the increase will be the average CPI plus 1.25% with a floor of 4.00% and a ceiling of 6.00%. (Average CPI will be the average of the Headline CPI for the 12 months - May 2021 to April 2022).

5.2 MINIMUM MONTHLY BASIC WAGE:

The current minimum wage of R7 494.22 (seven thousand four hundred and ninety four rand and twenty two cents) will be increased with effect from 1 July 2021 to R7 868.93 (seven thousand eight hundred and sixty eight rand and ninety three cents) and will remain in force till 30 June 2022.

For the period 1 July 2022 to 30 June 2023 the minimum wage of R7 868.93 will be increased by the average CPI plus 1.25% with a floor of 4.00% and a ceiling of 6.00%. (Average CPI will be the average of the Headline CPI for the 12 months May 2021 to April 2022).

This minimum will also apply to any company, not listed in Annexure "A" who also becomes party to this agreement.

C. EXEMPTION PROCEDURE:

Any participating company seeking exemption from any of the conditions of this agreement and/or any conditions agreed to previously through centralised bargaining between the parties, should do so according to the Council's exemptions procedure. (See Annexure "B")

D. DISPUTE PROCEDURE:

If there is a dispute about the interpretation or application of this agreement, any party may refer the matter to the Council for resolution in terms of the Dispute Resolution procedure of the Council.

E. PEACE OBLIGATION:

a. Neither party to this Agreement shall engage in any form of industrial action against the other party regarding any disagreement on wages and other substantive conditions of employment which are covered by the current Substantive Agreement for the period between 1 July 2021 and 30 June 2023, including agreements reached previously and which are still applicable for the entire period of the said agreement, unless the disagreements arises out of the implementation and interpretation of the agreement, in which case any party may refer the matter to the Bargaining Council for the Chemical Industry for resolution in terms of the Dispute Resolution procedure of the Council.

b. For the purpose of this Agreement, "industrial action" means "strikes" and "lock-outs" as defined in the Labour Relations Act, 66 of 1995.

c. Any party who reneges on any of the provisions of this Agreement, and who does not comply with the conditions of this Agreement, shall be in breach thereof.

Signed at Johannesburg this 31 **day of** August **2021.**

For CEPPWAWU

Witness

For GIWUSA

Witness

For SACWU

Witness

For SOLIDARITY

Erasmus

Witness

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For FMCG Employers

Witness

ANNEXURE A

LIST OF PARTICIPATING COMPANIES
FAST MOVING CONSUMER GOODS EMPLOYERS ASSOCIATION

AJ North (Pty) Ltd.
Avon Justine (Pty) Ltd.
Avroy Shlain Cosmetics (Pty) Ltd.
BLSA Industries (Pty) Ltd.
Colgate Palmolive
Consumer a Division of Tiger Consumer Brands Ltd.
Geochem (Pty) Ltd.
Indigo Brands (Pty) Ltd.
Johnson & Johnson (Pty) Ltd.
L'Oreal SA (Pty) Ltd.
Mosaic Manufacturing
RB Pharmaceuticals
Reckitt Benckiser
Revlon – Elizabeth Arden South Africa (Pty) Ltd.
Rolfe Laboratories
Unilever SA (Pty) Ltd. – Maydon Wharf and Phoenix

FAST MOVING CONSUMER GOODS SECTOR

SUMMARY OF NEGOTIATED SUBSTANTIVE CONDITIONS OF EMPLOYMENT

SCOPE & TERMS OF AGREEMENT:

The negotiated substantive conditions of employment, as detailed hereunder, will be applicable to all employees in the bargaining units of participating companies as defined in existing agreements between employers and the participating unions at company level.

The conditions of employment may also apply to those employers (companies) who were not part of the negotiations process but who may subsequently agree to be covered by these terms.

Existing employment terms and conditions not referred to hereunder will remain status quo. Any existing condition, which is more favourable than the conditions contained in the agreements, will remain in force at company level.

NEGOTIATED ISSUES

1. Minimum Wage:

The current minimum wage of R7 494.22 (seven thousand four hundred and ninety four rand and twenty two cents) will be increased with effect from 1 July 2021 to R7 868.93 (seven thousand eight hundred and sixty eight rand and ninety three cents) and will remain in force till 30 June 2022.

For the period 1 July 2022 to 30 June 2023, the minimum wage of R7 868.93 will be increased by the average CPI plus 1.25% with a floor of 4.00% and a ceiling of 6.00%. (Average CPI will be the average of the Headline CPI for the 12 months May 2021 to April 2022).

This minimum will also apply to any company, not listed in Annexure "A" who also becomes part to this agreement.

2. Entry Level Wage:

The entry level wage for new permanent employees will be at actual company minimum applicable to the grade/category for the job.

However, this may be reduced by an agreement concluded at plant level between the employer and respective trade union(s) on condition, firstly, that the company undertakes not to resort to the use of labour brokers for those jobs and for the duration of the agreement. Secondly that the negotiated entry level wage will not be lower than the agreed sector minimum wage.

In the event that the parties fail to reach agreement, the status quo, i.e. that the entry level wage will remain at actual company minimum, will continue to apply.

3. Annual Bonus:

A thirteenth cheque (4.33 times the basic weekly rate) is agreed. Pro-rata bonuses will be paid on termination of contracts for retrenchment, ill health, retirement and death in service.

4. Leave:

4.1 Annual Leave:

No employee shall receive less than 15 days per annum leave. Additional leave will be granted on the following basis:

- 5 day week employee in the 6th year of service or more will receive 15 days with an extra 2 days leave.
- 6 day week employees in the 6th year of service or more will receive 18 days with an extra 2 days leave.

Where companies have service related benefits in respect of additional leave, such will continue to apply.

4.2 Sick Leave:

4.2.1 Sick Leave:

Sick leave will be granted as per Basic Conditions of Employment Act, 1997 or as amended in future.

4.2.2 Prolonged Sick Leave and Traditional Healers:

Employers agree in principle to consider sympathetically, payment for extended sick leave. Each application will be considered on its merits and requires a medical certificate. A shop steward should assist an employee in this regard.

4.3 Maternity Leave:

Female employees covered by this Agreement will be entitled to 6 (six) months off work for the reasons of maternity. Maternity leave will be paid at 35% (thirty five percent) of the basic rate of pay for the period of 4 (four) months and at 40% (forty percent) for the 5th and 6th month. However maternity leave will not impact on the annual bonus (13th cheque). Employees will be entitled to a full bonus in the year(s) maternity leave is taken.

Should an employee suffer a miscarriage or stillborn child up to 6 weeks leave will be granted of which a maximum of one (1) month's sick leave will be paid. Such leave will not be deducted from normal sick leave benefits. A medical certificate will be required.

Female employees proceeding on maternity leave will be guaranteed a same type of job on the same terms and conditions as before the leave.

Females who are entitled to a period of maternity leave will be granted three days special leave for ante natal check-ups prior to going on maternity leave.

This leave may be taken as a portion of a day and proof of the visit to the doctor or clinic must be provided.

HR will assist employees with their UIF claims from the Department of Labour.

4.4 *Child Care Leave:*

Child care leave of 3 (three) days per annum (separate from Paternity Leave) will be granted for the illness of a child but on condition that it is not taken together with Paternity Leave. This means that if a parent takes paternity leave for the birth of his child he cannot immediately after the paternity leave take child care leave. Child care leave may however be taken at a later stage if that child, or another one, is sick and needs the care or attention of the parent (up to a maximum of three days per annum).

4.5 *Paternity Leave:*

Paternity leave of 3 (three) days per occasion will be granted following a legitimate application from an employee in respect of the birth of a biological child. A certificate in this regard may be submitted following the application and within a reasonable period.

4.6 *Compassionate Leave:*

Compassionate leave of 5 (five) days per occasion will apply following legitimate application from the employee. Such leave will only be granted in the event of the death of parents, spouses, children, legally adopted children, brothers and sisters or fathers and mothers in law, adoptive parents and grandparents.

4.7 *Study Leave:*

Study leave of 1 (one) day per subject plus 1 (one) day per examination written to a maximum of six days per annum. Prior approval of subjects/courses must be obtained from the employer.

4.8 *Special Leave for Shop Stewards:*

Shop stewards will be entitled to 5 (five) days special leave per shop steward per annum. This leave is not to be pooled or accumulated.

The minimum of 5 days for shop stewards leave will exclude days where a shop steward is an official of a committee of the CCMA, NBCCI, CHIETA and the provident fund. The relevant union official should formally inform the company of the request to attend to committee duties and time-off should be approved by the company.

4.9 Disaster Leave:

A disaster is defined as a sudden, abrupt or unpredictable circumstance which causes human, material, economic or environmental losses, exceeding the ability of the affected employees to cope with them i.e. floods, storms, lightening and fire.

Employees affected within the agreed definition shall inform their employers of their predicament and request time off. Such request for the time off shall not be unreasonably withheld by the employer. Employees dissatisfied in this regard shall be dealt with in terms of the grievance procedure.

Employees will be entitled to 3 days disaster leave from 1st of July 2022.

5. Public Holidays:

Employees will be entitled to those public holidays covered by the Public Holidays Act, and payment for work on those days will be as per the Basic Conditions of Employment Act, 1997.

6. Shift Allowance:

Where employees are required to work shift patterns or cycles e.g. morning, afternoon and night, such employees shall receive an average shift allowance of no less than 11% (eleven percent). Shift allowance calculations will be based on the basic rate of pay applicable to the employee concerned, will be non-pensionable and will be effective from 1 July 1999. Should an employer currently be paying a higher rate, the status quo will remain.

7. **Hours of Work:**

The normal hours per week will be 40 hours for all employees who are employed by employers' party to this agreement. Tea breaks are included in the 40-hour week and lunch times are excluded from the 40-hour week.

The parties agree that no unilateral decision will be taken by employers in respect of averaging hours of work without negotiations with the unions. Existing shift patterns and specific working arrangements will continue to apply.

8. **Job Security:**

The issue of job security will be referred to plant level with all legal rights of the parties reserved.

9. **Sector Job Grading:**

The issue to be referred to the Bargaining Council.

ANNEXURE B

EXEMPTION PROCEDURE

1. INTRODUCTION:

In terms of a Part of the Substantive Agreement, companies seeking exemption from the conditions of this agreement and/or any conditions agreed to previously through centralized bargaining between the parties, should do so according to this procedure.

Applications and procedure for exemptions are regulated by clause 16 of the Constitution.

Where appropriate, provisions of Section 32(3) of the Labour Relations Act (The Act) as amended shall be considered.

The relevant primary objectives of the Act within the context of the advancement of economic development, social justice, labour peace and democratization of the workplace, are found in section 1(d) of the LRA which reads: -

(i) orderly collective bargaining;
(ii) collective bargaining at sectoral level;
(iii) employee participation in decision making in the workplace, and
(iv) the effective resolution of labour disputes.

2. PRE & POST COUNCIL PROCEDURE:

2.1 CONSULTATION:

2.1.1 Any application for exemption must be preceded by consultations between the relevant employers and employees potentially affected by the exemption at which:

a) the merits and any exemption to have been applied for have been considered; and
b) there has been full disclosure to each other on all information relevant to the consideration of exemption.

2.1.2 The following provisions apply regarding consultations: -

i. Each employer must hold such consultations with the trade union representative(s) of the affected employees.

ii. If an employer reasonably believes that the affected employees are not trade union members, or where the relevant trade union representatives do not avail themselves for such consultations within a reasonable time, the employer must consult the affected employees themselves.

iii. The affected employees, or groups of such employees, may act through a nominated representative that they have elected to represent them. Once they have informed the employer of such representative the employer must, regarding such employees, consult such representative in preference to the trade union to which they belong.

2.1.3 The applicant company must, commencing at least immediately before the application is made to the General Secretary display a copy of the application in a conspicuous place in the workplace(s) where the affected employees normally report for service and ensure that it remains displayed until the exemption license has been granted in terms of these procedures, the application has been withdrawn or the application has been dismissed by the National Exemptions Committee.

2.2 CONCILIATION & ARBITRATION PROCEDURES:

2.2.1 The employer if it so wishes to pursue its application for exemption, must within the 30 day period apply to the General Secretary of the council for third party intervention whereupon the Council will provide for a 30 day period for a facilitation/conciliation process to convene.

2.2.2 If the parties can still not reach agreement within a further period of 30 days, the panellist will issue a certificate to the effect that the matter cannot be resolved.

2.2.3 The matter shall then be referred to the National Exemption Committee within a period of 60 days for arbitration.

2.2.4 The parties to exemption hearing must hold a pre-exemption trial in dealing with the matters referred to in Rule 20, (2) of the rules in conducting the proceedings before the National Bargaining Council for the Chemical Industry.

2.2.5 The employer will be required to produce evidence of compliance with Clause 1 of this procedure i.e. "Steps preceding an application for exemption."

2.2.6 The evidence required will also include: -

Clear evidence of the financial difficulties facing the employer including: -

- The most recent set of annual financial statements and auditor's report signed by the auditors (or accounting officer in the case of CC's).
- Management accounts for the period from the date of the financial statements to two months prior to the date of the application.
- An application may refuse to be accepted by the General Secretary until the requirements of Clause 5 have been complied with.

2.2.7 The National Exemptions Committee must consider the application and make the following determination:-

(a) Whether a refusal to grant an exemption will result in undue financial hardship to the company make the application;
(b) The nature and size of the business in respect of which the application is made;
(c) Any representations made by the employees likely to be affected by the application;
(d) The circumstances prevailing in the Chemical Industry as a whole or the sectors likely to be affected by the application, and
(e) Whether the granting of the exemption will prejudice the objectives of the Council.

2.2.8 The decision of the National Exemptions Committee will be final and binding.

2.2.9 The chairperson or another member of the National Exemptions Committee, acting on the decision of that Committee, shall inform the General Secretary in writing of any decision made by the Committee and its brief reasons.

2.2.10 Once the General Secretary has received the decision of the National Exemptions Committee in terms of this procedure, he/she shall: -

- Issue an exemption award or vary an award already issued; or
- Transmit any other decision of the National Exemptions Committee to the parties to the exemptions dispute as directed by the National Exemptions Committee.
- The National Exemptions Committee would be expected to make its decision within 14 days of having concluded the matter.

3. HOW TO FILE AN APPLICATION FOR EXEMPTION WITH THE COUNCIL:

3.1 All applications must, in the first instance, be submitted in writing to the specific sub-sectors co-ordinator or secretariat.

(i) The sector co-ordinator or secretary must, within 10 working days of the date of the last party signing this agreement, forward copies of the applications received from the participating member company to the General Secretary of the National Bargaining Council for the Chemical Industry as well as to the relevant union(s).

(ii) The date of the collective agreement in question is taken from the date on which the last signature of a party to the agreement is recorded.

(iii) All applications must specify provisions of the agreement in respect of which the exemption is sought and the reasons why it is sought, and details of the employees in respect of when exemption is sought either by name or by way of a clear description of the category of employees and an introduction of how many employees fall within the category.

3.2 All applications for exemption will be dealt with in terms of this procedure.

APPLICATIONS FOR EXEMPTIONS:

At the time of drafting the agreement the following participating companies had indicated that they will be seeking exemption:

Consumer a Division of Tiger Consumer Brands Ltd.
Mosaic Manufacturing – Existing phasing in agreement in place.
Rolfe Laboratories – Existing phasing in agreement in place.