

INDUSTRIAL CHEMICALS SECTOR

SUBSTANTIVE AGREEMENT

FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2021

between

**PARTICIPATING BASE CHEMICAL, SPECIALITY CHEMICALS,
SURFACE COATINGS, FERTILIZER AND EXPLOSIVES
COMPANIES AS LISTED IN ANNEXURE 'A'**

(hereinafter referred to as the "participating companies")

and

**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")

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PART A: GENERAL PROVISIONS:

1. EFFECTIVE COMMENCEMENT DATE AND DURATION:

- 1.1 The period of duration of this agreement shall be for two (2) years effective from 1 July 2019 and shall remain in force until 30 June 2021.
- 1.2 All other terms and conditions of employment not specified herein will remain unchanged as previously agreed or as per company/plant-level agreements.
- 1.3 Any existing condition, which is more favourable than the conditions contained within this agreement, will remain in force at company/plant level.
- 1.4 The terms of this agreement are in full and final settlement of substantive wages and conditions of employment as tabled and negotiated for the period 2019/2021 between the unions and participating companies.
- 1.5 No variation of this agreement shall be legally binding unless reduced to writing and signed by all parties.

2. SCOPE OF AGREEMENT:

The agreement is applicable to all employees in the bargaining unit as defined in existing company agreements of the participating companies listed in Annexure 'A'. It may also apply to those companies who were not part of the process but who may subsequently agree to be covered by its terms. Such companies should reach agreement with the relevant unions prior to implementation of the terms of this agreement.

Parties have the right to negotiate or extend the Bargaining Unit at company/plant level.

Parties commit to engage each other on the extension of collective agreements to non-parties for the purpose of agreements' extension by requesting the Council to appoint a Facilitator/Panellist to assist them. Parties propose for this exercise to be completed by 30 June 2020.

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A signature with "CP" written above it.
A signature with "Su" written above it.
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PART B: SUBSTANTIVE TERMS AND CONDITIONS OF EMPLOYMENT:

The parties have agreed as follows:

3. WAGES:

3.1 General Increase on Basic Wages

For year one an across the board increase of 6.5% on current June 2019 actual basic wages, effective from 1 July 2019 to 30 June 2020.

In year two (1 July 2020 to 30 June 2021) the average CPI plus 1.5% improvement factor, (Average CPI will be the average of the Headline CPI for the 12 months May 2019 to April 2020.) or 6.5% whichever is the greater.

3.2 Minimum Monthly Basic Wage

The current minimum monthly basic wage of R7 111.55 will be increased to R7 573.80 on 1 July 2019.

For the period 1 July 2020 to 30 June 2021, the minimum wage of R7 573.80 will be increased by the average CPI plus 1.5%. (Average CPI will be the average of the Headline CPI for the 12 months May 2019 to April 2020) or 6.5% whichever is the greater.

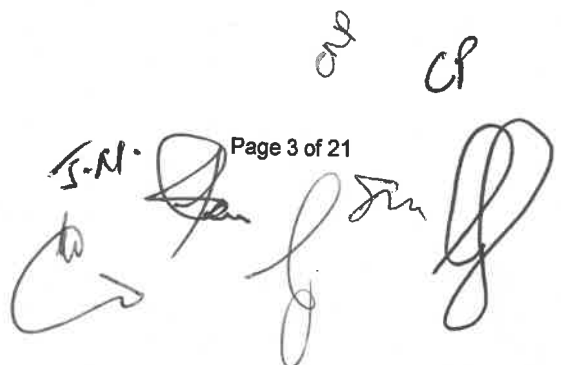
4. PLANT LEVEL ISSUES:

The parties hereby agree to engage on following items at respective plants:

- 4.1 Labour Brokers/Contractors
- 4.2 Maternity Leave
- 4.3 Study Leave
- 4.4 Compassionate Leave
- 4.5 Disaster Leave
- 4.6 Shop Steward Leave



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- 4.7 Hours of Work
- 4.8 Shift Allowance
- 4.9 Housing Allowance
- 4.10 Acting Allowance
- 4.11 Standby Allowance
- 4.12 Transport Allowance
- 4.13 Medical Aid

PART C: EXEMPTION PROCEDURE:

Any participating company seeking exemption from any of the conditions of this agreement, or conditions previously agreed, must do so in accordance with the attached exemption procedure. (Annexure "C")

Details of Companies who have indicated that they will be seeking exemption from some of the terms of this agreement are contained in Annexure "B" attached hereto.

PART D: DISPUTE RESOLUTION:

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

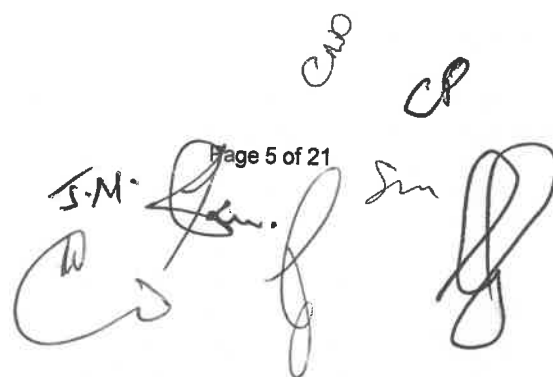
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CNS *CP*
J.N. *[Signature]* *[Signature]* *[Signature]*

PART 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 during the entire period of this Agreement, unless disagreement arises out of the implementation and/or interpretation of this 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 said 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.



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Page 5 of 21
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Signed at Johannesburg this 18TH day of SEPTEMBER 2019.



**For participating Industrial Chemicals
Companies as per the attached schedule**



Witness

On behalf of:



**Chemical, Energy, Paper, Printing,
Wood and Allied Workers Union**



Witness



**General Industries Workers Union
of South Africa**



Witness



Solidarity



Witness



South African Chemicals Workers Union



Witness



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ANNEXURE A

PARTICIPATING COMPANIES

BASE CHEMICALS:

African Amines (Pty) Ltd.
Afrox Limited
Air Products South Africa (Pty) Ltd.
Air Liquide (Pty) Ltd.
Associated Additives
Bayer (Pty) Ltd.
Bidvest Tank Terminals
BotAsh SA (Pty) Ltd.
DDP Speciality Products SA (Pty) Ltd.
Dow Agrosciences Southern Africa (Pty) Ltd.
Dow Southern Africa (Pty) Ltd.
Ferro Dispersions (Pty) Ltd.
Gold Reef Speciality Chemicals (Pty) Ltd.
H & R South Africa (Pty) Ltd.
Innovative Water Care South Africa (Pty) Ltd. (Previously Arch Water Products SA)
Karbocem (Pty) Ltd.
Lanxess CISA (Pty) Ltd.
Lanxess Merebank (Pty) Ltd.
Masterbatch SA (Pty) Ltd.
Merck SA (Pty) Ltd.
NCP Alcohols (Pty) Ltd.
NCP Chlorchem
NCS Resins (Pty) Ltd.
Orion Engineered Carbons (Pty) Ltd.
PQ Silicas South Africa (Pty) Ltd.
Safripol (Pty) Ltd.
Sasol South Africa (Pty) Ltd.
Vopak Terminal
Wood Chemicals SA (Pty) Ltd.



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SPECIALITY CHEMICALS:

AECI Chemical Cluster:

- AECI Head Office
- AEL Mining Services
- Chemfit
- Chemical Initiatives
- ChemSystems
- Crest Chemicals
- Experse
- ImproChem
- Industrial Oleochemicals Products
- Lake Foods
- Lake Shared Services
- Nulandis
- Senmin

A Shak (Pty) Ltd.

Apchem cc

Arysta LifeScience South Africa (Pty) Ltd.

Avery Dennison SA (Pty) Ltd.

BASF Construction Chemicals (Pty) Ltd.

BASF South Africa (Pty) Ltd.

Chemetall (Pty) Ltd.

Chemical Logistics Industrial Speciality Chemicals cc t/a Chemlog
Chemicals & Research (Pty) Ltd.

Clariant Sasol Catalysts (Pty) Ltd.

Clariant Southern Africa (Pty) Ltd.

Clariant Plastics and Coatings Southern Africa (Pty) Ltd.

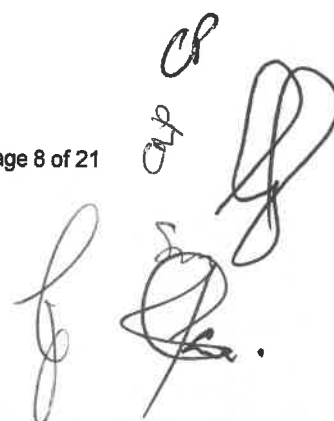
Denso South Africa (Pty) Ltd.

Dystar Boehme Africa (Pty) Ltd.

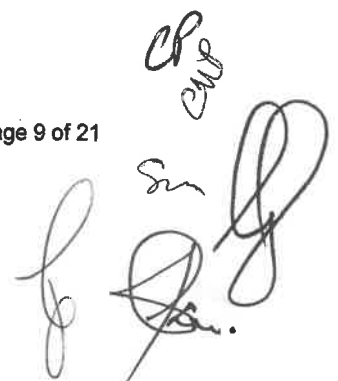
Ecolab (Pty) Ltd.

Edentec Industrial (Pty) Ltd.

Evonik Peroxide



Ezee Tile Adhesives (Pty) Ltd. (Includes Durban, Port Elizabeth, Mokopane, Mpumalanga, Germiston and Free State)
Fine Chemicals Corporation (Pty) Ltd.
Flowcrete SA (Pty) Ltd.
Foseco a Division of Vesuvius South Africa
Foutain Chemicals (Pty) Ltd.
GCP Applied Technologies (Pty) Ltd.
Givaudan South Africa (Pty) Ltd.
Henkel SA (Pty) Ltd.
Isegen South Africa (Pty) Ltd.
Kevali Chemicals
Martin & Robson, a division of Sturrock and Robson (Pty) Ltd.
Metsep SA (Pty) Ltd.
Metsep Saldanha (Pty) Ltd.
Metaplast Chemicals (Pty) Ltd.
Minova
MTSA
Orthochem
Permoseal (Pty) Ltd.
Protea Chemicals, a Division of the Omnia Group (Pty) Ltd.
Qualichem (Pty) Ltd.
Qualichem Coast (Pty) Ltd.
Reinol-Janek Chemicals (Pty) Ltd.
Resistant Materials Services (Pty) Ltd.
RHI Refractories Africa (Pty) Ltd.
Rigifoam (Pty) Ltd.
Rocbolt Technologies
Rolfes Chemicals (Pty) Ltd.
Rolfes Colour Pigments International (Pty) Ltd.
Rolfes Ltd.
Rudolf Chemicals (Pty) Ltd.
Sarpri CC
Sicad South Africa (Pty) Ltd.
SI Group South Africa (Pty) Ltd.
Substantive Agreement 2019/2021



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Sika South Africa (Pty) Ltd.
Sparkle Products CC
Spectracare (Pty) Ltd.
Stapol (Pty) Ltd.
Stoncor Africa (Pty) Ltd.
STT Sales (Pty) Ltd.
Symrise (Pty) Ltd.
TAG Solvent Products (Pty) Ltd.
TAL a division of Norcross SA (Pty) Ltd.
Topwell Chemicals
Weber-Saint Gobain Construction

EXPLOSIVES COMPANIES:

AEL Mining Services Ltd.
Maxam Dantex South Africa (Pty) Ltd.
BME (Pty) Ltd.
Rheinmetall Denel Munition (RF) (Pty) Ltd.
Sasol South Africa Limited

SURFACE COATINGS:

Axalta Plascon (Pty) Ltd.
B & R Products (Pty) Ltd.
Becker Industrial Coatings (Pty) Ltd.
Dekro Paints (Pty) Ltd.
Ferro Coating Resins (Pty) Ltd.
Ferro SA (Pty) Ltd.
ICI Dulux (Pty) Ltd.
Jotun Paints SA (Pty) Ltd.
Kansai Plascon (Pty) Ltd.
Libra Paints (Pty) Ltd.
Natal Associated Chemicals (Pty) Ltd.
Promac Paints



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Prominent Paints (Pty) Ltd.
RCG Powder Coaters
Sun Chemical
Technipaint Holdings (Pty) Ltd.
The Valspar SA Corporation (Pty) Ltd.

FERTILIZERS:

Atlas Organic Fertilizers (Pty) Ltd.
Foskor (Pty) Ltd.
Omnia Fertilizer
Sasol Chemicals
Yara Animal Nutrition South Africa



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APPLICATIONS FOR EXEMPTIONS:

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

SPECIALITY CHEMICALS:

Metsep SA (Pty) Ltd.

Sparkle Products – Exemption from paying a full bonus as previously agreed.

BASE CHEMICALS:

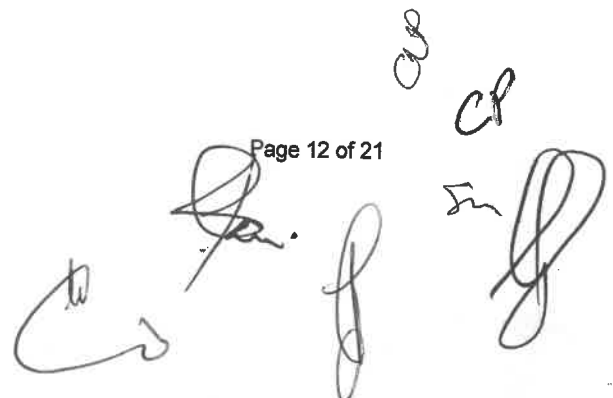
Masterbatch SA (Pty) Ltd. – Existing phasing in agreement in place.

FERTILIZERS:

Atlas Organic Fertilizers (Pty) Ltd.

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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.

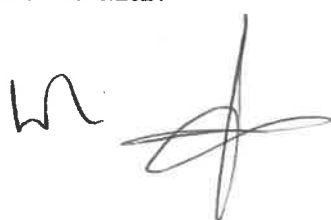
2.1.3 The applicant company must, commencing at least immediately before the application is made to the General Secretary display a copy of the application in a conspicuous place in the workplace(s) where the affected employees normally report for service and ensure that it remains displayed until the 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 applies 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.



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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: -

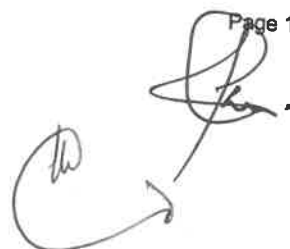
- The most recent set of annual financial statements and auditor's report signed by the auditors (or accounting officer in the case of CC's).
- Management accounts for the period from the date of the financial statements to two months prior to the date of the application.
- An application may refuse 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.

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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.

INDUSTRIAL CHEMICAL SECTOR

SUMMARY OF SUBSTANTIVE CONDITIONS OF EMPLOYMENT

SCOPE OF AGREEMENT:

The negotiated substantive conditions of employment, as detailed hereunder, are applicable to all employees in the bargaining units as defined in existing company agreements of, or as applied in practice by, the participating companies. It may also apply to those companies who were not part of the negotiation process but who may subsequently agree to be covered by the agreed terms. Such companies should reach agreement with the relevant unions prior to implementation of the terms of this agreement.

PART A: NEGOTIATED ISSUES


1. MINIMUM WAGE

The current minimum monthly basic wage of R7 111.55 will be increased to R7 573.80 on 1 July 2019.

For the period 1 July 2020 to 30 June 2021, the minimum wage of R7 573.80 will be increased by the average CPI plus 1.5%. (Average CPI will be the average of the Headline CPI for the 12 months May 2019 to April 2020) or 6.5% whichever is the greater.

2. ANNUAL BONUS

- 2.1 Equivalent to 4,33 weeks of actual basic wage.
- 2.2 Will be pro-rated on termination of contracts of employment for reasons of retrenchment, ill health, retirement or death in service.



3. LEAVE:

3.1 Annual Leave

All employees are entitled to a minimum of 20 working days annual leave.

Employees employed in continuous shift operations and who are working 42 hours per week are entitled to a minimum of 23 working days annual leave. This entitlement to additional leave for continuous shift workers will not apply to those shift workers who are already compensated for working 42 hours by the payment of overtime, the granting of additional leave or other arrangements agreed to at plant level.

3.2 Maternity Leave

3.2.1 Female employees will be entitled to six (6) month's maternity leave of which four months will be paid at 45% of the employee's normal basic wage and two (2) months which will be unpaid.

3.2.2 The employment of employees proceeding on maternity leave will be guaranteed at conditions no less favourable than those enjoyed before maternity leave commenced.

3.2.3 Pregnant female employees will be entitled to 3 days leave for ante natal check-ups during the period of pregnancy. The leave may be taken in parts of a day for visits to the doctor or clinic prior to the birth of the child.

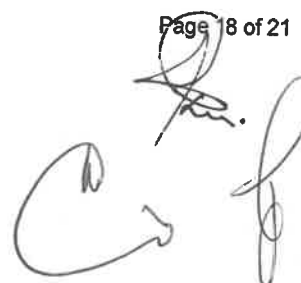
3.3 Stillborn/Miscarriage Leave

In the event of this occurring during the last trimester of pregnancy, six (6) weeks leave paid at 50% of the employees' normal basic rate will be granted from the date of the miscarriage.

3.4 Paternity and Child Care Leave

Employees will be entitled to three (3) working days paid paternity and childcare leave per annum.

This forms part of Family Responsibility Leave as per the Basic Conditions of Employment Act, 1997.



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Employees will also be entitled to child care leave in the case of the spouse being ill and unable to care for their child or children (w.e.f. 1 July 2002).

3.5 **Compassionate Leave**

3.5.1 Employees will be entitled to five (5) working days paid leave per occasion in the event of the death of members of their immediate family, namely spouse, parents, children, brother, sister, legally adopted children and adoptive parents, parents-in-law, grandparents and grandchildren.

3.5.2 In order to qualify for compassionate leave employees will be required to provide a death certificate in support of their application.

3.6 **Sick Leave**

3.6.1 *Base Chemical, Speciality Chemicals and Explosives:*

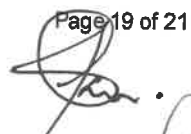
Sick leave will be granted on a basis of thirty (30) working days over a three (3) year cycle. Sick leave not used during the cycle, up to a maximum of thirty (30) working days, will be accrued for use in the event of serious prolonged illness.

3.6.2 *Fertilizers:*

Sick leave will be granted on a basis of twelve working days (12) per annum over a three (3) year cycle. Sick leave not used during the cycle, up to a maximum of 36 working days, will be accrued for use in the event of serious prolonged illness.

3.6.3 *Surface Coatings:*

Sick leave will be granted on a basis of thirty (30) working days over a three (3) year cycle. Sick leave not used during the cycle, up to a maximum of fifteen (15) working days, will be accrued for use in the event of serious prolonged illness.



3.7 Traditional Healers

Whereas employers have indicated that they cannot recognise traditional healers until such time as a statutory authority, whose responsibilities will include the maintenance of professional/ethical standards, is established, they do recognise that some employees may elect to be treated by them in place of registered medical practitioners.

Following from the above and with the understanding that Government is currently involved in a process aimed at addressing this issue, employers may consider, subject to normal business demand and local leave arrangements, any requests by employees to visit traditional healers for treatment purposes. (with effect from 1 July 2002).

3.8 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 (as amended).

4. ALLOWANCES

4.1 Shift Allowance

Minimum non-pensionable shift allowance of 12% of actual basic wage on night shift (with effect from 1 July 2002) and 10% on other shifts unless agreed differently at plant level.

Night shift is defined as the shift that is worked over the midnight hour.

4.2 Nightwork Transport Assistance

Whereas the parties agree in principle that employers should assist, in cash or kind, employees engaged in night work where no transportation is available, details of how this will be effected will be discussed at company/plant level.

4.3 Standby Allowance

Standby allowance shall be equivalent to five (5) % of an employee's basic wage for the standby period.

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4.4 Call out allowance

Overtime payments to employees, who qualify for payment when called out will be calculated at a minimum of 4 hours overtime for the first call-out. Additional call-outs on the same day will be remunerated at actual hours worked at the applicable overtime rate.

5. HOURS OF WORK

5.1 The parties agreed to a reduction in working hours without loss of pay from 42 (as agreed in 1999) to 40 hours per week with effect from 3 October 2005 (unless an earlier implementation date is agreed to at plant level.)

5.2(i) Continuous shift operations (defined as the employer operates 24 hours a day, seven days a week all year round) will remain at 42 hours per week with the proviso that an additional 3 (three) days leave, on the minimum of 20 (twenty) days, will be granted to continuous shift workers per annum.

5.2(ii) The agreement regarding additional leave, for continuous shift workers, will not apply to those employers who are already working a 40-hour week and are compensating their continuous shift workers for working 42 hours by either overtime payment, granting additional leave or other arrangements agreed to at plant level.

5.3 Working hours is defined as "the time spent between starting and finishing times, by an employee, at a defined workplace during which she/he is available to be engaged in the work of the employer within legislated parameters."

6. LABOUR BROKERS:

The parties agree that employers party to the agreement will refrain from engaging labour brokers who abuse or who are violating the fundamental rights of workers as per applicable labour legislation and agreements concluded at sector and/or company/plant level in respect of labour brokers.

Parties will engage at company/plant level with proviso that either party may exercise their legal right in terms of dispute resolution mechanism should there be any disagreement.

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