

Labour Compliance in the Cement Sector in the Middle East and North Africa

**Report on a field verification visit to:
LafargeHolcim Egypt**



Diana Quiroz and Linnea Wikström

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Introduction

This study takes place in the context of the BWIs campaign on labour rights in the construction sector in the Middle East and North Africa (MENA) region. The study focuses on the two leading cement companies in the MENA region: HeidelbergCement Group and LafargeHolcim Group. Particularly, three countries were selected for this research: Jordan, Lebanon, and Egypt. The choice for these countries was informed by the Dutch Ministry of Foreign Affairs' Dutch Good Growth Fund (DGGF) list¹ due to the countries links to BWIs affiliate Mondiaal FNV.

The overall objective of this study is to provide an overview of the business activities and a controversy scan LafargeHolcim, as a basis to conduct future in-depth research on their activities and labour rights commitments for the lobby, campaign and support work. Particularly, this study seeks to answer the research question: *What are the labour conditions at the companies' sites and do these conditions comply with national and international labour standards?*

In this context, the present report lays out the results of a field visit to LafargeHolcim Group Sokhnah Plant.

Background

The trade union situation in Egypt

The trade union situation in Egypt has been under considerable pressure and change during the last decade. The trade unions have existed in Egypt since 1957 but under significant restrictions. In a period after 2005 up until the Arab Spring in, there were some changes in these restrictions and the formation of independent unions started. The revolution in 2011 created an unclear situation where several confederations were formed and tried to gain political influence through the union confederation framework. This led to a renewal of the restrictions to the formation of trade union and confederation formation and a law introduced in 2013 created a structure where 15 federations to form a confederation and only unions with more than 150 members at a company level would be recognised as a union. In 2017 these thresholds were adjusted after a large number of complaints about the restrictions, and at this moment there is a 10-federation threshold to start a confederation and 50 members to get a union recognised.

Still criticised restrictions and obstacles stand in the way of the formation of unions in the country. The process is lengthy and requires specific personal details of prospective members – including social security number, which is hard for many informal and private sector employees to obtain. At this moment, there is no official records or statistics of how large part of the working population that is unionized.

When it comes to social dialogue, there are no effective instruments for the process to take place. The labour law stimulates the rights to social dialogue, but there have not been any examples of any dialogue as defined by ILO since 2014. Before that there was some regional and sectorial level examples in the period between 2011 and 2014 but these have since stagnated. The government tolerate the formation of social dialogue because they want to attract investments, and for that purpose, it is necessary to be aligned with international standards. However, for social dialogue to function, there needs to be capacity building, and the government is not supporting this. There is potential within the social dialogue to improve labour conditions if education and awareness-raising are provided.

Egypt has neither national nor sectorial CBAs. Agreements are only reached at a company level. There was a booming situation for these types of company-level CBAs between 2011-2016 in the private sector. Unfortunately, not all of them have been acknowledged by the Ministry of Labour, which is required for them to be valid. ILO tried to map CBAs formed but had no access to information through the Ministry of Labour and could hence only access to 240 CBAs published between 2011 and 2017 that was published in the Egyptian Gazette; however, this seems not to be an exhaustive number.

There is little to no updated information of grievance mechanisms accessible to workers and unions. There is a large number of cases at the labour court, with more than 1000 pending cases. The process can take up to 5 years, and this can bring high costs to the individual workers and hence be beneficial of the employers. The labour law facilitates escalation pathways to conflict resolution. The unions play a role at awareness-raising, especially in the informal sector. When the new law came out, the law stipulated that unions had to defend the rights of workers regardless of whether these were unionized or not – thus, in a way, leaving the responsibility of access to justice to unions.

When it comes to the rights to strike, it exists in theory but is not in practice. It is constrained by the protest law that restricts public gathering, which requires that all protesters have to register protest/public gatherings and get a security clearance. Protests do however take place at the company level as there are no social dialogue mechanism and no mechanism to settle disputes to avoid resorting to protests/strike.

General Trade Union of Building and Wood Workers at LafargeHolcim

It is estimated that 25% of all workers in the construction sector are unionized, which is one of the most significant percentages of unionization within a sector. In the LafargeHolcim plants, approximately 30-35% of the total workforce is paying union members. The General Trade Union of Building and Wood Workers is seen to be an independent union.

Egyptian workers are facing problems at both LafargeHolcim. In 2010, the company started to rely on subcontracting companies for all types of services and core activities at the plants. Workers were informed that the company did not have enough means to hire workers at some instances, there were dismissals. When it comes to unionizing subcontracted workers, there is a possibility within the bylaws of the unions, but it does not happen in practice. This leads to a significant difference in working conditions between permanent employees at the plants that are union members and subcontracted worker.

When it comes to the renewal of CBAs, there is a change in attitude from the company reported by the union officials. In the past, the union and the management used to get together three months in advance to negotiate. Still, nowadays, the company keep on delaying the negotiations, which conveys the message that they are not committed to the process of CBA negotiations. Currently, some disagreements are not settled through the ongoing dialogue between management and the unions, which delays the renewal of the CBA.

Methodology

Fieldwork was conducted in Egypt from 8 to 13 December 2019. During this period, the research team conducted face-to-face interviews and focus group discussions (FGDs) with workers, and other stakeholders including trade union officials, government officers, and representatives from national and international non-governmental organisations (NGOs).

Interviewees and FGDs participants were identified in close collaboration with the local trade union affiliate. These interviews took place at Sokhnah plant owned by the LafargeHolcim. The interviews were complemented with transect walks to the different working stations in each of the visited plants. The list and number of persons interviewed, were applicable, at each of the plants are presented in Table 1.

Table 1 List of stakeholder groups and number of persons interviewed

Stakeholder group	LafargeHolcim Sokhnah
Management Staff	2
Supervisors at the project level	2
Construction workers / Union members	10
Union leaders	2
Government officials	1
NGO representatives	2
Total	19

The labour and social practices at the construction sites were assessed based on ILO labour standards and other international norms as well as labour laws. In total, nine issues were covered: four core labour issues (child labour, forced labour, freedom of association, and collective bargaining and discrimination) and five labour and social issues (wages, ethical hiring and contracting, working hours and overtime, gender equality, occupational health and safety). Table 3 shows the list of labour issues and topics assessed during the site visits.

Table 2 List of labour issues and related issues

Labour issues	Topics considered for the assessment
Child labour	<ul style="list-style-type: none">• Child labour policy• Child protection measures
Forced labour	<ul style="list-style-type: none">• Coercion• Violence• Non-voluntary overtime• Debt-bondage
Freedom of association and collective bargaining	<ul style="list-style-type: none">• Freedom to join/form unions• Support for union operations

	<ul style="list-style-type: none"> • Interference/discrimination against union members and leaders • Collective bargaining agreement (CBA) • Strikes
Discrimination	<ul style="list-style-type: none"> • Race and origin • Gender-based discrimination • Disability • Others; HIV and AIDS, religion, political affiliation
Wages	<ul style="list-style-type: none"> • Minimum wage • Overtime payment • Deduction • Other benefits
Working hours	<ul style="list-style-type: none"> • Regular hours and overtime • Leave
Ethical hiring and contracting	<ul style="list-style-type: none"> • Recruitment procedures • Contracts, payslips • Training
Gender equality	<ul style="list-style-type: none"> • Gender policy (esp. including sexual harassment and abuse) • Equal opportunity for women • Maternity leave and nursing time
Occupation safety and health (OSH)	<ul style="list-style-type: none"> • OSH management system (incl. policy and procedures) • Health services (esp. First Aid, medical checks, HIV and AIDS) • Chemical and hazardous materials • Worker safety • Facilities • Emergency preparedness

For the assessment, we have used a traffic light system assigning colours to the company's level of compliance with the labour issues above (Table 3). The findings of this study (including individual assessments for each of the plants) are discussed, and conclusions are provided in Chapters 1-3. Chapter 4 provides recommendations.

Table 3 The categorisation of the level of labour compliance

Colour code	Level of compliance	Definition
Red	Very low	The company does not comply with several key issues under the topic and does not appear to be taking any concrete actions towards compliance.
Yellow	Low	The company does not comply with some key issues under the topic. The company is conscious of the issues but remains lax on concrete actions towards compliance.
Green	Medium	The company complies with several key issues under the topic with concrete actions. However, it still needs to take some actions towards continuous improvement.

	High	The company complies with most key issues under tb topic with concrete actions and has established good continuous improvement measures.
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LafargeHolcim Egypt- Sokhnah

LafargeHolcim Cement Egypt cement plant in Sokhna, near the city of Suez, is one of the largest plants in the world.² It has more than 2,000 employees, including.³ Lafarge Egypt also includes the company Redimex which produces mixed concrete in 8 plants and DueCycle, which is a recycling plant for debris (geocycle).

1.1 Child labour

No evidence suggests the presence of underage workers at the plant sites. Workers ensured that children are never allowed within the plant, and there are clear safety measures to keep non-authorised individuals from entering the premises. There are no active programs to provide benefits for employees with children such as childcare.

1.2 Forced labour

Egypt has ratified ILO *Conventions 29 and 105 on the Elimination of Forced Labour and Compulsory Labour*.⁴ There is a significant difference between the labour conditions of direct and indirect employees by Lafarge. There is no clear division of the activities that are performed by subcontracted employees. However, the most hazardous jobs within the plant, such as the jobs around the packing area are often performed by subcontracted workers. Statements from subcontracted packers show a form of subtle menace, where workers are compelled to participate in overtime either because of the fear of dismissal or because they feel obliged to work beyond the legal maximum because that is the only way they can earn a higher wage. It is common practice that packers work for 12 hours, seven days a week with the opportunity to take five days of paid leave during 60 days. The wage given for overtime work is also far below the living wage, and hence there is a need to continue to work the extensive hours.

1.3 Freedom of association and collective bargaining

Egypt has ratified both *C098 - Right to Organise and Collective Bargaining Convention, 1949* and *C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948*. Sixty percent of the direct employees at the plant are unionised. When it comes to subcontracted workers, there is no right to join the union. There is a CBA, and it is renewed every year. In it, remunerations are negotiated (salaries, bonuses, allowances, etc.), but not OHS policies.

The union is provided office space on the plant premises, and there is access to management to raise grievances. There is no institutional framework for the union officers to exchange grievances with the HR, but they report that they have a cordial relationship.

1.4 Discrimination

There are signs of gender discrimination as there are few women work at the plant. However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

There is significant but hidden discrimination between direct and subcontracted employees. There is no clear division of the activities that are performed by subcontracted employees. However, there are still considerable differences in all employee benefits, from wages, right to leave, access to health care and ethical hiring practices. There is no freedom of association for subcontracted workers. Financially, the system has set subcontracted and directly hired workers against each other (i.e. there is no incentive for directly hired workers to fight for the rights of subcontracted workers). The unions argue that they have very little room for action, and by fighting for the subcontracted workers' rights, they would be jeopardising these workers' job security. Subcontractors do not fall into the jurisdiction of HR either and therefore are not covered by actions taken to improve the conditions of the human resource.

1.5 Wages

The direct employees are all receiving a salary substantially higher than the Egyptian minimum salary. It is paid regularly by a monthly bank transfer, and there is a clear payslip given to each employee. Worked overtime is compensated with 1.3 times the regular hourly rate during the day and 1.7 times the hourly rate at night. Additional benefits that are provided by the company include a daily meal, accommodation, commuting allowance and medical insurance.

For subcontracted employees earn 1,000 Egyptian pounds (US \$ 63.50), this is far below the national minimum wage of 2,000 Egyptian pounds.⁵ It is also far below a living wage for an individual that is estimated to be 1,800 Egyptian pounds (US \$ 114.40) and even further from the living wage of a family that is estimated at 2,800 Egyptian pounds (US \$ 177.90). There is unclarity regarding the benefits that are provided by the subcontractors. There are reports that subcontractors are entitled to accommodation, but this is poor and below the standards of the directly employed workers. The access to health insurance was earlier provided by the subcontractor, but subcontracted workers report that they do not receive this anymore.

1.6 Working hours and overtime

Among the direct employees of LafargeHolcim, 60 percent of workers are daytime workers that work from 8 AM to 4.30 PM (with an hour lunch break) with the possibility of 4 hours overtime with a maximum of 60 hours overtime per month. The rest of the workers work in shifts. These workers either spend three days at the worksite and three days off or six days at the site and six days off. The shifts are 12 hours long and there is a twelve-hour break that can be taken within the company provided accommodation. Those who work on changes do not do overtime.

1.7 Ethical hiring and contracting

There is a transparent HR process when it comes to direct employees of LafargeHolcim. Every employee receives an individual contract. There are two types of contracts: temporary (for one year) and permanent. As of the last years, all new contracts given are temporary and renewed yearly. This is because companies want to reduce costs and this way, they can dismiss workers easier. Also, early retirement is increasingly encouraged by companies.

There is a transparent payroll system from where every employee a payslip at the end of the month.

For direct employees, there are open grievance mechanisms in place. Individual complaints are solved in collaboration between the direct management, plant manager HR, and if there is no solution, general manager (depending on the severity of the complaint). The workers can go to their direct management, which refers to HR, alternatively go to the union, which conveys the problems to HR.

The union has no access to the contracts of subcontractors (although, the new legislation has rendered unions responsible for asserting sub-contractors' rights). Every information they get regarding subcontracted workers' situation is through word of mouth. But they do raise a concern about the subcontracted workers' labour conditions, although they are not representing these as members.

1.8 Gender equality

There are signs of gender discrimination as there are few women work at the plant. However, there is no clear evidence that this is due to discriminatory practices at the point of hiring or if it is connected to cultural customs.

There are no shown efforts made by the company to change the gender quota among the employees.

1.9 Occupational Safety and Health (OSH)

There is a health and safety improvement plan for the plant that is written every year. In 2019 fatalities was recorded, and only three-time missed injuries. Risk assessment of hazards is made for each part of the plant (quarry and blending, clinker manufacturing, and cement grinding and distribution) – bio-, chemical, and fire hazards. Connected to this assessment is a PPE requirement, which is made for each of the areas of the plant/ types of work. Standard PPE that is provided to all workers is high visibility vests, gloves, masks, and safety shoes. Some activities call for harness, welding mask and a breathing mask and these are provided when required. To ensure awareness of the risks of the work that will be performed, a daily toolbox meeting is held every morning.

A proactive measure that LafargeHolcim has introduced in 2019 in an app to enhance OSH. The mobile application includes a reporting system for accidents and near misses. However, it is difficult to ascertain the accessibility of this system for the employees. The data is collected at Backend (app settings are both in English and Arabic). When reporting an accident, workers can take a photograph and fill out the form. According to the health and safety officers, over 85 percent of workers have a smartphone, and for those who do not have a smartphone, there is one phone available at each department and workers who report can log in scanning their code (everybody has a code). Out of 10,000 unsafe conditions reported during the year country-wide, half were reported over the app. Reporting these conditions helped prevent accidents (specially, the number of accidents were reduced by half). Also, there is an increase in an accident or near-miss reports (in the past, there used to be, on average, around 100). This system is countrywide. But workers report that the system is not 100% effective because they report accidents and they get no feedback/response from the management.

With regards to social security and access to healthcare, there is a significant difference between the direct employees of LafargeHolcim and subcontracted employees. For direct employees, a private health insurance is provided and an onsite clinic. In case of accident workers go to the clinic (one doctor and two nurses per shift, and two ambulances), they can receive first aid. Still, if it is a more severe accident, the ambulance takes them to the nearest hospital one hour drive away from the plant. Direct employees undergo yearly health checks. If the worker is unfit to perform an activity they can be, depending on the severity of the impairment, delegated another task and in the worst case, be sent into early retirement. For subcontracted workers, there is not a right to use the onsite clinic, and some of the subcontracted workers report that their health insurance has been withdrawn to save costs by their contractor.

Reports given by workers show that accidents are more common than what the official statistic says. This is mainly due to that the accidents are just reported to occur outside the plant in order to keep down the statistics. Workers are convinced to agree to this type of reporting to direct compensation for the injury and at times it is reported that workers have received a bonus for not reporting an accident.

1.10 Conclusions

In the table below an overview of the compliance to international and national labour standards is presented. It can be concluded the most severe noncompliance observed was all connected to the use of subcontractors and the lack of implementations of labour policies and standards by these subcontractors and the lack of control mechanisms within the LafargeHolcim operation to monitor these actors.

Table 4 Level of compliance to labour standards at Sokhnah plant

Labour issues	Summary of findings	Summary of non-compliance /breach of local and int. labour law	Level of compliance
Child labour	<ul style="list-style-type: none"> No evidence of child labour at the worksite 		
Forced labour	<ul style="list-style-type: none"> Subtle menace of subcontracted workers, where workers are compelled to participate in overtime either because of the fear of dismissal or because they feel obliged to earn a living wage. 	<ul style="list-style-type: none"> C029 - Forced Labour Convention, 1930 (No. 29) C105 - Abolition of Forced Labour Convention, 1957 (No. 105) 	
Freedom of association and collective bargaining	<ul style="list-style-type: none"> Freedom to join/form unions Agreements are reached in court Collective bargaining agreement (CBA) is negotiated yearly 	<ul style="list-style-type: none"> C098 - Right to Organise and Collective Bargaining Convention, 1949 C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948. 	
Discrimination	<ul style="list-style-type: none"> No evidence of gender-based discrimination Equal employment opportunities for workers disabled during the course of duty 	<ul style="list-style-type: none"> ILO C111, Discrimination (Employment and Occupation) Convention, 1958. U/S 345 of BLA 2006. 	
Wages	<ul style="list-style-type: none"> Minimum wages are provided, for direct employees. 	<ul style="list-style-type: none"> ILO C100 Equal Remuneration, ILO C131 - Minimum Wage Fixing Convention, 1970 	

	<ul style="list-style-type: none"> Subcontracted workers earn below minimum wage. 		
Working hours	<ul style="list-style-type: none"> Subcontracted workers, where workers are compelled to participate in overtime 	<ul style="list-style-type: none"> Articles 2 and 6(2) of the ILO C001 - Hours of Work (Industry) Convention, 1919 	
Ethical hiring and contracting	<ul style="list-style-type: none"> Turnover is low and new employees recruited as subcontractors Contracts and payslips are provided for direct employees but not subcontracted workers. 		
Gender equality	<ul style="list-style-type: none"> Equal opportunity for women 	<ul style="list-style-type: none"> Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979. 	
Occupation safety and health (OSH)	<ul style="list-style-type: none"> OSH management system is in place Some health services are provided (First Aid and medical checks) PPE is provided, but its use not sufficiently enforced. Subcontracted workers do not have access to the onsite clinic. Reports about subcontracted workers not receiving benefits despite paying for the insurance. 	<ul style="list-style-type: none"> ILO C155 - Occupational Safety and Health Convention, 1981. 	

1.11 Recommendations

Below are several recommendations on each of the topics assessed. LafargeHolcim should endeavour to work in partnership with independent experts and union leaders to develop an action plan for addressing the issues identified and implementing the recommendations outlined.

Child labour

- LafargeHolcim should ensure that there are childcare facilities and support the education of its workers' children.

Forced labour

- LafargeHolcim should ensure that a living wage can be earned during regular working hours.
- The company should establish and enforce a policy that subcontracted workers' overtime should not exceed the legally allowed maximum. Subcontracted workers should also have the same rights to leave as direct employees.

Discrimination

- LafargeHolcim should ensure equal treatment and the provision of similar welfare facilities for workers irrespective of their type of contract.
- LafargeHolcim should take concrete steps to ensure women's access to all positions within the company.

Wages

- LafargeHolcim should strive to pay decent living wages to all workers on the project, based on well-researched studies on living wages in the construction sector in Egypt. The company should commence the implementation of a wage scale for all categories of workers.
- LafargeHolcim should ensure that all workers regardless of contract type or contractor, can earn over minimum wage within ordinary working hours, without engaging in extensive overtime.
- LafargeHolcim should ensure that all workers are given adequate compensation for their overtime work according to the legal minimum. A transparent mechanism for recording and monitoring workers' overtime should be established.

Working Hours and Overtime

- LafargeHolcim management should establish and enforce a policy that workers' overtime should not exceed the legally allowed maximum. A mechanism for recording and monitoring workers' overtime should be established.
- Prior to carrying out any overtime work, LafargeHolcim should ensure that all workers regardless of the type of contract provide written and signed consent. Workers should be informed of their rights to refuse over time and should not be punished for refusal. Records of these written consents must be kept.

Ethical hiring and contracting

- LafargeHolcim should ensure that all agreements of subcontractors have clauses on labour conditions and specific requirements for adherence to the labour law and company policies on human resources.
- LafargeHolcim should ensure that subcontracted workers are allowed annual leave and sick leave according to the law.
- LafargeHolcim should ensure that the company directly hires the subcontracted workers that perform core activities.

Gender

- LafargeHolcim should establish a gender policy that indicates its commitment to gender equality and the maximum participation of women on equal terms with men in all aspects within the project. The policy should be in line with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979.
- LafargeHolcim should ensure that there is proper documentation of all reported cases of sexual harassment or violence against women at project sites
- LafargeHolcim should immediately establish a formal complaint and grievance system and procedure for reporting all instances of sexual harassment and domestic violence, explicitly including steps to be taken for adequate protection of victims (and witnesses), appropriate medical examination and treatment. This system and procedure should be mandatorily socialized at least twice a year.

OSH

- LafargeHolcim management should endeavour to provide PPEs with good quality. The company should ensure that all workers are entitled to and given at least four sets of PPEs per year according to the union- helmets, boots, gloves, clothing (full overall), reflectors, earplugs, eye protection etc. LafargeHolcim should ensure that it has adequate stock of PPEs and can replace them in no less than a couple of days after the worker makes a request.
- LafargeHolcim should comply with regulations on first aid in the workplace, by making sure that each location or plant site has adequate first aid box with facilities in the form of necessary equipment, supplies, and materials used in administering first aid.
- LafargeHolcim should ensure that each work area at the plant has visible safety warning and emergency signs.
- LafargeHolcim should ensure that all workers, including subcontracted workers, have access to the same health benefits and are subjected to periodical health checks.
- LafargeHolcim should ensure that all subcontracted workers have the right to sick leave and compensation to any work-related injury or health issue.

Reference

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profundo

RESEARCH & ADVICE

Radarweg 505
1043 NZ Amsterdam
The Netherlands
+31-20-8208320
profundo@profundo.nl
www.profundo.nl