



**OBSERVATÓRIO
SOCIAL**

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**SOCIAL AND LABOR
PROGRAMS AND CONDITIONS
EXECUTIVE OBSERVATION REPORT**

PARMALAT

ACRONYMS

Bird – Banco Mundial

Cedec – Centro de Estudos de Cultura Contemporânea

CAT – Comunicação de Acidente de Trabalho

Cipa – Comissão Interna de Prevenção de Acidentes

Contac – Confederação Nacional dos Trabalhadores da Alimentação

CUT – Central Única dos Trabalhadores

Desep – Departamento de Estudos Sócio-Econômicos e Políticos

Dieese – Departamento Intersindical de Estatística e Estudos Sócio-Econômicos

EPI – Equipamentos de Proteção Individual

FMI – Fundo Monetário Internacional

ISO – Internacional Standartizacion Organizacion

OIT – Organização Internacional do Trabalho

OMC - Organização Mundial do Comércio

ONGs – Organizações Não Governamentais

ONU – Organização das Nações Unidas

PPR – Plano de Participação nos Resultados

Sipat – Semana Interna de Prevenção a Acidentes do Trabalho

Unitrabalho – Rede Interuniversitária de Estudos e Pesquisas sobre o Trabalho

1. COMPANY EVALUATION

1.1 RIGHT TO ORGANIZE AND COLLECTIVE BARGAINING CONVENTIONS 98 AND 135

In general, the Parmalat company respects the right to collective bargaining. In the majority of cases, negotiations take place between the company and labor entities at a state level. In these cases, there are collective agreements negotiated annually between the food industry company federation and the federation of workers unions. Parmalat negotiated with the other food companies in each state where it has production units.

Despite its national presence, Parmalat does not always assume leadership in the negotiations on the owners side. In São Paulo, for example, the leadership role is held by Paulista and the president of the company association (Sindileite), Carlos Humberto, is owner of the dairy company Sun Credit.

In the principal states where Parmalat does business there is a very large diversity of situations concerning rights, salary levels, benefits, etc.. In the states of the Southern and Southeastern regions, workers earn higher salaries and have more benefits. In the Midwest and Northeast, the salaries and benefits are appreciably lower.

The collective bargaining undertaken by Parmalat is thus extremely complex. In 2001, there are some 16 factories in different states. Unlike in Italy, where the company negotiates collectively with all of its workers in a centralized manner, in Brazil there is no clear call for negotiations on a national level, despite the isolated interest of the company in the hour bank and the Profit Sharing Plan, which was suspended in the year 2000. The company's behavior suggests that in these issues there is direct interest –as in the case of the hour bank – the policy is to advance in the negotiations and approve the measure where possible. In other topics, as in the isonomy of certain rights, the company appears to bet on the fragmentation of the negotiations.

Some workers maintained that the hour bank was “imposed” on the workers by the company in various factories. Reports from workers indicate that at certain plants, the hour bank was approved because the list of signatures circulated among the employees without the union's knowledge. The company placed considerable pressure to achieve the minimum number of signatures needed. In this situation, the union was obliged to support the hour bank.

From the perspective of the unions, it is essential to strengthen the National Confederation to persuade the company of the advantages of national collective bargaining. Presently, negotiations are scattered among the state federations and or with the more organized unions on the local or regional level. Not even the salary scale of the food industry workers was unified to allow collective bargaining.

In summary, the legal right to collective bargaining does not facilitate compliance with rights called for by ILO Conventions 98 & 135 and by Recommendation 143. Rights negotiated in one region are not extended to others. In addition, the company appears to take advantage of this situation to avoid facing higher costs. The unions, in turn, have difficulty organizing to establish a broader level of representation than they are able to articulate for the interests of the different local and regional unions. In any form, under the terms of Brazilian law, collective bargaining is supported by the company.

1.2 UNION FREEDOM AND PROTECTION OF UNION RIGHTS CONVENTIONS 87 AND 151

It is not possible to say, in general terms, that the company guarantees the right to union freedom at all of its units in Brazil. In reality, the company has a rather uneven record. Due to the broad geographic distribution, there are units at which workers and union leaders affirm that they have total liberty to operate at the work place. In these locations, the declarations indicate that the right to organize is open to the union, and that there is no pressure on the unionized workers and that union leaders have unrestricted access to workers within the productive unit.

The situation is different, however, at other units. There are reports of persecution of union members, disrespect for the worker's freedom to join unions, and little freedom to publicize information within the factories. There is a relatively high number of cases of abuses against unionized workers who have suffered some type of punishment from their immediate superiors (supervisors, leaders and industrial managers).

This situation indicates the great difficulty on the part of the company's human resources department to harmonize its practices, promote and guarantee the rights of unions and workers and effectively engage in the fulfillment of a general policy of human rights based on recognition of internationally recognized rights, of which the Brazilian government is signatory.

1.3 PROHIBITION OF ALL AND ANY DISCRIMINATION IN EMPLOYMENT AND HIRING CONVENTIONS 100 AND 111

Due to the disparity between what the requirements of the Conventions and the practices undertaken by Parmalat, the study found that the company engages in gender discrimination. The development of programs to combat discrimination, whether by gender, race, creed or sexual, political and cultural preference, is still very distant from the routine of multinational companies operating in Brazil. Since the theme is practically inexistent for the company, and the existence of gender discrimination has been confirmed, any engagement of the company that translates into concrete measures would be an advance in labor-capital relations. In addition, it would serve as an example for other Brazilian food sector companies.

1.4 EFFECTIVE ABOLITION OF CHILD LABOR CONVENTIONS 138 AND 182

There is no indication or criticism that Parmalat uses child labor directly in the production and distribution units of its products. There is, however, a strong concern with this problem in the productive chain articulated around Parmalat. Although Conventions 138 and 182 do not require monitoring of the productive chain, Parmalat has revealed sensibility to this theme.

The purchasing director is evaluating the possibility of creating conditions and taking measures in order to demand, at least from some of its closest suppliers, respect for the prohibition of the use of child labor and the adoption of practices for environmental protection. In this way, conditions can be created for Parmalat to monitor its suppliers based on the variables established by the company purchasing policy.

1.5 ENVIRONMENTAL DEFENSE

There is great imbalance among the company's factories concerning compliance with environmental accords, measures and international standards. The company has a large environmental liability because of the various companies that Parmalat purchased in recent years. Some effluent treatment stations at the production units are far from compliance with the law. The company has not shown great interest in being a candidate for the ISO 14.000 standard because it would have to monitor its suppliers. The principal goal of the company is to decrease costs with the utilization of water in the production of milk and dairy products.

The company has not shown great sensibility toward promoting environmental issues among its workers and staff. There is no general material about the theme produced and publicized by the company. However, there are isolated experiences that merit special attention, as was the case of the environmental improvements achieved by the company at the Manhuaçu unit (Minas Gerais - MG).

1.6 OCCUPATIONAL HEALTH AND SAFETY CONVENTIONS 148, 155, 170, AND 174

Despite Parmalat's efforts to give greater attention to the theme of Occupational Health and Safety, it was possible to find violations of the ILO Conventions concerning the issue. In respect for Convention 148, a high level of noise was found in some Milk units. The Social Observatory team did not conduct measurements at the units visited but various declarations indicate that there are failures in the periodic verification of the noise level of various machines. Statements by union staff and workers indicate that there are no regular measurements at the Jundiaí milk unit (or at units in other states) and that Individual Protection Equipment is not properly used, in part because of failures by the Internal Accident Prevention Commission.

The ovens at the Cookie unit in Jundiaí work at a high temperature, according to various workers who complained when questioned about the issue. Concerning air pollution, the two plants visited at Jundiaí have modern equipment (boilers) operating in accord with technical and legal specifications.

In relation to Conventions 155, 161 and 174, the principal violation concerns the fact that the company is not publicizing its Risk Map in a suitable location, and does not have a strategy to inform workers of the risks involved in labor activities. There are gaps in the understanding of the company and among workers of the responsibilities and attributions of the Internal Accident Prevention Commission. Observation of a meeting of the Commission at the Jundiaí milk plant, revealed little stimulus to create a cooperative effort to respond to the challenges and to increase the health and safety of workers at the work place.

Parmalat will conduct the Internal Work Accident Prevention Week with a certain frequency. Nevertheless, it does not release employees to participate in the event. The meetings are held after the shift and at lunch time, which does not guarantee attendance by workers.

2. INTRODUCTION

2.1 WHAT IS THE SOCIAL OBSERVATORY

The Social Observatory is an initiative of CUT BRASIL in partnership with Cedec, Dieese and Unitrabalho. Its goal is to generate and organize reliable information about labor conditions and social policies at companies, considering compliance with the social and environmental clauses in international trade agreements. The analysis of the Observatory concerns the following rights: union freedom, collective bargaining, child labor, forced labor, racial and gender discrimination, the environment, and occupational health and safety.

2.2 WHAT IS THE ILO

The references for the Observatory's study are the basic labor rights defended by the International Labor Organization (ILO). ILO is a United Nations agency founded on a tripartite structure, in which governments, employers and workers join together to promote social justice and improved living and working conditions throughout the world.

2.3 THE GLOBALIZATION OF RIGHTS

Globalization stimulates brutal worldwide competition for investments from multinational companies, offering, as an attraction, continuous reductions in social and labor costs. As a consequence, there is a general trend toward the suspension of rights that causes the impoverishment of social indicators in vast regions of the planet. One of the ways to avoid this vicious cycle, is the observation of company activities in order to provide society with means to combat detrimental practices and, above all, to promote social justice.

The union movement is concerned with globalization for various reasons, among which stands out the trend toward reduction of labor and social rights, with a consequential deterioration in the living conditions of workers. For this reason, intensive studies are needed that conduct a permanent diagnosis and monitoring of the situations of labor rights, offering information and subsidies for effective social activities in this field. Another concern of the union movement, shared by non-governmental organizations (NGOs) and by the academic community, concerns the difficulties that the lower and working classes in developing countries have to organize in defense of their interests before the effects of globalization. Technical and scientific knowledge is an important component of the organized action of the population before the problems that emerge with globalization.

The themes of basic labor rights and the environment are on the international agenda as priorities for a socially just world. Society is increasingly attentive to these issues, demanding more space in negotiations, particularly in the realm of the World Trade Organization (WTO) and other multilateral organizations such as the World Bank (IBRD) and the International Monetary Fund (IMF). This favors the establishment of concrete initiatives for universalization of these rights and for environmental preservation. Despite the resistance in many developing countries – which are against the establishment of minimal labor standards in world trade because they fear the possible increasing cost of their products and the consequential loss of competitiveness in international markets – there is considerable room to develop awareness about the conditions under which goods and services are produced and sold. Economic competitiveness should be based principally on education, information technology and on the production processes and not on the reduction of rights.

The Social Observatory understands that it is necessary to develop mechanisms that encourage the universalization of basic rights in light of the negative effects of globalization and the free market. The data gathered reveals that, in many countries, the growth of economies is increasingly disassociated from improved social conditions. Many studies are confirming this evaluation, pointing in particular to the enormous distance between economic and social indicators.

The initiative for the creation of the Observatory is based on:

- *The need for urgent concrete actions to promote the globalization of rights nationally and internationally.*
- *Defense of the social and environmental clauses in international commerce and in the formation of economic blocks in order to protect and broaden union and social rights.*
- *The need for promotion of information, diagnoses, and understanding of economic and social changes.*
- *The need for urgent initiatives that articulate union activity with other social subjects.*

3. METHODOLOGY

The Social Observatory has adopted a theoretical and methodological chart which organizes the content of the ILO Conventions, the focus of observation of each of them and, finally, the indicators that allow constructing tools to collect the primary data and guide the collection of secondary data.

THEMES OF CONVENTIONS	FOCUS
Union Freedom	Right to Organize of workers without interference of employees.
Collective Bargaining	Right of all workers to collective bargaining without interference.
Forced Labor	Labor undertaken by coercion or punishment.
Child Labor	Effective abolition of child labor.
Race and Gender Discrimination	Equal Opportunity regardless of sex, racial origin, religion, political opinion, ancestry.
Environment	Suitability of the indoor and outdoor environment occupational health and safety of workers and of the surrounding area.

The research methodology used the following procedures:

- The Social Observatory participated in the Second National Meeting of Food Workers (São Paulo, July 2000), when it interviewed union leaders linked to the unions and union federations in the industry.
- The study at the Jundiaí factory included the participation of the Sindicato dos Trabalhadores da Alimentação de Jundiaí [Food Workers Union of Jundiaí], which assisted the data gathering, visits to public agencies and in the organization of study workshops.
- A workshop was conducted with 5 workers from the milk unit and from the Parmalat factories from which the union leaders did not participate in the July meeting, all of the workers' unions were contacted to request more information about collective bargaining and the freedom to organize, and to provide information about themes such as the environment, child labor and health and safety at the workplace. The contacts with these union leaders were made through a questionnaire and telephone interviews. Completed questionnaires were responded to by all of the participants from Parmalat in the July 2000 meeting. Union leaders from Goiânia, Fortaleza, Rondônia, Araçatuba and Petrolina were interviewed by phone.
- In Jundiaí, information was gathered from the four court districts in the city; the media, the state environmental agency and Cetesb, documents from the Food Workers Union of Jundiaí were also made available, in addition to study of sources made available by the company.
- Based on contact with the company, interviews were conducted with directors, managers and other professionals involved in human resources and the environment.

4. PARMALAT

The “Parmalat” company is an international group in the food sector composed of various companies under the direction of the Italian based Parmalat Finanziaria Spa. The Tanzi family has nearly 50% of ordinary shares of the company. At the end of 1999, the group had 148 factories in five continents and employed 39,747 workers.

Until 1990, Parmalat operated in only 5 countries in addition to Italy. It has been in Brazil since 1974, its first large market outside of Europe. It has been operating in Germany since 1977, Spain since 1983, and Portugal since 1990. The second phase of Parmalat’s internationalization process began in the Americas, in Mercosur (it has been in Argentina and Uruguay since 1992), and the United States. The company then began expansion in Eastern Europe and to the rest of South America and Mexico.

TABLE 1 - PARMALAT GLOBAL INDICATORS

Regions	Sales (millions of euros)		FACTORIES (units)		WORKERS	
	98	99	98	99	98	99
North and Central America	1.3	1.9	47	36	7,203	7,395
South America	1.8	1.7	48	39	19,419	17,621
Europe	1.4	1.9	35	43	6,120	8,256
Others	0.3	0.6	32	30	6,607	6,466

Source: Parmalat Company Reports

Organization: Social Observatory

Parmalat products are divided into four areas. The most important is the Milk and Dairy products division which account for 60.5% of sales. In second place is the fresh products division which represents 24.1% of sales. The vegetable and baked goods divisions are tied at 7.7% of sales each. Thus, Parmalat is essentially a multinational food sector company, which achieves 2/3 of gross income in the dairy sector.

In Brazil, Parmalat products include: UHT Milk, Powdered Milk, Flavored Milk, Condensed Milk, Sauces, Cream (Fresh and UHT), Butter, *Requeijão*, *Doce de Leite*, Yogurts and Dairy-based drinks, *Petit Suisse*, Deserts, Cheeses, Fruit and Pulp, Juices (Fresh/Concentrated/UHT), Tomato products (Extracts and Sauces), Teas, Water, Cookies and Snacks, Canned food/Select Vegetables (Peas, Corn and Carrots), Sauces (Hot Sauces, Worcestershire Sauce, Soy Sauce, Mustard), Sweets in Pastes and Jellies (Guava, Pumpkin, Marmalade, *Marron Glacê* and *Bananada*), Chocolates (Tablets, candies, Candy-bars, Granulated, Easter Eggs Bunnies), in addition to water bottled by Caxambú.

At the beginning of the year 2000, the Parmalat group in Brazil included 19 factories, 14 under the Parmalat brand, two from Etti and one of Neugebauer, in addition to two factories of the Batavo brand (Batávia), a company in which Parmalat has a 51% share. In the year 2000 the company had 9 distribution centers in Brazil and more than 80 milk receiving posts in most Brazilian states. In March of 2001, the company announced the closing of its oldest unit in Brazil, located in Itamonte, Minas Gerais state. By mid 2001, it had only 16 factories, with some 6,700 workers.

5. RESULTS

5.1 UNION FREEDOM

The table below shows some of the most significant violations of union freedom found at Parmalat S.A. Indústria de Alimentos.

TABLE 2 - PRINCIPAL VIOLATIONS OF UNION FREEDOM AT PARMALAT

UNIT	VIOLATION
Carambeí (Paraná/PR) – Batávia – this unit is not subordinate to the Parmalat human resources dept., and continues under the responsibility of Batávia (Batavo)	Some reports of annoying unionists during strikes (obstructing the entrance into the factory) before the company was under control of Parmalat.
Santa Helena (Goiás/GO)	Strong pressure from the company for the workers to sign the Hours Bank agreement within the factory.
Garanhuns (Pernambuco/PE)	Unjustified “Punishment” from industrial management with abrupt changes in shifts, and lower pay for overtime; company management subtly pressures workers to not join the union through threats (changes in shift, change in position and transfer to other post).
Jundiaí (Leite-São Paulo/SP)	
Carazinho (Rio Grande do Sul/RS)	“In order to meet during working hours we would have to stop the machinery...the company does not allow this loss of time”, that is, there are difficulties for organizing within the factory*.
Estrela (Rio Grande do Sul/RS) - Receiving and Refrigeration Post	Although the number of workers is reduced, the company threatens those in the union with the loss of employment.
Feira de Santana (Bahia/BA) – factory closed in February 2000	Threat to the right to organize at the workplace, which was never won by the workers.
Acari (Rio de Janeiro/RJ) – distribution center	Threats to workers who want to enter the union.
Campos (Rio de Janeiro/RJ)	Threats to workers who enter the union.

* testimony of an employed union member of Parmalat in Carazinho (RS);

Source: statements made in interviews (personally and or by telephone, questionnaire and through the Union Workshop in Jundiaí).

Preparation: Social Observatory.

The two plants at which union leaders said they had a broad right to organize within the plant, to select and elect union leaders without pressure, through assemblies at the plant, and where the company does not discriminate against unionization – are the factories in Natal (Rio Grande do Norte/RN) and Itamonte (Minas Gerais/MG), which closed in 2001.

At the other Parmalat plants, Catalão (Goiás/GO), Biscoito (Jundiaí-SP), Concórdia (Santa Catarina/SC), Petrolina (Pernambuco/PE), Araçatuba (São Paulo/SP), Morada Nova (Ceará/CE), Ouro Preto D’Oeste (Rondônia/RO), workers in some way expressed problems in the relations between Parmalat and the union and with the process of unionization. In all of these cases, the freedom to operate within the factory is restricted – meetings, assemblies, commissions etc., are not permitted. In the majority of cases, the workers and union leaders indicated that the company does not look favorably on unionization of its employees. In these cases, the workers mentioned some incident that revealed the company position in relation to union freedom.

Parmalat is a company with various factories spread throughout the country, most of them purchased from other companies. At these units, there is a very heterogeneous labor situation. There are factories with good relations and others with a history of conflict with the union. This situation

makes the formulation of a single union policy for all of the Parmalat factories more difficult for company management in São Paulo.

5.2 COLLECTIVE BARGAINING

The absence of a national company policy concerning collective bargaining is the outstanding issue. According to workers, the company is not interested in engaging in this process, due to the fear that national negotiations would raise the cost of benefits, surcharges and rights established in labor law.

The only items that can be considered to have been nationally negotiated with workers are the Profit Sharing Program (which was suspended in 2000) and the Hour Bank. In these issues, Parmalat operated with the same proposal throughout Brazil.

The study also revealed that there is strong disparity in the ability of workers to establish representation for themselves in collective bargaining. While the unions and union federations in the Southern and Southeastern regions have greater negotiating power with the company, those located in the Northeast and Midwest have less ability to mobilize. In this way, in the South and Southeastern regions, the collective agreements negotiated with the company bring better salary adjustments and higher benefits.

5.3 OCCUPATIONAL HEALTH AND SAFETY

There are different kinds of irregularities found at the Parmalat S.A. Indústria de Alimentos, Milk and Cookie Factories at Jundiaí. The study of workers found:

1. Delay by the company in attending the requests for Individual Protective Equipment, creating a period in which the workers exercise their activities without the minimal protections required by law – (at the pasteurization machines for example);
2. Noise which causes loss of hearing, high temperatures (in the ovens) or low temperatures (in the refrigerated chambers) without proof of periodic measuring presented to the workers, which cause a large variety of ailments;
3. Absence of a strategy to promote and involve workers with the risk map – a map of the company which indicates by color the different areas of risk which the workers face in their different work areas; the workers should participate in the preparation of the entire strategy of identification and publicizing of the risk areas within the company, with union involvement; in addition, response should be sought from the workers about how they see the risks in order to improve the prevention process;
4. Resistance on the part of the company to recognize an occupational accident and the corresponding emission of CAT's (the company only recognizes the most serious cases);
5. The company did not recognize the workers union as a possible partner for the development of a process to reduce accidents at the factory or through classes offered by the union;
6. Within the factory, there are difficulties in involving the workers union with the accident prevention measures and with compliance with regulatory norms.
7. The company is not able to establish legitimacy of the Internal Accident Prevention Commission among workers; despite the guarantee of elections for its members and the full exercise of its legal responsibilities; this is due to the fact that the workers see it more as a bureaucratic organ than as an instrument to improve working conditions;
8. There are gaps in the emergency services within the company, workers maintain that they have not been trained to deal with this type of situation.

5.4 EXTERNAL ENVIRONMENT

Parmalat's general situation indicates enormous environmental liabilities, that is, the company purchased other companies which were not in compliance with the environmental standards required by law. According to the company, a plan is underway to correct differences in compliance with environmental regulations at factories in different states. Many units in different regions in Brazil are in the process of adaptation to state and municipal environmental legislation.

The company does not have the ISO14.000 (international environmental standard) because it requires monitoring by suppliers.

The Environmental theme was not sufficiently considered by the company in all of its implications. Parmalat does not have a general environmental manual of its own (although it has promoted local initiatives, as in the case of the factory at Manhuaçu in Minas Gerais). In addition, it does not publicize the environmental impact of its productive process to workers, consumers, suppliers or the community. The company does not have a broad environmental impact study of its own or one contracted to outsiders (External Auditing).

The company has environmental licenses from Cetesb for treatment of effluents, odor and noises and atmospheric emissions (boiler) at the units visited at Jundiaí (SP).

The company also manifest interest in decreasing water consumption but does not intend to utilize an environmental seal or label as a marketing tool or appeal to the consumer.

5.5 PROHIBITION AGAINST CHILD LABOR

The Parmalat S/A Indústria de Alimentos company does not employ children or adolescents younger than 16 years of age at its units in Brazil, according to workers, union members and company executives interviewed by the research team.

Nevertheless, until October of 2000, the company had still not prepared a program among its suppliers to require them to comply with laws against child labor along the productive chain, at least at those suppliers which have a partnership with Parmalat. This is a decisive aspect for the company, considering the centrality of children and of childhood in the Parmalat universe of products and to its very successful marketing campaigns.

A large part of "long-life" milk production is aimed at children in their growth phase; Parmalat has a line of snacks, cookies and chocolate products for the children-youth public. Parmalat does have a project of social responsibility in conjunction with 96 children housed in the so-called "Aldeia Tanzi" [Tanzi Village], a type of shelter for the needy, that was visited by the Social Observatory team. For these reasons, there is a lack of affinity between the concept that the company has of its products (and the way in which they are sold), and its capacity to guarantee the assurance that in the productive chain, no children younger than 16 years of age are employed.

5.6 GENDER DISCRIMINATION

Discrimination against women workers was identified at the different Parmalat factories – Milk, Cookies, Tomato Products, Canned Goods and Chocolate. There are different forms of discrimination practiced at the company. First, there is discrimination against women in access to positions, and the feminine presence is restricted to a small number of functions. At the milk and dairy product units, women represent only 15 and 20% of all workers. In some milk factories, the percentage is smaller. In addition, women are almost always restricted to the same functions, such as work in the milk quality analysis laboratories.

Second, there is discrimination in relation to promotion. Men are promoted in a larger number and remain less time at the same function than women. The spectrum of positions to be occupied by women is much smaller than for men who are distributed among a much higher variety of positions and functions. Thus, men have a much higher opportunity for promotion. In addition, women remain longer at the same function. At the cookie unit, women remain an average of 26% more time at the same function than men. In the positions of “leader” and “supervisor” there are practically no women employed at these functions.

In the few positions occupied by women, a sexual division of labor within the company is perceived. In factories such as that of Neugebauer and Etti (Tomato products), the positions where there is a higher female presence are exactly in those in which salaries are lower. In the case of the Porto Alegre factory (Neugebauer), of the total number of employees, nearly 50% are women. Nevertheless, nearly 70% of them are employed in entrance-level positions, those which have lower salaries. Thus, the company is benefited by associating the employment of women with lower salary costs.

6. RECOMMENDATIONS

6.1 COLLECTIVE BARGAINING AND UNION FREEDOM

The opening of a national negotiating agenda is recommended involving the National Confederation (Contac) and workers unions in order to resolve the problems found by the study undertaken by the Social Observatory. It is suggested that the items on the agenda of the national negotiation include:

- The institutionalization of a Job and Salary plan for operational workers on the factory floor in order to avoid their transfer to other positions and functions without a corresponding change on their labor document;
- The promotion of Social-Labor Rights Guidelines for a national negotiating agenda with workers unions from different regions of Brazil, as takes place in Italy;
- The Profit Sharing Plan, because of its importance for the company and for the workers, could be included among the first points of a national negotiating agenda with the involvement of food industry union representatives;

6.2 OCCUPATIONAL HEALTH AND SAFETY

Due to the irregularities and violations of the ILO Conventions that concern the health and safety of workers in their labor activity, the following items are recommended:

- Greater control of noise exposure limits (milk factory) and excessive heat exposure (cookie factory);
- Noise and temperature measurements for each determined time period, making the information visibly available and easy to understand so that workers can be aware at the location of the problem;
- Develop a program to provide information about risks involved in the industrial activity with the participation of the union and the workers;
- Establish more responsibilities for Accident Prevention Commission so that workers and their union have greater involvement and can make accident prevention activity more efficient;
- Establish a specific partnership program with the labor union to improve interest and awareness of employers who utilize the EPI;
- Although a greater effort has been detected at Parmalat in the area of industrial safety at its plants, the company could develop more efficient mechanisms to improve the return to its workers in relation to information and knowledge absorbed in training courses, meetings, talks, and seminars about safety issues;
- Emphasize the role of the Sipats in the work of accident prevention at work and guarantee the most participation possible of employees and the involvement of the workers union;
- Improve the efficiency of emergency first aid procedures among operational workers, there are many reports of cases of grave accidents in which workers remained at the scene of the accident without first aid and waited a considerable amount of time for help to arrive.
- Guarantee the presence of a doctor on the night shift in the company's medical clinics.

6.3 EXTERNAL ENVIRONMENT

The following measures are recommended concerning environmental issues:

- consider the possibility of monitoring and or raising environmental demands upon suppliers, through a long term plan with the following steps:
 - a) identification and classification of suppliers according to high medium and low environmental risk;

- b) definition of the environmental practices for each type of supplier based on a program defined in conjunction with an environmental auditing company recognized on the market;
 - c) establish an environmental certification plan based on a deadline inversely proportion to the risk presented by the supplier.
2. create the company's own Environmental Management manual and make it public to employees and the community;
 3. publicize the environmental practices and or programs among staff, workers, clients, suppliers and consumers based on a program to promote the specific objectives, goals and guidelines, as the company has been doing with the program for selected collection of recyclable solid waste at the Jundiaí plant;
 4. produce a detailed and encompassing report of the environmental impact of all the company plants in Brazil (before and after acquisition), to be conducted by the company itself or contracted to an independent firm (environmental auditors).
 5. seek partnerships and relationships with the community (NGO's, unions, professional associations, etc.), to publicize the responsible environmental practices and promote environmental safety programs concerning the dairy sector.

6.4 PROHIBITION OF CHILD LABOR

The evaluation of the Parmalat S.A. Indústria de Alimentos, verified that there is no direct employment of child labor in any of the company product lines. But the company still has not developed a program among its suppliers, to contribute to the eradication of child labor throughout the production chain.

It is thus recommended:

1. That a plan of action be established with suppliers in order to include respect for the clauses that prohibit child labor as well as to permanently monitor suppliers which have a higher risk of using child labor.
2. The action plan should combine the following elements and strategies:
 - the establishment of partnerships with the community for the preparation of a suitable methodology concerning the form of dealing with suppliers and how to monitor them in the future;
 - a profile of the higher risk suppliers;
 - clauses to prohibit child labor and to request respect for the environment in the supplier certification process;
 - include an environmental and child defense policy in the company purchasing policy;
 - include in this purchasing policy a program to raise awareness of good contracting practices as a preliminary tool for dealing with new suppliers;
 - extend promotion of these practices to operational workers, food workers unions, administrative employees, company management and the consumer;
 - publicize to the largest retail clients that the company values their behavior in terms of social responsibility concerning respect for the defense of children and the environment;
 - articulate marketing campaigns aimed at children in conjunction with socially responsible behavior and defense of the child and adolescent;
 - promote the experience of the Tanzi Village in the scope of this effort to make Parmalat's social responsibility more transparent and better known to the consumer, the worker, the market and the community itself.

6.5 GENDER DISCRIMINATION

Promote a plan to establish an affirmative action policy for promoting women in the workplace. The affirmative action policy should include:

1. promoting equal opportunities for men and women concerning respect for admission, training, education and promotion to higher positions;
 2. inclusion in the collective bargaining process clauses that protect the rights of women concerning any gender based discrimination;
- stimulating women's participation in positions and functions now occupied in the majority by men, if necessary through the use of quotas;
- establish a job and salary plan that protects women workers from subjective evaluations by those responsible for admissions and promotions at the company.

Some problems to be corrected:

- the vertical discrimination based on barriers to access to promotion existing at the Cookie and Chocolate and Milk plants;
- the vertical discrimination detected at the Cookie unit in Jundiaí where women, although they participate in nearly 50% of the total number of positions, are not present in the operational management positions (leader, supervisor and managers);
- the horizontal discrimination practiced at the Milk units that impede the entrance of women to entrance level positions;
- indirect discrimination concerning salaries, since at the Chocolate plant in Porto Alegre nearly 50% of the labor is composed of women, and of this 69% is allocated to the two entrance level positions (with lower salaries).

THE RIGHTS BEING STUDIED

The rights studied by the Social Observatory are guaranteed by norms, codes of conduct and principally ILO Conventions. The principal Conventions observed are presented here:

FREEDOM OF ASSOCIATION

- **Convention 87 – Freedom of Association and protection of the right to organize**, passed in 1948, guarantees the right to the free exercise, by workers and employers without any distinction, to organize, promote and defend their respective interests. Brazil did not ratify this convention and the national right to unionize is established by professional category, with a limit of one union per category, representation limited to the municipality and the establishment of a mandatory financial contribution to the union (the so called union tax).
- **Convention 135 – Workers Representatives**, of 1971, ratified by Brazil in 1990 guarantees the protection of workers representatives at companies and establishes the types of activities that they should be allowed to conduct.

COLLECTIVE BARGAINING

- **Convention 98 – Freedom of association and collective bargaining**, of 1949, ratified by Brazil in 1952, protects union activity from discrimination in relation to employment and promotes collective voluntary negotiations between employers or employer organizations and workers organizations.
- **Convention 151 – Labor Relations (Public Service)**, of 1978, protects the right to unionization and negotiation for government employees. It has not been ratified by Brazil.

FORCED LABOR

- **Convention 29 – Forced or Compulsory Labor**, of 1930, ratified by Brazil in 1957, proposes the abolition of the use of all forms of forced or compulsory labor.
- **Convention 105 – Abolition of Forced Labor**, of 1957, ratified by Brazil in 1965, reaffirms that certain forms of forced or compulsory labor constitute human rights violations and must be abolished. It determines that each member nation must not use forced labor as a measure of coercion or political education, as a method of mobilization or for the use of labor power, as a means of discipline or punishment for participation in strikes or as a means of racial, social, national or religious discrimination.

CHILD LABOR

- **Convention 138 – Minimum Age for Admission to Employment**, of 1973, ratified by Brazil in 2000, establishes the abolition of child labor and fixes the minimum age for admission to employment or work not lower than the age in which obligatory schooling ceases. At the end of 1988, when the Brazilian National Congress approved Constitutional Amendment no. 20, the minimum working age was fixed at 16 years. Brazilian legislation prohibits youths of less than 18 years old to conduct work considered to be dangerous, taxing or unhealthy; and the work conducted within education and professional training programs must be submit to pedagogic criteria and must have the supervision of competent authorities.

- **Convention 182 – Prohibition and immediate actions for the elimination of the worst forms of child labor**, of 1999, ratified by Brazil in 2000, determines that every member country should adopt immediate and effective measures to assure the prohibition and elimination of the worst forms of child labor for youth up to 18 years of age. The worst forms include slavery, prostitution, production of pornography, utilization of children for illicit activities and labor and those that are harmful to health and safety.

RACE AND GENDER DISCRIMINATION

- **Convention 100 – Equal Remuneration**, of 1951, ratified by Brazil in 1957, concerns equal pay for men and women for equal work, and determines that member countries should promote or guarantee compatible means and methods that assure such equality.
- **Convention 111 – Discrimination**, of 1958, ratified by Brazil in 1965, promotes equal opportunity and treatment for employment and occupation.

ENVIRONMENT, HEALTH AND SAFETY

Various ILO Conventions and other international documents concern the environmental and health and safety factors of labor. The principal ILO conventions are:

- **Convention 148 – Working Environment**, 1977, ratified by Brazil in 1982, seeks the elimination of risks caused by air pollution, noise and vibration at work sites.
- **Convention 155 – Occupational Safety and Health**, 1981, ratified by Brazil in 1992, intends to guarantee the occupational safety and health of workers and a working environment without health risks, or of accidents. An important aspect of this convention is the concern for improvement in the quantity and quality of information about occupational safety and health and the working environment. Article 20 of the convention concerns the need to adopt cooperative measures between company administration and workers and their representatives, which contribute to reinforce the ILO conventions about the forms of organization at the workplace.
- **Convention 161 – Occupational Health Services**, of 1985, ratified by Brazil in 1990, points to the need for essentially preventive services, that seek to establish and maintain a safe and healthy work environment that is supportive of the physical and mental health of workers.
- **Convention 170 – Chemicals Convention**, of 1990, ratified by Brazil in 1996, seeks to prevent or reduce illnesses and accidents caused by chemical products at work.
- **Convention 174 – Prevention of major industrial accidents**, of 1993, concerns measures to prevent major industrial accidents or limit their consequences.

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