



Foreign and Commonwealth Office

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London SW1A 2AH

27 November 1985

Dear Charles,

EC Code of Conduct

Prime Minister  
Action taken to  
strengthen the  
Code of Conduct  
CDP 27/kr

Agreement was reached on 19 November at the Ministerial Meeting in Brussels on a revised Code of Conduct for European companies with subsidiaries in South Africa. The revised text of the Code is attached.

You will recall the discussions on the Code at the Prime Minister's seminar at Chequers on 13 September and the importance which Ministers attach to the role it has played and will play in the economic development of black South Africans. Mr Brittan's letter of 16 October to the Foreign Secretary, which was copied to the Prime Minister, set out in some detail the changes to the Code which we have been discussing with our European Partners and on which we have now reached agreement. Briefly the Code has been strengthened in three important areas:

- (a) in urging companies to pay particular attention to black trade unions; to be prepared to recognise them and to acknowledge collective bargaining;
- (b) in a new emphasis on the training and education of black workers and on the provision of better career opportunities;
- (c) in urging companies to become involved in social projects in the wider black communities.

In our view, the revised Code of Conduct achieves the aim set out in the Luxembourg package of measures of strengthening and adapting its provisions. The new Code has been published and the DTI have sent copies to all British companies with interests in South Africa. A copy was also handed to the TUC on 20 November, when a delegation called on the Foreign Secretary.

/We



We shall make full use of the strengthening of the Code and the active role which Britain played in achieving this in the public presentation of our policy towards South Africa. It provides a valuable demonstration of our positive approach to the South African problem.

I am copying this letter to Mike Gilbertson (DTI) and to the British Embassy, Pretoria.

*Yours ever,  
Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

CODE OF CONDUCT FOR COMPANIES FROM THE EC WITH SUBSIDIARIES, BRANCHES  
OR REPRESENTATION IN SOUTH AFRICA

This Code is addressed to all companies from the European Community which have subsidiaries, branches or representatives in South Africa.

The aim of the Code is to make some contribution towards abolishing apartheid. None of the provisions of this Code should be interpreted as leading to discrimination between the various racial communities in South Africa. The dispositions concerning black employees have the sole objective of putting these on an equal footing with the other employees.

1. Relations within the undertaking

- (a) Companies should ensure that their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organisation to represent them.
- (b) Companies should pay particular attention to black trade unions and be prepared to recognise them.
- (c) Companies should be prepared to sign recognition agreements with representative black trade unions within the company and allow collective bargaining, including the signing of collective agreements, in accordance with internationally accepted labour standards.  
Employers should regularly and unequivocally inform their employees that consultations and collective bargaining with organisations which are freely elected and representative of employees are part of company policy.
- (d) Companies should do everything possible to inform their employees within the company of their social and trade union rights.  
Employers should make every effort to ensure that black African employees are free to form or join the trade union of their choice. Steps should be taken as a matter of course to allow trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off to carry out their union duties without loss of pay and to organize meetings. Employers should encourage trade union members to take part in trade union training programmes.

- (e) Companies should do everything to establish a climate of confidence in their relations with their employees and should in particular make available to them the text of the Code of Conduct of the European Communities and inform them, in an appropriate language and in places to which they normally have access, of what the company is doing to implement this Code.
- (f) In companies where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. The existence of these types of committee should not prejudice the development or status of trade unions or of their representatives.

## 2. Migrant labour

- (a) The policy of apartheid leads to the use of migrant labour, which robs the individual of the basic freedom to seek and obtain the job of his choice. It also causes grave social and family problems.
- (b) Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and giving them the opportunity to lead a family life.
- (c) Employers should endeavour to alleviate the effects of existing regulations, in particular by facilitating the regular renewal of contracts of employment and making it easier for the families of employees to settle near their companies.

## 3. Pay and wage structures

- (a) Companies should assume a special responsibility as regards the pay and conditions of employment of their black African employees. In this context, they should refer to the data of the University of South Africa (UNISA). They should formulate specific guidelines aimed at improving their terms of employment. Pay based on the "supplemented living level" for an average-sized family must be considered as the absolute minimum necessary. \*Nevertheless companies should make every effort to exceed this level when fixing wages. In their reports they should supply the required explanations and, in particular, give an account of their wage scales and the possibilities for progress in this context.

\*In this context it is to be recalled that the previous text of the Code mentioned that the minimum wage should exceed by at least 50% the minimum living level required to satisfy the basic needs of an employee and his family.

- (b) The principle of equal opportunities for all employees ought to be fully respected. The principle of "equal pay for equal work" means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation. The same pay scales should be applied to the same jobs.

#### 4. Training and promotion of black employees

- (a) The principle of equal pay would, however, be meaningless if black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees and reduce the dependence of their companies on immigrant white labour.
- (b) Companies should ensure that supervisory and management jobs and those requiring high technical qualifications are open to their black African employees.

Companies should, if possible, organize occupational training programmes for their black employees. Companies should, if possible, help their black employees to take advantage of other educational and occupational training programmes outside their places of work. Where required, companies should set up or use educational facilities to enable their black employees to benefit from more specialized training.

- (c) Companies should make every effort to eliminate in practice the de facto restrictions based on custom on apprenticeships for black employees. They should ensure that employees of different racial groups can take part in training programmes without any form of segregation.

#### 5. Fringe benefits

- (a) In view of their social responsibilities, companies should concern themselves with the living conditions of their employees and their families.
- (b) For this purpose, company funds could be set aside to provide benefits over and above those currently provided according to South African legislation:
- providing complete social protection schemes for employees and their families (health, accident and unemployment insurance and old age pensions);
  - ensuring that their employees and their families have the benefit of adequate medical care;
  - in the education of members of their families;

- involving the accommodation of black African staff and their families, in particular by helping them to buy their own housing;
- providing transport from home to work and back;
- providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment;
- providing leisure facilities.

(c) Companies should support projects which aim to improve the quality of life of the black communities from which they draw their staff.

#### 6. Desegregation at places of work

- (a) Employers should do everything possible to abolish any practice of segregation, notably at the workplace, in canteens, in education and training and in sports activities. They should also ensure equal working conditions for all their staff.
- (b) Along with the advancement of their black employees, companies should directly support inter-staff contacts, and help employees from different racial groups to get to know each other better and integrate more fully.

Companies should encourage sporting activities in which employees from different racial groups take part as mixed teams in mixed competitions.

#### 7. Encouragement of black businesses

As far as they are able, companies should, in the framework of their activities, encourage the setting up and expansion of black businesses by sub-contracting, providing assistance for their black employees to set up their own businesses and preferential, priority treatment in customer-supplier relations.

## PROCEDURE

### 1. Criteria for implementation

- (a) A detailed and fully documented report should be prepared by all companies which have a controlling interest in a South African company employing black workers.
- (b) In other companies where there are European interests, whether significant or not, the European shareholders should make every effort to ensure that the principles of this Code are implemented and that a report is produced.

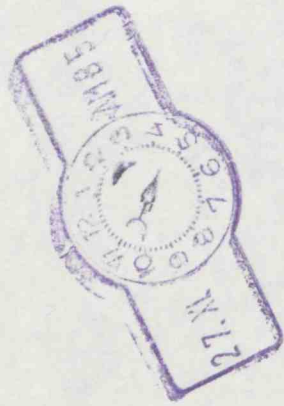
### 2. Drafting of reports

- (a) Reports shall be drafted by companies according to the uniform criteria agreed by the European Community countries. These reports shall be sent either to Embassies in South Africa or directly to the national authorities of the country of origin and should be made public by the companies.
- (b) The reports shall cover the period from 1 July of the previous year to 30 June of the current year. They should be sent to the national authorities by the end of September. The authorities will then be responsible for drawing up national reports to be available by the end of March in the following year and submitted to the national parliaments. A summary report will be prepared by the Presidency in-Office of the countries of the Community and presented to the European Parliament and the Economic and Social Committee of the European Community before the summer recess. The national and joint reports will be public.

### 3. Coordinating implementation of the Code

The Member States will consult regularly on the implementation of this Code, in particular through their representatives in South Africa. To this effect, the latter will draw up an annual report which will be taken into account when the summary report is drafted. This annual report will also assess the impact of this Code of Conduct in the economic and social context of South Africa and in particular the views of the relevant trade union and employers' circles concerning its content and implementation.

S. Africa: Pels,  
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Secretary of State for Trade and Industry

19 December 1985

Charles Powell Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

NBPM

Dear Charles,

EC CODE OF CONDUCT

Colin Budd wrote to you on 27 November reporting EC ministerial agreement to the revised Code of Conduct.

My Secretary of State agrees that the new Code fulfils the remit to strengthen and adapt the earlier Code and that reports submitted under its provisions will provide a useful quarry for demonstrating the positive contribution which British firms make to black advancement in South Africa.

No less important than these considerations, however, is the point that the new Code meets the essential interests of UK firms and should, we believe, be broadly acceptable to them. Indeed, preliminary indications since publication of the revised Code confirm that most UK companies expect no difficulty in meeting the revised Code's requirements. Our resistance to pressures for a mandatory Code and confirmation of the UK interpretation of the previous provisions on minimum pay have been welcomed as, in particular, has been our success in ensuring that EC countries will henceforth adopt comparable reporting procedures to those which we have implemented for the past eight years.

I am copying this letter to Colin Budd (FCO).

Yours ever,  
Michael

MICHAEL GILBERTSON  
Private Secretary

South Africa: Relations Pt 8.

