

RESPECT THE RIGHTS OF EMPLOYEES

always a good idea

What do the OKKO filling stations employees say about their employer?

Petrol filling stations network OKKO, controlled by the Galnaftogaz JSC, is known throughout Ukraine. The European Bank for Reconstruction and Development facilitated the expansion of this network having a long history of relations with Concern Galnaftogaz JSC. The EBRD declares that providing loans to clients prompts them to improve their corporate governance, environmental sustainability and social responsibility. However, Galnaftogaz appears in a row of conflicts with communities where it builds filling stations under the OKKO brand.

Ecoaction aimed to investigate the social aspects of the internal policies of Galnaftogaz JSC through interviews with employees of filling stations. We conducted the interviews in October-December 2021 to analyse the company's employment practices and opportunities to improve working conditions for the OKKO filling stations staff. According to study results, there are several positive practices at OKKO filling stations: compliance with the legislation on official employment, salary payment, sick and vacation days, occupational safety, and the trade union. However, we indicated significant violations of the EBRD policies, the Labour Code of Ukraine, the laws of Ukraine "On Wages", "On Vacations", "On Labour Protection", "On Trade Unions, Their Rights and Guarantees of Activity", as well as the company's internal policies. These violations contrast with the image that Galnaftogaz builds in public reports and external communication. The company should eliminate existing breaches, and the EBRD should refrain from granting loans to clients that violate the law and do not follow the bank's policies, taking into account the status of the EBRD as a Galnaftogaz JSC shareholder.

The consultant conducted 11 in-depth semi-structured interviews with current and former employees of the OKKO filling stations network as part of the study. Among the interviewees, there were seven female operators (cashiers), one junior operator (filling station operator), two commodity experts, and one filling station manager. Six of them work or have worked at filling stations in Kyiv region,

The first OKKO filling station started to operate in Ukraine back in 1999. These petrol stations are part of the OKKO brand, which belongs to Galnaftogaz joint-stock company (JSC) (hereinafter – the company). According to the official OKKO website, the company has 424 gas stations, a network of food establishments, 10 oil depots and 19 stationary and mobile laboratories for controlling the quality of petroleum products. Ten thousand people currently work at the OKKO filling stations.

The company actively attracts loans from international financial institutions for its activities. Thus, in 2020, the IFC (International Finance Corporation) and the EBRD opened \$35 million credit lines each to the OKKO network. Previously, the EBRD twice provided loans to Galnaftogaz JSC for corporate governance development and, in 2009, became a Galnaftogaz shareholder.

As an international financial institution, the EBRD declares the principles of sustainable development and, accordingly, sets specific requirements for companies and states that receive loans and financing from the bank. These requirements are outlined in some EBRD documents, as well as in the internal policies of Galnaftogaz.

three in Vinnytsia region, and one each in Chernihiv and Donetsk regions. All interviewed women were recruited in social networks using the snowball method. The choice of female interviewees was deliberate to obtain women's experience and cover typical problems for this group.

During the interviews with the female employees, experts discussed the issues of working conditions and payment, occupational safety, the impact of work on well-being and personal life. We summarized the signs of violations of the labour law revealed during the interviews, as well as the company's positive and negative practices that affect the employees, particularly in terms of gender equality.

SALARY AND PROFESSIONAL GROWTH

"Providing for the minimum guaranteed level of remuneration that exceeds the legally established level of the minimum wage <...>

Transparency, objectivity and competitiveness of the payment and work motivation system <...>

Providing employees with opportunities for training and professional development... "

→ *Galnaftogaz Corporate Governance Code*

The study showed wages at the OKKO filling stations exceed the legally established minimum. Operators are offered a salary of UAH 8,500-15,000. For junior operators, it is UAH 5,600, which is only 16% higher than the legally established minimum wage. According to data from the job search site Work.ua, the average salary of a filling station operator in Ukraine ranges from UAH 8,000 to UAH 12,000. Therefore, the wage at the OKKO filling stations corresponds to statistical averages. However, in the typical descriptions of vacancies, OKKO guarantees as a benefit "a flexible schedule with a possibility to combine work with studies, additional part-time work or housekeeping". Yet, it is unclear why the company claims it is advantageous to look for another job while working full time.

Moreover, the amounts of official wages do not show an accurate picture, as the employees systematically have to return part of their salary due to shortages, withdrawal of bonuses or fines.

During the interviews, we found out that due to the shortages¹, the employees of the OKKO filling stations receive UAH 700-2,500 less. In the shortage, they also recorded dishes from a "hot showcase" (hot cafe) that were not sold on time or products spoiled due to a broken refrigerator. Interviewees noted that the deduction of shortages from salaries is opaque and depends on relationships with the management. Therefore, this lack of transparency creates a risk of misfeasance.

In addition, the company applies a system of withdrawing bonuses, which the employees sometimes call "fines". For instance, they could be "fined" for insufficient cleanliness (e.g., in the restroom) or for having a "Fishka" loyalty program card at the workplace. In the latter case, as one former employee pointed out, the earned bonuses could be

completely reduced from the monthly salary, and the person could even be fired.

In at least one case, an employee confirmed the practice of applying actual fines. Employees paid money in cash for a specific "misdemeanour", and these funds, unlike shortages, did not go through the cash desk but were given directly to the manager. One of the interviewed employees brought up this practice. Thus, it cannot be considered systematic, but it is illegal.

The interviewed OKKO employees claimed that the company did not always officially pay them for overtime work. Moreover, they were not paid for delays at work related to the influx of customers, handover of shifts, recalculation, or force-major situations. The study revealed the application of a non-transparent payroll system due to secretive bonuses and deduction of shortages. The company did not give the employees decoding by types of payments, the deduction amounts and grounds, and the salary to be paid. It is a direct violation of the Law "On Remuneration".

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"They promised a large salary, but we did not receive it."

junior operator, Donetsk region

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The lack of salary calculation transparency is often the result of improper managerial practices, leading to the risk of biased and unfair remuneration. Therefore, it is difficult to assess the company's compliance with the principle of "equal pay for equal positions".

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"You can come as a pump attendant and then eventually become a manager."

operator, Chernihiv region

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For the career advancement of men and women employees, OKKO introduces training courses. However, to get a promotion, you need to undergo additional training. The surveyed employees usually did not have time for it due to the intensive work schedule and family responsibilities, which in Ukraine often fall on women's shoulders.

Therefore, the company mostly complies with the requirements of the legislation regarding official employment, salary payment, sick and vacation days, and occupational safety. However, non-transparency of bonus accruals, identification of shortages, payment of fines in cash and actual inability of applying opportunities for professional development overshadow these gains. Moreover, some of the findings indicate the breaches of the

¹Shortage is the actual lack of commodity, material, monetary or other values, as compared to those recorded in accounting data.

labour law and the company's Corporate Governance Code.

ENSURING COMFORTABLE WORKING CONDITIONS

"The priority of the Company's corporate behavior is respect for the rights and legitimate interests of employees..."

→ Galnaftogaz Corporate Governance Code

"The client will provide all workers with a safe and healthy workplace, taking into account inherent risks in its particular sector and specific classes of hazards that may be present."

→ EBRD Environmental and Social Policy

Interviewed employees mostly spoke positively about working conditions and safety at the OKKO network. For instance, women who could not work at night were offered day shifts. The company also equipped the filling stations with an alarm button and air conditioners:

"It's always cool in summer, always warm in winter because there are air conditioners..."

operator, Chernihiv region

All interviewees who worked at filling stations during the coronavirus pandemic indicated high protection. Paid sick leave and annual leave are provided at the OKKO network. Managers coordinated vacation schedules with the employees, and in the case of sick leave, they looked for replacements. This approach is quite beneficial considering the overall situation in the petrol station labour market. However, many problems may arise due to turnover and lack of personnel.

The labour law in Ukraine provides two hours break during the working day. The interval between shifts cannot be less than twice the duration of the shift. The law prohibits assigning a person to two shifts in a row. However, the interviewed employees complained about too short breaks at the OKKO filling stations, while their salary was reduced for a two-hour break from the actual working hours.

The biggest problem related to working conditions is the standing work of the station operators. During the study, it was impossible to determine whether specific internal regulations formally forbid operators to sit down during

working hours. In any case, there is no place for staff to sit at the workplace.

The lack of proper breaks in work, standing work and some smaller-scale harmful practices breach the law and go against not only the Galnaftogaz Corporate Governance Code but also the principles declaring the comfort of employees. This work is virtually inaccessible for the elderly, people with disabilities and other vulnerable groups, including pregnant women.

COMPLIANCE WITH GENDER EQUALITY

"While carrying out its activities, the Company does not violate the rights and legitimate interests [of employees], defined by the applicable law of Ukraine."

→ Galnaftogaz Corporate Governance Code

"EBRD will require clients, in their business activities, to respect human rights, avoid infringement on the human rights of others, and address adverse human rights risks and impacts caused by the business activities of clients."

"The client will provide an effective grievance mechanism for workers (and their organisations, where they exist) to raise workplace concerns."

→ EBRD Environmental and Social Policy

Ensuring equality is not only a legal requirement but also an obligation of OKKO according to their internal policies and as a client of the EBRD. Interview participants stated that they did not feel discriminated against. However, we revealed indirect forms of discrimination during the interviews.

Thus, due to the non-transparent payroll system, the financial situation of the employees is unstable. It primarily affects those who rent housing or are raising child/children. Women can depend on the earnings of their partners or their families' support. A transparent payroll system for single mothers is essential to avoid economic poverty and reduce their vulnerability.

Most of the interviewees did not have children while working at filling stations. They noted that among their colleagues, only a few women had children, mostly of school age. The employees stressed that this work schedule is unsuitable for mothers of preschool children, exercising

most of the care responsibilities². It is critical in the context of gender inequality, as it limits the employment opportunities of these women.

"...this is a job for the young and childless."

operator, Kyiv region

In 2020, by order of UNFPA Ukraine, the research agency Info Sapiens conducted a study Involvement of Men in Taking Care of Children. According to the data, mothers care for children under three in 85% of families, and fathers only in 2%. In 4% of families, the father did not work, yet the mother still cared for the children. Only 11% (9% of mothers and 13% of fathers) indicate an even distribution of responsibilities.

Mothers often stay with children if they are sick and look after their health, hygiene, and daily care. Fathers mainly participate in emotional manifestations of care, games and communication.

Female workers did not consider themselves treated less favourably than men. However, the created conditions of non-transparent payroll, complex work schedules and the need to undergo trainings for professional advancement outside working hours complicate the potential access of women with children to work in general and to managerial positions in particular.

PROTECTION OF LABOUR RIGHTS AND GRIEVANCE MECHANISM

«Creating a working environment based on openness, mutual respect and promoting the development of the abilities of each employee and the team as a whole.»

→ *Galnaftogaz Corporate Governance Code*

“The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspect of the employment relationship, including recruitment and hiring, job assignment, compensation (including wages and benefits), working conditions and terms of employment, including reasonable adaptation of the workplace related to disabilities, access to training, promotion, termination of employment or retirement, and discipline».

→ *EBRD Environmental and Social Policy*

In the Guiding Principles on Business and Human Rights, the UN obliges³ businesses to create grievance mechanisms that, together with an effective trade union and state instruments, such as the courts, will promote the realisation of the rights of female and male employees. In its internal policies, Galnaftogaz emphasizes respect for the people it employs. At the same time, the EBRD requires its clients to create complaint mechanisms.

At OKKO filling stations, there is a trade union, Spivdruzhnist, engaging 80% of Galnaftogaz's employees. However, none of the female workers interviewed could name at least one case when the trade union voiced the employees' dissatisfaction with the management or tried to improve their working conditions. Therefore, there are doubts about the independence of the trade union and its ability to conduct a dialogue with the company's management. The trade union at OKKO only periodically distributes gifts. Some workers stated they did not know whether they were members of the trade union. There is an assumption that the trade union was created either for the company's image or to sign documents as a staff representative.

During the interviews, it was established that the complaints mechanism was not working efficiently. Employees could complain about violating their rights through the management vertical, i.e. directly to the filling

²See Research Info Sapiens for UNFPA Ukraine [Involvement of Men in Taking Care of Children](#)

³UN [Guiding Principles on Business and Human Rights : Implementing the United Nations "Protect , Respect and " Remedy"](#)

station manager. In this case, there is a risk of power abuse, whereas relations with management play a substantial role. Employees can also turn to the regional manager or the main office or to the hotline, which is quite an acceptable method. Some female employees indicated that they tried to "reach" the top management but never succeeded. It was also impossible to identify those cases when any of the mentioned complaint channels aided in solving the significant and systemic problems with payroll or working conditions.

A clear manifestation of the insecurity of female workers, during which the trade union could defend their rights, is the widespread practice of illegal dismissal. These cases are registered as voluntary dismissals. However, it was the management informing the employees that they should write a statement of their own free will.

Due to the lack of an effective mechanism for collective and individual protection of labour rights, employees are alone with the employer, which negatively affects the realisation of their rights.

MANAGERIAL PRACTICES

"Company officials must act in good faith and reasonably in the best interests of the company."

→ Galnaftogaz Corporate Governance Code

Insufficient supervision, control over compliance with applicable legislation, internal policies, and an ineffective grievance mechanism within the corporate structure make Galnaftogaz more vulnerable to the influence of the human factor. As the study has shown, working conditions often depend on the local management conduct. The relationship with the management also affects the chances for career growth and ensuring equality at the filling stations.

The interviewees revealed the cases when the management deducted the shortage from their salaries in violation of the law. Sometimes management forced the resignation of filling station employees who could not perform their work duties for a long time being on the sick leave.

"The girl worked as a cashier for six years. Then she became a commodity expert, and there seemed to be an opportunity to switch to a manager. Yet, she tried so hard for two years that she simply wrote an application on dismissal. As she said: "Well, I'm old enough to be a commodity expert, I've worked for two years, and nothing else is being done." Managers

are changing constantly, but she [is not being promoted]."

junior operator, Donetsk region

The lack of an efficient grievance mechanism within the company and an effective trade union makes the human factor critical for labour rights observation at the OKKO filling stations.

RECOMMENDATIONS

Based on the study results, there are the following recommendations for the observance of labour rights and ensuring gender equality at the OKKO filling stations network.

Transparency, objectivity and competitiveness of salary and motivation systems

1. Ensure transparency of salary, bonuses, and compensation for material damage and shortages calculation. The company should create conditions to stop practices of informal payments and deductions, and correctly calculate and pay for overtime hours. Thus, it is crucial to eliminate direct violations of the law, such as non-payment of overtime hours, improper information about accruals and deductions, and transfer of financial responsibility if there is no fault of the employees for the company's losses. It is also necessary to ensure an adequate number of personnel to create conditions for the preservation of material values at the stations.
2. Provide decent and predictable wages that will ensure a decent standard of living, mainly for women with children, as well as eliminate the need for additional part-time jobs. The company should not create a situation where vulnerable groups depend on their more favourable, e.g. due to gender inequality, family members.

Safe and healthy working conditions

3. Consider the possibility of supporting families with children in terms of provision or assistance with their placement in childcare institutions and schools, potentially within the framework of social programs.

4. Ensure compliance with the legally established schedule of shift work, in particular, the frequency and duration of shifts and lunch breaks. The company should eliminate direct violations of the law, i.e. non-compliance with the work and rest regime, as well as to ensure an adequate number of staff to free up enough time for weekends and lunch breaks, e.g. in the event of unforeseen circumstances (for example, sudden illness or personnel dismissal).
5. Provide an acceptable work schedule and conditions for maintaining a work-life balance for employees with family responsibilities, additional medical needs and disabilities.
6. Create comfortable working conditions, eliminate the practice of forcing people to stand work when there is no production necessity, and provide adequate working conditions for people with additional medical needs and disabilities.
7. Introduce adequate provision of protective equipment, consumables necessary for the production process and comfortable work clothes, in particular, considering gender differences; eliminate the conditions under which workers are forced to purchase protective equipment and consumables on their own.

Mutual respect, openness, equality, non-discrimination

8. Make practices of psychological pressure and coercion for dismissal unacceptable at the corporate level; comply with the legislation on dismissal grounds.
9. Create conditions for overcoming the gender imbalance regarding career advancement; in particular, consider the possibility of conducting advanced trainings during paid working hours.

Effective employees' rights protection mechanism

10. Create policies and effective mechanisms to prevent abuses by filling station management, particularly salary paycheck calculation, setting work schedules, career advancement, and termination of employment;

to create practical tools for self-organisation, complaints and resolution of labour conflicts.

11. Create conditions for the independent functioning of the trade union, which will ensure the protection and realisation of the employees' rights.

The listed measures will not only eliminate violations of legislation but also EBRD's and Galnaftogaz' policies. They will also help avoid personnel turnover and staff shortages, which further worsen working conditions at OKKO filling stations and lead to the loss of qualified workers.

Ecodia is a public environmental organization. We bring together experts and volunteers to fight global climate change, greening the energy, industry and agriculture sectors; and we also support local communities and activists in their efforts to protect their rights to a clean environment.