

Unilever signs multimillion-rand settlement agreement with Comp Commission

The Competition Commission and Unilever South Africa have reached an agreement that settles a possible market division case against Unilever. The settlement agreement was filed with the Competition Tribunal on Wednesday, 12 July 2023 for confirmation.



Image source: Marcin Marczak – 123RF.com

In 2017, the Commission referred a case against Unilever and Sime Darby Hudson Knight (Sime Darby) for prosecution for possible division of markets between 2004 and 2013. The Commission's investigation found that the two companies entered into a sale of business agreement, which contained a non-compete clause, which restricted each of them to produce and supply certain pack sizes of margarine and edible oils in possible contravention of section 4(1)(b)(ii) of the Competition Act No. 89 of 1998 (as amended). Sime Darby settled the matter with the Commission in July 2016.

In terms of the settlement agreement, Unilever has agreed to pay an administrative penalty in the amount of R16m without an admission of liability.

As part of the settlement agreement, Unilever has agreed to a range of initiatives including that it will increase the aggregate annual value of its procurement of products and services from local entities by a minimum of R340m for over a period of four years. Additionally, the consumer goods company has agreed to donate hygiene, disinfectant, and oral care products to the value of R3m to no fewer than 18,780 public schools over a period of five years.



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Furthermore, Unilever will establish an enterprise and supplier development fund to the value of R40m. This fund will provide

interest-free business loans to qualifying black-owned entities in the manufacturing, logistics, and wholesale industries in South Africa that meet Unilever's credit and selection criteria. This includes black-owned manufacturing companies requiring start-up funds to enter the logistics, wholesale, and distribution industries.

"With agreements like the one with Unilever, the Commission preserves the spirit of healthy competition, protects the rights of consumers, and paves the way for a thriving marketplace built on integrity and shared prosperity," said Commissioner Doris Tshepe.

The Commission has filed the settlement agreement with the Tribunal, and it is subject to confirmation by the Tribunal.

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