

International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations



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Date: 12 November 2007
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Concerns: Conflict at Rahim Yar Khan factory

Dear Mr. Pestana,

On 4 October, I addressed a letter to you concerning disturbing incidents at Unilever's Rahim Yar Khan factory. These included:

- the surreptitious and unauthorized removal of machinery by management staff;
- the reassignment to posts away from the factory gate of those security guards who had attempted to prevent the removal of machinery;
- the deployment of armed police at the factory;
- the filing of a police complaint against a shop steward and the false accusations against trade union officers made in the complaint.

In that letter I drew your attention to the tension building in the factory as a result of the ever-increasing outsourcing of production and the replacement of permanent with temporary workers. I mentioned that the union had called on management to enter into negotiations regarding the impact of these arrangements on employment security, but that management had refused to negotiate.

On 20 October, the situation escalated with the firing of 292 temporary workers. The majority of these workers had been employed for more than 9 months at the Rahim Yar Khan factory and were therefore legally entitled to permanent employment. Amongst the dismissed workers were 15 who had, in conformity with labour legislation, already applied to the Labour Court for permanent status, and are protected by law from dismissal while their cases are pending.

On 22 October, I received a letter from Mr. Haroon Waheed, Human Resources Director at Unilever Pakistan, in reply to my letter of 4 October to you.

For ease of reference, I include below the contents of Mr. Waheed's letter followed by our comments:

i. Unilever Pakistan Limited is the largest FMCG Company operating in Pakistan for 60 years, providing employment opportunities, both directly and indirectly, to more than 8000 people in five factories and offices across Pakistan. The Company has manufacturing sites in the country.

Unilever Pakistan attempts to present itself as a socially responsible company by stating that it employs 8,000 people in five factories and offices throughout the country. In fact **of the total workforce employed in these five factories there are only 509 permanent workers**. The vast majority of workers are “temporary” despite having worked at Unilever Pakistan’s factories for periods in excess of the minimum legal requirement (nine months continuous employment) after which they should be granted permanent status.

The figure of 8,000 employees is not only misleading, but fails to address the real question of why the highly profitable Pakistan operations of the world’s third largest food company and third largest personal care products company does not provide permanent employment for an estimated 3,000 temporary employees. This is precisely the issue that the Union was dealing with when management began its attack on trade union and worker rights at the Rahim Yar Khan Factory.

ii. The Workers are represented through a Collective Bargaining Agent - Unilever Employees Federation of Pakistan. The relationship between the management and the federation/workers has been extremely congenial in the past and this relationship has been built upon mutual trust and respect.

Unilever Pakistan correctly states that the Unilever Employees Federation of Pakistan has maintained a good bargaining relationship with management in the past and has negotiated collective agreements on behalf of its members. The point is that this relationship has broken down as a result of a series of actions by the management that eroded trade union and worker rights. These actions, including the posting of armed police and Elite Troops at the main factory gate and inside the factory premises, has seriously undermined the “mutual trust and respect” on which this bargaining relationship was based.

iii. The company is among the few employers in the country which offer excellent compensation package, retirement benefits, medical facilities, subsidized food and purchase of company products at subsidized prices to its employees. Contrary to the allegation that we pay starvation

wages, permanent workers earn eight times the statutory minimum wage on the average. Even temporary workers earn 60% more than the minimum wage on the average.

Unilever Pakistan claims that we have accused them of paying “starvation wages” despite the fact that such an accusation was never made. Unilever Pakistan then goes on to state that: “Even temporary workers earn 60% more than the minimum wage on the average.” This statement is not supported by the evidence. According to the pay slips of temporary workers and records obtained by the IUF, temporary workers are only paid the minimum wage of Rs.4,600 per month. In fact when the legal minimum wage was raised from Rs.4,000 to Rs.4,600 in June 2007, the wages of temporary workers were only raised to the new legal minimum **after** the Union demanded compliance with the law.

iv. It is a matter of serious concern that in spite of the above excellent conditions of employment, the discipline in the Rahim Yar Khan Factory has been adversely affected because of the continuously aggressive and negative attitude of the union officials over the last few months.

While Unilever Pakistan blames the current situation on the “aggressive and negative attitude of the union officials over the last few months”, the fact is that the Union negotiated a collective agreement that was signed on 18 August 2007, and tensions arose after management started to undermine trade union and worker rights by moving machinery from the main factory to a third-party contractor on 16 September 2007 without prior consultation with the union, and its filing of false charges with the police against a union shop steward (see points vi and vii below).

v. In one of the recent meetings with the Works Manager and HR Manager, the officials of the employees’ Union threatened to physically assault the HR Manager for initiating disciplinary action against few workers for submitting bogus educational certificates to gain employment.

Unilever Pakistan has misrepresented the Union’s response to “disciplinary action against few workers for submitting bogus educational certificates to gain employment.” The Union has never opposed disciplinary action against workers who use fake graduation certificates to gain employment. The position of the Union in the past (which is on record) is that **if** it is proven that certificates are fake then those workers who are dismissed must be replaced immediately by permanent workers. Furthermore, the Union has demanded that any investigation into fake certificates and disciplinary action be taken within three months of the start of employment, and not after several months which is the current practice. The Union believes it is unfair to suddenly fire workers after several months or a year of employment and claim that employment was gained using false certificates. In the Union meeting with management

on 16 September 2007, the Union expressed its opposition to management plans to replace dismissed workers with agency workers. Management rejected the union's position and the meeting ended. No threats of violence against the HR manager were made at any time.

vi. Prior to the incident of 20 September 2007, few staff members (unionised employees) deputed at the factory gate obstructed the movement of materials/machinery in flagrant violation of the specific instructions of the factory management. This was in continuity of the earlier event (mentioned at (v) above) to unjustly pressurise the factory management.

Unilever Pakistan again misrepresents the events concerning the attempt by management staff to remove machinery from the factory at midnight on 16 September 2007. The simple fact is that in violation of company regulations the Works Manager, Mr. Shahid Rafiq, and HR Manager, Mr. Mohsim Nishat, did not possess a signed gate pass authorizing the removal of machinery from the factory. That is why the security guard, Mr. Ghulam Mustafa, a union member, could not allow the machinery to be removed. Moreover, given the high level of outsourcing already taking place, the removal of machinery from the main plant has a direct bearing on the employment security of Union members. The management's attempts to move machinery from the main factory to a third-party subcontractor without informing the Union contributed to a breakdown in "mutual trust and respect".

vii. The situation worsened, when on 20th September 2007, an office bearer of the union abused and physically assaulted his line manager. The unfortunate line manager had to report the matter to the police in view of the threat to the life of the person. The law enforcement agencies provided prompt support to contain the situation from further aggravation.

Unilever Pakistan is referring here to an alleged attack on the Assistant Manager Materials Store, Mr. Muhammad Nazir, by a Union shop steward and forklift operator, Mr. Jalal Khan. However, since the alleged incident took place within the factory and involved a Union officer during working time, this should have been treated as an industrial relations matter and investigated by the management and the Union before filing police charges.

The version of events given by Unilever Pakistan is also misleading because it fails to mention that Mr. Muhammad Nazir gave two different statements to the police when he filed the police complaint. The IUF has obtained two signed testimonies by Mr. Nazir which were submitted to the police. In one testimony he claims that Mr. Jalal Khan attacked him with a pistol and in the other testimony he claims he was punched in the head. Medical reports show that in the examination by the company doctor immediately after the alleged incident Mr. Nazir had normal blood

pressure [120/80] and no visible injury to his head was apparent. Despite the doctor's advice, no x-rays were ever taken. In fact Mr. Nazir had no further contact with the company doctor.

When the management filed a police complaint against Mr. Khan, it also implicated the Union President, Mr. Muhammad Khalil Shahzad and General Secretary, Mr. Said Zaman Khan, claiming they had threatened the lives of management staff. As a result the police harassed and threatened Mr. Khalil and Mr. Said Zaman, but no evidence was ever produced in support of this absurd accusation.

Mr. Jalal Khan was suspended from his job for a total period of 28 days and was then suspended indefinitely on 30 October. On 22 October, however, the Union had succeeded in winning a stay order from the Punjab Labour Court No.8, Bahawalpur, which meant that management could not suspend or dismiss Mr. Khan. But the company violated this court order by suspending him indefinitely .

viii. There is no truth in the allegation that a casual worker was ever assigned to complete the job of the shop steward. It would also be incorrect to state that any employee/worker has been falsely cited in complaints to the law enforcement agencies.

It is incorrect to claim that "no casual worker was ever assigned to complete the job of the shop steward." On the night of 19 September three temporary workers were instructed by the Assistant Manager Materials Store, Mr. Nazir, to retrieve, pack and send materials to a third-party contractor. This is in violation of the accepted practice that this work can only be done by unionized workers. The next day the Union shop steward, Mr. Jalal Khan, requested that Mr. Nazir meet to discuss what happened. Mr. Nazir refused to discuss the matter and after this brief exchange of words walked away. Later he claimed that he had been attacked. The three temporary workers who carried out this work were accused by management of informing the Union and were terminated on 22 October.

ix. At present we have a situation where it is extremely difficult to operate unless order is restored as well as the personal safety of all our employees is ensured. In view of the serious threats and the recent events, the management has been forced to review the security arrangements, and accordingly place the manufacturing facility under tight security arrangements to thwart any future law and order situation.

Unilever Pakistan attempts to present a situation of indiscipline to justify its new "security arrangements". These arrangements involve the posting of armed police and Elite Troops at the factory 24 hours a day and the transfer of 10 security guards (union members) from the main factory gate to other duties. However, none of the actions by the Union,

including protest meetings, have affected production and not a single day has been lost.

Finally, Unilever Pakistan cites the company's Code of Business Principles, stating that: "Unilever's Code of Business Principles lay emphasis on conducting business operations with honesty, integrity and openness, and with respect for the human rights and interests of the employees." The actions of the Unilever Rahim Yar Khan management have clearly violated Unilever's Code of Business Principles and undermined its credibility. The explanations given by Unilever Pakistan simply cast further doubt on the "honesty, integrity and openness" of the company.

I therefore repeat my call for immediate action by Unilever plc to intervene in this matter. Local management is urged to:

1. Withdraw all armed police and Elite Troops from the factory gate and factory premises and reassign the unionized security guards to their normal duties.
2. Drop the police complaint against Mr. Jalal Khan and cancel his illegal suspension.
3. Undertake immediate negotiations with the Union to resolve this labour dispute.

I anticipate hearing shortly of the steps Unilever plc proposes to take.

Yours sincerely,



Ron Oswald
General Secretary

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