



## Evaluation of the Final Statement regarding the Specific Instance IUF vs Perfetti Van Melle

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### Introduction

On 15 June 2020 the NCP concluded the notification of a specific instance regarding an alleged violation of the OECD Guidelines for Multinational Enterprises by the Perfetti Van Melle Group B.V. (PVM). This notification was submitted by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF).

The notification concerned alleged non-observance of the chapters of the Guidelines on General Policies (Chapter II), Human Rights (Chapter IV) and Employment and Industrial Relations (Chapter V).

The NCP concluded that the specific instance merited further consideration and offered its good offices to both parties. The company, however, first wanted to discuss the evidence of child labour before making a decision on accepting the good offices. This meeting between the parties took place on February 6, 2020, facilitated by the NCP, and resulted in an agreement on some issues between the parties involved. It was also agreed that the NCP would organize an Evaluation 6 months after the conclusion of its procedure. The NCP published the Final Statement on June 15, 2020 in which it included its recommendations. Herewith the procedure on the specific instance was concluded.

For further details on the notification and the followed procedure please see the [Final Statement](#) on the NCP website.

## Evaluation procedure

Standard procedure for an Evaluation is that the NCP evaluates one year after the publication of the Final Statement. The idea is that the NCP gives account, based on information provided by the parties, on what happened with the results of the dialogue and with the recommendations made by the NCP. Usually this process is done in writing, however if parties prefer, a meeting can be held.

In the case of the underlying specific instance, it was agreed to evaluate 6 months after conclusion of the NCP procedure and to hold a meeting.

The NCP initiated the Evaluation December 7, 2020, by contacting both parties on the logistics of the procedure as well as to request a response to the question what happened regarding the agreement made and the NCP's recommendations. Responses were received by January 29, 2021 and the virtual meeting was held March 9, 2021.

Afterwards the NCP drafted the Evaluation and shared the draft with both parties. Parties provided comments after which the NCP finalized the Evaluation and posted it on its website on June 16, 2021.

## Outcomes of the Evaluation

[Outcomes regarding the agreements made between the parties \(see Final Statement par. 5.3\)](#)

During the meeting which took place on February 6, 2020, parties agreed that there was no child labour at that moment in Perfetti Van Melle's factory in Bangladesh and measures were taken to prevent its occurrence in the future. During the Evaluation meeting the parties persisted with this conclusion.

[Outcomes regarding the recommendations \(see Final Statement par. 6\)](#)

The NCP recommended that the parties remain in good contact, ensure that the raised issues of child labour would not (re-)occur and that they take responsibility for these processes at a higher level if needed.

The parties did not have any contact with each other since the meeting of February 6, 2020. The company continued to further strengthen its procedures and measures to prevent possible child labour. Examples are: raising the minimum age from 18 to 20 years (to avoid doubt), age verification via the Election Commission through a third party vendor and usage of a biometric identification verification system (fingerprint identification).

The NCP recommended the parties to remain in good contact regarding the alleged non-observance of the right to freedom of association and the right to engage in collective bargaining, and to ensure full observance of those rights in the company's operations in Bangladesh.

The notifying party confirms that progress has been made in this regard. Collective bargaining negotiations between the Perfetti Van Melle BD Pvt. Ltd. Employees' Union and Perfetti Van Melle have been taking place in Gazipur, Bangladesh. The notifying party repeated its concerns that a local subcontractor, Rahat Corporation, had interfered in the union election by identifying and proposing candidates to run in the election, including relatives of the subcontractor's own management. Also, according to the notifying party, corporation representatives have visited

homes of union members and tried to intimate them into voting for the candidates proposed by the subcontractor.

The company states that it has given all the support to its employees to operate an union and observe all rights attached to it. The PVM Bangladesh HR Director has been in regular contact with the Bangladesh Director of Labor to share full overview and insight in this process as well as status and confirms it is fully compliant with labor laws and practices.

The NCP recommended the parties to discuss what measures can be taken in the context of remedy with a forward looking and preventative perspective.

The company states that since there was no child labour found, no remedy is applicable. PVM Bangladesh has submitted to the Government Authority for approval the apprenticeship policy (3 years training program) covering 35 apprentices starting in January, 2021. This program will give on-job training to develop future technical workers who may compete for any vacant role in the factory or in other organizations.

According to the notifying party, there has been no attempt to remedy any of the alleged harm caused to the children employed in the factory. Also, the company has made no efforts to locate and rehabilitate the children previously employed in its Gazipur factory. However, IUF appreciates the introduction of the apprenticeship program, it would like to have more information and to propose the young workers who were previously employed to this program. PVM will refer IUF's request to the local management.

The NCP observed to its satisfaction that Perfetti Van Melle has decided to phase out as a complicating factor the activities of Rahat Corporation, a local subcontractor.

The notifying party provided information that Rahat Corporation was still actively involved in factory activities on various levels. According to the notifying party, the subcontractor was still supplying about 60 casual workers per day in the period July-December 2020. Furthermore, the subcontractor is also supplying food, machinery and materials. According to the notifying party, involvement by this subcontractor poses a risk and the relationship should be monitored.

The company states that the use of Rahat Corporation for casual labor has been eliminated and over 170 casual workers have been transferred to its payrolls. PVM clarifies that it agreed to phase out temporary work in the factory. This was a substantive operation and a big step forward. It has not completely cut ties with the subcontractor, e.g. it still supplies building materials outside the factory. The subcontractor has a special position in the area and the business relationship is well managed.

The notifying party asked the NCP to clarify the meaning of its observation that Perfetti Van Melle has decided to phase out the activities of Rahat Corporation, as it understood this to mean that the relationship was ended in its entirety not only for labour supply of the factory. The NCP clarified that the phase out measure was taken specifically with respect to temporary work in the factory.

In a forward looking way the NCP recommended that the Perfetti Van Melle management on the global level keeps exercising its due diligence obligations in preventing human rights violations worldwide and keeps supporting local management in this in the future.

The company clarifies the relationship between global and local management. It has its group frameworks in place, the global level is responsible for policies. The company's sustainability policy

also includes a supplier selection procedure. In this regard, the company shared that a chief sustainability officer was appointed at group level, this new position covers also social responsibility. The NCP was made aware that the company also appointed a new managing director of the Bangladesh operation. The company notes that because of COVID-19 it has not been able to visit the factory and see operations, but it did, however, receive reports.

The company's closing remarks involved thanking IUF for drawing their attention to social issues and that it will also in the future be aware of the role of local subcontractors.

IUF appreciates the efforts PVM made but stresses again the need for awareness on the possible role of local actors such as the Rahat Corporation as their continued presence in itself generates human rights risks.

### Conclusion of the NCP

The NCP appreciates the company's efforts to prevent the occurrence of child labour. The NCP underlines the importance of preventative measures concerning this human rights violation and fundamental ILO convention.

Concerning the right to collective bargaining and freedom of association, the NCP is, on the one hand, happy to hear that collective bargaining negotiations are taking place and a successful outcome is foreseen. On the other hand, it is worrisome if indeed a subcontractor is applying practices of influencing and intimidation. The NCP notes that when working with subcontractors these business relationships pose a potential risk and require permanent monitoring. Companies should recognize their responsibility in preventing and mitigating negative impacts.

The NCP appreciates the establishment of an apprenticeship program for young workers as a form of forward looking preventative measure.

Concerning the phasing out the business relationship with Rahat Corporation, the NCP commends PVM for transferring over 170 casual workers supplied by the subcontractor to own employees. This reduces the risk for future human rights violations considerably. It is also satisfied with the awareness the company showed by recognizing the subcontractor's influential position in the region and that it would stay vigilant as to its other business with the subcontractor.

Concerning human rights due diligence PVM made an important step to appoint a Sustainability Officer at group level. As human rights due diligence involves responsibility for the whole supply chain, so beyond tier 1, this person can help to make the next necessary steps in this regard.

The NCP has taken note of the appointment of the new managing director of the Bangladesh operation of PVM, which will hopefully safeguard even more the good performance in all aspects of the company in Bangladesh.

Overall, the NCP is happy the company made important steps with regard to preventative measures concerning child labour, with regard to collective bargaining and right to freedom of association. It is also happy to hear from both parties that the NCP procedure played a significant role in addressing successfully the issues raised in the specific instance. The NCP would like to thank both parties for their constructive attitude in this process.

The role of National Contact Points (NCPs) is to further the effectiveness of the OECD Guidelines. The Dutch government has chosen to establish an independent NCP, which is responsible for its own procedures and decisions, in accordance with the Procedural Guidance section of the Guidelines. In line with this, the Dutch NCP consists of four independent members, supported by four advisory government officials from the most relevant ministries. The NCP Secretariat is hosted by the Ministry of Foreign Affairs. The Minister for Foreign Trade and Development Cooperation is politically responsible for the functioning of the Dutch NCP. More information on the OECD Guidelines and the NCP can be found on the [NCP Website](#)

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