



services limited

## **Allegations of Union Busting in Montenegro by InBev**

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### **1 NUS Services contract details**

#### **Contracts**

Brewed products - contracts end April 2010 (draught products)

#### **Listed brands**

Stella Artois; Tennents (packaged only); Leffe ; Staropramen; Brahma, Bexks, Hoegarden.

#### **Contacts**

- Guy Meynell National Account Manager, InBev UK Limited
- John Stacey, Vice President, People Central & Eastern Europe
- Marc Croonen, Vice President, People Western Europe & Global Industrial Relations

### **2 InBev**

In August 2004, Belgium-based Interbrew and Brazil-based AmBev announced they were merging to form the world's largest global brewing company, InBev.

### **3 Background**

On 17 March 2006, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) sent out an email alert relating ongoing issues in Montenegro. The communication contained the following information:

- Following Interbrew's 1997 acquisition of the Trebjesa AD brewery in Niksic, Montenegro, the average monthly wages dropped from €321 to €87, and 243 of the 547 workers had been laid off. In response, workers at the factory in the Union of Trebjesa AD Brewery (SDSPT) twice took strike action, leading to a formal written commitment by Interbrew to negotiate a collective agreement. Interbrew subsequently did not respect the agreement and refused to negotiate.
- The union entered a third strike in May 2002. Interbrew responded with a lockout. It later sacked more than 50 employees, forty-five of which were active participants in the May 2002 strike, including SDSPT President Bozidar Perovic.
- In September 2002, with the dispute stalled and attracting negative publicity, Interbrew accepted the IUF proposal to meet in the Croatian city of Dubrovnik to negotiate a settlement. Representatives of the IUF Belgian affiliates CCAS-CSC and FGTB-Horval, representing most of the workers' union membership in Belgium, were also present. Interbrew agreed to put an end to the four-month dispute and to resume salary negotiations, and guaranteed that the 303 brewery workers would all start receiving their wages again. Interbrew signed an agreement to protect union members and strikers from any discrimination and sanctions and to lift suspensions and all legal processes against fifteen leaders of the strike committee. The agreement was endorsed by Trebjesa workers who returned to work shortly after its conclusion. Interbrew guaranteed that it would honour the agreement in its entirety.

- Although the other strikers were reinstated, in breach of the agreement, union president Perovic was not reinstated. In 2003 and 2004, Interbrew was twice found guilty in Montenegrin courts, which declared Perovic's dismissal illegal and ordered his immediate reinstatement with retroactive compensation for lost income. However, no job was found at Interbrew-Trebjesa for union President Perovic, who had meanwhile been re-elected and confirmed in his union position and still technically remained an Interbrew employee. Despite regular new hiring at the facility, local management insisted that Perovic's previous position had been eliminated and his skills did not qualify him for any other assignment. Perovic has 34 years of experience at Interbrew and two 'best employee of the year' awards. He was placed on forced leave in April 2005. The unofficial story from local management was that InBev headquarters would not allow his reinstatement and that there was no chance that he would return to work at the brewery. On 06 June 2005, Perovic reported for work but was sent home again. Suspended until November 2005, he was once again made redundant, despite the fact the Company had never recognised that he had been reinstated.
- In late 2005, InBev sent Human Resources Manager Marc Croonen to meet with IUF Secretary General Ron Oswald in Brussels. At the meeting, Croonen committed himself to coming back with an answer concerning Perovic's right to receive his salary arrears for the period he was illegally kept away from work, plus a fair compensation for his treatment by the company. The IUF state that Croonen has not yet responded.
- InBev informed the Belgian unions that Perovic would be paid a compensation sum. Perovic's employment was again terminated in January 2006 and the only compensation he was offered amounted to €19,185 - which he refuses to accept as fair and just.
- New union elections will take place in Spring 2006 and workers are subjected to company pressure not to re-elect him.

#### **4 What the IUF are seeking**

- Implement the 2002 Dubrovnik Agreement guaranteeing full protection for union members and strikers at Trebjesa from intimidation and retaliation by local management.
- Honour the signed agreement to reinstate and provide full, fair and appropriate compensation to Montenegrin brewery union President Bozidar Perovic.
- Enter into meaningful negotiations with unions at Hoegaarden and Bellevue breweries for the preservation of jobs, brewing diversity and local cultural heritage.
- Provide unions with clear, concrete information on the company's long-term plans in Europe and enter into negotiations on a European-wide agreement for the restructuring of European operations.

#### **5 InBev's response**

In response to a request for comments on the IUF email of 17 March 2006, on 23 March 2006, NUS Services received the following text from John Stacey and Marc Croonen at InBev.

*Regarding Montenegro, the Dubrovnik Agreement signed in September 2002 specifically stated that "no discriminations or sanctions against strike committee members or strike participants" would be taken.*

*At the end of 2002, following the new systematization in the brewery initiated in 2001, 47 employees from different educational backgrounds had to leave the company. Some of them were strikers, some others were not. We certify that, in no cases, participation in strike action has been used as a decisive or discriminating factor.*

*Regarding the individual case of Bozidar Perovic, we complied with the April 4, 2005 Higher Court decision as we reemployed Mr. Perovic and compensated him for all salaries dating back to his original termination date. After local management initiated a restructuring program in the fall of 2005, our workforce was reduced by 78 employees, including Mr. Perovic. At that time, we proposed a severance package exceeding the collective labor agreement.*

## **6 IUF email alert on 31 March 2006**

On the 31 March 2006, the IUF sent an email alert responding to InBev's communications with the IUF:

- In addition to the high number of May 2002 strikers sacked, the Company also paid a €700 individual bonus to non-striking workers during the strike and lockout that year. Following these layoffs, the company hired new employees.
- The 2005 High Court ruling confirmed the 07 July 2003 ruling which stated that InBev 'is obliged to reemploy and to reinstate the plaintiff (Perovic)' and that 'the court finds the defendant violated the Dubrovnik agreement [...] in which it was agreed that there would be no sanctions towards strikers or strike organizers.' Additionally, Article 140 of the Montenegrin Labour Code states that union representatives cannot be made redundant, reassigned or transferred during the whole duration of their elected mandate up to six months following the expiration of that mandate even if their position is no longer needed by the company. InBev failed to comply with the law and with the court rulings. Perovic was placed on annual leave on the same day of his reinstatement on April 13, 2005. Management made him redundant in June and terminated his employment in January 2006 without allowing him to re-enter the plant to return to his job. Reinstatement is commonly taken to mean reinstatement to the job, not, for a limited time only, to the payroll.
- On 04 July 2005, the plant's Executive Director Aleksandar Tomic wrote the union: 'after receiving the decision of the court in Niksic, we have contacted our headquarters and on 27 November 2003 we received their reply that our majority owner was willing to invest in the brewery, but only if there were stable social conditions, and that the workers that were made redundant were not hired again'. If that wasn't clear enough, the minutes of the 08 November 2005 meeting between Trebjesa management and the union - signed by both parties - expressly record management stating: "regarding the case of Perovic... his reinstatement at the brewery will not be allowed even at the cost of halting all investments at the facility.
- The company continues to reject all union demands to enter into negotiations (not information and consultation) on an all-European framework for managing the employment consequences of European restructuring. This rejection was reiterated on 09 March 2006, when the company showed it was not willingly to seriously negotiate the issues, clearing the way for strikes on 28 March 2006.

## **7 Meeting with InBev 02 October 2006**

After an exchange of letters, on 02 October 2006 NUS Services' Ethical & Environmental Committee met with Chris Johnstone (Communications Director), Duncan Marsden (Account Director) and Lesley Shaw (Board Member) of InBev UK. InBev stated that, in relation to the OECD case, the judge has ruled that both parties should move to remediation and it was expected that this process would start imminently.

## **8 Mediation results in a settlement**

On 26 June 2007 InBev informed NUS Services that the parties had '*reached a mutually satisfactory resolution to the issues, which include general industrial relations practices at the brewery in Trebjesa, Montenegro and the termination case of former union president Bozidar Perovic. The detail of the discussions and the terms of the resolution are confidential and cannot be publicly shared*'.