



EFFAT

EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM TRADE UNIONS

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Unilever Don't Need Private Equity to Destroy the Company

The European trade unions representing workers in consumer goods giant Unilever joined with the company's European works council to speak out against the company's contempt for employees, unsustainable short-termism and the lack of foresight that is leading the company astray.

Unilever, the makers of many globally branded consumer goods from Surf detergent and Dove soap to Knorr foods and Slim-fast, made an announcement in August saying that they plan to slash some 20,000 jobs. The announcement was made to an audience of financial analysts and journalists. Workers' representatives in the European works council and other bodies with entitlements to be informed and consulted ahead of company decisions had to find out about it from the newspapers.

Workers were angered but not surprised by the nature of the announcement. Harald Wiedenhofer, General Secretary of EFFAT said, "it is outrageous that Unilever should show so much contempt for its obligations to employees. However, we are getting depressingly familiar with the reality that while management talks about growth they are really just engaged raiding the company's assets. In fact, management have been downsizing for years in order to boost the share price through buybacks and dividends. In 2002 they extended share options to 7,000 managers around the world. So, now they are all in it together. Of course, this sort of autocannibalism is totally unsustainable but managers don't seem to care about the consequences of their actions if they think it will boost their bonuses."

He added "It is important to understand that the viability and profitability of plants is no defense in the eyes of Unilever. They will do whatever it takes to generate the cash they want to bolster the share price. They have even been taking on debt they don't need while continuing to give away the company's cash to investors, just like a private equity fund would. So far they have had pretty limited success because they never tackle the real problem, which is the lack of vision at the top of the company. But they never seem to learn".

Indications are that that the latest round of cuts will be focused on Europe where it is estimated that 10,000 – 12,000 jobs will go. Mr Wiedenhofer said, "it looks like the company will be carving up a lot of its European operations one slice at time in different countries over the next few years. However, this will not stop us in the trade unions from working together to defend the workforce and to expose the scale of this senseless destruction that Unilever are currently engaged in.

We have agreed to hold common European actions in December including a demonstration in Rotterdam. However, we will not stop there. Unless they see sense, Unilever are going to have a fight on their hands"