

4th of December 2017

Mr. Malik Habayeb
Middle East Researcher and Outreach Assistant
Business & Human Rights Resource Centre

Dear Mr. Habayeb,

Greetings,

With reference to your email dated 24 November 2017 and the 3 Articles referenced therein as published by "Al Fajr", "Al Dostoor", and "Al Tahrir" newspapers.

We would like to thank you for allowing us the opportunity to present our response to the offensive and groundless allegations made by the mentioned newspapers and the sources thereof.

TCI Sanmar Chemicals is one of the largest Petrochemicals production facilities in the MENA region and the biggest Indian investment in the Arab Republic of Egypt and it has recently increased its investment in Egypt to reach a total investment of USD 1.5 Billion and it is sourcing livelihood for more than 3,000 direct and indirect employees.

TCI Sanmar has very much invested in promoting and maintaining the highest levels of compliance with the legal and regulatory frame work applicable in Egypt, with particular consideration to the environmental standards and the standards related to the safety and health of the employees and the residents of surrounding areas. In this regard, we refer to our letter to your good self-dated 9 August 2017.

In relation to the above mentioned articles and the completely false, groundless and offensive allegations, we detail below our reply to these allegations.

First: Background of the TCI Sanmar' s environment protection and occupational health and safety compliance and Employee's approach of extorting the company for financial benefits on basis of allegations of environmental and safety compliance allegations:

- a. As previously explained in our letter dated 9 August 2017, we stress that TCI Sanmar has established and maintains a state of the art facilities ensuring that it is in full compliance with the highest international standards of environment protection and occupational health and safety standards.
- b. TCI Sanmar continuously upgrades its technology and as a result it is able to maintain the most effective utilization of Energy and natural resources which has a direct impact on limiting the negative effect on the environment by saving energy and natural resources.



- c. TCI Sanmar is under close supervision of the Environment Affairs Agency and TCI Sanmar fully complies with all regulations and instructions mandated by the Environment Affairs Agency and its branches and divisions.
- d. In March 2017, a special committee, constituted of Environment Affairs Agency, Port Said Governorate, Occupational Health and Safety Department of the Ministry of Man Power, representatives of the Egyptian Parliament and university professors, has inspected the plant and concluded that no violations existed and was impressed with the plan implemented by TCI Sanmar for the development of the safety and environment protection measures.
- e. TCI Sanmar is strictly applying the highest standards of occupational safety and health and regularly provides training session and programs to all its employees and provides the best safety and health gear.
- f. TCI Sanmar has applied the best firefighting systems to predict and extinguish fires.
- g. The employees of the company has established a pattern of putting pressure on the company periodically to acquire undeserved huge financial benefits. At the end of each year, the employees start making financial demands and when rejected by the company, the employees threaten the company with illegal labor strikes and considering that they do not have any legal basis for initiating a legal strike, the employees resort to making allegations of violations on the part of the company to justify their illegal actions. This may be historically proven by analyzing this pattern and the fact that TCI Sanmar had a strike at the last quarter of each year which is resolved by granting the employees additional financial benefits. In the last 10 years, the average salary of TCI Sanmar employees increased by approximately 1200%.
- h. In light of the above, TCI Sanmar stress that the approach of the employees is to extort the management by starting illegal strikes which result on huge financial and reputational damages and to support these illegal strikes by falsely alleging that the company violates environmental regulations and occupational health and safety standards, which further inflicts substantial reputational damages on TCI Sanmar.

Second: Details related to the November 2017 labor strike:

As a background of the recent labor strike and relevant incidents, we outline below the details of this illegal labor strike and the outcome thereof up to date:

- a. Starting 9/11/2017, more than 55 of the plant's employees, without any notice or introduction, started an illegal labor strike by breaking into the plant's main control room and coercing the responsible engineer to shutoff the plant. The responsible engineer tried to convince them that shutting off the entire plant without following the standard procedures might result on many technical complications that might lead to disastrous results such as explosions and leaks. However, they threatened to physically harm him, therefore, he had no option but to oblige and shut off the plant.



- b. Once TCI Sanmar' s management learnt of these actions, it immediately tried to reason with the relevant employees to cease these actions. However, the employees replied that they will not allow the plant to start operations before the management start negotiating their requests. Additionally, these employees intimidated and threatened all employees willing to start the plant and finally, they locked the main control room and prevented anyone from entering the same.
- c. Once the management realized that employees will not end their illegal strike peacefully, it informed its legal counsels to take all legal actions necessary to notify the police authorities to interfere and prevent any disasters from happening.
- d. On 11/11/2017, TCI Sanmar' s legal counsel filed the police report No. 1715/2017 at Port Said Police Department.
- e. The public prosecution requested the investigations of the police department which concluded that 6 employees are leading the strike and incited more than 55 employees to participate in this strike by shutting down the plant and preventing the company vehicles from entering to receive the products ready for shipping.
- f. The public prosecution ordered the 6 leading employees to be apprehended for questioning.
- g. On 20/11/2017, in a dangerous development, the employees shut down the cooling towers responsible for cooling the Chlorine, which if allowed to continue would have resulted on vapping the Chlorine into the air causing serious pollution to the surrounding area and critical public health problems. This was immediately reported to the police, national security and Environmental Affairs Agency, which caused these authorities to interfere immediately, apprehend the responsible employees and allow the remaining employees to start the cooling towers and the plant.
- h. As a legal characterization of the actions of the employees, they are considered to have violated many laws and regulations, in particular:
 - 1. Article 7 of the Law No. 107 for the year 2013 regulating peaceful demonstrations and gatherings which prohibits non peaceful demonstrations and gatherings leading to cessation of production or threatening and endangering persons or hindering the operations of public services and utilities. Article 19 of the same law provides for a punishment of imprisonment from 2-5 years and/or fines from EGP 50,000 – EGP 100,000.
 - 2. Article 361 of the Egyptian Penal Code prohibiting the intentional sabotage of private assets and funds. The same article provides for punishment of imprisonment for a period not exceeding 6 months and/or fine not exceeding EGP 500. In case the crime resulted on hindering the operations of public service or utility or in case it



endangered the health or safety of citizens, the punishment shall be imprisonment for a period not exceeding 5 years and fines not exceeding EGP 100,000.

3. Article 375 of the Egyptian Penal Code incriminates any person who forcefully or by means of intimidation violates the rights of third parties to work . The same article provides that the punishment of the said crime is imprisonment for a period not exceeding 2 year and a fine not exceeding EGP 200.
 4. Finally, the above actions is in clear violations of Article 192 of the Egyptian Labor Law regulating the right of employees to strike as the involved employees started the labor strike without following the statutory regulations and they resorted to illegal methods to strike. In this regard, Article 69 of the Egyptian Labor law provides that illegal strike is a gross fault justifying the dismissal of the employee/s participating in the illegal strike.
- i. In light of the above, the public prosecution and police authorities initiated criminal legal actions against most of the participating employees.

Third: TCI Sanmar' s approach to solve the problem and avoid the criminal liability of employees involved in the above crimes:

- a. Upon the requests made by the involved employees and the mediation of other employees of TCI Sanmar, the management of TCI Sanmar in order to avoid the grave legal implications which is likely to damage the future of the involved employees and their families has accepted to reconcile with the accused employees and withdraw its claims.
- b. However, TCI Sanmar insisted that the participating employees cannot continue working at the plant as they will continue to impose risk on the smooth operations and stability of the plant. Moreover, continued working in the plant will give a message that such crimes may go without consequences which is not acceptable to the company's management.
- c. While the company had sufficient legal grounds and evidence justifying the legal dismissal of the involved employees without granting them any end of service compensation, the company decided in good faith to accept the resignation of the involved employees and granted them substantial end of service compensation ranging between EGP 300,000 to EGP 500,000 per each employee.

Fourth: response to allegations made by the above mentioned newspapers articles:

In light of the above details and information, we list hereunder TCI Sanmar' s response to the numerous false and groundless allegations mentioned in the 3 referenced newspapers articles.

a. Al Fajr Newspaper:

1. The above mentioned article mentioned that the illegal strike in November 2017 was initiated as a response to the death of more than 1 employee due to work incidents on, which is a completely false and offensive allegations and similar accidents



would definitely had a record at the relevant authorities which the article publisher did not care to confirm.

2. The article mentioned that a judgment was rendered against managers of TCI Sanmar in relation to incident involving the death and injury of several employees. This is a completely false allegations as there is no final judgments proving the death or injury of employees due to the fault of TCI Sanmar managers.
3. The Article mentioned that the company management dismissed 22 employees. This is a completely false allegation. Despite the fact that more than 55 employees were involved in crimes and material labor violations, the company did not dismiss any employees and all involved employees have willingly submitted their resignations and received substantial end of service compensations in return.
4. The Article mentioned that the company continues its approach to dismiss employees due to the requests of the employees to apply the legal standard for occupational health and safety. This is completely false allegation as the company did not dismiss any employees. Moreover, the company is fully in compliance with the applicable standards and regulation related to environment protection and occupational health and safety which is duly established as per the inspections and reports made by the competent governmental authorities.

b. Al Tahrir Newspaper:

1. The article conveyed many false accusations allegedly made by the company's employees, in particular, the article mentioned that TCI Sanmar has killed many of the company's employees, which is an outrageous and offensive allegation that the publisher did not exert the least effort to confirm. There is no record of any TCI Sanmar employees dying in the plant of TCI Sanmar.
2. All investigations with TCI Sanmar employees were in relation to accusations with crimes as above detailed and it is not true that these investigations were to compel the employees to accept working under dangerous circumstances.
3. Although the Article is alleging that there is death incident in the plant of TCI Sanmar, the Article failed to provide any details regarding such incidents although it provided the names and details of deceased employees of another plant in a failed attempt to draw attention to the Article by associating the name of TCI Sanmar to death incidents in a completely different company.

c. Al Dostoor Newspaper:

The Article alleged that the labor strike was initiated by the employees as a result of an explosion which resulted on the death of an employee of TCI Sanmar and the injury of another 6 employees. This is a totally false allegation as there is no such explosion and there was no incident which has resulted on the death of any employees.



On a relevant front and as a general note, it is worth mention that there was a single death incident which has taken place in the plant of TCI Sanmar in 2016. The deceased employee, Mr. Mohamed Ahmed Al Belessy, who passed away on 24/7/2016 as a result of an occupational incident, was working as an employee of the Egyptian Maintenance Company, a contractor undertaking maintenance work in the plant of TCI Sanmar. All the formal and internal investigations and the police report and coroner report proves that the deceased passed away as a result of suffocation and not in a "Huge Explosion" as falsely claimed. All investigations undertaken in this regard proved that the main cause of the incident was the deceased employees entrance into a column to undertake maintenance job which was assigned to the maintenance contractor without taking the necessary safety measures applied by the company, which was assigned and supervised by the maintenance contractor and its engineers and not by TCI Sanmar. This is evidenced also by the fact that the heirs of the deceased worker filed a claim for compensation by virtue of the lawsuit No. 1282 for the year 2016 (circuit 4 Civil) Court of Port Said. The mentioned court has established in its judgment that the heirs of the deceased employee are entitled to a compensation payable by the contractor and not TCI Sanmar as the judgment established that no fault can be attributed to TCI Sanmar. The mentioned judgment is a public record and the above details can be confirmed by reviewing the case file.

On a final note, we hope that our above submissions have clearly and duly conveyed our views on the allegations presented to you and we invite you to visit the plant of TCI Sanmar to examine the situation first hand and further investigate the matter. Moreover, we urge you to contact all concerned public authorities who will confirm all statements made in this letter.

Yours Sincerely,
for TCI Sanmar Chemicals SAE



P S Jayaraman
Chairman