

Gamma Holding N.V.
Panovenweg 12
P.O. Box 80
5700 AB Helmond
The Netherlands

Human Rights Watch
Attn. Mr. Arvind Ganesan
350 Fifth Avenue, 34th Floor
NEW YORK 10118-3299
USA

Date 27 July 2010

From Michiel Dams

Reference 1007-0024b-MDa

Telephone +31 492 56 66 07

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Dear Mr. Ganesan,

Thank you for your letter dated 10 July 2010. In this letter you address two specific issues related to the events at the Star City, Arkansas National Wire Fabric ("NWF") facility and matters related to NLRB case no. 26-CA-22394, on which we are invited to comment.

./ First of all you assume that U.S. National Contact Point (the State Department official responsible for handling OECD Guidelines complaints) took no action on the Union's complaint under the OECD Guidelines. This assumption is not correct. On 6 February 2007 we received via email the attached compliant from the Dutch National Contact Point. On 16 March 2007 we had a meeting with two representatives of the National Contact Point in our offices, during which we discussed the subject matter.

./ Following the ratification of a new labor agreement and the termination of the strike, the Union informed the U.S. State Department that no further actions would be necessary by the U.S. State Department concerning the allegations of violations of the OECD Guidelines by NWF and our company. We kindly refer to the attached email dated 3 May 2007. The Dutch National Contact Point was informed of the same and we understand that the case was subsequently closed.

Your second understanding about the Union's offer for an "unconditional return" is also incorrect. We have been informed that during negotiations for a new collective bargaining agreement, despite the best efforts of NWF, the Federal Mediator and the State Mediator, the Union decided to go on strike to try to force what NWF believed to be unreasonable terms and conditions of employment on NWF. During the course of the strike, NWF remained willing to engage in negotiations to bring the strike to a conclusion and reach an acceptable collective bargaining agreement. NWF met at any time the union or the Mediators asked it to meet. NWF continued to make counteroffers to try to resolve the strike. Only after the strike had lasted for over a year and NWF had been able to continue its operations during the strike, did the Union seek to end the strike.

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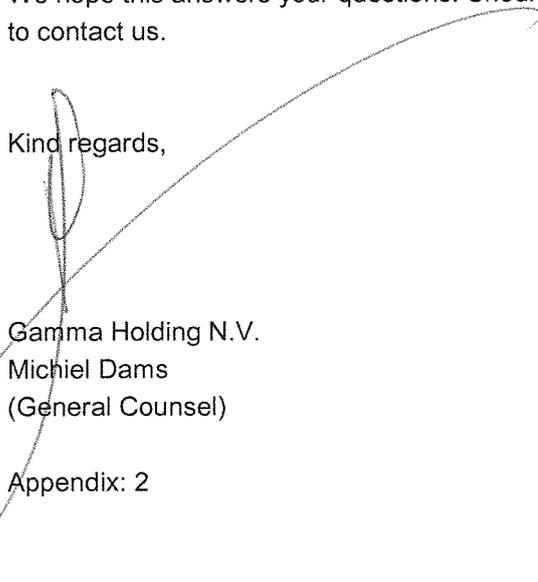
However, the Union at no time made an "unconditional offer to return to work". The Union did abandon the strike effort, and made a request to negotiate over the terms under which the striking employees would return to work. The first demand of the union included the discharge of all bargaining unit employees working at NWF. NWF at all times continued to negotiate in good faith to reach an acceptable collective bargaining agreement and an acceptable solution to the return of striking workers. While NWF rejected the Union's initial demand, it continued negotiating with the Union, making numerous counterproposals to resolve the issues. In April 2007 these efforts were finally rewarded when NWF and the Union reached an agreement on both the collective bargaining agreement and an agreement for the terms under which the striking workers would return to work, without the termination of any employee. These agreements were subsequently ratified by the Union membership.

It should be noted that at the conclusion of the three-year collective bargaining agreement in question, NWF and the Union successfully negotiated a new one year contract, without incident.

During the course of these negotiations, an unfair labor practice charge was filed against NWF alleging that it violated the National Labor Relations Act when it offered a vacated supervisory position to some of the striking employees. During the negotiations with the Union to resolve the issues of a new collective bargaining agreement and an agreement on the acceptable terms for the return of striking employees, NWF also successfully settled this pending unfair labor practice to the satisfaction of NWF, the NLRB and the Union. The settlement included a non-admission clause under which all parties agreed that NWF was not admitting any violation of the law.

We hope this answers your questions. Should you have any additional queries, please do not hesitate to contact us.

Kind regards,

A large, handwritten signature in black ink, written over the typed name and extending upwards into the "Kind regards," line.

Gamma Holding N.V.
Michiel Dams
(General Counsel)

Appendix: 2

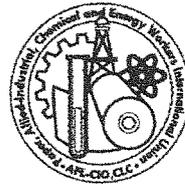
United Steelworkers



Building Power

USW

Merged April 14, 2005



February 2, 2006

Leo W. Gerard
International President

Director, Office of Investment Affairs
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

Re: Gamma Holding NV

Dear Sir or Madame:

I am writing to you in your capacity as National Contact Point for the United States regarding an urgent matter relating to the OECD Guidelines for Multinational Enterprises. Specifically, I am writing to advise you of breaches of the Guidelines by Gamma Holding, a multinational enterprise headquartered in the Netherlands, and its U.S. subsidiary National Wire Fabric (ANWF@) in the treatment of employees working at NWF=s facility in Star City, Arkansas. Management of Gamma and its subsidiary have engaged in a pattern of conduct designed to deprive them the benefit of representation by their union, the United Steelworkers of America (AUSW@), successor to the Paper, Allied Industrial, Chemical & Energy Workers International Union (APACE@). It is this conduct by Gamma and its American subsidiary that constitutes breaches of the Guidelines, and for which you as National Contact Point should assist in resolving pursuant to the directives of the Guidelines. As described below, the refusal of Gamma and its US subsidiary to agree to reinstate its employees who engaged in a lawful strike is a purposeful effort by the enterprises to prevent settlement of the labor dispute and thereby destroy the union. This and other acts committed by the enterprises represent serious violations of the Guidelines.

Because of the nature of these enterprises = abuses of their workers = rights and the potentially devastating effect on the free exercise of these rights by NWF workers in the future, the USW urges your office to communicate with the National Contact Point for The Netherlands regarding this dispute, and to request that the Dutch NCP engage representatives of Gamma. Further, the USW urges your office to engage representatives of Gamma and NWF in this country regarding this matter

United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International Union

Pittsburgh Office: Five Gateway Center, Pittsburgh, PA 15222 • 412.562.2400



immediately, and to intervene in order to facilitate a prompt resolution of this dispute.

The OECD Guidelines

As you know, the OECD Guidelines are designed to promote responsible conduct by multinational enterprises and to facilitate resolution of disputes arising in their operations. Moreover, the OECD Council directs that National Contact Points for member governments should assist in resolving problems that may arise between multinationals and their employees in matters covered by the Guidelines.

Gamma and NWF's conduct with respect to its Arkansas employees constitutes a serious breach of the principles stated in the General Policies and the Employment and Industrial Relations sections of the Guidelines. Among the relevant principles is that Enterprises should take fully into account established policies in the countries in which they operate, and consider views of other stakeholders. @ A General Policies @, OECD Guidelines, 2000 Revision. Further,

Enterprises should, within the framework of applicable law, regulations and prevailing labor relations and employment practices:

1. (a) Respect the rights of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employees = associations, with such representatives with a view to reaching agreements on employment conditions;
2. (b) Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment.
 - (c) Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.
3. (d) Enable authorized representatives of their employees to negotiate on collective bargaining or labor-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorized to take decisions on these matters. @

A Employment and Industrial Relations@, OECD Guidelines, 2000 Revision.

The enterprises conduct in this matter has breached all of these principles. Management has manipulated the collective bargaining process to avoid coming to terms on a new collective bargaining agreement with the USW resulting in a strike by its employees, and then in response to the strike, conditioned entry into a new agreement

on retention of replacement workers in lieu of returning strikers. The enterprise's sole aim in this instance is to destroy the union at the site.

Background: Union Representation of NWF' s Arkansas Employees

PACE's predecessor, the Pulp, Sulphite & Paper Mill Workers Union, represented the employees of the Star City facility beginning in 1963. NWF was privately owned until it was purchased by Madison Filter Group, Ltd. of Great Britain in the early 1990s. Gamma Holding took control of Madison=s parent entity effective December 1, 2001. In 2005 Gamma reorganized this division of its business, including NWF and Madison Filter, into a new subsidiary, Clear Edge. Clear Edge has manufacturing facilities and sales operations a round the world.

A new, five year collective bargaining agreement was negotiated by PACE and Madison Filtration in 2000. In 2002 and 2003 the Company began to make unilateral changes to the terms and conditions of employment without bargaining with the Union. The Union filed several unfair labor practice charges with the U.S. National Labor Relations Board, which were only withdrawn after management agreed to meet with the Union about the issues. Some workers of the Star City facility were Atemporarily@ laid off in 2003; to date, none of the laid off employees has been recalled. PACE merged with the USW effective April 14, 2005; USW Local 1671 is the local union affiliate representing the Star City employees.

2005 Contract Negotiations and Aftermath

The parties exchanged bargaining proposals on February 15, 2005, and met for two sessions in late February and early March. On April 18, during only the third bargaining session between the parties, NWF stated its desire to have a representative of the Federal Mediation & Conciliation Service (AFMCS@) present for future bargaining. On May 5 NWF presented what it called its Afinal offer@; the Local 1671 membership rejected the offer by a 100% vote. On May 15 NWF then presented another Afinal proposal@ and maintained that the parties had reached impasse. The proposal was also rejected by Local 1671 members. NWF agreed to another meeting, but announced its intention to terminate the agreement

effective June 8. The Union submitted a request to NWF for additional information regarding work rule changes. On June 8 NWF terminated the agreement, ceased deduction of union dues, and suspended the arbitration provision of the contract.

Additional proposals were exchanged during meetings in early July, and the USW made a further counterproposal on July 23. Despite the fact that some information

requested by the Union had still not been produced by NWF, and despite the continued flexibility reflected by the USW's counterproposals, NWF continued to insist that the parties were at impasse, and on July 23 announced that it was implementing its last offer. In response, the 56 bargaining unit employees struck. On August 2 and thereafter, NWF hired approximately 20 replacement workers to attempt to operate the facility during the strike.

On August 20, the FMCS invited the parties together to negotiate an end to the strike and an agreement to return the striking employees to work. The USW reiterated its previous counterproposal and proposed immediate return of the strikers and displacement of the replacements. NWF indicated that the offer would have been acceptable prior to August 20, but by then it was too late. On August 26 NWF informed the FMCS that it would accept a back to work agreement for all strikers, and a joint meeting was scheduled for September 2. On September 2, however, NWF reneged, and informed FMCS that it insisted on retaining the replacements instead of reinstating all of the strikers. FMCS representatives apologized for the Company's actions, and the meeting ended.

There have been several altercations between the striking employees and NWF's replacement workers, contractors and vendors. A replacement worker exposed himself to female strikers on picket duty. On October 17 a delivery driver drove his truck into two strikers standing outside the plant gate, colliding with union banners, chairs and signs, and nearly killing the two employees. The driver was charged with criminal assault; the two employees were treated for their injuries at a local hospital.

In November a delegation of USW and Local 1671 officials traveled to The Netherlands and met with Gamma corporate executives, including CEO Meint Veninga and Human Resources Director Fokko Keun. Representatives of FNV Bondgenoten, a major Dutch industrial union, were also present to facilitate the discussion between the parties, as the Dutch union has a long and cordial relationship with Gamma. In the meeting, however, Gamma maintained its fixed position on the issue of the replacement workers, even in the face of deteriorating production levels and knowing that their position undermines the collective bargaining process and prolongs the strike.

Bargaining meetings in mid-December and mid-January 2006 produced no agreement. NWF management continues to insist on retaining the replacements instead of reinstating all returning strikers, even if it means continuing to diminish production of the Star City operation and leaving 30-year employees out of work. NWF insists that nonunion replacement workers would stay in the plant and union members could return to their jobs only if new job vacancies occur. NWF's intent is to ensure that only a small proportion of union members would return to their jobs and thereby rob the ability of the union to maintain its majority status at the plant and to preserve its legal position as the collective bargaining representative for workers. Acceptance by union members of this offer by NWF would mean most union members would be denied the opportunity to return to their jobs and the end of union representation at the plant once a one-year period elapses in July 2006. These are the core issues that prevent settlement and ratification of an agreement by our members

It is clear that Gamma and NWF's intent is to punish their employees for exercising their right to strike, and to intimidate the employees from exercising their rights in the future. Furthermore, representatives of NWF implied that they could not respond to certain proposals without consulting with Gamma.

Gamma's Violations of the Guidelines

As this chronology makes clear, Gamma's conduct has violated various aspects of the Guidelines. It has failed to engage in constructive negotiations with the Union, and the position it has taken in negotiations does not respect the right of its employees to engage in collective bargaining, and undermines the bargaining process. In so doing, Gamma and its subsidiary have failed to promote consultation and cooperation with its employees chosen representative. The Company failed to provide all information requested by the Union, and declared impasse despite its failure to provide the information. Finally, in the latest series of meetings between the parties representatives of the American subsidiary indicated that they could not fully address the Union's proposals without consulting with the Dutch parent.

The most troubling aspect of Gamma's conduct is its insistence that its employees who engaged in a lawful strike in support of their position in collective bargaining B many of them with decades of service to the Company B will not be reinstated, even if the parties reach agreement on a new collective bargaining agreement. This is in effect a death warrant for these employees careers, the economy of the community in which they live, and for the free and unrestrained exercise of their rights to join a union, engage in collective bargaining, and, if necessary, engage in a lawful job action in support of their union's position in

collective bargaining. Gamma's position completely undermines the collective bargaining process, and violates the letter and the spirit of the Guidelines.

Given the serious nature of the violations committed by Gamma and NWF, the USW urgently requests that your office meet with representatives of the USW and the AFL-CIO, and raise this matter with representatives of Gamma and NWF, in order to facilitate resolution of this dispute in a manner consistent with the Guidelines. Further, because these labor policies and conduct of labor-management relations have been overseen by the Dutch parent, the USW requests that you engage the National Contact Point for The Netherlands and urge that party to intervene with responsible officials of Gamma there.

If you require additional information related to the breach of the Guidelines, please contact Joseph Drexler, USW Strategic Campaigns, at 615-594-2074.

Sincerely,



Leo W. Gerard
International President

C: John Sweeney, President AFL-CIO
John Evans
Henk v.d. Kolk
Arno Dahlman
Henk Walravens
Neil Kearny
Fred Higgs
Marcello Malentacchi
Gary Beevers
Lloyd Walters
Barry Strange

Dams, Michiel

Van: Russell Gunter [rgunter@cgwg.com]
Verzonden: vrijdag 4 mei 2007 16:20
Aan: Keun, Fokko; Dams, Michiel; Rick Von Drehle; Jetze Bouma
Onderwerp: FW: USW Settlement of Labor Dispute with Gamma Holding and National Wire Fabric

For your information, the United Steelworkers have requested that all proceedings before the OECD be withdrawn.

Russell Gunter

From: Breaux, Mickey [mailto:MBreaux@usw.org]
Sent: Thursday, May 03, 2007 4:35 PM
To: Russell Gunter
Subject: FW: USW Settlement of Labor Dispute with Gamma Holding and National Wire Fabric

FYI

From: Drexler, Joseph
Sent: Thursday, May 03, 2007 4:30 PM
To: HatcherJN@state.gov
Cc: Breaux, Mickey; Strange, Barry L.
Subject: USW Settlement of Labor Dispute with Gamma Holding and National Wire Fabric

Dear Mr. Hatcher:

I am hereby notifying you that the USW in Star City, Arkansas has ratified a new labor agreement with National Wire Fabric in Star City, Arkansas. This means that the strike and labor dispute have ended.

Therefore, no further actions will be necessary by the U.S. State Department concerning our allegations of violations of the OECD Guidelines by National Wire Fabric (NWF) and Gamma Holding, the parent company of NWF which is based in the Netherlands.

We will appreciate it if you would notify the National Contact Point in the Netherlands of this.

Sincerely,

Joseph J. Drexler
Manager of Strategic Research and Planning
United Steelworkers, AFL-CIO, CLC

This inbound message for GAMMA HOLDING has been checked for all known viruses by KPN IV-Scan, powered by MessageLabs.
