

## Comment from MA Arain sent to SwedWatch 2007-03-17

Dear Ms. Kristina Bjurling,

Thank you very much for sharing with us your research report. It, indeed, provides an insight of the nature and status of the industry highlighting some of the fundamental issues the industry is confronted with today. We sincerely consider it as an opportunity to deal with some of these issues that fall in our ambit. It would definitely help us to bring improvements in making our industry socially benign to satisfy our worthy clients on the one hand, and on the other would help us to improve the working conditions of our workers who are the back bone of the industry. We would like to assure all concerned that we stand committed to provide decent work environment to our workers.

The report is quite rich in its contents and substance and has narrated the facts in an effective manner. However, in some of the areas related to our company M/S M.A.Arain & Brothers, some of the facts seem to have been either misunderstood or mis-communicated. We attribute these to the weak communication on our part. For convenience sake we would like to comment on these paragraph by paragraph, as follows:

1. Under the title “Case Study: Sialkot, Pakistan”, last paragraph gives the impression as if, during your visit of the factory, the factory management had told the factory workers to stay home to avoid meeting you. This does not seem to be making sense as most of the workers were present during your visit. Only a few did not come. As a matter of fact we did give them the option to stay home as your visit was immediately after eid holidays, and it is customary among the workers in Sialkot to take some time to resume their full pace of work. As such, generally they are bit lousy and relaxed during the days immediately after such festivals and having many days off. Since there was also no rush of work in the factory, therefore, in order to make your visit more peaceful and less noisy, we gave them the option if they liked to take more days off along with the eid holidays. Keeping them away from you would not have served any purpose to us as you have yourself mentioned in your report ( Page 4 ), “Yet if the factory had been full, all the departments had good ventilation and good lighting”.

2. Page 4, last paragraph, mentions that Tariq Mehmood told the SwedWatch’s local guide not to show you the small workshops as this would give bad impression. Yes, Tariq Mehmood did tell him so as M/s Arain & Brothers do not, generally work with small workshops. Therefore, Tariq feared that these small workshops might be wrongfully linked or associated with Arain & Brothers.

3. Mentioning about the union in the factory, it is a fact and there is a union in our factory as explained to your during your visit.. However, this may also be the fact that the employees BRIC interviewed did not know much about it as they might not be interested in union affairs. It is needless to say we do not discourage any union forming/ activity in our factory as it is the legal right of workers. In fact, in addition to a Workers Union, there is also a Workers Council set up some time last year ( documents enclosed, election result, 1-4).

4. In the same paragraph the report mentions that the employees do not get double pay for overtime, no annual bonus, and no health and safety training. Please note that we pay 1.5 times overtime amount than normal. However, we are clarifying this point with as per Pakistani Law. We do pay annual bonus and attached documents – Bonus charges (for the period June 2006 ), are the testimony to the fact.

Yes we do agree that we did not provide any formal training on health and safety to our workers, although informal n the job training does include the health and safety issues related to particular jobs. However, we do accept it as a weakness and we are instituting integrated measures to make up this deficiency.

5. About filming in the factory premises, sometimes we have limitations in view of restrictions to expose our production processes due to trade secrets and business competitions. Therefore, please accept our apologies in this regard.

6. Regarding the complaints of employees about their income far too low to cover their basic costs, it is true. The cost of living in our country is quite high as compared to incomes whereas the family size in Sialkot is as high as 7.6. However, M/S Arain & Brothers tries to be as fair as possible with their employees. We definitely pay the minimum legal wage to our employees. In majority cases the salaries are higher than the legal wages. We try to compensate the employees in many other ways. For example: in addition to paying for their social security to the government, in their crucial needs we pick up their medical costs. We refer them to our designated doctors/ clinics and we pay to the doctors directly. This not only includes medication costs but in many cases the costs of surgical operations as well. (Attached one of the bills paid last year to SIALKOT MEDICAL COMPLEX HOSPITAL). In addition the workers are given interest free personal loans against their salaries which are deducted from their monthly salaries in easy installments. The amount of installments is suggested by the workers themselves.

7. Page 5, last paragraph gives impression that we warned our employees to deny you interviews at their homes. This is not true. This is evident from the fact that you did talk to some of them at their homes.

8. Chain of sub-contractors: Out sourcing some of the production processes are basically important aspects of the nature of the surgical industry in Sialkot. Being quality conscious, M/S Arain & Brothers always try to engage those contractors who produce quality work and in order to support the cause of child labour, who is registered with ILO's project on child labour elimination in surgical industry. As such we avoid any intermediaries. Since, in our knowledge, we never engaged Mr. Gulzar, as a contractor or through any intermediary, therefore, we do not know about Mr. Gulzar's complaints.

9. Page 7 first line talks about the young boy working at Gulzar's workshop. Here, it mentions that 17 years old boy works at the factory for the last four years. It gives the impression as if the workshop is synonymous with factory. This needs correction, as the young boy works at Gulzar's workshop and not the factory.

10. Although the working conditions at the contractors' workshops are not the direct responsibilities of the companies. However, as a surgical manufacturer conscious of social corporate responsibility, we are concerned about it. That is how we make concerted effort to engage those contractors who give weightage to the working environment at workshops. Taking advantage of the findings of your research study, we would like to reiterate that we are fully geared to re-organize ourselves for becoming more socially responsible and benign. In this regard we are instituting some immediate measures such as:

- Signing an agreement and an undertaking with all our contractors/ subcontractors obliging them to follow certain minimum standards in regard to working conditions as well safety norms at their workshops;
- Designating one of our employees to be our internal monitor to monitor the working conditions at the workshops of our contractors/ subcontractors;
- Encouraging our employees to make the Workers Council functional and more effective;
- We are also seriously considering the feasibility of engaging the agencies like IMAC to do special monitoring of our factory as well as our vendors/contractors/subcontractors;
- In order to ensure the safe work environment at our factory, we will develop an integrated occupational health & safety policy and plan. Through this we will manage to carry out annual risk assessment at the factory operations and accordingly develop mitigation plans.

We sincerely hope that the above suggested measures, once implemented, would help us in bringing improvements in the working condition in our factory. In the end we once again thank you for taking trouble to come to Sialkot and pointing out the weaknesses in our factory. We are determined that the collected efforts of our workers and the management would bring the desired betterment in our affairs.

We would feel pride in inviting you again to our factory, so that you could appreciate the improvements.

We hope you will be able to modify your final report according to our above details and informations.

Thanking you once again for all your efforts

With kindest regards

Tariq Mehmood  
Admn. & Export Director