HUL (Kodaikanal) Plant's Environmental Degradation & Workers' Battle for Compensation: A Case Study

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Hindustan Unilever had a mercury thermometer manufacturing plant in Kodaikanal, a hill station in India. The factory dumped the toxic industrial waste of mercury into the surrounding forest and water bodies. The improper handling of toxic materials inside the factory premises resulted in chronic health issues for the employees. Though the plant was closed, the massive wastage in the residential and surrounding forest areas remained uncleaned. The workers' issues should have been attended to. This case describes the prolonged battle between social activists and HUL employees for compensation and justice for the environmental degradation caused by the factory. The case draws its theoretical perspective from the 'open system approach' to discuss IR-related concepts such as safe and healthy working conditions, human rights, environmental responsibility, recycling waste efficiency, and business ethics.

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Introduction

The HUL thermometer factory issue was of a high-profile nature, grounded in environmental and labor disputes, unfurled in Kodaikanal, Tamil Nadu, India. The case encompasses Hindustan Unilever Limited (HUL), a well-known subsidiary of the multinational consumer goods company, Unilever. HUL operated a thermometer factory in Kodaikanal spanning from 1983 to 2001. The factory was charged with causing acute environmental pollution and health hazards due to mercury contamination resulting in adverse consequences for the local community. The case focused on corporate social responsibility, worker safety, and corporate ethics igniting widespread rage and calls for accountability. The present case highlights the background of the incident, details of events, and managerial

implications focusing on the complex dynamics between critical stakeholders-HUL, the local community, workers, and the environment. It has vital implications on several managerial aspects, accentuating the importance of employee health and safety, CSR, environmental management, compliance, employer branding, and ethical leadership. Organizations must learn from this case and integrate them into their practices and decisions to ensure responsibility and sustainability.

Kodaikanal Won't

"Unilever, the well-known FMCG giant, dumped toxic mercury in Kodaikanal (a popular hill station in Tamil Nadu, India) thus poisoning its workers and the forest. For 14 years, Unilever did nothing to clean up the contamination and compensate its affected workers and their families, despite claiming its social responsibility."

These are the first opening texts shown in the 'Kodaikanal won't' rap video[1] by the Chennai-based singer cum environmental activists Sofia Ashraf. The video firmly demands that the FMCG giant Hindustan Unilever (HUL) clear its mess in the Kodaikanal unit, where they dump the toxic waste. Within two days of release, the video had gone viral and attracted 783,533 worldwide views as of August 3, 2015. The video promoted a campaign on social media and appealed for boycotting of the products of HUL. It pressured the HUL to compensate the workers and restore the environmental degradation due to the toxic wastage at Kodaikanal. The video brought corporate responsibility concerns into the limelight, attracting more supporters for the agitation against the environmental damage done by Hindustan Lever Limited at Kodaikanal.

About Unilever

An Anglo-Dutch multinational corporation, Unilever has its operations spread globally. It is a giant media purchaser globally, spending approximately eight billion USD in 2010 on publicizing its more than 400 brands in vast arenas like sustenance and refreshments. Hindustan Unilever has many famous brands in its portfolio in India, like drinks, cleaning specialists, cleansers and shampoos, individual consideration items, and water purifiers. It has a 67% controlling stake in Unilever. Its products have reached every household in India, and every Indian consumes at least one product. Hence it becomes vital to understand the modalities of its business practices in the Indian diaspora.

Every home in India is likely to consume at least one product of Unilever; hence it is more important to investigate the fairness of its business practices.

HUL Factory, Kodaikanal

Hindustan Lever's thermometer plant at Kodaikanal had a checkered history. The manufacturing plant, which was initially in Watertown, New York, was closed for natural reasons. Cheesebrough Pond's Inc, initially located in the US,

[1]https://www.youtube.com/watch?v=nSal-ms0vcI

shifted its thermometer manufacturing factory to India in 1983 due to strict US environmental regulations because of mercury's toxic effects**.**

Unilever's subsidiary, HUL, took over this thermometer plant while Chesebrough Pond was acquired. The factory was in Kodaikanal, a verdant slope station in the upper Palani Hills in southern Tamil Nadu. It is one of the famous tourist places and hill stations in India. The hill is home to a rich biodiverse forest ecosystem. It is part of an industrious watershed that merges into the Pambar River.

The town is estimated at 21 sq km, with a populace of 32,000. Unilever's processing plant was obtained after it purchased Chesebourgh Pond's proprietor of HUL, which is Unilever's five percent-controlled Indian back-ups. The plant was one of the giant thermometer plants in India. Unilever imported the required raw material for thermometers, like mercury and glass, from the United States. The factory's annual production was 163 million thermometers using approximately 900 kg of mercury. The US-based Faichney Medical Co. exported these thermometers to Europe and the US.

The industrial facility that produced glass mercury thermometers for fares was part into two main areas:

Ï% The first area changed over glass tubing into void thermometers, stems, and knobs. Glass scrap from the primary area was sent to reuse glass vendors.

The second area, filled with mercury, denoted the scale, fixed the end, and pressed. The two territories, working with glass, created extensive amounts of the scarp. Glass from the second zone containing mercury was first treated (smashed and warmed) to recoup the mercury.

Back in 2001, a heap of broken glass thermometers contaminated with mercury was discovered by public interest groups from the interiors of Shola Forest. They suspected the mercury factory to be the source of that disposal, triggering a heating rage in that locality involving agitation from multiple stakeholders (Razzaque, 2011). HUL was forced to shut down its operations at Kodaikanal on June 21, 2001, in response to those agitations over violating environmental norms.

HUL's Violation

Mercury is a toxic metal that, when changed over into deadlier structures, such as methyl mercury, is discharged into nature. Mercury exposure, even in a small dose, may have toxic effects, pose a danger to the child's development in utero, and have serious health issues. Research says that even the annual discharging of 1 gram of mercury in a water body can pollute to such an extent that fish from that lake become unfit for human consumption in the long run. Thus, the waste disposal by the factory could have caused extremely severe health issues for the individuals residing adjacent and even far away; hence, WHO categorized mercury as one of the top ten

chemicals that may cause significant public health issues[2]. Therefore, it is vital that handling and disposing of such wastes should be done carefully according to environmental norms.

Toxic Waste to the Environment

The factory was registered as a "glass manufacturing unit," which was a significant flaw. This was inadvertently permitted to be set up in a residential area bordered by a watershed forest. It is said that approximately 7 tons to 15 tons of broken mercury-stained glasses contaminated with mercury were sold by Unilever to local scrap collectors and recyclers unlawfully, violating the company's operating policies[3]. All water from the plant was directed to a devoted profluent treatment plant. Ooze from the profluent treatment plant was dried, stuffed in plastic drums, and put away in the pit nearby undercover. Thus, the toxic wastes of mercury were left to remain nearby to its site at Kodaikanal. The former workers and residents there exposed this in a scrapyard in Moonjikal, which happens to be a buzzing place in Kodaikanal town. Amid the examinations, it was likewise discovered that the processing plant-covered glass scrap on the site after fitting administrative endorsements. The Pambar stream goes through the woodlands beneath the back mass of the manufacturing plant and streams down to the Kumbhakarai cascades, a famous traveler showering site. Underneath the cascades, the stream outperforms into waterways spilling out of the Vaigai dam. Those waters arrive down south. The inclines where the squanders are dumped a piece of the Pambar Shola watershed, depleting water through the Pambar River.

It was also found that HUL had deposited mercury wastes in massive quantities in the area behind its plant. Even today, thousands of tons of these wastes are found inside and around the factory, poisoning the surrounding environment. Approximately 5.3 tons of glass scrap with 0.15% residual mercury stored at one of the scrap dealers' premises was retrieved as claimed by the company[4]. The proper amount of total mercury concentration in the environment is not more than 0.01mg per liter, according to the Environment Protection Act 1986. According to IS 105000: 2012, the BIS standard for drinking water stipulates mercury levels of not more than 0.001 mg per liter.

This was evacuated from the plant premises in breach of the company's policies and procedures. Some reports claim that around 30 tons of this glass waste were transported illegally to various buyers, including a few who use this for making marbles for children.

Later in March 2001, Unilever unearthed more than 40 tons of toxic waste from the plant's premises. Under the

[2] https://www.who.int/news-room/fact-sheets/detail/mercury-and-health

[3] https://www.conservationindia.org/articles/unilevers-mercury-fever-dumping-toxic-mercury-in-a-biodiversity-hotspot

[4] https://www.conservationindia.org/articles/unilevers-mercury-fever-dumping-toxic-mercury-in-a-biodiversity-hotspot

'Hazardous Waste Rules (Management and Handling), 1989', the law strictly prohibits dumping mercury-contaminated wastes in any form in India.

Before its shutdown on the Tamil Nadu Pollution Control Board (TNPCB) orders, during its operations, HUL only bothered a little to adhere to compliances related to safety at the workplace and mercury waste handling and disposal. It was found that approximately 600-800 workers got exposed to mercury poisoning[5] at its site because of unsafe work practices and deliberate negligence of HLL in not alerting and educating workers about the harmful effects of exposure. This triggered many health issues among the workers, and several started complaining of kidney and related problems.

Close to 45 (some of them between the age group 22 and 35) were dead in those 18 years. Workers there complained that those deaths were due to mercury exposure. Thousands of residents in the vicinity of HUL, too, started facing various health issues like skin diseases, premature graying, headaches, stomach pain, kidney problems, and blood traces in the urine (Davis, Voss, Sumner, & Singhal, 2021). It is well known that prolonged exposure to mercury in the environment can harm the health of living beings. The mercury vapor inhaled gets dumped in the cerebrum, heart, and kidneys and can also enter the placental hindrance to impact the embryo in pregnant women. Along with health issues, it also led to significant financial hardships among the residents there.

Role of NGOs & Civic Bodies

Local communities, employees, and environmental groups demanded from Unilever monetary compensation for the affected workers, cleaning the toxic waste in the surrounding, and apologizing to the community. Some social activists, such as Tamil Nadu Alliance Against Mercury (TNAAC), contended that HUL followed no protocols in disposing of the toxic waste. In March 2001, the local workers' union and Greenpeace led a public protest to close the factory. The report also highlighted the higher employee absenteeism and voluntary withdrawal due to health issues. A health audit survey of the HUL employees conducted by a Bangalore-based organization suggests that many were having health issues that were caused due to mercury exposure. Issues (Jayaraman, 2001)

Palni Hills Conservation Council (PHCC)[6] cautioned that toxic had been disposed of onto the slopes leading to Pambar Shola, the nature sanctuary. PHCC, in association with Green Peace, demanded HUL to:

- not to use mercury in the factory.
- ensure employees' safety and health.

[5] 'Unilever's Mercury Fever,' http://indiatogether.org/environment/articles/unilever.htm

[6] Palni Hills is the Eastern spur of the Western Ghats Mountain range in the South Indian state of Tamilnadu. PHCC is an organization working to promote the sustainable development of this region.

- conduct an inquiry into the mercury contamination caused within the plant's premises and the surrounding environment
- clean up the places in Kodaikanal where they have dumped the waste
- assess the current and ex-workers health issues due to mercury exposure and compensate them.
- accept responsibility for the damage to the employees, residents, and Kodaikanal Hills degradation (Greenpeace, 2001)

Sonia Ashraf, the local rapper, and activist, made the video 'Kodaikanal won't,' which went viral and attracted global attention to the issue. The music video — a remix version of American rapper Nicki Minaj's 'Anaconda'- highlights workers' health issues. The NGO Jhatkaa.org released the video. The video urged the public to sign the online petition.

HUL Stand

A comprehensive medical examination of the employees by the Industrial Toxicology Research Centre (ITRC), another medical examination as demanded by the Tamil Nadu Pollution Control Board (TNPCB), and by the Supreme Court Monitoring Committee concluded that there was not enough evidence to relate the present factory workers' health problems to the exposure of toxic materials (mercury) in the plant's premises during their employment. The National Institute of Occupational Health (NIOH) and the All-India Institute of Medical Sciences (AIIMS) acknowledged the same.

The company also maintained 18-year documents of all employees' monthly urine and blood sample tests. This shows that HUL had been complaining about the regulatory norms. These tests are considered one of the best methods to assess mercury's impact on health. The reports were made available to civil society institutions, including the Tamil Nadu Government's Chief Medical Officer. An audit on environmental risk assessment was carried out by the environmentalists URS Dames and Moore, who failed to find any adverse effect on the environment, except in some parts of the factory premises[7]. The company did not dump the toxic mercury waste behind the factory premises. Some local vendors have bought mercury-contaminated glass in breach of the company's guidelines. The company immediately inquired about this. The 7.4 tons of glass waste scraps were recovered and sent, under the supervision of local NGOs and TNPCB, to the US for recycling in 2003[8].

In November 2001, the company settled the total compensation amount to the affected employees. The compensation was much higher than the legal requirement. The employees were provided with jobs in HUL's different units. But many have denied accepting[9]. By this

[7] Kodaikanal Mercury Factory – Contamination, https://www.hul.co.in/about/our-position-on/kodaikanal-mercury-factory/

[8] Update on Former Kodaikanal Factory, https://www.hul.co.in/about/our-position-on/kodaikanal-mercury-factory/update-on-former-kodaikanal-factory.html

agreement, however, the company is not accepting that they have done health and environmental damage. This is done to ensure the well-being of the employees[10].

In 2006, the workers' union of HUL filed a petition in the Madras High Court (HC), asking for financial compensation, as many victims still suffer from significant health issues such as renal and neurological disorders (Razzaque, 2011). In a significant victory for the social activists and workers, on March 4, 2016, Unilever agreed to offer an undisclosed ex-gratia amount, thus ending the 15 year-long battles. HUL signed an agreement with the workers' association comprising 591 former workers and families. After signing the agreement, the workers' association withdrew the petition from Madras HC. The HC also endorsed the agreement. HUL did not reveal the compensation, but employees and social activists were satisfied[11].

While the workers' settlement was over, the company also proposed a cleanup standard. The environmentalists criticized it as much lower than the guidelines followed in developed countries.[12] In 2018, after getting permission from Tamil Nadu Pollution Control and different statutory bodies such as the Hill Area Conservation Authority, Forest Department, and the Department of Industrial Safety and Health, HUL started full-scale soil remediation in the affected area.[13]

Recent Developments

HUL has recently cut 300 trees from its defunct mercury plant at Kodaikanal. Some socialists have alleged that this action has further washed off around 100 kg of mercury from the contaminated soil in the nearby Pambar Shola wildlife sanctuary. On the other hand, HUL has defended, claiming that it was not a reckless move and that the intent was to do the soil remediation. Only time will tell HUL's ethical intentions in their actions to compensate for the ill deeds of the past. Although all the work is done under NEERI supervision, the social activists and the community have lost trust in HUL and see the act as an eyewash[14].

[9] HUL & former employees of Kodaikanal factory sign settlement, https://www.hul.co.in/news/press-releases/2016/hul-former-employees-of-Kodaikanal-factory-sign-settlement.html

[10] Question & Answers on Employee Settlement, https://www.hul.co.in/about/our-position-on/kodaikanal-mercury-factory/question-answers-on-employee-settlement.html

[11] Unilever settles dispute over mercury poisoning in India (https://www.theguardian.com/environment/2016/mar/09/unilever-settles-dispute-over-mercury-poisoning-in-india#:~:text=The%20Indian%20arm%20of%20global,one%20of%20its%20manufacturing%20plants).

[12] After 15 years, Unilever settles with Indian factory workers over mercury poisoning. (https://www.washingtonpost.com/news/worldviews/wp/2016/03/09/after-15-years-unilever-settles-with-indian-factory-workers-over-mercury-poisoning/)

[13] HUL to commence preparatory work and trials for soil remediation, https://www.hul.co.in/news/press-releases/2017/hul-to-commence-preparatory-work-and-trials-for-soil-remediation-at-former-factory-site-in-kodaikanal.html

[14] https://www.thehindu.com/news/national/tamil-nadu/activists-say-300-trees-cut-at-hul-kodaikanal-factory-site/article36009318.ece

Conclusion

It took 15 years from the onset of the crisis to do the final settlement with the workers and other stakeholders. Some reports also say that the compensation incurred in the settlement, cleanup, and legal battle was more than the money earned in that unit's 18 years of business[15]. The case was the first-ever litigation moved by industrial workers against industrial health hazards in India.

The case also highlights the crisis management of the HUL leadership team. The company immediately stopped production when it received residual mercury glass scraps found behind the factory premises and launched an investigation. Based on the investigation, the company recovered close to 7.4 tons of scraps from the local scrap dealers and exported them to the US for safe recycling. To assess the environmental issues, the company employed the leading environmental consultants of the world and submitted the reports. The company has also worked towards restoring the environment and soil remediation as recommended by the TNPCB and National Green Tribunal. On the complaint of health issues, HUL launched several rounds of medical examinations by a different panel of doctors to establish that employees' health problems were unrelated to mercury exposure. The company also got these reports endorsed by AIIMS and NIOH, countries' apex medical institutions. Finally, when the ex-workers went to court demanding economic rehabilitation in 2006, after four years of the final settlement, the company compensated an ex-gratia amount to them for their livelihood and skill upgradation.

There are several significant, far-reaching managerial implications of this case.

Employee health and safety: The case highlights workplace health and safety concerns. It emphasizes the criticality of providing a safe working environment abiding by all the safety regulations, and tackling workers' issues about hazards and risks at the workplace.

Environmental Management: The case focuses on the need for uncompromising environmental management practices in all industrial operations. It stresses the need to continuously monitor their actions' environmental impacts and take proactive measures to address them.

Corporate Social Responsibility: The case also brings our attention to the significance of strong CSR practices for organizations, especially hazardous ones. It is essential that organizations categorically prioritize their duties and responsibilities towards their multiple stakeholders and proactively adopt sustainable practices to prevent any adverse effects on them.

Employer branding: The case also highlights the significant negative impact of the malpractices on the brand reputa-

[15] When Crisis Led To Environmental Responsibility: The Story Of Hindustan Unilever, http://www.businessworld.in/article/When-Crisis-led-to-Environmental-Responsibility-The-Story-of-Hindustan-Unilever/03-09-2020-316189/

tion. It strongly advocates that companies should proactively focus on transparency, responsiveness, and accountability to protect their brand image. Employer branding is critical to an organization's success, so managing it intellectually is critical.

Compliances: The case also highlights the legal and regulatory implications of non-compliances related to the environment, health, and safety. It stresses the need to adhere to the standards, laws, and regulations for the proper functioning of an organization.

Ethical leadership: The case also emphasizes the need for ethical leadership to drive organizational success. It advocates that leaders should display the highest level of integrity and demonstrate a high commitment toward ethics aligned with organizational principles.

In conclusion, the HUL Kodaikanal thermometer factory case has far-reaching implications on various managerial aspects, emphasizing the importance of responsible corporate behavior, environmental management, employee safety, stakeholder engagement, legal compliance, ethical leadership, and reputation management. Companies must learn from this case and integrate these lessons into their managerial practices to ensure sustainable and socially responsible business operations.

Case Study Questions

The case of HUL raises several interesting questions. Despite many statutory bodies that monitor the industries and their regulatory frameworks, the company managed to discharge environmentally hazardous materials to the environment. Does it necessitate the employees' or workers union's representation in regulatory bodies such as TNPCB to blow the whistle?

Second, in the case of HUL, civic bodies, NGOs, and social activists played a significant role in unearthing the environmental damage and employees' health problems and getting compensation. Should social activists also be included in industrial relations in addition to the management, workers, and government?

Third, there are many small-scale textiles, dyeing cum bleaching units in and around Tirupur[16] that discharges their factory wastages into the Noyyal River. It causes substantial environmental damage to the surrounding agricultural land[17]. The local and national media have covered the same. However, unlike HUL of Kodaikanal, those factories continue to function (Yasmin & Imran, 2018). The social activists and other environmental bodies failed to put pressure to close these units. Is it because of HUL's MNC identity? Do the activists have a dual standard for domestic and multinational companies?

[16] A city in Tamil Nadu, the hub of cotton knitwear export.

[17] India's Textile City of Tiruppur is an Environmental Dark Spot, https://thewire.in/environment/australian-open-tiruppur-dyeing-bleaching-groundwater-contamination-agriculture-noyyal-river

Fourth, what is the role of HR concerning human rights policy? Also, how significant is the role of HR interventions in such an industry? A few to mention are: information and training management of contaminated sites to ensure employee well-being regarding important information shared and safety training given in critical areas. Another critical area is 'Exposure monitoring' in keeping a check on the exposure to contaminants by employees or nearby communities and health surveillance programs for workers exposed to a hazardous substance. Similarly, the case highlights the role of competent supervisors who ensure that safe procedures are regularly updated and meticulously followed. Finally, what can governments and organizations do to ensure a mutually inclusive approach that considers environmental, social, and community benefits while running a plant

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