



Food Is The Engine Of Life

NATIONAL UNION OF FOOD BEVERAGE & TOBACCO EMPLOYEES

Registration No: 29

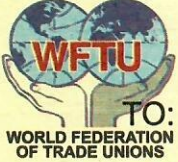
AFFILIATED TO NIGERIA LABOUR CONGRESS



Affiliated with:



INTERNATIONAL UNION OF FOOD



WORLD FEDERATION OF TRADE UNIONS

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Your Ref: _____

National Headquarter Secretariat
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Date: 27th May, 2024, 2024

TO: All NAC Members,
All Regional Coordinators,
All State Chairmen/Secretaries,
N. U. F. B. T. E.,
NIGERIA.

Dear Comrades,

CONCLUSION OF DISCUSSIONS ON COLLECTIVE AGREEMENT FOR THE STOPPAGE OF GRATUITY BETWEEN AFBTE AND NUFBTE ON MONDAY, 27TH MAY, 2024.

Solidarity greeting from the leadership of our great Union.

After series of protracted meetings and discussions between January and May 2024 on the Stoppage of Gratuity in our Sector, this therefore serves to convey the outcome of our protracted negotiation to you all, in other words, to inform you that Gratuity will formally stop in our Sector with effect from 1st June, 2024.

Meanwhile, full details of the Agreement is attached herewith.

Wishing you all the very best at your respective places of work the painful but inevitable stoppage of Gratuity notwithstanding.

The struggle continues.

Yours comradely,

[Handwritten signature and date: 27/05/2024]

Mike Olanrewaju,
General Secretary.

Cc: National President, N. U. F. B. T. E.

ATT'D.

COLLECTIVE AGREEMENT ON THE STOPPAGE OF GRATUITY IN THE FOOD, BEVERAGE & TOBACCO INDUSTRY BETWEEN THE ASSOCIATION OF FOOD, BEVERAGE & TOBACCO EMPLOYERS AND THE NATIONAL UNION OF FOOD, BEVERAGE & TOBACCO EMPLOYEES (hereinafter referred to as the "ASSOCIATION" and the "UNION" respectively) ON 27TH MAY, 2024 AT AFBTE SECRETARIAT, AHCN TOWERS, ALAUSA, IKEJA, LAGOS STATE, NIGERIA

- The Nigerian Government enacted into law the Pension Reforms Act (PRA) in 2004, to launch a defined contribution scheme in the country. The PRA is the governing law for post-employment benefit in Nigeria and it mandates employers of labour to fund Retirement Savings Accounts (RSAs) on behalf of their employees.
- The law was revised in 2014, to address issues falling out of the implementation of the Pension Reforms Act 2004.
- As a result of the successful implementation of the Pension reforms, companies across Nigeria have discontinued defined benefit Gratuity Schemes because the Pension Scheme, which used to be non-existent, is now functional.
- In Nigeria, only the Food, Beverage & Tobacco industry, in the manufacturing sector of the economy, has continued to operate the Gratuity Scheme along with the Pension Scheme. However, the major issues have been escalating cost and widening funding gap. It is worthy to note that where the scheme is not fully funded, accrued benefits of employees are not secure and in the event of company liquidation, the accrued benefits may be lost.

The Association and the Union have therefore been discussing the sustainability of two deferred benefit schemes, especially the continued existence of Gratuity in the Food, Beverage & Tobacco industry.

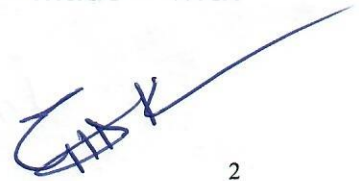
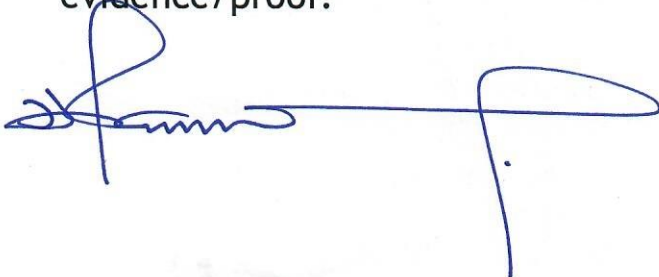


STOPPAGE OF GRATUITY

This agreement at the national level shall be binding on all member-companies of the Association. The agreement was reached based on National Joint Industrial Council meetings held from 4th December, 2021 to 27th May, 2024, the minutes and conclusions of which form details of this agreement.

The Association and the Union hereby FORMALLY AGREE TO STOP Gratuity Scheme in the Food, Beverage & Tobacco industry effective 1ST JUNE, 2024 and the following conditions shall apply from that date:

1. Companies that have cash-backed gratuity scheme are advised to pay out what has accrued to qualified employees after informing them that such payment shall be subject to appropriate tax.
2. Companies that do not have cash-backed gratuity scheme shall pay a minimum interest rate of 5% per annum on the accrued gratuity benefit of its employees for the period it remains in their custody after the stoppage. Companies that already pay more than 5% returns/interest shall continue to do so.
3. To compensate employees for the stoppage of gratuity, an additional 2% on pension (ie Basic Salary, Housing and Transport Allowances) shall be added to the statutory contribution by employers under the Pension Reforms Act, 2014.
4. The qualification for gratuity entitlement shall be rounded up for all employees (in employment as at the date of this agreement) who have less than six months to qualify.
5. Employees who have accrued gratuity benefits can apply to withdraw a maximum of 25% of their benefits, subject to appropriate tax. However, such withdrawal is not automatic. Each company is by this agreement required to draw up the modalities for withdrawal taking into consideration its financial capacity. The application for withdrawal shall be for Home Ownership or Education for self or dependants only and made with evidence/proof.

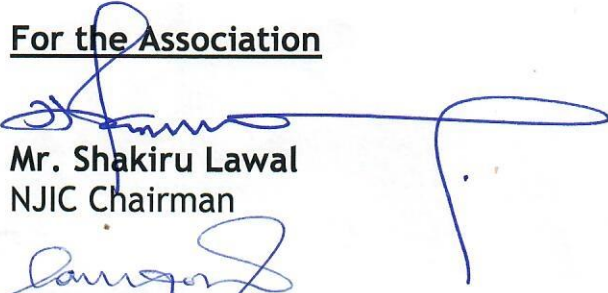


6a. Confirmed employees who have spent at least 6 months in the service of a company but are yet to qualify for gratuity benefit as at the date of stoppage, shall be entitled to 4 weeks annualised Basic Salary for each completed year of service. The principle of rounding up years of service is not applicable to this group of employees.

6b. Further to the above, where payment of entitlement is not made within 12 months of this agreement, such entitlement shall attract an interest of 5% per annum.

Dated this 27th day of MAY, 2024

For the Association


Mr. Shakiru Lawal
NJIC Chairman


Mr. Adewale Jones
Executive Secretary


Mrs. Stephanie Omobuwajo


Mr. Lucky Nwadei



Dr. Peter Edore


Mr. Ayoola Raji


Mr. Olukayode Adeegbe


Mr. Segun Akanni

For the Union


Com. Garba Ibrahim
NJIC Vice-Chairman


Com. Mike Olanrewaju
General Secretary


Com. Ahmed Yahaya


Com. Etherigho Sylvester


Com. Oluwatoyin Adetona


Com. Paschal Madu


Com. Adesola David


Com. Azeez Ismail