

## Complaint J. Lindeberg China

FWF is responsible for setting up a complaints procedure in production countries where FWF is active. The complaints procedure allows third parties to make complaints about the working conditions or the way the Code of Labour Practices is implemented in factories which supply FWF members.

The responsibility of FWF includes investigating the complaint, verifying whether the agreed corrective action plan is implemented and public reporting. This complaint report gives an overview of a complaint filed to FWF, the investigation and agreed corrective action plan as well as how the outcome is verified. For more information on the complaints procedure see the FWF website. FWF also publishes an overview of complaints received in its annual reports.

### 1. Affiliate involved

J.Lindeberg (Sweden).

### 2. Accused party

The complaint was filed against a factory in China which is a supplier of FWF affiliate J.Lindeberg.

### 3. Date of receipt complaint

The complaint was formally received by FWF through its local complaints handler in China on 22 May 2011. Two workers independently of each other contacted FWF's complaints handler by phone.

### 4. Filing party

The complaint was filed by two workers of the factory whose contact details are known to FWF but will be kept confidential.

### 5. The case

The complaint related to the labour standards 'Freedom of Association and the Right to Collective Bargaining' and 'Payment of a Living Wage' that are part of FWF's Code of Labour Practices:

According to the two workers the majority of the factory workforce had been on strike for two days (21 and 22 May). The workers stated that the following issues lead to the strike:

1. The factory did not guarantee payment of minimum wages for low season periods.
2. The factory cancelled its incentive system for piece rate workers.



## **6. Admissibility**

On 23 May 2011 FWF decided that the complaint was admissible as it relates to the Code of Labour Practices and the involved factory has an active business relationship with an affiliate member of FWF. On the same day FWF informed J.Lindeberg that the complaint had been filed through its complaints procedure.

## **7. Investigation**

FWF reviewed the findings from an audit carried out at the factory 12 and 13 May 2011 by FWF's local audit team on behalf of J.Lindeberg.

## **8. Findings and conclusions**

Based on the corrective action plan from above mentioned audit, FWF concluded on 23 May that the complaint was grounded. FWF decided that no investigation of the complaint was needed.

## **9. Corrective action**

On 24 May FWF recommended J.Lindeberg to send a formal message to the factory to stress that the issues that caused the strike should be resolved by realising a solution that would be acceptable for all parties. The solution would need to include payment of at least the minimum wage during low season periods and the possibility for all workers to resume work under previous conditions.

Management and workers should engage in a dialogue with the intention to settle an agreement with respect to the issues that caused workers to go on strike. If meetings would take place between workers and factory management FWF recommended J.Lindeberg to let its local agent observe these meetings. FWF offered the possibility to let a local representative attend these meetings to see if and how it could help solve the conflict.

FWF recommended J.Lindeberg to prioritise the points in the corrective action plan related to the complaint in its further discussions with the supplier.

On 25 May J.Lindeberg sent a formal letter to the supplier, expressing its concern about the current situation.

On the same day, a meeting took place between factory management and approximately ten workers. A representative of the local Labour Bureau participated in the meeting. The meeting did not lead to an agreement to solve the issues.

On 27 May FWF was contacted by one of the above mentioned workers who stated that the factory resumed operations and decided to guarantee payment of minimum wages during the low season. According to this person most workers chose to remain employed at the factory and returned to work. A minority of the workforce had decided to resign from the factory. Their salaries would be paid on June 15.



## 10. Verification

On 16 June 2011 FWFs local complaints handler in China contacted the three workers that previously contacted her to check if the factory has paid wages to workers according to contractual and legal requirements. According to these workers, the majority of workers had resumed work.

All three workers informed FWF that they had chosen to resign from the factory, and stated that they had received their (piece rate based) salaries for May 2011. According to these workers the factory had not paid compensation for overtime work in May and 50% of their annual bonus. According to these workers overtime work had been agreed on informally and the annual bonus was not part of their employment contract. According to the supplier, all wages had been paid in accordance to legal requirements.

FWF decided to not carry out an additional investigation to assess how many workers would be entitled additional payments.

FWF discussed with J.Lindeberg that the complaint highlights the important of proactive follow up on the corrective action plan from the recent audit, particularly with regard to improvement issues related to payment of wages.

In 2011 or 2012 FWF will carry out an audit at the factory to verify if factory management has taken appropriate measures to address the issues to which workers complaints were related.

FWF provided the workers resigning from the factory with the contact details of Panyu Migrant Workers Documentation Center, a local workers service center for labour rights.