

## Complaint – Continental Clothing – China

### Under remediation

*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. Member company involved

Continental Clothing.

### 2. Accused party

A factory located in China supplying Continental Clothing.

### 3. Date of receiving complaint

The complaint was received on 24 February 2017.

### 4. Filing party

A worker that is currently employed by the factory.

### 5. The complaint

The complainant claimed that the factory charges workers 380 RMB per month for the personal share of social security. Workers have checked via the social security website whether this is correct and discovered that the personal share they would need to pay is only 287.8 RMB per month, a difference of 92.2 RMB per month. Upon informing management, they told the complainant that workers are free to wave their social security fees if they don't want to pay 380 RMB and obtain social security.

The complainant requested the factory to pay the extra money back to all the workers and start charging the 287.8 RMB instead.



The complainant informed the complaints handler that deductions are made from all the workers. The complainant requested to keep all personal information confidential.

## 6. Admissibility

FWF decided that the case is admissible on 27 February 2017.

The factory is an active supplier of Continental Clothing, a member of FWF.

The case is relevant to the following labour standards of FWF's Code of Labour Practices:

- Payment of a living wage
- Legally binding employment relationship

## 7. Investigation

FWF informs Continental Clothing about the case on 27 February 2017. Management responded by referring to their practice of refunding 3 RMB/day to workers for social security. But the corresponding documentation that was sent to the brand dealt with the annual bonus.

FWF also asked the complainant to provide a wage slip that showed workers were obliged by the factory to pay an amount of 380 RMB per month. The complainant provided a pay slip that proved that workers paid 380 RMB per month to social security.

According to local legislation of the city where the factory is located, the personal share of the pension is 8% of the wage, which is 230.2 RMB (8%\*2878 RMB/month). The personal share of medical insurance is 2%, which is 57.6 RMB (2%\*2878 RMB/month). In total this is 287.8 RMB per month to be paid by workers.

The complainant was not aware of the refund of 3 RMB/day. Furthermore, workers receive the annual bonus irrespective of whether they buy social security or not.

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## 8. Findings and conclusions

According to the Chinese labour law and the FWF CoLP, no illegal deductions will be made to the workers' wage.

The supplier needs to ensure that the correct amount of social security is paid. Furthermore, workers are entitled to receive a back pay for the excess that was paid. The supplier needs to ensure that the back pay over the months where an excess was paid, will be done in due course.

The brand needs to verify whether the correct amount of social security is now deducted from the wages and whether workers have received a back pay. It should request documentation from the factory to verify whether the correct amount is paid. The brand should also check with the workers whether the correct amount of back pay was given.



## **9. Remediation**

The case is under remediation.

## **10. Verification**

The case is under remediation.

## **11. Evaluation by the complainant**

The case is under investigation.