



Report on complaint

Date of report: 03 03 2010

1. Affiliate involved:

Odlo International AG and Mammut Sports Group.

2. Accused party

The complaint has been filed against a factory in China which is a supplier of FWF affiliates Odlo International AG and Mammut Sports Group.

3. Date of receipt complaint:

The complaint was received by the local complaints handler of FWF in China on 6 November 2009 and 21 January 2010.

4. Filing party:

Two anonymous workers of the factory

5. The case:

The complaint touched upon two FWF labour standards:

1. Reasonable hours of work

FWF received a complaint from an anonymous worker on 6 November 2009 with regard to excessive overtime in the factory, reporting excessive overtime during evenings, Saturdays and Sundays. On 21 January 2010 two workers who disclosed their names to FWF contacted the complaints handler of FWF to complain about excessive overtime taking place as only one rest day was provided between 1 January to 21 January.

2. Payment of a living wage:

On 21 January 2010 the worker filing a complaint stated that workers at the factory were not allowed by management to take paid leave before 12 February whereas Chinese New Year starts at 15 February. The workers stated that if they would take leave at an earlier date, they would not get their annual bonus.

6. Admissibility

On respectively 17 December and 21 January FWF decided that the complaints are admissible as they relate to the Code of Labour Practices and the accused party has an active business relationship with two affiliate members of FWF.

7. Investigation:

FWF assessed the outcomes of an audit that was carried out at the factory on behalf of Odlo International AG and Mammut Sports Group on 2 and 3 November 2009.

The FWF complaints handler contacted the two complainants to obtain additional information with regard their complaints.

Odlo International AG and Mammut Sports Group requested an immediate response from the factory on the above mentioned complaints.

Odlo International AG and Mammut Sports Group met with management of the supplier in Switzerland on 8 and 9 February 2010.

8. Findings and conclusions:

1. Reasonable hours of work:

From the investigation FWF concludes that the supplier acknowledges that the factory had made use of excessive hours of work during the above mentioned timeframe. According to the supplier the reason for much overtime is that factory had recently lost a significant number of workers.¹

2. Payment of a living wage:

From the investigation FWF concludes that no evidence was found that workers who left the factory before the start of the Spring Festival are entitled to the annual bonus. The supplier explained that the annual bonus serviced the purpose of stimulating workers to stay at the factory until Chinese New Year. Payment of an annual bonus is not mandatory according to Chinese legislation law. The workers who filed the complaint could not confirm that the annual bonus is part of their contract. From the audit that was carried out at the factory on behalf of Odlo International AG and Mammut Sports Group on 2 and 3 November 2009 FWF concludes that workers are always paid the legal minimum wage for regular working hours. It is also concluded from the audit that workers are compensated at 100% of their normal wages for overtime hours, instead of 150% as required by Chinese labour legislation. The latter point has been integrated into the corrective action plan from the audit that is to be implemented through the supplier in cooperation with Odlo International AG and Mammut Sports Group.

¹ In 2009 and 2010 FWF and its stakeholders in China observed a general trend among migrant workers to stop working in Guangdong province due to the high cost of living and seek employment opportunities in their home communities. The fact that many workers left this particular factory must be regarded in context of this trend.

9. Corrective action

1. Reasonable hours of work

As excessive overtime was found during the audit carried out on behalf of Odlo International AG and Mammut Sports Group on 2 and 3 November 2009, FWF considers the process of remediation of excessive overtime as part of the corrective action plan from the audit.

The supplier expressed its commitment to improve its production planning and will give a special bonus to workers who are coming back after Chinese New Year. Reportedly, the supplier asked workers to bring acquaintances to work in their factory as a means to obtain more manpower.

Odlo International AG and Mammut Sports Group confirmed to FWF that they would monitor steps taken by the supplier to decrease hours of work in the factory by keeping in close contact with the supplier.

The FWF complaints handler contacted workers to inform them about the corrective action as agreed between the supplier, Odlo International AG and Mammut Sports Group.

2. Payment of a living wage

No corrective action needed beyond implementation of the corrective action plan from the audit that is to be implemented through the supplier in cooperation with Odlo International AG and Mammut Sports Group.

10. Verification

1. Reasonable hours of work

The FWF complaints handler will keep in touch with workers of the factory to assess to which extent hours of work are brought down, with the ultimate goal of achieving a maximum of 60 hours / week. It was agreed that if excessive overtime remains a problem at the factory, the approach taken could be reconsidered by the involved parties. The workers were informed on this decision and the above mentioned process on 3 March 2010.

2. Payment of a living wage

The FWF complaints handler contacted workers to explain that the annual bonus was meant to stimulate them to stay at the factory until Chinese New Year. The workers were informed on this decision and the above mentioned process on 3 March 2010.