

Complaint – Albiro and Haglöfs – China

Status: Closed

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

Albiro, Haglöfs.

2. Accused party

A factory located in China supplying Albiro and Haglöfs.

3. Date of receiving complaint

The complaint was received through FWF's local complaints handler in China on 14 September 2015.

4. Filing party

The complaint was filed by a worker currently employed by the factory.

5. The complaint

The complainant claimed the factory he/she was employed closed down. The management had to lay off over 300 employees. According to the complainant the factory owed the workers 2 months of salary of July and August 2015. An agreement was reached to settle the outstanding wages on 14 September with the condition that they helped the factory to finish the last pending orders. On 16 sept the worker sent a message that the due wages were not yet received.

Secondly, the complainant was inquiring about the severance pay for workers as most of the employees have been working at the factory for many years. This issue has been submitted to the local labour bureau for remediation.

6. Admissibility

FWF decided that the case is admissible 14 September. The factory is an active supplier of Albiro and Haglöfs, members of FWF. The case is relevant to the following labour standards of FWF's Code of Labour Practices:

- Legally binding employment relationship

7. Investigation

FWF informed the members about the case. The members immediately contacted the supplier and asked for a reply. The factory confirmed they indeed had to terminate the employment contract of most production workers. The factory experienced a strike and labour disputes during the lay-off procedure and involved the labour department for mediation. According to the management an agreement was settled between the management, labour representatives and the labour department, which included the acceptance of a severance package. Most of the production was transferred to another factory owned by the company in Hunan province.

8. Findings and conclusions

Based on the above, FWF found the case grounded. FWF checked the reply of the management with the complainant who confirmed the following:

- In the meantime the due wages of August and September had been paid.
- All terminated employees accepted the severance proposal, which was indeed mediated by the labour department.

The agreed severance proposal is not compliant with the labour law: workers are paid severance at 66% of their average monthly wage in proportion to the seniority. The law requires the severance is N+1 month of salary * 100%. (N refers to seniority). For instance, if workers with 7 years of seniority, they shall be entitled to 8 months of salary (7+1).

However, given that this proposal is accepted by workers and mediated by the labour department, there is no further action remediation required.

9. Remediation

N/A since the case was already solved during the investigation period.



10. Verification

The settled agreement was verified by FWF verified through the complainant.

11. Evaluation by the complainant

The complainant stated they had to accept the agreement as they realised they were losing their job in any case. Most workers were satisfied with receiving at least their due wages and a severance pay.