

## **Complaint – Jack Wolfskin, Vaude and J. Lindeberg – 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**

Jack Wolfskin, Vaude and J.Lindeberg (Affiliate until 31 December 2013).

### **2. Accused party**

A factory located in China supplying Jack Wolfskin, Vaude and J. Lindeberg.

### **3. Date of receiving complaint**

The complaints were received by FWF through its local complaints handler in China on 28 October 2013.

### **4. Filing party**

The complaint was filed by a worker currently employed by the factory whose contact details are known to FWF but will be kept confidential.

### **5. The complaint**

The plaintiff complained about the low piece price at the factory. The worker indicated they are not aware of the piece price until the pay date and are therefore not in the position to negotiate the piece price, nor are they consulted on the calculating of their wage.

## 6. Admissibility

FWF decided that the case is admissible on 28 October 2013. The factory is an active supplier of Jack Wolfskin, Vaude and J,Lindeberg, affiliates of FWF.

The case is relevant to the following labour standards of FWF's Code of Labour Practices: payment of living wage. The complaint also dealt with food quality in the canteen; as this does not relate to our code it is left out of this report.

## 7. Investigation

FWF informed the affiliates about the case. Jack Wolfskin coordinated a shared response to the factory and asked for a reply. The affiliate made two suggestions: 1) to post the complaint and the follow up process on the notice board and 2) to involve the union and organize a meeting between workers and management to find a solution acceptable to both parties. Workers should be able to negotiate their piece price; in order to do that, workers need to be aware of the way their wage is calculated.

The factory showed willingness to improve and was open to these suggestions.

The factory recently took part in FWF's Workplace Education Programme. In this context, it would be a highly valuable exercise to encourage open dialogue between workers and management.

During a meeting between the 2 affiliates and the supplier, the factory explained the payment system. Payment is based on piece rate +20% additional allowance for handling.

In 2014 they introduced a new system that will be tested at 2 production lines. The system is called RFID; barcode scanning of amount of pieces produced and related payment. According to management it is a transparent system for worker as well as management and useful for efficient production planning.

In the meantime, FWF's complaints handler reviewed the evaluation forms of the Workplace Education Programme. During the training participants also indicated issues with their piece rate. Through the Chinese chat service QQ, FWF's complaints handler was able to contact one more worker. That worker confirmed piece price is low and they are not able to know the piece price until the pay date. Through further chats and reviewing wage data, FWF analysed the piece rate:

The plaintiff worked 160 regular working hours plus 60 overtime hours and 48 weekend overtime hours in September and received a gross wage of 2500RMB. With this wage, payment of minimum wage (1130 RMB) is secured, plus the overtime premium based on the minimum wage (2247 RMB). From this perspective, the piece price is fair. However, according to the legal requirement, if a factory adopts a piece rate system, the overtime premium shall be paid based on the piece wage instead of the local minimum. In this case, based on the above available data, the due wage which shall be paid to this worker is 3227 RMB. From this perspective, the piece price is low.

## 8. Findings and conclusions

It is difficult to make judgment on whether the piece price is fair or unfair. Most important is an open dialogue between workers and the management on setting a piece price. The piece price shall be announced before workers proceed with a new item. FWF affiliates



are expected to facilitate a meeting between workers and management to find a solution satisfying both parties. Possibly a FWF auditor or complaints handler can sit in as a neutral third party, who oversees the meeting is done fair.

The finding from the audit conducted by FWF at this factory in April 2013 showed wages for regular working hours were well above minimum wages and showed higher average wages. In some departments the mode wage including benefits was above the living wage benchmark as estimated by Asia Floor Wage.

## **9. Remediation**

Jack Wolfskin and Vaude have actively discussed the matter with factory management.

Effective worker representation is needed for workers to be able to negotiate their piece price. It is suggested to involve the union and organize a meeting between workers and management to find a solution acceptable to both parties.

The affiliates are requested to continue their efforts to implement steps towards payment of living wages for all workers at the supplier.

As of January 2014, J.Lindeberg is no longer an affiliate of FWF.

## **10. Verification**

FWF's complaints handler spoke to the plaintiff on 9 March 2014. The worker confirms to be aware of the new piece system, but still believes it is too low to compensate the increasingly expensive living cost in China. Moreover, the plaintiff was not aware there is a bonus available in addition to the piece wage.

At the next Performance Checks FWF will review the affiliates' efforts to implement steps towards payment of a living wage.

An audit to verify improvements is scheduled to take place in 2014.

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

The plaintiff thanked FWF and its affiliates for the support.