

## Complaint – Albiro AG – Macedonia

### Status: Investigation

*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 AG

### 2. Accused party

A factory located in Macedonia supplying Albiro AG.

### 3. Date of receiving complaint

May 14 and 16, 2014.

### 4. Filing party

A group of four workers that are currently employed by the factory called the complaint helpline on May 14 and a fifth worker called on May 16. A third complaint was also received on the 16<sup>th</sup>.

### 5. The complaint

The complainants claimed that some workers had recently received wages below minimum wage, and blamed it on a new wage calculation methodology recently introduced at the factory. In addition to this, workers had to work overtime, and were told that if they refused there would be serious consequences. Furthermore, workers complained that management was verbally harassing and insulting them. Finally, the internal complaints mechanism was not functioning as it should be.

## 6. Admissibility

FWF decided that the case is admissible on May 16, 2014.

The factory is an active supplier of Albiro AG, an affiliate of FWF.

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

Practices:

- Payment of a living wage;
- No excessive working hours;
- Safe and healthy working conditions.

## 7. Investigation

FWF informed Albiro AG about the case on May 14, 2014. Albiro AG contacted the supplier and asked for a reply within one week.

In addition to this, the complainants were contacted various times to ask for additional information. The Macedonian worker interviewer also visited a number of the complainants off-site to gather more information.

The complaints handler visited the factory and had detailed interviews with the director, accountant and production manager. Documentation such as working hours and wages slips were also provided to the complaints handler and these were analysed as part of the investigation.

## 8. Findings and conclusions

The findings below are organized according to the relevant Code of Labour Practices.

- Payment of a living wage

In the beginning of 2014, the wage system has been changed at the factory. This means that the production targets have been increased to, according to the factory, more realistic targets. According to the Macedonian legal minimum wage law, the factory has the right to pay wages below minimum wage if the required production target is not achieved. It is, however, against the FWF Code of Labour Practices that workers are paid below the national legal minimum wage.

After consulting with both workers, management and factory documentation, FWF could confirm that wages did decrease to below legal minimum wage for 25% of the workers in February. This was reduced to 16% in April. The average wage for all workers decreased from February to March, and increased again in April to a level above February.

Based on these findings, FWF concludes that some workers were paid below legal minimum wages and therefore the complaint is grounded.

- No excessive working hours

The factory admitted that OT was worked on the days alleged by the workers and this was registered by the electronic time keeping system, but indicated that this OT was voluntary and that workers would be compensated in terms of extra wages or time off. Workers, however, indicated that the OT was not voluntary,

and no OT consent forms were found. It is currently very difficult to verify whether the workers have been properly compensated because the factory works on a piece-rate basis, and not on an hourly-rate basis.

Based on these findings, FWF concludes that there was no proper consent procedure for worker to work OT, and therefore the part of the complaint that related to involuntary overtime was grounded.

- Safe and healthy working conditions:

Based on the discussions with workers and management, the allegations of verbal abuse were not able to be verified. In order to avoid harassment, a functioning internal grievance mechanism needs to be in place. According to workers, the complaints/suggestion box has been removed from a location under video surveillance. It remains unclear, however, whether the written complaints are received properly and who has the keys of the complaints/suggestion box.

Based on these findings, FWF concludes that the internal complaint mechanism is not functioning properly and therefore the complaint is grounded.

## 9. Remediation

Remediation is organized according to the relevant Code of Labour Practices.

- Payment of a living wage

It is clear that wages were below the legal minimum wage for some workers. This needs to be remediated. In order to do this, there has to be input from workers on the revision of this new wage system. A first step is to do the time measurement study with someone from the workers' committee for all production lines. In this way, it can become clear whether the new production targets are fair and realistic and workers have been consulted.

As a response to worker complaints, factory management is already introducing a revised new wage system that should motivate workers to increase productivity and eliminate the workers being paid below minimum wage due to not reaching the target. This new wage system needs to be clearly explained to workers so that they are aware of what this will mean for them. The workers' committee can play a role in this, as well as making sure that all workers will be able to earn legal minimum wage.

- No excessive working hours

The revision of the new wage system must ensure that workers are being paid adequately for the overtime that they have worked. The proposal for the revision seems to make this possible. Furthermore, it must be ensured that the workers that worked on the two days in question (14/04 and 06/05) have been compensated adequately.



Finally, when workers need to work overtime in the future, an overtime consent form must be signed before the OT commences by all the applicable workers.

- Safe and healthy working conditions

In order to combat harassment, a working internal complaint mechanism must be established. This means that workers need to be able to trust the mechanism. By moving the box outside of video surveillance, a good first step has been taken. Further steps need to ensure that there is a clear procedure for handling complaints when received. This means that a representative of the workers' committee needs to be involved in opening the complaints box, registering the complaint and following up on it.

## **10. Verification**

FWF will organize a monitoring visit in the second half of the year to give factory and workers time to implement the remediation plan as listed above.

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

The complainant has not yet been contacted to evaluate the remediation.