**Name of the complainant and/or name of the representative of the complainant’s:** Jolovan Wham

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**Information on MNEs in question**

**Name of the company:** Panasonic Corporation (in Japan) and Panasonic Asia Pacific Pte Ltd (in Singapore)

**Location of the company (country and address):**

In Japan: 1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan

In Singapore: 300 Beach Road#17-01, The Concourse, Singapore 199555

**Reasons why the complainant considers that the company is regarded as a multinational company:**

Panasonic is one of the largest electronics manufacturers with offices all over the world.

**Contents of issues raised which describe the company’s non-adherence to the OECD Guidelines:**

* **Low, Inadequate and Discriminatory wages**

The majority of the workers at the plant earn a basic salary of SGD$500 (USD384), or SGD2.62/hr (USD2/hr). Based on HOME’s interviews with them, they are also provided a monthly allowance of $150 (USD115) for accommodation, $40 (USD30) for food and approximately $30 to $50 (USD23—USD38) for transportation. The transport allowance depends on the distance of workers’ daily commute from their homes to the factory – those living further away are given higher amounts. In total, workers’ basic wages plus allowances add up to $720-$740 (USD552—USD570) a month.

A shift allowance is also given to some workers. Those who work normal hours between 8.15 am and 5.53pm are not entitled to shift allowances. Those who work between 3pm and 11pm (on weekdays) and 12pm and 5pm (on Saturdays) will have a daily shift allowance of $5.50 per day. Those who work 11pm to 7am will be given an allowance of $9 per day. There are no allowances for those who work between 7am and 12pm on Saturdays, and 7am to 3pm on weekdays.

Even though Singapore does not have a minimum wage law, the basic salary and allowances are inadequate to meet the workers’ basic needs because of Singapore’s high cost of living. The workers report that renting a single bed space in a government flat costs between $220 (USD169) and $260 (USD 200) per month. Food costs are between S$200 (USD153) and $300 (USD23) per month, and transportation costs at least $100 (USD77) per month. Phone bills and expenses for sundries are approximately $50 (USD 38) per month. This adds up to $570 (USD438) to $710 (USD 546) a month for basic necessities alone.

**Excessive overtime and recruitment fees**

The workers have reported putting in more than 72 hours of overtime a month, which is beyond the legal limit stipulated in the Employment Act. They have said that it is necessary to work between 100 and 150 hours of overtime hours every month to earn up to $1200 (USD923).

Many of them paid between $5000 (USD3,846) and $7000 (usd5384) to a recruiter in China to obtain their jobs. Interviews with workers and documentary evidence have revealed that the Singapore employment agency engaged by Panasonic has taken at least $3000 (USD2,307) of the fees that were paid in China. This is in violation of Singapore’s Employment Agencies Act, which stipulates that employment agencies are not allowed to charge more than two months of a worker’s basic salary. Their significant debt burden, incurred through recruitment fees, has made it necessary for them to work excessive overtime hours. This is compounded by their very low wages.

Taking into consideration their high in-country living costs, the workers have informed us they need to work up to one and a half years in order to repay their recruitment debts. This also makes them fearful of losing their jobs, despite the poor working conditions. Ever since the workers’ problems were made public, Panasonic has reduced their overtime hours, but this has resulted in a loss of income for the workers.

The issue of inadequate remuneration is therefore interdependent with that of excessive overtime. This makes it problematic to resolve one issue – for example, regulating overtime – without also dealing with the grievance of low wages; single issue approaches frequently further disadvantage workers.

**Terms and conditions of the employment contract not fully explained to the workers**

According to the Chinese workers we interviewed, they were asked to sign a contract in English when they first arrived. Even though they asked the management to explain the terms and conditions of the contract, the management either refused or gave a cursory explanation. The workers were not given any of their contracts in Chinese.

**Descriptions with reference to the paragraphs of the OECD Guidelines which have been breached**

*States have the duty to protect human rights. Enterprises should, within the framework of internationally recognised human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:*

*1. Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.*

*2. Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.*

*3. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.*

*4. Have a policy commitment to respect human rights.*

*5. Carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.*

*6. Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.”*

*(Part IV, OECD Guidelines for Multinational Enterprises)*

*“The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:*

*(a) Remuneration which provides all workers, as a minimum, with:*

*(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;*

*(ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant;*

*(b) Safe and healthy working conditions;*

*(c) Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;*

*(d ) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays”*

*(Article 7 of the International Covenant on Economic, Social and Cultural Rights)*

*“Be guided throughout their operations by the principle of equality of opportunity and treatment in employment and not discriminate against their workers with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, or other status, unless selectivity concerning worker characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.”*

*(Part V (e) Employment and Industrial Relations, OECD Guidelines for Multinational Enterprises)*

*“Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.”*

*(1977 ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy)*

*The working hours of persons employed in any public or private industrial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, shall not exceed eight in the day and forty-eight in the week…*

*(Article 2 of ILO, C001 - Hours of Work (Industry) Convention, 1919 (No. 1)*

The basic salary of $500 (USD384) per month, even with additional allowances, is barely enough to meet basic needs. The costs of housing, transport, food and communication needs add up to between $570 (USD 438) and $710 (USD 546) a month – these are bare necessities and exclude additional expenses such as services or leisure/entertainment. Most of the workers are sole breadwinners – with families to support in China and recruitment debts that need to be recovered, the workers’ wages are grossly inadequate. As a result, many of the workers are compelled to sacrifice statutory rest and leisure time in order to earn a decent wage to meet their personal needs and support their families at the same time. Excessive overtime of 100 and 150 hours per month are commonly reported. Local labour laws only allow workers to work a maximum of 72 hours a month.

The workers are employed as Metal Working Machine Setter-Operators. According to the Ministry of Manpower’s *Report on Wages in Singapore 2011*, the median monthly basic salary of a machine tool setter operator in the manufacturing industry for the year 2011 was **$1813 (USD1,394)**.[[1]](#footnote-1) Those in the 25th percentile earned a basic monthly salary of **$1500 (USD1,153)**. Panasonic’s basic monthly wage of **$500 (USD384)** for its Chinese workers falls significantly below the national standard of an employee in a similar occupation, and is therefore less favourable to the workers than those offered by comparable employers in Singapore. The workers themselves have reported that their basic salary is substantially lower than Singaporean workers performing the same job. This falls short of OECD guidelines in relation to employment and industrial relations.

*2) “Contribute to the elimination of all forms of forced or compulsory labour and take adequate steps to ensure that forced or compulsory labour does not exist in their operations”*

*(Part V, 1(d), OECD Guidelines ofr Multinational Enterprises)*

The International Labour Organisation (ILO) defines forced labour as ‘work exacted under the threat of penalty and for which the person has notoffered himself or herself voluntarily’. High recruitment fees which bind workers to huge debts for long periods of time make them highly vulnerable to situations of forced labour. The fees workers were charged by their recruiters are excessive – equivalent to 10 times their monthly basic salary or more – and violate Singapore’s Employment Agencies Act. As a result, many workers stay in exploitative work situations rather than risk losing their jobs, and feel compelled to put in excessive overtime hours so that they may recover their recruitment fees. Article 7 (1) of the ILO Private Employment Agencies Convention, 1997 (C 181), which is ratified by Japan states that ‘private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers’. Panasonic has failed to put procedures in place to ensure the employment agencies it hires abide by ethical recruitment practices.

*3) ‘Provide information to workers’ representatives which is needed for meaningful negotiations on conditions of employment.’ (Part V, 2b, OECD Guidelines for Multinational Enterprises)*

*‘Promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern (Part V, 3, OECD Guidelines for Multinational Enterprises)*

All the workers at the Panasonic plant do not have a copy of their employment contract in Chinese. As a result, they are unaware of the terms and conditions which they have signed, making it almost impossible for them to engage in any negotiations on conditions of their employment. Their concerns have also been dismissed or addressed perfunctorily by the management. Workers were told that their grievances would be looked into but concrete actions have not been taken to address their grievances. They are also not allowed to choose the shifts they prefer to work and have to accept what the management gives them.

**Background of the issues raised (such as past and present circumstances of the issues and reason why the complainant decided to submit a complaint to the Japanese NCP)**

The workers first approached HOME for assistance regarding their problems in March 2012. Despite efforts to raise these issues to the Human Resources Department at Panasonic in Singapore, their concerns were not addressed. The workers organized a petition in July 2012 and it was publicized to the media in August 2012. Since then, their overtime hours have been reduced with a corresponding SGD50 increase to their salary. Their contracts have also been translated into Chinese. Their passports, which were previously kept by Panasonic has been returned to them. The management has also shown a little more interest in their welfare and rights. Despite these measures, the workers are still severely disadvantaged.

**A list of requests to the Japanese NCP for assistance to help them resolve the problems**

1. Increase the basic salary of the workers to a level which is comparable to workers performing the same job. The Ministry of Manpower’s *Report on Wages in Singapore 2011* provides figures for the median and 25th percentile of workers involved in the job the workers have been tasked to do.
2. Compensate the workers for the excessive agency fees that they have been charged.
3. Ensure that all workers hired abroad are not charged any recruitment fees, in accordance with Article 7 (1) of the ILO Private Employment Agencies Convention, 1997 (C 181)
4. Ensure that all workers do not exceed the Singapore’s statutory limit in over time, rest days and breaks during working hours.

**Attachments of relevant documents supporting the complaints (where applicable)**

**Information referencing articles of related laws and regulations of the country where the issues occurred.**

1. Ministry of Manpower, ‘Report on Wages in Singapore 2011: Statistical Tables>Occupational Wages by Industry>Median, 25th and 75th Percentiles of Monthly Basic Wages of Common Occupations in Manufacturing’, http://www.mom.gov.sg/statistics-publications/national-labour-market-information/publications/Pages/wages-2011-table.aspx#cpfb (accessed September 1, 2012). [↑](#footnote-ref-1)