

## Introduction

This is Electrolux response to the factsheet submitted by the chairman of the Electrolux Thailand Workers Union on June 28, 2013, to the National Contact Point for the OECD Guidelines for Multinational Enterprises.

The factsheet contains several inaccurate facts and interpretations of Thai law. In the following, Electrolux has chosen to respond to the most significant accusations and inaccuracies.

In summary, Electrolux maintains the facts in its response to the initial filing by SwedWatch. Furthermore, the company has engaged sincerely in the process to find a resolution to the situation in Thailand, and as of 2<sup>nd</sup> August 2013, all the dismissed workers and suspended union representatives have either settled or been reemployed by the company. The process to reestablish a union has been initiated.

### *"1. Electrolux falsely claims that the union had engaged in a series of illegal actions"*

Overtime is performed on voluntary basis, as prescribed by the Electrolux Code of Conduct and Workplace Standard.

Electrolux maintains that employees were actively discouraged to agree to work overtime and that there were slowdowns and disruptions during several weeks prior to January 10. Electrolux has not attributed these activities to any one particular individual.

### *"2. Electrolux misleadingly indicates that the union had no right to negotiate"*

The salary increases in April 2012 and January 2013 were in line with the collective agreement from 2011 and the new minimum wage regulation. The increase of the legal minimum had been implemented increasing not only the lowest paid employees, but across the salary structure, to ensure there was not an unreasonable compression of the wage structure.

Electrolux did engage in dialogue, attempting to find a solution to the disagreement. Dialogue and negotiation on workplace related issues is welcome outside of the collective bargaining period. The company maintains that an existing collective agreement must be respected. Renegotiated of issues covered by the agreement should wait until the period for collective bargaining is initiated, unless the underlying conditions for the agreement are significantly changed – for example a dramatic rise in the inflation rate. There is a formal process for initiating negotiations when the union finds this necessary.

Electrolux is continuously transferring contract workers into permanent positions, based on their performance during a 4-6 month period of contract work, and subsequently agreed to the union's request in this area. The process of transferring these employees is continuing as Electrolux Thailand is increasing its workforce.

*“3. Electrolux illegally tried to persuade workers to refrain from associational activities”*

Following rumors of a strike, Electrolux management informed the workforce that a strike would be illegal. The company also informed the workforce of the process that should be followed to organize a legal strike.

*“4. Events on January 10, 2013 and the (false) promises of Electrolux”*

Electrolux maintains that the agreement on January 10 was on an increased annual bonus and the continued transfer of contract workers to permanent positions. The company has been clear all the way that the salary structure was bound by the collective agreement and would not be up for negotiation until the bargaining period in November 2013.

Electrolux agreed there would be no retaliation for workers who were on strike on January 10, under the condition work was resumed.

*“5. Events on January 11, 2013”*

In the all-employee meeting, the workforce was informed of the increased bonus, as per the agreement on January 10. The agreement relating to contract workers was to discuss with those workers on a case-by-case basis, and hence this part of the discussion was not relevant information for this meeting.

Electrolux maintains there was no use of force at any time. The union leader was encouraged to resume work repeatedly and also informed of the consequences if he refused.

The workers that went outside of the factory refused to return to work and this constituted an illegal strike.

The workers were dismissed prior to the cordoning of the area. The dismissal was confirmed and formalized in the afternoon in the presence of the Labor Office.

The block of toilets was available within the cordoned area. (The pictures in the Union Factsheet Appendix 2 were taken whilst the security guards were rolling out the tape, and hence not illustrating the final placement.) See Electrolux initial response.

The claim relating to agency workers being kept in a meeting room is false.

Food and water was provided to the pregnant women by the company and they were specifically attended to by the company EHS Officer. Food and water was also passed over the barrier from Electrolux employees to those dismissed, as evidenced by the Union Factsheet Appendix 3.

### *“6. Insincere rehiring process”*

Electrolux engaged sincerely in the re-hiring of the dismissed workers, and 34 also chose to come back to work. The terms and conditions for the re-hiring was part of the mutual understanding with IF Metall. A probation period applies for all new-hires – this is not retaliation.

### *“7. Refusal to honor pledge of reinstatement”*

The mutual understanding met between Electrolux and IF Metall in Thailand February 26, included the process and conditions for re-hiring the dismissed workers, and the proceeding with the remediation process for the union representatives through the Labor Office process.

This mutual agreement was discussed and confirmed in the meeting with IndustriALL and IF Metall in Stockholm.

All suspended union representatives were offered to return to work in April, and the company called to repeated meetings with the union representatives to discuss the offer, which included the signing of a letter of guilt, admitting the strike was illegal. When the time limit for accepting the offer ran out, and only one person had responded, IF Metall, IndustriALL and the company agreed on a revised letter of guilt (Appendix 1). There was no response to this offer either.

The company then decided to inform the suspended representatives on July 24 that they would be expected back to work and that no conditions would apply. At the next meeting on July 26, all remaining union representatives participated and asked for a settlement, rather than to return to work. The settlement was 85% of the legal severance a company would pay for making people redundant – the same as for the dismissed workers who chose settlement.

The company has sincerely engaged in the process to reinstate the union representatives. The company has regularly called to meetings to which only a few of the representatives have showed up, in spite of the fact that they are employed and paid by the company (Appendix 2).

Electrolux in Thailand were advised by local authorities that several of the union representatives had taken up employment with other companies, something that can explain the low attendance at the meetings.

### *“8. Past history of anti-union behavior”*

The company disputes claims of interference with the union activities and harassment of former union presidents. There has only been one elected president of the union at Electrolux, since the formation of the union in 2011.

The welfare committee has different areas of responsibilities compared to the union. Some representatives on the welfare committee were also part of the union committee. This is not an interference with union duties.

The company engaged with the union in the collective bargaining initiated in September 2011. The negotiations followed the due process, including involvement of the Labor Office, and an agreement was met in November 2011.

The nomination to the award of the Ministry of Labor was based on historic data, and as the company had not been unionized historically, the appropriate category for the company was ‘companies without a union’.

During the visit of the Electrolux facilities in Rayong in 2012, IF Metall met with the union president and other union representatives.

### *Final remarks*

Electrolux is committed to constructive and normalized labor relations. The process to reestablish the employee committee at the Rayong facilities has been initiated. Elections will be held on Tuesday 27 August, and 11 representatives will be elected of the 27 nominated candidates. During quarter 3, training for union and management will be conducted, covering applicable regulation as well as rights and duties in relation to freedom of association and collective bargaining. In November, the collective bargaining will be initiated.

The Electrolux Employee Engagement Survey was conducted on the workforce in Rayong in May 2013, and the results ranked well in comparison to other plants. Examples of areas that received a high score include engagement, leadership and communications, with the need for further development in the areas of strategy and purpose.

At the Group level, Electrolux is preparing updated and strengthened company requirements relating to freedom of association and collective bargaining. Group-wide educational campaigns are part of the implementation plan.