

Complaint – Madness – India

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

MADNESS THE NATURE TEXTILE COMPANY GmbH (hereafter: Madness), Germany

2. Accused party

A factory located in India supplying Madness.

3. Date of receiving complaint

The complaint was received by FWF through its local complaints handler in India on 2nd March 2015.

4. Filing party

A former employee of the factory, details of the identity are known to FWF and kept confidential.

5. The complaint

The plaintiff claimed that the factory dismissed him/her without prior written notice. He also stated that he did not receive an appointment letter at the beginning of the contract. According to him, it is common practice at the factory to make the workers sign blank sheets instead of contracts. He claimed, that the factory management hires lots of workers in high season which are dismissed again in low season.

Furthermore, the plaintiff stated that factory management recently started paying social security. However, he did not receive the full social security amount due for the complete time of his/her employment.

Also, the plaintiff complained that he had to work excessive overtime, which according to him also is common practice.

6. Admissibility

FWF decided that the case is admissible on 4th March 2015.

The factory is an active supplier of Madness, an affiliate of FWF.

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

- Legally binding employment relation
- No excessive overtime

7. Investigation

FWF informed Madness about the case. Similar accusations were already found during an FWF audit at the supplier in November 2014. According to Madness, the supplier had agreed to ensure legal employment relations. With regard to excessive overtime it had been agreed to work on this issue during the coming months.

Madness contacted the supplier immediately after receiving the complaint. Factory management stated that they did not dismiss any employees recently and that they had implemented legal binding contracts with their workers. According to them, only a few employees left the factory during the last three months, all on their own wishes.

After receiving permission from the plaintiff, FWF disclosed the identity of the worker to the factory. The factory claimed that the worker was still on probation and therefore had a notice period of one week. They offered to pay one week of salary to the plaintiff. The worker declined this offer several times, as it didn't include payment of overtime. Furthermore, the worker claimed that the notice period was one month.

The factory presented several pictures and documents via mail to Madness to show they had implemented legal employment relations in general and also shared information (appointment letter, joining form, calculation of final payment, social security information) about the specific case. The factory claimed, that the worker was informed about the shortened notice period in the appointment letter. Furthermore, they claimed that the worker was hired on a net salary basis and therefore not entitled to receive overtime payments.

On 12th May, the plaintiff accepted and received the final payment for one week salary offered by the factory.



8. Findings and conclusions

FWF's local complaints handler noted that the appointment letter sent by the factory did not include a receipt signature of the plaintiff. This indicates, that he did not receive a copy of the document. The worker also confirmed that he didn't receive an appointment letter.

Furthermore, Indian law specifies that overtime hours shall be paid as 200 percent of the normal payment regardless of the contract of the worker.

The issues mentioned by the plaintiff (excessive overtime, no legal and binding contract, short-term dismissals without prior notice, outstanding social security payments) were also found in an audit conducted by FWF in November 2014.

9. Remediation

The worker accepted the payment for one week salary and does not want to pursue his claims regarding further payments. The complaint regarding his case is therefore closed.

However, FWF asks Madness to ensure, that the supplier implements legally binding contracts with the entire workforce, including current employees and newly hired employees. This includes adhering to legal dismissal procedures (such as giving written, prior notice one month before the termination of employment), handing out appointment letters and paying social security benefits according to law.

FWF expects both Madness and the supplier to establish production processes that support reasonable working hours without excessive overtime. Overtime hours shall be paid (including an overtime premium according to national law) to all workers.

10. Verification

The plaintiff stated via the FWF complaint hotline that he received his full and final payment and does not wish to be reinstated at the factory. The complaint has therefore been closed.

Madness has asked FWF to conduct an audit at the supplier later in 2015. FWF will verify

- Whether legal employment relations have been established for the entire workforce (including social security payments and legal contracts);
- Whether dismissals occurred during the past months and if so, whether all legal procedures have been followed;
- Whether there has been progress regarding reasonable working hours and whether overtime hours are paid correctly for all workers.

11. Evaluation by the complainant

The plaintiff extends his thanks to FWF for their support in the complaint process. He has meanwhile found employment at another factory.