

## Complaint Report: Odd Molly International AB (India)

*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

Odd Molly International AB (hereafter Odd Molly)

### 2. Accused party:

A supplier factory of Odd Molly in India

### 3. Date of receipt complaint

8 July 2010

### 4. Filing party

A worker of the supplier mentioned above

### 5. The case

The complaint concerned the FWF labour standard Legally binding employment relationship, Payment of a living wage and No excessive working hours.

The local complaints handler of Fair Wear Foundation in India received a phone call from a worker on 8 July 2010. According to the worker, he was fired unfairly. On the 10 June, the worker applied for emergency leave when he learned that one member of his family got arrested in his home town. The application was denied by the factory manager. As the situation at home deteriorated, he informed the management on 14 June and left the factory. When he came back to work on 6 July, the company told him that he was dismissed because he left without permission. The worker was not given retrenchment compensation, neither was his salary paid.

According to the plaintiff, several other workers were fired under similar circumstances in the same month. In addition, the worker raised that the factory had not paid overtime work at premium rate as legislated by law. The plaintiff also mentioned excessive



overtime, work on Sundays and compulsory overtime as problems. During low season, the factory forced some workers to take unpaid leave.

## 6. Admissibility

FWF decided the complaint was admissible on 12 July since the factory was supplying one of FWF's member, and the case concerned three labour standards of the Code of Labour Practices, as the followings:

- Legally binding employment relationship
- There is no excessive overtime
- Payment of a living wage

## 7. Investigation

FWF reviewed an audit report written in 2009. According to the report, information on OT gathered from workers interviews conflicted with factory OT records. The factory did not provide appointment letters to workers. Since audit report did not give sufficient information on the case, FWF organised an independent offsite investigation.

An investigation plan had been proposed by FWF and agreed by Odd Molly on 14 July. An offsite workers interview was conducted by FWF's local complaints handler. A written report was submitted on 23<sup>rd</sup> July.

The investigation lasted for four days. The workers interviewer (FWF's local complaints handler) had organised two group meetings with 10 workers (10% of the total workforce). He had also spoken to other layoff workers. A local stakeholder AITUC (trade union) was interviewed by phone.

## 8. Findings and conclusions

The findings from the investigation are:

### 1) Legally binding employment relationship:

The workers were not provided with appointment letters. The factory fired several workers included the plaintiff without following legal procedure and required them to sign resignation letters to avoid having to pay retrenchment compensation.

### 2) No excessive working hours:

The total working time per week was 75 hours. Workers did not enjoy one day off per week.

### 3) Payment of a living wage:

OT was paid on a regular hourly rate. It is not in line with the current India labour law, which required employers to pay at double rates. During low season, some workers were forced to time off without payment.

## 9. Corrective action

On 28 July, the plaintiff informed FWF that he had received the owed salary and a small amount of retrenchment compensation from the factory. Although the compensation did not meet the legal requirement, he had decided not to follow up the complaint.

A corrective action plan was finalised on 10 August and communicated to Odd Molly. Odd Molly should make sure the factory complies with the following:

- 1) A retrenchment policy should be established to ensure all retrenchments are conducted following legal requirements.
- 2) All workers should be provided with appointment letters.
- 3) OT should be documented correctly and total working times should be reduced to 60 hours per week.
- 4) OT should be paid at double rate. The factory should organise its work schedule to distribute its work as evenly as possible throughout the year. When there is not enough order, it is possible to encourage workers to take leave. However, a compensation of at least 50% of the total basic wages and dearness allowance should be paid to the workers.

## 10. Verification

Due to quality problems and delayed orders, Odd Molly is decreasing their orders from the factory.

FWF strongly encourages members to continue their business relationship with suppliers in order to make sure that improvements are realised. Abandoning a supplier because of non-compliances with the FWF Code of Labour Practices should be the last option. When phasing out production at a supplier, it should be made very clear why production is being phased out, and what needs to be done in order to not be phased out. If needed, the member company should provide support to the factory to live up to those requirements.

In case Odd Molly would still work with the factory in 2011, FWF will conduct a verification audit to evaluate if improvement is made.