



## Complaint – Takko– India

### Status: Under remediation

*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. Member company involved

Takko

### 2. Accused party

A factory located in India supplying Takko.

### 3. Date of receiving complaint

25<sup>th</sup> October 2016.

### 4. Filing party

A worker that is currently employed by the factory.

### 5. The complaint

The complainant claimed that

- a) Overtime salaries were not paid correctly. For a daily salary of 300 INR, they only received 150 INR for four hours of overtime.
- b) Bonus payments are different for workers that have been with the factory for 1 year (8000 INR), 2 years (10 000 INR) or 5 years (23 000 INR). The workers would like a bonus of 20 000 INR for all workers.
- c) The transport provided by the factory has changed its route. Workers are now dropped off in front of a shop which is 2 km away from their home town.

## 6. Admissibility

FWF decided that the case is admissible on 28<sup>th</sup> October.

The factory is an active supplier of Takko, a member of FWF.

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

- Payment of a living wage
- Safe and healthy working conditions

## 7. Investigation

FWF informed Takko about the case. Takko's local audit team conducted an investigation on 11<sup>th</sup> November 2016. FWF later discussed the findings of the investigation with the complainant and verified copies of documents that were compiled by the Takko audit team.

In addition, a FWF verification audit was conducted in February 2017.

## 8. Findings and conclusions

The following findings and conclusions could be made:

**Payment of overtime:** Both the Takko investigation as well as the FWF verification audit confirmed that overtime hours are within legal limits and are always paid at double rate. During the investigation process it became clear that the complainant was employed in the quality department. These employees are considered non-production workers and hence receive a fixed salary without overtime payments. This is in compliance with Indian legislation. This part of the complaint is hence not grounded.

**Bonus payments:** The lowest bonus paid (8000 INR) is in compliance with Indian legislation that requires an annual bonus of 8.33%. The higher bonus payments for workers that have been with the factory for a longer time are generally a positive incentive that goes beyond legal requirements. This three-tiered model is understood by all workers.

The collective bargaining agreement (CBA) of the factory did however include a 10% bonus payment for all workers. The factory has since adapted the CBA to reflect the three-tiered model they had been practicing, but the text of the CBA remains contradictory.

**Change in bus route:** The investigation by Takko concluded that the factory had merged to bus routes and replaced two smaller vehicles with a larger bus. This made it difficult to reach one place as the road was too narrow for the bus to turn. Two workers were hence dropped of 500 meters from their home place. The investigation by Takko also concluded that this issue had not been raised in any committee, that workers were aware of the committees and generally expressed satisfaction with the new bus route.



The investigation team also examined the route and found that the street from the bus-stop to the worker's home was well-lit. They could not determine a safety risk.

During the FWF verification audit other workers (than the complainant) were interviewed and the FWF auditor also visited the place. It was found that the same vehicle (a smaller van) is being used for the transportation and has not changed in the last months according to several workers. One worker also shared the (s)he raised a grievance regarding safety concerns with the new route through the grievance committee. The grievance was however not recorded in the minutes of the committee.

FWF also found that some of the committee members had been selected by management instead of elected by workers. This was also shared by workers who hence expressed limited trust in the grievance channel.

FWF concludes that the change of bus route has not been discussed with workers or in the grievance committee. The transportation vehicle seems to not have changed and could still follow the narrow route. It is possible that there is a safety risk for workers.

## 9. Remediation

FWF recommends the following remediation steps:

- The factory must conduct an election to ensure all committee members are democratically elected by workers instead of selected by management. All grievances must be addressed and documented in the minutes of the committee.
- Workers should be consulted about their preference regarding the bus route to find a solution that is acceptable for everyone and that does not endanger any of the workers.
- The bonus structure should be negotiated with worker representatives and the CBA adapted accordingly.

## 10. Verification

FWF will verify progress on remediation steps at the next audit. FWF recommends Takko to follow-up with its own audit team in the meantime to validate improvements.

## 11. Evaluation by the complainant

The complainant has since resigned and was not available for a call by the FWF complaint handler.