



Complaint – Odd Molly – 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; Sweden)

2. Accused party

The complaint was filed against a factory in India which is a supplier of FWF affiliate Odd Molly.

3. Date of receipt complaint

The complaint was received by an audit team member of FWF's audit team in India. The auditor conducted worker interviews in two previous audits at the production site of Odd Molly. During the last audit in July 2012, the auditor responsible for worker interviews was asked for his private number which he handed out to some workers. The plaintiff called the auditors' private number on 09 May 2013. The complaint was formally received by FWF through its local complaints handler in India on 10 May 2013.

4. Filing party

The complaint was filed by a worker of the factory whose contact details are known to FWF but will be kept confidential.

5. The case

The complaint related to the labour standards 'employment is freely chosen', 'reasonable hours of work' and 'payment of a living wage' that are part of FWF's Code of Labour Practice.

Labour standard '**employment is freely chosen**'

The worker approached FWF on 09 May 2013 and complained that the company was not fulfilling its promise of 10% increment in wages in April 2013. Offering an increment of only 5% the factory management is saying that it can provide only this much and those who are not willing to accept may choose to quit. Workers who choose not to accept the 5% increment are denied social security pay. According to the management, a higher increment is not possible given the recession and lack of business. Workers find this unacceptable since they have worked excessive overtime hours.

Labour standard '**reasonable hours of work**'

The worker complains that he and his co-workers have been asked for excessive overtime in the last months. Working hours have been from 9am to 9pm. Overtime has been asked regularly with only single pay (instead of payment of the overtime premium rate, which is expected as per the local law).

Labour standard '**payment of a living wage**'

According to the plaintiff all workers earn the minimum wage regardless the years working at the factory. Paying new employees the same wage for the same task as workers who have been working at the production site already more than 10 years leads to unrest among the workers who have been committed to the factory for many years.

6. Admissibility

After further investigation conducting off-site worker interviews, FWF decided on 15 May 2013 FWF that the complaint was admissible as it relates to the Code of Labour Practice. Furthermore the involved factory has an active business relationship with an affiliate member of FWF. On 17 May FWF informed Odd Molly that the complaint had been filed through its complaints procedure.

7. Investigation

FWF conducted two audits at the production site in November 2009 and July 2012. An additional visit to check the implementation status of non-compliances found in 2009 was conducted by a FWF auditor in February 2012.

After receiving the complaint, the FWF auditor conducted five off-site interviews with workers from the Indian production site of Odd Molly. Three out of the five workers have been working at the production site for more than 10 years.

Both audits and the worker interviews confirmed the information received through the complaint: Violation to the labour standard 'employment is freely chosen' in the aspect of refusing to pay social security was confirmed during worker interviews conducted after receiving the complaint. Payment of only minimum wage regardless of the number of years employees have been working in the factory is also already indicated since 2009. Excessive overtime without correct pay has been found already in the November 2009 audit.



Fair Wear Foundation complaints report
– Date of reporting: 16 May 2013 / 27 Sept 2013

Before calling FWF, the plaintiff already spoke to the management of the factory and consulted with a local labour department for advice. According to the plaintiff, factory management mentions to not be able to pay more to workers due to economic and financial difficulties. However, the plaintiff noticed that investments have been done at the factory premises such as installing circuit cameras on shop floors and hand touching time punch machines.

Further investigation needs to be conducted by the FWF affiliate Odd Molly with the factory management.

8. Findings and conclusions

Labour standard '**employment is freely chosen**'

Before May 2012 it was common that the workers received a 10% increment in wages in the month of April. This is not per law but common practice in India. However in a similar situation in May 2012, when the factory management promised but could not pay the 10% increment, many workers chose to quit and the company provided them notice pay of one month and retrenchment compensation, along with other dues of workers.

This year, the company is refusing to pay compensation and notice pay for workers choosing not to accept the 5% increment and to leave the factory. Denying to pay compensation and notice pay for workers is against the law and relates to the labour standard 'employment is freely chosen'. This non-compliance was confirmed by the workers interviewed.

Labour standard '**reasonable hours of work**'

The previous audit reports confirmed excessive overtime. Further investigations after receiving the complaint showed that workers have been asked to work 3 hours extra per day and another 8 hours every weekly holiday (Sunday). Overtime hours were paid single rate only and not according to the overtime premium (which is double the hourly rate). Regular overtime without correct payment of overtime hours is against the labour standard 'reasonable hours of work'.

Labour standard '**payment of a living wage**'

Indian law defines minimum wages for skilled workers, unskilled workers and for semi-skilled workers. Investigation showed that many workers are recorded in the unskilled scale even when they are working more than 10 years at the production site doing skilled workers tasks. Earning only minimum wage and keeping workers in the lowest paid category 'unskilled worker' violates the labour standard 'payment of a living wage'.

9. Corrective action

Immediate action needs to be taken by Odd Molly and the production site to ensure that those workers who do not accept the 5% increment can leave the factory with the payment of compensation. Odd Molly should inform the factory and ask the supplier to find a solution that is acceptable for workers and management. Odd Molly should support the supplier in immediately remediating this issue.

Further action of Odd Molly and the factory management requires the reduction of overtime, to ensure correct overtime payments and to categorize the workers in the right category according to their skill level. Long-term investments need to foresee the payment of a living wage.

The FWF affiliate Odd Molly should additionally look at their internal sourcing practices and investigate whether it's possible that lead times for orders lead to excessive overtime. Furthermore price agreements between the FWF affiliate and the factory management should include possibilities for the payment of a living wage to the employees at the production site.

FWF expects Odd Molly to develop a strategy plan to ensure long term changes within the production site with regard to the violations of the addressed findings.

10. Verification

In August, Odd Molly informed FWF that the brand has shifted the production to another production site in India due to financial difficulties of the factory. Hence the brand has no more means to follow up the complaint.

FWF audited the production site where production has been shifted end of August. To ensure that such labour standard violations do not happen at the new production site, FWF expects Odd Molly to investigate especially concerning the three labour standards which have been addresses in this complaint at the brands' production sites.

11. Evaluation by the plaintiff

The complaints handler got in contact with the plaintiff after receiving the information from Odd Molly that the production has been shifted. The worker is not employed at the production site anymore.