



Complaint – Continental Clothing Company, Epona, Manroof, Nudie Jeans

Status: Resolved

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

Continental Clothing, Epona, Manroof, Nudie Jeans

2. Accused party

A factory located in India supplying to Continental Clothing, Epona, Manroof and Nudie Jeans

3. Date of receiving complaint

30th April 2017

4. Filing party

A worker that is currently employed by the factory.

5. The complaint

The complainant claimed that s/he has been working in the factory for about two months. S/he has an identity card given by the factory and is also covered under PF, for which deductions are made from his/her wages. S/he is paid wages every Tuesday.

The complaints that s/he made were:

1. S/he worked on Sunday (30th April) but was paid only at single hourly rate. According to him/her, s/he worked on Sunday (30th April) but his/her payment for that day was Rs. 215 only which is the per shift rate for a normal working day



whereas the payment should have been made at a premium rate of 200% since s/he worked on a Sunday. The worker was told by the factory that since May 1st was given as a holiday, Sunday was used as a regular working day.

2. S/he and other workers have been working overtime for one and a half hours on a regular basis. While these hours are compensated at the correct premium rate (the workers receive 300 INR per shift including overtime of 1.5 hours), there is a risk of excessive overtime (overtime may not exceed 50 hours/quarter).

3. Recently workers have been asked to work for twelve hours (one and half shift) but s/he is not sure whether the extra four hours will be paid at single rate or double rate.

4. S/he has confusion about calculation of wage and overtime payment. The money is transferred in to his/her bank account; but s/he does not get a payslip so the clarity on calculations of wages and overtime, as well as about other deductions from wages is not there. The worker also stated the wage level is too low to support decent living expenses.

6. Admissibility

FWF decided that the case is admissible on 9th May 2017.

The factory is an active supplier of Continental Clothing, Epona, Manroof and Nudie Jeans, members of FWF.

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

- Payment of Living Wage
- Reasonable hours of work

7. Investigation

FWF informed the members about the case and asked them to contact the supplier. The FWF team then reviewed the response provided by the factory, but was unable to form conclusions based on it. FWF and the brands hence decided to plan a partial monitoring audit, focusing on wage payments and working hours.

The investigation was conducted by FWF on 4-5 July 2017. The investigation process included: a) observation of the time schedule when company buses bring the workers in the factory and when the buses bring them out to drop them to their residential places; b) Offsite interviews of workers; c) Visiting the factory and conducting onsite interviews with workers, inspecting documents and seeking clarifications and responses from management on the issues raised.

A total of 28 workers were interviewed [(Offsite: 18 (9 workers individually and 9 workers in two groups); Onsite: 10 workers including some workers in group)]. The sample included both male and female workers in the categories of time rate workers on company rolls, and time rate and piece rate workers engaged through labour contractors.

8. Findings and conclusions

Based on the partial monitoring audit a detailed report including a corrective action plan has been shared with the brands.

The main findings related to this complaint were:

Compensation for weekly off (30th April):

Both workers and the management confirmed that weekly off on 30th April (Sunday) was made a working day.

According to management permission for this was taken from the labour department. This was verified by the FWF team. According to the management, a total of 910 workers worked on this day, and out of these 633 workers were given a compensatory off and 277 workers were paid double wages.

According to majority of workers they were neither paid double wages for this, nor received a compensatory off. However, some workers reported that they were given compensatory off and some said that they do not remember.

These different versions seem to be caused by the following:

- According to the management the compensatory off for 30th April work was not given in the next week or next to next week; it was given in the month of June, and different group of workers were given this compensatory off on different dates, which made it difficult for workers to understand the link to 30th April. According to the management, a notice was displayed but the workers said they were not aware of it.
- Documents produced by management to verify this compensatory off showed that workers were marked as absent on certain dates and according to the management this was the compensatory off. However, since rather than writing compensatory off or leave, the workers are marked as absent, it could not be verified whether it was actually the compensatory off.
- It was verified in the documents that Rs 500 was paid to certain number of workers as a compensation for work on weekly off (30th April). Again, not all workers might be aware about the link to 30th April as they do not receive any wage slip for weekly payments (wage slips are provided on a monthly consolidated basis).
- The complainant confirmed on 23rd July that in one week s/he received a higher amount (s/he does not remember how much) than normally. S/he informed his supervisor about this to understand the payment, but did not receive an answer. Documents reflected correct payment at premium rate for the complainant.

Conclusion: FWF concludes that the working day on 30th April, a weekly off, was compensated correctly (either in time or at premium rate), but workers were not informed sufficiently about the compensation. In addition, the compensation day was not documented correctly (as workers were marked as absent instead).

Working hours

Management stated that working hours are between 9am to 6.30 pm with one-hour lunch break from 12.30 pm to 1.30 pm and a tea break, post lunch for 20 minutes. Since the workers want overtime and working one and a half shift is the normal trend in Tirupur, the HR Manager explained they had convinced the workers that they are doing one and half shift even though they are doing the normal 8 hours of work from 9 am to 6.30 pm.



The audit team observed buses arriving at 8.10 am. Management stated that workers are involved in unpaid (recreational) activities before 9 am. This was not confirmed by the workers.

Both off-site and on-site worker interviews showed that the regular working time is from 8.30 am to 6.30 pm and the workers call this “one and a half shift”. The lunch break for one hour from 12.30pm to 1.30pm and the tea break for 20 minutes were confirmed.

Management added that piece rate workers [who are employed through contractors] and some regular workers at times conduct overtime hours between 7pm to 9 pm. Management said that overtime is not regular. For the last three months, they reported overtime on 30th April, May 5th to 9th and May 11th to 13th. These days were not registered in the overtime register and were not reflected in wage slips. In the payment slip it could be seen that overtime was carried out from 7pm to 9pm in few days of May, from 5th to 9th and from 11th to 13th by both piece rate workers and workers who are on roll. Premium wages were paid. No records of contract workers were provided for verification.

Workers are confused about their working hours and calculation of their wages for the overtime. Some said that they do not work overtime apart from the “one and a half shift” and additional overtime is done by the piece rate workers who are employed by the sub-contractors. Some workers believe the regular overtime is from 4.30 pm to 6.30 pm and some workers believe the regular overtime is from 5 pm to 6.30 pm. A number of piece rate workers confirmed overtime from 7pm to 9pm. Some workers also reported that from May 5th to 13th they conducted overtime up to 12 am in the night. Some workers said they were not paid premium rate of overtime and some workers said that they received premium rate of overtime.

Conclusion: Regular daily working time amounts to 8 hours 40 minutes, hence 40 minutes are overtime. This time is not recorded as overtime. Workers receive regular wages for these working days (no premium wages for the 40 minutes of overtime). Wage levels are at or above legal minimum wage for the tailoring industry for regular workers.

FWF also concludes that overtime hours for regular workers is within legal limits and paid correctly (with the exception of 40 minutes on regular working days), but not documented correctly.

Due to lack of documentation it could not be verified whether overtime hours are within legal limits and paid correctly for contract workers.



9. Remediation

Based on the partial monitoring audit a detailed audit report including a corrective action plan has been shared with the brands.

The main remediation points related to this complaint are:

- Workers need to be actively informed about their working hours and wage/overtime calculations. This includes compensation for work on weekly offs.
- Wage slips reflecting all working hours and all payments, including overtime need to be provided to workers. Management can consider providing weekly wage slips or explaining the weekly break-down of payments in a monthly wage slip.
- All overtime hours need to be registered and paid on premium rate (200%). This includes the 40 minutes of overtime on regular working days.
- Documentation for contract workers must be maintained as well. The factory must ensure that overtime is within legal limits and paid at premium rate for all workers.

10. Verification

FWF will verify remediation during the next FWF audit at the factory.

11. Evaluation by the complainant

The complainant was informed about the outcome of the investigation and confirmed that s/he had received additional payment for 30th April.