Worker Rights Consortium Verification Report
Re Labor Rights Compliance at Altagracia Project Factory
(Dominican Republic)

Findings

January 31, 2013
I. Executive Summary

This report assesses labor rights compliance at the Altagracia Project facility in Villa Altagracia, Dominican Republic. The Worker Rights Consortium (WRC) conducts intensive ongoing monitoring at the Altagracia facility regarding compliance with the enhanced labor standards which both the factory and its primary buyer Knights Apparel have committed to uphold, including unprecedented commitments regarding living wage and respect for freedom of association. Under the compliance assessment process developed by the WRC for our work vis-à-vis Altagracia Apparel, comprehensive public reports of our monitoring work at the facility are issued on a regular basis. This document is the third such report covering the period of September 1, 2011 to September 1, 2012.

To the WRC’s knowledge, the factory making Altagracia products is the first and only export apparel factory in the Global South where workers are paid a genuine living wage and have organized a union without interference by management. Especially in view of the unique nature of this project, it is crucial that the factory fully comply with the labor rights commitments that the factory and Knights Apparel have made. To verify compliance, the WRC has subjected the factory to intensive and ongoing scrutiny, making it, in all likelihood, the most comprehensively monitored collegiate apparel factory in the world.

Based on months of careful evidence gathering, analysis, and dialogue with all concerned parties, the WRC concludes that the Altagracia Project factory continues to be in full compliance with its labor rights obligations, including those required by Dominican law, those set forth in all university codes of conduct, and the higher standards agreed under the special terms of this project. Factory management and the brand have moved swiftly and effectively to address any problems identified in the monitoring process, which have been minor and few in number. Altagracia has achieved a culture of respect for worker rights that represents a model for the apparel industry. In addition, the WRC has seen unintentional errors decrease in comparison with the previous two reporting periods, indicating that the Altagracia facility has been effective not only in correcting any errors, but also in putting into place effective oversight systems to prevent them from recurring.

II. Background

The Altagracia Project factory (henceforth “AP” or “the factory”) is an apparel manufacturing plant in the Villa Altagracia Free Trade Zone, in the town of Villa Altagracia, in the Dominican Republic. AP employs approximately 130 workers who produce university logo T-shirts and hooded sweatshirts. The factory’s sole buyer is Knights Apparel, a US-based apparel wholesaler.

Under an agreement between Knights Apparel, the Dominican Federation of Free Trade Zone Workers (FEDOTRAZONAS), and the WRC, Knights Apparel has committed to ensure that AP not only meets the labor standards of the brand’s university licensors, but additional standards on wages and freedom of association that go beyond traditional university and corporate codes of conduct. This initial agreement was signed in January 2009; the factory hired its first machine operators on February 17, 2010. These commitments, which include payment of a living wage calculated by the WRC and unprecedented steps to ensure that workers can freely exercise their right to organize, makes the AP facility, to the WRC’s knowledge, unique in the export garment industry in the developing world.

The factory is the exclusive producer of Altagracia brand t-shirts and sweatshirts. This new brand of university and college logo apparel is sold at campus bookstores and is marketed with a strong emphasis on the exemplary labor conditions under which the products are manufactured. Pursuant to the agreement referenced above, the WRC permits Knights Apparel to place a hang tag on Altagracia garments bearing a statement from the WRC confirming that the goods are sewn at a factory that respects worker rights, including the right to organize and the right to a living wage. Continued permission to affix this tag to the products is dependent upon continued compliance by the factory with the applicable labor standards.

AP management has provided the WRC with unfettered access to the factory, including all relevant factory records. We are aware of no other export apparel factory that has provided this level of access and transparency to a monitoring organization that operates completely independently of the factory and its customers. This has enabled the WRC to carry out a monitoring program of unprecedented scope and rigor.

III. Monitoring Methodology

In order to verify compliance with the Code, the WRC carries out monitoring in accordance with the following protocol:

- Ongoing monitoring of compliance with the living wage requirement, through regular review of factory payroll records and worker pay slips and in-depth worker interviews to ensure that factory records match actual payments to workers.

- Ongoing monitoring of compliance with all other code standards through:
  - Interviews and other communication with union representatives (at least every other week);
o Interviews and other communication with individual workers, conducted off-site, at locations chosen by workers (at least monthly);

o Interviews and other communication with factory managers (at least every other week);

o Regular visits to the facility to review relevant factory records and observe the production process and inspect the work environment, machinery, and safety gear (at least every other week);

o Real-time troubleshooting, in consultation with all stakeholders (as needed); and

o Issue-specific assessments, as needed. An issue-specific assessment is a review of a specific labor standard or practice that has been identified as an area of concern through a worker complaint. Workers may submit confidential complaints to the WRC. In the event that a complaint is received, an issue-specific assessment will be carried out in a timely fashion.

The WRC recognizes that the most effective day-to-day monitoring of compliance with labor standards is performed by workers and their representatives, acting through democratic labor organizations. Accordingly, the WRC communicates regularly about all labor rights compliance issues with the union representing the AP workers.

The project is also subject to the following conditions with respect to the remediation of instances of non-compliance with the project’s standards:

- In the event of a finding of a violation of the program’s standards, whether through ongoing monitoring or an issue-specific assessment, the factory is obligated to act in a timely fashion to correct the violation. Knights Apparel is obligated to ensure that the factory takes such corrective action.

- If and when a violation is identified, the WRC will provide factory management and Knights Apparel with detailed recommendations for remedial action – developed in consultation with workers, their representatives, and other stakeholders – and an associated timeline to complete such actions.

- If a violation is not corrected within the timeframe specified, the WRC reserves the right to withdraw its verification of compliance. Under such circumstances, the factory and Knights Apparel shall relinquish the right to place a WRC hang tag on the product, or make any other public reference to the WRC’s verification, until such time as the WRC has confirmed that the violation has been corrected. If a pattern of repeated violations occurs, the WRC can withdraw the right of Knights Apparel to use the WRC hang tag, and to make any other public reference to the WRC verification of compliance, for an extended period of time or permanently, at the WRC’s sole discretion.
IV. Applicable Standards and Findings

The following sections review the factory’s compliance with each labor code standard. The language of each standard is included at the outset of each section.

A. Wages and Benefits

Code Requirements:

The Villa Altagracia Project Factory (“the factory”) shall pay employees, as a floor, wages and benefits which comply with all applicable laws and regulations, and which provide for essential needs and establish a dignified living wage for employees and their families. A living wage is the “take-home” or “net” pay earned by an employee working a country’s legal maximum workweek which, in the case of the Dominican Republic, is 44 hours. A living wage is calculated by dividing the amount of money required to meet the basic needs (housing, energy, nutrition, clothing, healthcare, education, potable water, childcare, transportation, and savings) of an average-sized family of an employee in the garment manufacturing sector of the country by the average number of adult wage earners in an average-sized family of an employee in the garment manufacturing sector of the country.

The Worker Rights Consortium has determined, through a country-specific market basket analysis, that a living wage in the Dominican Republic is 222,042 Dominican pesos per year (“the Living Wage Standard”). To comply with the Living Wage Standard, all employees in the factory must be paid a gross wage sufficient to yield take-home pay of at least 222,042 Dominican pesos per year. The required gross wage is equal to 18,152.99 Dominican pesos per month or 4,189.15 Dominican pesos per week. In order to be in full compliance with the Living Wage Standard, the factory must:

a. Pay all employees in the factory at least the Living Wage Standard, regardless of an individual employee’s level of production, for a regular workweek, exclusive of any overtime hours. The only bonus that may be considered as payment toward fulfillment of the living wage obligation is the annual mandatory Christmas bonus which all employees in the Dominican Republic receive regardless of production level. All production bonuses, all other non-mandatory bonuses and incentives, and all compensation for overtime hours must be paid in addition to the Living Wage Standard.

b. Make no deductions from employees’ pay other than those mandated by law.

c. Pay employees for any overtime hours at the premium rate required by law, using the Living Wage Standard, or the actual straight time wage, whichever is higher, as the basis for calculating the premium rate.

d. Employ all employees on a year-round basis, and compensate them in accordance with the Living Wage Standard, without lay-offs or furloughs, so that the annual wage earned by a given employee – not including non-mandatory bonuses, incentives, and overtime – is consistent with the Living Wage Standard. The only circumstances under which an employee may receive less than the living wage over the course of a year is if the employee, of his or her own volition, takes unpaid leave for some portion of that year. Unpaid leave is time off that is taken voluntarily and
that is not required, by law or by contract, to be compensated as paid vacation, paid sick leave, or other paid leave.

e. Minimize the use of temporary and part-time employees, so that, in the course of a year, no more than 10% of the hours worked at the factory are worked by individuals who are not full-time, year-round employees. Pay any part-time or temporary employees no less than the Living Wage Standard for all regular hours worked, plus any applicable bonuses, incentives, and overtime pay.

f. Ensure that the value of the living wage is not eroded through inflation, by adjusting the Living Wage Standard, in October of each year, to account for the increase in the cost of living over the prior twelve months, if any, as measured by the Dominican Central Bank. If a union is present in the factory, the factory may, at the union’s request, modify the schedule for revising the Living Wage Standard to incorporate the revision into the collective bargaining process, provided that employees are made whole for any loss of wages due to delay in the revision of the Living Wage Standard that may result. Wages must be increased to reflect increases in the cost of living, but there will be no reduction in wages in the event of deflation.

g. Treat the Living Wage Standard, in the context of collective bargaining, as a floor for negotiations, rather than the upper limit of what employees may earn. The factory’s management must bargain over wages and benefits with any duly constituted union at the factory, and Knights Apparel, as the primary buyer, must pay a price for the factory’s products that make it feasible for factory management to bargain in good faith over wages and benefits.

Findings:

The WRC conducted a detailed review of all factory payroll records and logs of working hours for sixteen pay periods between September 1, 2011 and September 1, 2012. In addition, the WRC regularly conducted off-site worker interviews regarding compliance with the Living Wage Standard. These interviews included a review of workers’ pay stubs. The WRC also conducted issue-specific inquiries into payroll records in response to any potential violations of the Living Wage Standard identified through worker interviews or complaints. The WRC reported any errors to management and closely monitored the provision of arrears to workers.

The WRC found full compliance with all the stipulations of the Living Wage Standard. The only error which affected the entire workforce during this reporting period was an error regarding the 2011 Christmas bonus. The management quickly provided full arrears once the error was brought to their attention. More information on the Christmas bonus is provided below. Otherwise, the WRC found no systematic errors in the payment of the living wage. The few additional isolated errors identified by the WRC were minor; the WRC deems these errors to be unintentional because the factory just as frequently overpaid workers as underpaid them. In any cases where underpayment was identified, the WRC notified the management who provided full arrears in a timely fashion. In addition, the WRC notes that across the three reporting periods to date, the incidence of payroll errors has decreased significantly, which indicates that management has taken the necessary steps not only to correct errors when identified, but also to prevent them from recurring.
The factory complied with the inflation adjustment stipulated in the Living Wage Standard to ensure that the living wage was not eroded by inflation. Effective November 15, 2011, the living wage was increased by 8.87 percent to reflect the inflation rate between October 2010 and October 2011 using the inflation data published by the Dominican Central Bank.\(^3\) Review of payroll documents, pay stubs, and off-site worker interviews demonstrated that the factory applied the 8.87 percent increase. The resulting gross living wage salary was $4,825.25 Dominican pesos per week or $20,909.42 Dominican pesos per month. At the exchange rate prevailing at that time, the value of the living wage in US Dollars was $545.23 per month. The minimum wage for Free Trade Zones increased by 10 percent on October 1, 2011, to $5,940 Dominican pesos or US$154.89 at the prevailing exchange rate at that time. After both the living wage and the minimum wage were adjusted, the AP living wage was 3.5 times the minimum wage.

The WRC confirmed that the factory paid all workers no less than the required amount adjusted for inflation, throughout the period covered by this report, except in cases where the worker, at his or her own initiative, took unpaid leave that reduced his or her hours below the standard workweek of 44 hours. It is important to note that, in stark contrast with industry norms in the Dominican Republic, AP provided full pay at the Living Wage Standard during significant production furloughs which occurred between January and March of 2012. The WRC commends the exemplary compliance with the Living Wage Standard during these furloughs, which ensures stability for the workforce above and beyond the legal protections provided by the Dominican Labor Code.

The factory is also in full compliance with its obligation to pay vacation days, holidays, and medical leave at the Living Wage Standard. Medical leave is provided under Dominican Law 87-01 which establishes the Dominican social security system. Under this law, workers receive compensation from the social security system for medical leave after three days.\(^4\) Workers are eligible for these benefits for any medical leave authorized by a doctor after completing one year of employment with the necessary documentation submitted by employers to the social security administration. If the medical leave is related to a work-related injury or illness, it is covered with no minimum employment requirement. The WRC has confirmed through payroll review that AP pays at the Living Wage Standard for the first three days of medical leave for any employee who has completed one year of service or who has a workplace illness or injury. In addition, the factory submitted the necessary paperwork in order to ensure that workers received social security benefits for medical leave longer than three days. While the WRC did receive complaints from workers regarding delays or non-payment for sick leave from the Social Security Administration, such delays were due to errors by the Social Security Administration despite the fact that factory management fulfilled its reporting and payment obligations. Workers report that the human resources employee assigned to file Social Security paperwork provided an exemplary level of support in helping workers file the relevant paperwork or access the relevant


\(^{4}\) See CNSS, *Reglamento Sobre El Subsidio por Enfermedad Comun* (Regulation Regarding the Subsidy for Common Illnesses) and *Reglamento Sobre Subsidio por Descapacidad Temporal* (Regulation Regarding Subsidy for Temporary Disability) (copies on file with the WRC).
benefits. In addition, the factory paid all vacation days and national holidays at the Living Wage Standard.

The factory did not take any deductions from workers’ pay, except for (1) the 5.91 percent combined deduction, mandated by Dominican law for employee contributions to the national pension and health care systems and (2) voluntary deductions authorized by employees, such as: union dues or additional insurance programs initiated by the employee.

AP complied with both Dominican law and the Living Wage Standard in regards to payment of overtime. First, it is important to note that due to workers’ stated preferences, AP does not use the standard work schedule for the Dominican garment industry, which consists of eight-hour work days Monday through Friday and four-hour work days on Saturdays; rather, the AP work schedule consists of nine and half hours worked each day Monday through Thursday and a six-hour work day on Friday. Workers requested the non-traditional schedule and AP has adjusted the schedule several times since the factory opened in response to the union’s requests. Workers continue to express approval of AP’s work schedule because it allows them to run errands during a business day and spend more time with their family.

Dominican law regarding payment of overtime is written based on the traditional Monday through Saturday work schedule, which leads to some gray areas in determining the payment of overtime premiums. AP pays any hours which may be interpreted as meriting overtime premiums in full and thus their payment of working hours meets or exceeds Dominican law and the Living Wage Standard. Under Dominican law, there are several overtime categories. For overtime hours worked Monday through Thursday, a 35 percent premium is required. The WRC found that the factory appropriately paid weekday overtime at this rate based on the living wage standard. In addition, a 100 percent premium is required under the law for all hours worked during the workers’ rest period. The Labor Code defines the rest period assuming the standard six day work schedule as beginning after noon on Saturday and continuing through Sunday unless the schedule is otherwise defined. Because of AP’s non-standard five-day schedule, AP pays this 100 percent premium for all hours worked after the end of the 44-hour workweek on Fridays at 1 p.m. and all hours worked on Saturdays and Sundays. The WRC confirmed that the 100 percent premium was paid for all overtime hours in this category. Last, for any hours worked in the evening past 9 p.m., an additional 15 percent premium is required by law; this was also paid.

As noted above, the WRC did find some isolated and infrequent errors in the calculation and payment of working hours. These errors were extremely rare and generally very minor, such as rounding miscalculations affecting less than an hour of pay. Such errors have decreased over the course of the three reporting periods to date and management has improved their payroll systems and oversight in order to prevent such errors from recurring. In the few cases where the errors

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5 See Article 201 of the Dominican Labor Code and Law 87-01, which can be viewed at: http://www.dgii.gov.do/legislacion/LeyesTributarias/Documents/Ley87-01.pdf.
6 See Article 203 of the Dominican Labor Code.
7 See Articles 163-164 of the Dominican Labor Code.
8 See Article 204 of the Dominican Labor Code.
were underpayment as opposed to overpayment, the WRC confirmed that the factory provided full arrears.

The only systematic error identified in the payroll was in regards to the Christmas bonus paid in December 2011. The Living Wage Standard and Dominican law require factories to provide a Christmas bonus equal to one-twelfth of the amount the worker earned over the previous year. In December of 2011, the payroll system made an error in summing the total wages earned over the past year, which resulted in slight underpayment for all workers. The WRC brought this error to the attention of management and arrears were paid in full in a timely manner. Because this error was unintentional and arrears were provided in a timely fashion, the WRC finds that AP met its commitment to the Living Wage Standard. It is relevant to note that AP, in the method it utilizes for calculating the Christmas bonus, exceeds the minimum standard stipulated by the Dominican Labor Code, which excludes overtime pay from the calculation. Alta Gracia includes payment for overtime hours when calculating the bonus.

In sum, based on rigorous monitoring regarding the Living Wage Standard, the WRC found that AP has met or exceeded its commitments.

B. Working Hours and Overtime

Code Requirements:

Working Hours: Employees shall not be required to work more than 44 hours per week and are entitled to no less than 36 consecutive hours of rest, at least once per week.

Overtime Compensation: All overtime hours must be worked voluntarily by employees. In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours as follows: 1) For hours in excess of 44 hours and up to 68 hours in a single week, at a rate 35% above the normal wage; 2) For hours in excess of 68 hours in a given week, at a rate 100% above the normal wage; 3) For hours worked on holidays, at a rate 100% above the normal wage.

Findings:

The factory is in full compliance with the standards on working hours and overtime.

The work schedule continues to be 7 a.m.-5:30 p.m. Monday through Thursday, and 7 a.m.-1 p.m. on Fridays, as reported previously. This includes a paid break from 9 a.m.-9:25 a.m.; this break was extended in 2010 in response to a request from the union that the break be lengthened to allow workers enough time to eat a meal or snack if they chose to do so. The lunch break remains the same: Monday through Thursday from noon to 1 p.m. The number of weekly hours worked totals 44, which is the statutory work week in the Dominican Republic. As noted above, AP management originally set the factory’s work schedule in accordance with the workers’ preference and since then has agreed twice to adjust the schedule at the request of worker representatives.

9 See Article 219 of the Dominican Labor Code.
The WRC confirmed through off-site worker interviews that all overtime hours were strictly voluntary. In addition, as discussed in the living wage section above, the factory paid all overtime premiums either meeting or exceeding the overtime premiums required by law and at the Living Wage Standard. With the exception of the isolated errors noted above, overtime hours were correctly reported and paid on time to all workers during this reporting period.

The factory also took proactive measures to ensure that workers did not work during their break periods, which is a common practice in the apparel industry in the Dominican Republic. In response to concerns raised by the WRC that workers were voluntarily coming in early or leaving late to their lunch breaks, management clearly instructed workers to take their full one-hour lunch break and subsequently began shutting off the electricity in the factory during the lunch break to ensure compliance with the labor standards regarding working hours.

The WRC also commends the factory for its ongoing efforts to maintain an open dialogue with worker representatives and accommodate requests regarding the work schedule; this is a radical departure from industry norms.

C. Forced and Child Labor

**Code Requirements:**

*Child Labor:* The factory shall not employ any person at an age younger than 16.

*Forced Labor:* There shall not be any use of prison labor, indentured labor, bonded labor, or other forced labor.

**Findings:**

The factory is in full compliance with this standard. Worker interviews, union officers’ reports and WRC observation found no child labor or forced labor in the factory. During the period of September 2011 to September 2012, five new employees were hired; all were confirmed to be above the legal minimum age of employment.

D. Health and Safety

**Code Requirements:**

*Health and Safety:* The factory shall provide a safe and healthy working environment to prevent accidents, illnesses, and other injuries to health arising out of, linked to, or occurring in the course of work or as a result of the factory’s operations. The factory shall comply with the health and safety laws and regulations of the Dominican Republic.

In addition to WRC monitoring, the factory’s practices with respect to worker health and safety have been monitored by two leading occupational health and safety experts, Garrett Brown and Mariano Kramer of the Maquiladora Health and Safety Solidarity Network (MHSSN). At the WRC’s recommendation, Knights Apparel and factory management agreed to closely follow MHSSN’s guidance on health and safety issues.
**Findings:**

During the first two reporting periods, AP established an exemplary occupational health and safety (OHS) program, with technical assistance and training from MHSSN and the UC Berkeley Labor Occupational Health Program (LOHP). In this period, the WRC has continued to monitor the factory’s OHS program, consulting MHSSN on technical issues as they arise.

AP has continued to implement best practices to date, sustaining the improvements identified by MHSSN and responding effectively to new issues. Specifically, the new health and safety measures that the factory has implemented during this reporting period include: health and safety training for the workforce; several new techniques to reduce airborne cotton dust in the factory; expansion of the water-drip system to further reduce the ambient temperature in the factory; replacement of old or defective chairs with new ergonomic chairs suggested by MHSSN; and adopting a new form of personal protective equipment based on worker feedback. Further detail on these measures is provided below.

AP’s OHS program is overseen and administered by the joint worker-management health and safety committee. The factory has complied with the relevant local labor laws regarding the establishment of a joint worker-management health and safety committee. The committee is composed of six members, comprising one manager, one member of the technical staff, one member of the administrative staff, and three line workers. The committee meets on a monthly basis, and the WRC regularly participates in these meetings as an observer.

During previous reporting periods, the committee received initial training from MHSSN and LOHP and two additional trainings through local government agencies, which provided training on how to prevent accidents and illness from exposure to electrical, chemical, and physical hazards and emergency evacuation and response. The health and safety committee continues to have a robust worker education and technical training program, both for the committee and for the workforce in general. Workshops conducted between September 1, 2011 and September 1, 2012 included three workshops on workplace health and safety (fire prevention and emergency planning, first aid, and earthquake response and preparedness) and three workshops on general worker health and wellness (nutrition, Social Security benefits, and prevention of gender-based violence). In addition, the committee itself continues to carry out educational functions in factory

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10 A review of the health and safety improvements which the factory adopted through these consultations, inspections, and trainings are reviewed in depth in the December 2010 and December 2011 Comprehensive Monitoring Reports and include the implementation of the following:

- Measures to prevent falls
- Improvements to the electrical infrastructure to prevent accidents or fires
- Provision of the appropriate guarding mechanisms for machinery (such as hazardous belt or pulley nip points and rotating shafts)
- Maintenance safety protocols to prevent electrocution or accidents when conducting repairs
- Improvements to the safety mechanisms in the mechanics workshop (such as bolting the drill press to the floor and improved guarding for equipment and improved labeling)
- Replacement of all solvents with Tide Liquid detergent to eliminate the risk of harmful chemical exposure
- Installation of a water-drip system to reduce the ambient temperature
- Use of industrial strength vacuum cleaners to prevent the accumulation of cotton dust.

11 See Decree Number 522-06, Article 4; Resolution No. 04/2007, Section 6.
meetings with the workforce. For example, the health and safety committee regularly educates workers on health and safety rules to prevent accidents, trains workers on the use of fire extinguishers, and holds regular fire drills.

The health and safety committee also regularly brings workers’ complaints and suggestions to their meetings and makes the necessary improvements to address them. Over this reporting period, the health and safety improvements made by the committee include the following:

- In order to further reduce the accumulation of cotton fibers and thus airborne cotton dust, the health and safety committee trained the operators on how to clean their work areas to prevent the buildup of cotton dust and scheduled time into the workday to allow operators to do so. In addition, the factory began implementing a full removal of accumulated cotton dust throughout the factory two times per month after the end of the workweek to minimize exposure.

- During the previous reporting period, the factory had installed a water-drip system on the roof to decrease the ambient air temperature. During this reporting period, the factory expanded and improved the drip system to cover the full length of the roof and added an additional water pump to ensure consistent coverage across the roof area. The maintenance department regularly monitors the temperature of the roof to ensure that the system is functioning correctly.

- Prior to opening in 2010, the factory had consulted MHSSN regarding ergonomic standards for the chairs in the factory. Prior to purchasing replacement chairs during this reporting period, the factory again consulted MHSSN and bought chairs that met best practices in ergonomics.

- Despite workers’ concerns about airborne cotton dust, very few workers used the masks made available to them by the factory. The health and safety committee consulted both MHSSN and the workforce and tested out several models of masks with workers to see which ones they were most likely to use regularly. The factory subsequently ordered the masks that workers preferred.

The WRC found that the factory not only complies with Dominican law and the applicable health and safety code standard, but also continues to implement industry best practices. The WRC commends the factory’s proactive approach to addressing health and safety issues and willingness to seek out training and consultation from outside health and safety experts trusted by workers and labor rights advocates.

E. Non-Discrimination

Code Requirements:

No person shall be subjected to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.
Findings:

The WRC has found AP to be in compliance with its obligations not to discriminate in terms of hiring, promotion, and treatment in the workplace. Workers and union representatives report that there is no discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin. (Compliance with the factory’s obligation to not engage in gender discrimination is discussed below in the section concerning women’s rights.)

The WRC commends the factory on the transparency measures adopted to ensure that there is no discrimination in the hiring process; namely, including oversight by the WRC throughout the evaluation, interview, and selection stages. In addition, the management includes a union representative in the hiring process.

F. Harassment and Abuse

Code Requirements:

Every employee shall be treated with dignity and respect. No employee shall be subjected to any physical, sexual, psychological, or verbal harassment or abuse. The factory will not use or tolerate any form of corporal punishment.

Findings:

The WRC’s monitoring efforts found no evidence or reports of abuse of any kind including physical, sexual, psychological, or verbal.

As noted in the WRC’s first two comprehensive monitoring reports, all managers, supervisors, and trainers are informed of AP’s expectation of respectful treatment of all employees during the factory’s orientation and labor rights training program. Employees and worker representatives expressed that they had not experienced or witnessed any form of abuse, and further reported that managers and supervisors used a respectful, polite, and appropriate tone with minimal exceptions.

The WRC reports that management has been responsive to the WRC’s recommendations to achieve best practices in this regard. In May 2012, two workers stated in worker interviews that they felt “pressured” by one of the supervisors around production deadlines. Worker interviews found that the supervisor in question did not use disrespectful language or any form of abuse, and thus this issue did not represent a code of conduct violation. However, the WRC alerted the management to the concern, which management promptly addressed with the supervisors.

Because management takes rapid and effective action to ensure that managers and supervisors reach the highest standard of respectful treatment of workers, the WRC finds that the factory has complied with the standards regarding harassment and abuse.
G. Freedom of Association and Collective Bargaining

**Code Requirements:**

The factory shall recognize and respect the rights of employees to freedom of association (FOA) and collective bargaining. No employee shall be subjected to harassment, intimidation, or retaliation in their efforts to freely associate or bargain collectively. The factory shall not cooperate with any effort by governmental agencies or other organizations to use the power of the State to prevent employees from organizing a union of their choice. The factory shall allow union organizers free access to employees.

Consistent with Dominican law, the factory shall recognize the union of the employees’ choice as their representative for purposes of collective bargaining. In addition, the factory must maintain an open attitude toward the unionization of the factory and its employees’ participation in union activities and a positive approach towards dealing with any union that employees choose voluntarily to form or join. The factory must communicate clearly to employees that its management will negotiate in good faith with any duly constituted union. If a union is not present in the factory, management must enter into a neutrality and access agreement if a union or union federation so requests. If a union is present in the factory, the factory must provide free access to the union’s representatives to carry out their representational functions, without undue restriction.

If a union is present in the factory, Knights Apparel, as the primary buyer, must participate in the collective bargaining process along with factory management.

**Findings:**

The WRC has found AP to be in full compliance with the Freedom of Association (FOA) Standard.

Prior to opening the factory, Knights Apparel signed an agreement regarding FOA with the Dominican Federation of Free Trade Zone Workers (FEDOTRAZONAS). FEDOTRAZONAS reports that Knights has complied with this agreement fully. Both union representatives and workers confirmed that since the factory’s inception, the management has respected workers’ associational rights and successfully created an atmosphere where workers have felt free to decide to join the factory’s union or not. AP should serve as a model in this regard for other factories.

The Union of Alta Gracia Project Workers (Sindicato de Trabajadores de Alta Gracia Project, SITRALPRO) was officially registered with the Secretary of Labor in June 2010 and currently represents a majority of AP workers. Management meets regularly with union representatives, including weekly meetings to discuss production issues and biweekly meetings to discuss any other issues raised by either management or the union. The union has established an office within the factory and reports that they are able to carry out their representational functions without interference from management. The two parties have established a working relationship and the union plays a central role in the day-to-day operation of the factory, including participation in production meetings, hiring decisions, the health and safety committee, planning and implementation of the factory’s educational programs, and disciplinary procedures. In particular,
the union and management have been effective in collaborating on a worker education program offered both during and after working hours. Many such workshops are related to health and safety, discussed above. Additional workshops offered during this monitoring period include: pension benefits, conflict resolution and leadership, emotional intelligence, personal finances, computer skills, and quality in industrial processes.

In addition, the factory cooperates fully with the agreed-upon provisions regarding union dues. For union members who authorize the deductions of union dues, the appropriate sum is withheld from workers’ paychecks and paid to the union in a timely manner.

SITRALPRO has fulfilled the necessary legal requirements to represent the workforce in collective bargaining and submitted an initial collective bargaining agreement (CBA) proposal in April 2012. Negotiations are currently ongoing. In compliance with the FOA and Collective Bargaining Standard, both Knights Apparel and factory management have participated directly in bargaining.

Alta Gracia continues to demonstrate best practices with respect to FOA. From the factory’s inception, management has never interfered with the formation of or representational functions of the union. Management and the union have forged a positive and constructive working relationship.

H. Women’s Rights

Code Requirements:

a. Female employees will receive equal remuneration, including benefits, equal treatment, equal evaluation of the quality of their work, and equal opportunity to fill all positions open to male employees.

b. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees.

c. Employees who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits.

d. Employees will not be forced or pressured to use contraception.

e. Employees will not be exposed to hazards, including glues and solvents that may endanger their safety, including their reproductive health.

f. The factory shall provide appropriate services and accommodation to women employees in connection with pregnancy.

Findings:

The WRC has verified that AP is in full compliance with the code standard on women’s rights after fully remediating a violation regarding post-natal benefits.
Consistent with the findings in its last two comprehensive monitoring reports, the WRC found that women had the same opportunities as their male counterparts with regard to hiring, promotion, pay, and benefits.

Women continue to make up two thirds of the workforce. With the exception of the cutting department (one of the two smallest departments in the factory), women work in every department in the factory including packing, sewing, inspection, maintenance, and administration. While four of the five employees hired over the course of this reporting period were men, WRC oversight of the hiring process found that this was a result of the applicant pool and not of any form of gender discrimination. The hiring protocol, which is closely monitored by the WRC, continues to ensure non-discrimination toward women and pregnant applicants. None of the applicants were asked about their reproductive status or required to take a pregnancy test.

In addition, the factory fully respected pregnant workers’ rights, including providing appropriate accommodations and twelve weeks of paid maternity leave at the living wage pay rate. Workers returning from maternity leave were able to return to their former positions, with the same salary and benefits. Over the course of this monitoring period, six workers took paid maternity leave without incident.

As noted earlier in this report, due to its potential effects on reproductive health, the factory discontinued use of a cleaning solvent commonly used in the apparel industry. With application of safety measures, such as protective gear and appropriate ventilation, such solvents can be used without negative health effect; however, in order to eliminate any risks, particularly to pregnant workers, the factory opted for the use of a common household laundry detergent instead a solvent.

The WRC identified a violation of the Dominican Labor Code regarding paid time off for breastfeeding. The Dominican Labor Code stipulates that women workers with infants are entitled to three twenty-minute breaks during the workday in order to breast-feed their infant. Prior to the issue being identified by the WRC, workers returning from maternity leave were not taking the paid breaks in order to breast-feed their infants. When the WRC brought the issue to the management’s attention they paid arrears for all workers who had previously been eligible for these benefits, which were reviewed by the WRC to be accurate and constitute full remediation of these violations. In addition, because it was not practical for the workers to breast-feed for twenty-minute periods throughout the day, the affected workers, the union, and the management reached an agreement where workers could either take a full hour at the end of the day or two half-hour breaks throughout the day. Such benefits apply for one year after workers return from maternity leave, regardless of whether or not the worker chooses to breast-feed their infant. This arrangement is preferable to workers and constitutes fair and practical application of the law. Because the management provided full arrears for post-natal benefits which were not provided in the past and reached an arrangement which allows the workers to enjoy the benefits in a way that is most beneficial and practical for them, the WRC finds that the factory is in full compliance with the law and the code of conduct.

12 See Dominican Labor Code Article 240.
V. Conclusion

In light of the findings discussed above, the WRC concludes that AP continues to be in full compliance with the Dominican law, university codes of conduct, and the project’s labor rights commitments. In addition, progressive improvement has continued in areas such as health and safety and payroll management. AP management’s ongoing dialogue with the union and consistent efforts to improve standards and procedures have resulted in new and evolving best practices which provide an example for the rest of the industry.