



WORKER RIGHTS CONSORTIUM

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

Findings

December 8, 2011

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 in regard to living wage and respect for freedom of association.¹ Under the compliance assessment process developed by the WRC for our work vis-à-vis Alta Gracia Apparel, comprehensive public reports of our monitoring work at the factory are issued on a regular basis. This document is the second such report covering the period of November 1, 2010 to September 1, 2011.²

To the WRC's knowledge, the factory making Alta Gracia products is the first and only export apparel factory in the Global South where workers are paid a living wage and have organized a union without interference by management. Especially in view of the unique nature of the project, it is crucial that the factory fully comply with the labor rights commitments that the factory and Knights Apparel have made. To verify this 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, both those set forth in all university labor codes 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; and have achieved a culture of respect for worker rights that represents a model for the apparel industry.

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

¹ See "Labor Standards for the Villa Altagracia Project Factory" at: <http://www.workersrights.org/linkedddocs/Alta%20Gracia%20Labor%20Standards.pdf> .

² The WRC issued the first compliance report regarding Alta Gracia in December 2010. This report can be viewed at: <http://workersrights.org/freports/WRC%20Verification%20Report%20re%20Altagracia%20Factory%2012-23-10.pdf> . In addition, in July 2010, the WRC issued a public report solely concerning compliance with the living wage standard applicable to the factory. This report can be viewed at: <http://www.workersrights.org/linkedddocs/WRC%20Living%20Wage%20Verification%20Report%20re%20Altagracia%20Project%207-16-10.pdf> .

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 Altagracia facility, to the WRC's knowledge, unique in the export garment industry in the developing world.

The factory is the exclusive producer of Alta Gracia 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 Alta Gracia 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)
 - Interviews and other communication with individual workers, conducted off-site, at locations workers choose (at least monthly)
 - Interviews and other communication with factory managers (at least every other week)
 - Regular visits to the facility to review relevant factory records, observe the production process and inspect the work environment, machinery, and safety gear (at least every other week)
 - Real-time troubleshooting, in consultation with all stakeholders (as needed)

- 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 factory's union.

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 log of working hours over 14 pay periods from November 1, 2010 to September 1, 2011. In addition, the WRC regularly collected worker pay stubs and interviewed workers offsite. Last, the WRC conducted issue-specific inquiries into payroll records based on issues identified in off-site interviews with workers.

The WRC found full compliance with all the requirements of the Living Wage Standard. While the WRC did identify infrequent and minor payroll calculation errors, these errors just as frequently overpaid workers as underpaid them. In any cases where errors were identified that underpaid workers, the management was notified and workers were provided full arrears in a timely fashion. In addition, where calculation errors were identified, management took steps to avoid the same mistake in the future. In fact, calculation errors have decreased since the first public report issued by the WRC in December 2010. In addition, workers reported that whenever they identified pay errors themselves, the management responded quickly by paying the arrears in the following pay period.

The living wage was increased by 5.8% to reflect the effects of inflation, in compliance with the stipulations on inflation in the Living Wage Standard. The effective date of the increase was November 15, 2010. The inflation adjustment was agreed on between factory management and the factory's union, SITRALPRO, based on WRC reporting of the Dominican Central Bank's measurement of the inflation rate over the period of October 2008 to October 2010.³ Review of payroll documents and pay stubs, along with worker interviews, confirmed that the factory complied with the 5.8% increase, resulting in a weekly gross living wage salary of 4,413.12 Dominican Pesos or 19,125.52 per month – more than 3.5 times the then prevailing minimum wage for trade zone workers. At the exchange rate prevailing at that time, the value of the wage

³ The Dominican Central Bank publishes its Consumer Price Index figures at: <http://www.bancentral.gov.do/estadisticas.asp?a=Precios>

in US dollars was \$519.65 per month (\$2.95 per hour, after including mandatory annual bonuses paid to each worker).

The WRC confirmed that the factory paid all workers no less than the required amount, 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.

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 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. AP pays the living wage salary 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. 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% combined deduction, mandated by Dominican law,⁵ 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. The WRC identified only one minor error in compliance with wage deductions; in December 2010 an additional tax deduction which applies only to workers above a certain wage threshold was inadvertently discounted from employees during one particular pay period, when they were receiving additional income due to the advance payment of vacation days. The error was identified and resolved promptly between the union and the management; all workers were paid the arrears for the error.

Under Dominican law, there are several overtime categories. For overtime hours worked Monday through Thursday, a 35% premium is required.⁶ The WRC found that the factory appropriately paid weekday overtime at this rate. In addition, a 100% premium is required under the law for all hours worked during the workers' rest period, which is defined as noon on Saturday through Sunday unless otherwise defined by the workers.⁷ AP also pays this 100% premium for all hours worked Friday after 1:00pm and all hours worked Saturday before noon, which goes above and beyond the law and the Living Wage Standard. The WRC confirmed that the 100% premium was paid for all overtime hours in this category. Last, for any hours worked in the evening past 9:00pm, an additional 15% premium is required by law; this was also paid.

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).

⁵ See 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.

As noted above, the WRC did find some isolated and infrequent errors in the calculation of working hours. In the cases where the error was underpayment as opposed to overpayment, the WRC confirmed that the factory provided full arrears. In addition, the WRC identified some minor errors in pay deductions due to an error with the time clock for several weeks of August 2011. The management fixed the time clock and reimbursed workers for any incorrect deductions.

The factory paid a Christmas bonus in December 2010 equal to 1/12 of the total amount the worker had earned in the previous year.⁸ This payment was consistent with stipulations of the Dominican Labor Code. It is important to note that, consistent with the requirement of the Living Wage Standard that workers be paid the living wage on a full-time, year-round basis, the factory provided paid leave to workers on work holidays that are unpaid under Dominican law.

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 of 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.

AP employees' regular work schedule was adjusted at the union's request to include a longer breakfast break mid-morning. The work schedule continues to be 7:00am-5:30pm Monday through Thursday, and 7:00am-1:00pm on Fridays. However, the 10-minute afternoon break was added on to the morning break, so that it is currently a paid break from 9:00-9:25 which allows enough time for workers to eat a meal or snack if they chose to do so. The lunch break remains the same: Monday through Thursday from 12:00-1:00. The number of weekly hours worked totals 44, which is the statutory work week in the Dominican Republic.

It is important to note that the management set the factory's work schedule in accordance with the workers' preference and since then has agreed twice to the request of worker representatives to adjust the schedule. The standard schedule entails eight-hour days (plus lunch and breaks) Monday through Friday and a half day on Saturday. For obvious reasons, workers prefer to have Saturday off.

⁸ 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 at the Living Wage Standard. The factory exceeds the overtime premium standards stipulated by the Dominican Labor Code by paying 100% premium for all overtime hours worked on Fridays after 1:00pm. With the exception of the isolated errors noted above, overtime hours were correctly reported and paid on time to all workers during the period covered.

The WRC also commends the factory on 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 November 2010 to September 2011, four 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:

AP has sustained full compliance with health and safety standards and, with technical assistance and training from MHSSN and UC Berkeley's Labor Occupational Health Program (LOHP), has implemented an exemplary occupational safety and health program. In addition, the factory has sought additional training from local government agencies, including the Fireman's Association and the Professional and Technical Training Institute (INFOTEP).

As reported in the WRC's last comprehensive monitoring report, MHSSN provided consultation during the factory renovation regarding industry best practices and carried out two in-depth factory evaluations on February 19, and June 18, 2010. In addition, MHSSN and LOHP provided health and safety training to the newly formed health and safety committee in June 2010.

A third factory evaluation and consultation with the factory health and safety committee was conducted by Mariano Kramer of MHSSN on February 18, 2011. Mariano Kramer is a recently retired Cal/OSHA Senior Safety Engineer, with more than twenty years of OHS experience, including coordinating Cal/OSHA's enforcement program for apparel factories in the Los Angeles Area. This third MHSSN factory evaluation focused on compliance with applicable health and safety standards and the implementation of recommendations made during the previous two factory evaluations. The MHSSN report noted that "Plant management has rapidly responded to the MHSSN team's previous recommendations and, at the time of this writing, has already implemented the vast majority of...recommended corrections and changes."

Based on its own monitoring, the WRC found that the factory sustained the improvements recommended in the first two MHSSN evaluations and implemented all additional improvements recommended in the third evaluation. These include the following actions:

- The factory has taken various measures to prevent falls. This has included installing additional stairs, covering holes outside of the factory, and providing improved ramps for loading and unloading shipments.

This photograph shows concrete stairs installed to prevent possible falls due to an elevation change in the compressor area outside of the factory.



- The factory has updated and maintained the electrical infrastructure to avoid accidents. This has included replacing flexible cords with fixed wiring, adding additional receptacles to avoid the use of extension cords, replacing cords whose insulation had worn down due to normal wear and tear, protecting conductors and cords from abrasions, covering any discontinued circuits, clear marking of voltage and current, and fixing any faulty or unprotected wiring on equipment and receptacles.

- The factory has ensured that all machinery has the appropriate guards in order to prevent accidents. This has included guarding and fully enclosing hazardous belt or pulley nip points and rotating shafts on factory equipment.

This photograph shows the portion of a sewing machine underneath the table. On the left is an example of enhanced guarding.



- The factory has implemented an effective Lock- Out/Tag-Out (LOTO) system to protect maintenance staff from injury when conducting repairs on machinery and electrical systems.

- The factory has made improvements in the mechanics' workshop to prevent accidents. This has included bolting a drill press to the floor to avoid tipping, improved guarding, and protection and labeling for a table-top grinder.

This photograph shows a drill press in the mechanic shop which was bolted to the ground to prevent any accidents from the machine tipping over.



- The factory replaced all cleaning solvents with Tide Liquid Laundry Detergent. Management provides the personal protective equipment suggested for spot removal in compliance with the manufacturer's safety indications.

- The factory installed a water-drip system on the roof and more pedestal fans throughout the plant in order to control the ambient temperature.

The photograph shows the water-drip system.



- The factory purchased industrial strength vacuum cleaners which are operated throughout the work-day to prevent the accumulation of airborne cotton dust. In addition, the factory

discontinued the use of compressed air hoses in the production area, which has also decreased airborne cotton dust.

- The factory has complied with local labor laws regarding the establishment of a joint worker-management health and safety committee.⁹ 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 began meeting informally in 2010 and was registered with the Secretary of Labor in March 2011.



The committee received initial training from MHSSN and LOHP in June 2010. (A photo from the in-factory trainings is included here.) Since then, the committee has received 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 committee meets at least once a month and has addressed issues such as: hazard communication, emergency evacuation routes and drills, regular internal OHS inspections, and further training for the committee and workforce.

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, under the guidance of MHSSN. The WRC commends the factory's proactive approach to address 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,

⁹ Decreto Número 522-06, Artículo 4; Resolución No. 04/2007, Sección 6.

nationality, political opinion or social or ethnic origin. (Compliance with the factory's obligation not to engage in gender discrimination is discussed below in the section concerning women's rights.)

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

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

Through worker testimony, the WRC identified one manager who, according to workers, "lost his patience" in situations of stress and used a loud or agitated voice when addressing workers. The manager in question was disciplined with a warning. Off-site interviews with workers and union officials confirm that this manager did not repeat the behavior. Because the problem was relatively minor, and because of management's rapid and effective response, this incident was not found to be a violation of the applicable standard.

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 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 from the factory's inception, the management has respected workers' associational rights and successfully created an atmosphere where workers felt free to decide if they wanted 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 two parties have established a working relationship and the union plays a central role in the day-to-day life of the factory.

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 legal requirements to represent the workforce in collective bargaining and has reached an agreement with both Knights Apparel and local management to commence bargaining.

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.

Consistent with the findings in its last comprehensive monitoring report, the WRC found that women had the same opportunities as their male counterparts in regard to hiring, promotion, pay and benefits.

Women continue to make up two thirds of the workforce. With the exception of the cutting department (the smallest department in the factory), women work in every department in the factory including packing, sewing, inspection, maintenance and administration. Of the four new employees hired over the course of this reporting period, half were women. The hiring protocol 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 providing 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.

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 to the extraordinary achievements on living wage and freedom of association, it is heartening to witness the success of the factory and the union in ensuring ongoing compliance in other areas where violations are endemic in the apparel industry, including: ensuring that overtime is always voluntary, providing appropriate accommodation for pregnant workers, and ensuring that managers treat workers with respect and dignity in the workplace.