

2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Knights Apparel

COUNTRY: India

FACTORY CODE: 740032435H

MONITOR: Level Works, Ltd.

AUDIT DATE: October 21-22, 2009

PRODUCTS: Knit Garments

PROCESSES: Receipt of Material, Cutting, Numbering, Stitching, Checking, Packing

NUMBER OF WORKERS: 424



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^{*}Denotes a Notable Feature



Wages, Benefits and Overtime Compensation: Employer Provided Services

WBOT.16 All workers have a right to use or not to use employer provided services, such as housing or meals. Deductions for services to workers shall not exceed the cost of the service to the employer. Employers must be able to demonstrate the accuracy or reasonableness of these charges. (P)

Notable Feature

Explanation: The workers are provided free bus services.

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Multiple records were maintained by the factory. Unrecorded working hours on weekdays and rest days were observed in comparing production records with time records.

- 1. Many workers worked September 27, 2009 (Sunday), for which no time records were available. The management claimed that adequate compensation was made to the workers, but the absence of records prevented verification.
- 2. From the review of production records, it was observed that workers had worked beyond the time recorded on the timesheets on several dates. Some of these dates are September 24, September 26 and October 1, 2009, when work was carried on beyond 11:30pm (the last recorded time in time records). This was also confirmed with the management.

Plan Of Action:

The workers were compensated for the overtime periods mentioned above during the wages period October 19 – 29, 2009, which was paid on October 31, 2009. Attaching the wage register for reference.

Deadline

10/31/2009



Supplier The workers were compensated for the overtime periods mentioned above during the

CAP: wages period October 19 – 29, 2009, which was paid on October 31, 2009. Attaching

the wage register for reference.

Supplier CAP 10/31/2009

Date:

Action Taken:

Plan No

Complete:

Plan Complete Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: It was observed that 2nd floor emergency exit was blocked by electrical cable ducting.

Plan Of The electrical cable duct was removed and the exit was made free. Photo attached.

Action:

Deadline 11/02/2009

Date:

Supplier The electrical cable duct was removed and the exit was made free. Photo attached.

CAP:



Supplier CAP 11/02/2009

Date:

Action Duct was removed and the exit was made free.

Taken:

Plan Yes

Complete:

Plan 11/02/2009

Complete Date:

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: It was observed that most sewing machines had their needle guards disabled, although

they were provided on the machine.

Plan Of Disabled needle guards have to be replaced and workers need to be made properly

Action: aware of the risks in disabling them, there should be corresponding information

displayed in the work place.

Deadline 10/23/2009

Date:

Supplier Needle guards provided on machines, but workers often tamper with guards. Now the CAP:

workers are advised not to disable needle guards; the health and safety risks of

disabling the guards have been explained to them. Necessary displays in both English and Tamil have been displayed in working hall regarding associated risks, along with the preventive measures to be followed. Copy of display and photo of machines attached.

Supplier CAP 10/23/2009



Action Needle guards provided on machines, but workers often tamper with guards. Now the

Taken: workers are advised not to disable needle guards; the health and safety risks of

> disabling the guards have been explained to them. Necessary displays in both English and Tamil have been displayed in working hall regarding associated risks, along with the preventive measures to be followed. Copy of display and photo of machines attached.

Plan Yes

Complete:

Plan 10/23/2009

Complete Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: During current assessment, noted that many workers (almost 60% covering all sections)

exceeded 60 weekly hours in most months, up to 70 hours a week in October 2009. Quarterly overtime hours had also exceeded 50 hours for many workers (75 – 80%), and reached up to 200 hours (on basis of records provided). Daily working hours, including overtime, also exceeded 10 hours a day for about 30% of workers 2 – 3 days a week.

Legal Reference: The Factories Act, 1948, Sec 64.

Plan Of Due to urgent shipments, we have done overtime; with necessary steps taken to reduce

the overtime limit. The worker's attendance is electronically recorded with the

overtime hours monitored on a daily basis; these records have a color code indication

for cumulative overtime hours in order to control them.

Deadline 12/31/2009

Date:

Action:

Supplier Due to urgent shipments, we have done overtime; with necessary steps taken to reduce CAP:

overtime limit. The worker's attendance is electronically recorded with overtime hours

and monitored on a daily basis; these records have a color code indication for

cumulative overtime hours in order to control them.



Supplier CAP 12/31/2009

Date:

Action Taken:

Plan No

Complete:

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncorroborated Evidence of Noncompliance

Explanation: It was observed from production records and management interviews that factory had

worked September 27, 2009 (Sunday), for which no compensatory rest day was provided. As record was absent, it was not possible to ascertain number of workers on that particular Sunday. Therefore, it was also not possible to judge how many employees worked without a day's rest for a period of 7 days, or how many consecutive

days they worked before they took a rest day.

Legal Reference: The Factories Act, 1948, Sec 64.

Plan Of On September 27, 2009, workers came by batches late in the morning; even after

10:00am. Some workers were reported to have worked for shorter periods and

organized Ayutha Pooja, part of the Hindu festival, Dasara. However, we have provided

substitutions off in the months of October and November 2009.

Deadline 11/01/2009

Date:

Action:



Supplier On September 27, 2009, workers came by batches late in the morning; even after

CAP: 10:00am. Some workers were reported to have worked for shorter periods and

organized Ayutha Pooja, part of the Hindu festival, Dasara. However, we have provided

substitutions off in the months of October and November 2009.

Supplier CAP 11/01/2009

Date:

Action On September 27, 2009, workers came by batches late in the morning; even after

Taken: 10:00am. Some workers were reported to have worked for shorter periods and

organized Ayutha Pooja, part of the Hindu festival, Dasara. However, we have provided

substitutions off in the months of October and November 2009.

Plan No

Complete:

Plan

Complete



Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Time records maintained were not authentic and accurate. Multiple time records were maintained by the factory as unrecorded working hours on weekdays and rest days. Production records and time records were observed in comparison.

- 1. Many workers worked September 27, 2009 (Sunday), for which no time records were available. Management claimed that adequate compensation was made to workers, yet the absence of records prevented verification.
- 2. Through review of production records and management interviews, it was observed that employees had worked beyond time recorded on timesheets on several dates. Some of these dates are September 24, September 26 and October 1, 2009, when work was carried on beyond 11:30pm (the last recorded time in time records).

Plan Of Action:

Workers were compensated duly for excess overtime, and the same was recorded in wage register. Payment was evidenced by way of pay slips duly signed by the workers.

Deadline

10/31/2009

Date:

CAP:

Supplier

Workers were compensated duly for excess overtime, and the same was recorded in wage register. Payment was evidenced by way of pay slips duly signed by the workers.

Supplier CAP 10/31/2009

Date:

Action

Taken:

Plan No

Complete:

Plan

Complete



Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: Working hours per day and per week exceeded legal limits. Time records produced for

verification showed many employees exceeded legal limits of working hours, including overtime, on a daily, weekly and quarterly basis. Many workers (almost 60%, covering all sections) in factory exceeded 60 weekly working hours in most months, working up to 70 hours a week in October 2009. Quarterly overtime hours had also exceeded 50 hours for many workers (75 - 80%), reaching up to 200 hours for the July-September quarter (on the basis of records provided). Daily working hours, including overtime, also exceeded 10 hours a day for about 30% of workers 2 - 3 days a week throughout the year. It was agreed by management that factory generally worked for 10 hours on all

days, though workers were free not to do overtime work.

Legal Reference: The Factories Act, 1948, Sec 64

Plan Of We will try to reduce the overtime down to the permissible limit. Due to urgent

Action: shipments, workers were allowed to do excess overtime.

Deadline 10/31/2009

Date:

Supplier CAP:

Due to urgent shipments, we have done excessive overtime with necessary steps taken to reduce overtime limit. Worker attendance is electronically recorded; overtime hours are monitored on a daily basis with a color code indication showing cumulative

overtime hours in order to control them. Color code indication arrangements were

made October 30, 2009.

Supplier CAP 10/31/2009



Action	
Taken:	

Plan No

Complete:

Plan

Complete

Date:

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: It was observed that the factory was not granting any casual leave to the workers. As

per the Certified Standing Orders, 10 days of casual leave is to be provided every year.

Legal Reference: The Industrial Employment (Standing Orders) Act, 1946

Plan Of Workers were paid cash for the days entitled, as per the Factories Act, workers are

Action: instead availing Annual Leave days from January 2010 onwards.

Deadline 01/01/2010

Date:

Supplier Workers were paid cash for the days entitled, as per the Factories Act, workers are

CAP: instead availing Annual Leave days from January 2010 onwards.

Supplier CAP 01/01/2010

Date:

Action Taken:

Plan No

Complete:



Plan			
Complete			
Date:			