



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Knights Apparel
COUNTRY: Egypt
FACTORY CODE: 740021936G
MONITOR: Fair Wear Foundation Tunisian
Team
AUDIT DATE: November 9, 2008
PRODUCTS: Sportswear, Trousers
PROCESSES: Sewing, Packaging, Cutting,
Pressing
NUMBER OF WORKERS: 723



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*Denotes a Notable Feature

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Notable Feature

Explanation: The factory gives some bonuses in the event of marriage or death.

The overtime rate used by the factory is 170%, which is higher than the minimum rate fixed at 130%.

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: According to worker interviews and document review, workers, accountants and human resources staff were not aware of how bonuses are calculated. The factory does not have any written system describing the calculation and allocation of bonuses.

Plan Of Action: The factory should ensure that all workers understand wages, including the calculation of wages, incentive systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language.

Deadline Date:

Action Taken: Training has been implemented for Payroll and HR departments, the employees have been notified.



**Plan
Complete:**

**Plan
Complete
Date:**

Forced Labor: Employment Terms/Voluntary Agreement

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

Noncompliance

Explanation: 1 worker was not registered for social security. The manager said he was not registered for personal reasons.

Plan Of Action: Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code.

Deadline Date: 11/25/2008

Action Taken: All workers are now enrolled in the social security program.

**Plan
Complete:**

**Plan
Complete
Date:**

Forced Labor: Debt/Bonded Labor

F.5 Employers shall not bind workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer. (S)

Noncompliance

Explanation: According to document review and management interviews, the factory gives some loans to workers. But, the monthly amount retained to repay the loans is more than 10% of the wage. This is not in accordance with labor law.

Plan Of Action: Workers shall not be bound to employment as a condition of fulfilling terms of a debt to a third-party or to the employer.

Deadline Date: 11/28/2008

Action Taken: Loan interest rates have been reduced to the maximum amount legally allowed in Egypt.

Plan Complete:

Plan Complete Date:



Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: According to document review and worker and management interviews, there is no special written policy or procedure supporting independent worker representation.

Plan Of Action: Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.

Deadline Date: 11/28/2008

Action Taken: Policy has been written and established for worker representation.

Plan Complete:

Plan Complete Date:



Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: According to document review and worker and management interviews, the factory does not have a grievance system through which workers can raise issues of concern to factory management.

Plan Of Action: Establish written grievance procedures that first allow an attempt to settle grievances directly between the worker and the immediate supervisor. Where this approach is inappropriate or has failed, it should be possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance, and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers.

Deadline Date: 11/28/2008

Action Taken: Written procedures have now been established for grievance procedures.

Plan Complete:

Plan Complete Date:

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: According to document review, there is no internal reply system that includes possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action.

Plan Of Action: The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability for a worker to appeal and/or question any disciplinary action against them and/or have a third-party of their choice present when the disciplinary action is being imposed.

Deadline Date: 11/28/2008

Action Taken: Factory has established a system for confidential disciplinary disputes.

Plan Complete:

Plan Complete Date:



Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: During the walkthrough and worker interviews, monitors heard and saw some controllers shouting at some workers that were chatting and also at others to work harder.

Plan Of Action: Any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline is strictly prohibited.

Deadline Date: 11/28/2008

Action Taken: All forms of verbal abuse and shouting ended. The controller was disciplined for his treatment to other employees, and training has been established for proper management techniques when dealing with employees.

Plan Complete:

Plan Complete Date:

Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation: According to records review and management interview, the factory does not require a birth certificate or identity card for apprentices. The date of birth is only mentioned on the apprentice contract.

Plan Of Action: The factory will ensure that the documentation necessary is collected and maintained, to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate.

Deadline Date: 11/28/2008

Action Taken: All proper documentation is now collected and maintained in employee's personnel file.

Plan Complete:

Plan Complete Date:

Child Labor: Legal Compliance (Apprenticeships and Vocational Training)

CL.10 Employers shall comply with all regulations and requirements of apprentice or vocational education programs, and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable. (P)

Noncompliance

Explanation: The factory employs apprentice workers in accordance with an agreement signed with a training school. Apprentices work 8 hours a day, but the training contract only allows apprentices to work 7 hours a day. Egyptian law stipulates that apprentices should work only 6 hours a day. According to record review and worker and management interviews, the time recording system does not mention the exact hours of apprentices, as it is programmed to register that all apprentices stop working at 14:00.

Plan Of Action: Employers shall comply with all regulations and requirements of apprentice or vocational education programs, and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable.

Deadline Date: 11/28/2008

Action Taken: Employees are adhering to all regulations and requirements of apprentice or vocational education programs. Payroll and Human Resources employees are now being trained properly on this issue according to the labor law of the country.

Plan Complete:

Plan Complete Date:



Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation: According to document review and management interviews, each new worker must mention in the employment application their religion, which may constitute a risk of discrimination.

Plan Of Action: Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias.

Deadline Date:

Action Taken: Employers have stopped asking all new applicants for their religion.

Plan Complete:

Plan Complete Date:

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: According to document review and worker interviews, medical visits are not regular and are not provided to all workers in accordance with Section 216 of the Egyptian labor law. No medical files were maintained.

Plan Of Action: Develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures.

Deadline Date: 11/28/2008

Action Taken: A written health policy has been established.

Plan 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: An evacuation plan for workers is not posted. The staircases do not have a no-skid surface.

Plan Of Action: 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.

Deadline Date: 11/28/2008

Action Taken: Evacuation plans posted, aisles and exits are not blocked. Training and Safety Committee has been established and regular fire drills and evacuation drills are being conducted.

Plan Complete:

Plan Complete Date:



Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: During the walkthrough, auditors noticed that there was a lot of waste and dust.

Plan Of Action: CAP progress report sent to factory requesting that proper housekeeping be maintained to eliminate the dust and waste issue.

Deadline Date: 01/05/2009

Supplier CAP: Factory ensured that better housekeeping will be kept going forward.

Supplier CAP Date: 12/05/2008

Action Taken: Factory update only. Waiting for verification results from next audit on 5/30/2009.

Plan Complete: No

Plan 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: The elevator does not stop on all floors and is not controlled by an approved organization.

Plan Of Action: The company requests that factory correct this issue.

Deadline Date: 06/08/2009

Supplier CAP: Factory did not specify step-by-step instructions for remediation.

Supplier CAP Date: 12/05/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Health and Safety: Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Noncompliance

Explanation: According to worker interviews, the majority of workers do not know the risks of their work and the need for PPE.

Plan Of Action: The factory should ensure that all employees are trained to use the PPE required for their position. The factory should create a reward system for those employees who continuously use PPE.

Deadline Date: 12/15/2008

Supplier CAP: Factory has trained workers to use the PPE required for their jobs. However, some employees still refuse to use it.

Supplier CAP Date: 01/12/2009

Action Taken:

Plan Complete:

Plan Complete Date:



Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: The chairs provided for workers are not ergonomic and uncomfortable.

Plan Of Action: Purchase/issue chairs for the employees that are ergonomic and comfortable.

Deadline Date: 01/26/2009

Supplier CAP: Factory ensured they have purchased more comfortable chairs for all employees.

Supplier CAP Date: 02/14/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Notable Feature

Explanation: [The list of first-aid workers is posted on all floors.](#)

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: [As noted during a factory walkthrough, the toilets are not clean.](#)

Plan Of Action: [Company has instructed factory management to keep better housekeeping in facility at all times. If necessary, clean bathrooms twice daily to ensure they are clean at all times.](#)

Deadline Date: [12/05/2008](#)

Supplier CAP: [Factory has ensured that better housekeeping is now being kept at all times and bathrooms are being cleaned twice daily.](#)

Supplier CAP Date: [02/14/2009](#)

Action Taken:

**Plan
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)

Uncorroborated Evidence of Noncompliance

Explanation: According to worker interviews, workers are allowed to work on Friday. But it was noted that factory management and supervisors threaten that if they do not come on Friday then they will deduct between 10% and 25% of their salary and bonuses.

Plan Of Action: The company has instructed the factory to train supervisors and management that this is against the local law. The management must not threaten to withhold or deduct employee's pay at any time.

Deadline Date: 12/15/2008

Supplier CAP: Factory ensured that they have spoken to management and supervisors regarding this issue and ensured they will not threaten to deduct pay.

Supplier CAP Date: 02/14/2009

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

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: According to record review and management and workers interviews, the time recording system does not mention the exact ending hour for apprentices, as it is programmed to register that all apprentices stop working at 14:00.

**Plan Of
Action:** The company has instructed the factory to comply with all regulations and requirements of apprentice or vocational education programs and to be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable.

**Deadline
Date:** 12/15/2008

**Supplier
CAP:** Factory has provided training to Human Resources and Payroll according to labor law.

**Supplier
CAP Date:** 02/14/2009

**Action
Taken:**

**Plan
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: According to document review and worker interviews, many workers do not receive at least 6 successive days of annual leave in accordance with Section 48 of the Egyptian labor law.

**Plan Of
Action:** The company has instructed the factory to ensure that all employees were provided annual pay, as per local law requirements.

**Deadline
Date:** 01/16/2009

**Supplier
CAP:** Payroll and Human Resources employees have now been trained properly under the local law and all employees are being provided with annual leave.

**Supplier
CAP Date:** 02/14/2009

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**
