

Monitoring result for AKM Knit Wear Ltd on site AKM Knit Wear Ltd.

Monitoring

Monitored Party	: AKM Knit Wear Ltd	amfori ID	: 050-000519-000
Site	: AKM Knit Wear Ltd.	Site amfori ID	: 050-000519-002
Address	: 14, Gedda, Karnapara, Ulail, Savar, Karnapara, Savar, : 1340, Dhaka-1340 : Dhaka : Bangladesh	Monitoring Activity	: amfori Social Audit - Manufacturing
		Monitoring Type	: Full Monitoring
		Submission Date	: 17/05/2021
		Expiration Date	: 17/05/2023

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Overall rating



Section rating

PA1: Social Management System	B
PA 2: Workers Involvement and Protection	C
PA 3: The Rights of Freedom of Association and Collective Bargaining	A
PA 4: No Discrimination	B
PA 5: Fair Remuneration	A
PA 6: Decent Working Hours	A
PA 7: Occupational Health and Safety	A
PA 8: No Child Labour	A
PA 9: Special Protection for Young Workers	A
PA 10: No Precarious Employment	A
PA 11: No Bonded Labour	A
PA 12: Protection of the Environment	A
PA 13: Ethical Business Behaviour	A

General description

AKM Knit Wear Limited is a 100% export oriented Woven items manufacturer located at 14, Gedda, Karnapara, Ulail, Savar, Dhaka. Total land area was approximate 297000 square feet, production area was approximate 853050 square feet and warehouse area approximate 81906 square feet. Facility has started its operation since 2008 in current location.

This amfori BSCI Full Audit was conducted by ITS Labtest Bangladesh Ltd. Three auditors in first day of 02 May 2021 and two auditors in second day of 03 May 2021 assessed and verified the facility's operations against the amfori BSCI Code of Conduct and local legislation. Facility management was positive towards this audit and provided full access to the auditors. This audit was 5 Man days where 0.5 day was for report writing.

- There is 01 general shift for garments section which is from 08:00 am to 05:00 pm including 01-hour Interval for rest or meal from 01.00 pm to 02.00 pm.
- Facility has 02 shifts (08:00 am to 05:00 pm and 08:00 pm to 05:00 am) in cutting and finishing section with including 01-hour break for rest or meal in each when required for production process.
- Facility has 03 shifts (06:00 am to 02:00 pm, 02:00 pm to 10:00 pm and 10:00 pm to 06:00 am) in security section with including 01-hour Interval for rest or meal in each shift by rotation.
- In general, the employee work for 06 days in a week (Saturday to Thursday) and Friday is weekly holiday. Weekly holiday for washing section and security section are provided as rotation basis. All employees were recruited permanently and receive wages by monthly basis in local currency.
- Due to Ramdan, there working shift has changed which is from 07:00 am to 04:00 pm including 1 hour break time from 14 April 2021.

Auditors conducted opening meeting also conducted site observation, workers, worker representatives, management interview, document review and closing meeting. Mr. Sazzad Hossain- DGM,HR & Compliance was responsible for implementation of social compliance system in the facility.

Production capacity for garment section was 3000000 pieces/month., However, in 2007 the facility established in another location and incorporated in 2000. Main production processes were Cutting, Sewing, Finishing.

The facility premises consist of 4 buildings and 10 sheds where building-1 (10-storeys) used by audited facility for main production process, building-2 used by sister concern, building 3 & 4 and all other sheds using for non-production purpose; details floor description provided in attachment section. Only common areas and common pathways of all facility were covered but no co-mingling issues were identified.

In opening and closing Mr. Sazzad Hossain- DGM,HR & Compliance, Admin and Compliance, Mr. Mahmud Hasan-Asst. GM, Ms. Rekha Pervin-Deputy Manager, HR, And Ms. Farzana - Vice President of Participation Committee were present. Auditor described the whole audit process, standards, scope, and explained the BSCI code of conduct and local laws to what extent these are related to this audit in the opening meeting. Meanwhile, management ensured the auditors to help throughout the audit. All required support was given to the auditor positively by the facility management. During #COVID19 situation the facility has taken preventive actions. For example, they have arranged handwash arrangement at the factory gate and at the facility production floors. They ensured social distancing during entrance and exit. All employee temperature check through infra-red gun. Improvement areas were identified in below areas:

Social Management System and Cascade Effect (PA 1), Workers Involvement and Protection (PA 2), No Discrimination (PA 4) Fair Remuneration (PA 5), Occupational Health and Safety (PA 7) and No Precarious Employment (PA 10).

For other areas, no non-conformity was noted, and description is as below:

(PA 3)

Facility has a policy and procedure in The Rights of Freedom of Association and Collective Bargaining. They have an effective Elected Worker's Participating Committee and they sit with the top management in a regular interval in various issues.

(PA 6)

The factory has displayed notice regarding the working hours, overtime hours, lunch breaks, weekly and festival holidays. Regular working hour of the factory is 08 hours. During randomly checked sample months working hour analysis it was observed that overtime hours were found within as per amfori BSCI CoC. Friday is declared as weekly holiday for all employees. Overtime work is voluntary in the factory. Factory management has policy on working hour. Note that employees were found working highest 60 hours (48 regular and 12 hours overtime)/week in March 2021 (Most recent paid month), 60 hours (48 regular and 12 hours overtime)/week in November 2020 (Random paid month) and 60 hours (48 regular and 12 hours overtime)/week in August 2020 (Random paid month). Facility management using electronic face detection system for employee's time recording.

(PA 8)

During the plant tour, no child workers were observed in the factory premises. All workers are hired by the facility management. The factory has a policy on prohibition of child labour which stated that the factory does not permit child labour. Facility management keep required documents of employees confidentially. Facility management has child labor remedial policy.

(PA 9)

Facility has a robust recruitment procedure and polices against Special Protection for Young Workers which posted in all prominent places in the premises and communicated to the workers through training and awareness program. However, the

production process in the facility allows only adult labours and all the employees recruited here are over 18 years of old. Age of youngest worker was found 19.

(PA 11)

Facility has a robust recruitment procedure and polices against No Bonded Labour. There is no restriction on worker's movement within the premises. The workers are not forced to stay back once they get authorized leave from the management. Facility did not keep any original documentation from workers and workers were free to leave after their working hours.

(PA 12)

Facility has policy for protection of environment. Facility has rain water harvesting. Facility has conducted Environment Impact Assessment by third party. Facility has a monitoring system to the use of water quantity and has given awareness training to the employees for water waste reduction as well as facility has ensured separate designated area for storing wastage by type.

(PA 13)

During audit it was observed that, the auditee partially fulfills the requirements of this performance area. Factory management has formed PC (Participation Committee) through election basis PC (Participation Committee) members and workers of the factory were aware about their activities. Factory management has health & safety committee in combination of worker and management and the meeting has conducted in regular basis. Factory management is providing required training on orientation program. Factory management has posted amfori BSCI New Version Code inside the production floor. Factory management has grievance policy & procedure for the entire employee.

A closing meeting was conducted at the second day of the audit. All the attendees of opening meeting were also present in closing meeting. Auditors communicated all the findings in detail and discussed on the area of improvements to the auditees. The auditee was positive on the discussion and agreed on the area of improvements.

Below documents have not uploaded as these were not applicable for this facility:

- Contractor license/permit
- Agency labor contract
- Government waivers
- Structural/stability license
- Collective bargaining agreements

Below photographs have not uploaded as these were not applicable for this facility:

- Dormitories
- High-risk health
- Inconsistencies between time and production records

Site Details

Site : AKM Knit Wear Ltd.

Site amfori ID : 050-000519-002

GICS Classification

Sector : Consumer Discretionary

Industry : Textiles, Apparel & Luxury Goods

Industry Group : Consumer Durables & Apparel

Sub Industry : Apparel, Accessories & Luxury Goods

GS1 Classifications

N.A.

Product Process Classifications

N.A.

Metrics

Key Metrics

Total workforce	12581 Workers
Legal minimum wage in local currency	8000 Monthly
Lowest wage paid for regular work at the site	8000 Monthly
Calculated living wage in local currency	11220 Monthly
Total sample	40 Workers

Other Metrics

Male workers	4906 Workers
Female workers	7675 Workers
Permanent workers - Male	4970 Workers
Permanent workers - Female	7776 Workers
Temporary workers - Male	0 Workers
Temporary workers - Female	0 Workers
Seasonal workers - Male	0 Workers
Seasonal workers - Female	0 Workers
Management - Male	2102 Workers
Management - Female	35 Workers
Apprentices - Male	0 Workers
Apprentices - Female	0 Workers
Workers on probation - Male	208 Workers
Workers on probation - Female	356 Workers
Workers with night shift - Male	120 Workers
Workers with night shift - Female	0 Workers
Workers with disabilities - Male	0 Workers
Workers with disabilities - Female	0 Workers
Domestic migrant workers - Male	0 Workers
Domestic migrant workers - Female	0 Workers
Foreign migrant workers - Male	0 Workers
Foreign migrant workers - Female	0 Workers
Workers hired directly - Male	0 Workers
Workers hired directly - Female	0 Workers
Workers hired indirectly - Male	0 Workers
Workers hired indirectly - Female	0 Workers
Unionised workers - Male	0 Workers
Unionised workers - Female	0 Workers
Workers under CBA - Male	0 Workers
Workers under CBA - Female	0 Workers
Pregnant workers	169 Workers
Workers on parental leave - Male	0 Workers
Workers on parental leave - Female	0 Workers
Sample - Male	14 Workers
Sample - Female	26 Workers

Findings

PA1: Social Management System

In accordance with BSCI Performance Area (Social Management System and Cascade Effect) No. 1.1 (Is there satisfactory evidence that the auditee has set up an effective management system to implement the BSCI Code of Conduct) Finding: It was noted that the established management system of the facility needs some improvement in implementing amfori BSCI Code of Conduct in their business practice in few performance areas. Facility needs to implement the BSCI system manual for producers properly where improvement areas are identified. Note: The facility has other effective system, policies and procedures in place to implement the BSCI COC in their business practice, so partial rating is given in this section.

PA 2: Workers Involvement and Protection

In accordance with BSCI Performance Area (Workers Involvement and Protection) No. 2.3 (Is there satisfactory evidence that the auditee takes specific steps to make workers aware of their rights and responsibilities?) Finding: It was noted that, facility has given training on benefit and rights related to workplace. However, training manual was not arranged in detail with the information of wage & compensation benefits issues like leave, insurance, death and retirement benefit and long-term benefit after resignation thus 18 out of 40 employees could not give clear idea on those benefits issues. Note: As others interviewed employees were aware about their legal rights and benefits, so partial rating is given in this section.

In accordance with BSCI Performance Area (Workers Involvement and Protection) No. 2.4 (Is there satisfactory evidence that the auditee builds sufficient competence among managers, workers and workers representatives to successfully embed responsible practices in the business operation?) Finding: It was noted that, facility management did not receive Informative sessions on the amfori BSCI Code of Conduct and specific training for human resources, OHS and the grievance mechanism personnel regularly. Note: As facility has training materials related to amfori BSCI code content, so partial rating has been given in this section.

PA 4: No Discrimination

In accordance with BSCI Performance Area (No Discrimination) No. 4.2 (Is there satisfactory evidence that the auditee takes the necessary preventative and/or remedial measures to ensure workers are not disciplined, dismissed or otherwise discriminated against because of their complaints against infringements of their rights?) Findings: Facility management has not conducted any periodic survey to identify employee's satisfaction regarding the grievance mechanism. Note: The facility management has developed non-discrimination policy and it is complying with legal requirements as well as facility has posted that policy in different prominent places i.e. notice board and inside the production floor. So partial rating is given in this section.

PA 5: Fair Remuneration

In accordance with BSCI Performance Area (Fair Remuneration) No. 5.4: (Is there satisfactory evidence that the auditee provides sufficient remuneration that allows workers to meet a decent standard of living?): Finding: It was noted that the factory management did not take initiative to achieve living wages and no action plan is in place to fill up gap between present local minimum wage and living wage. Though they are ensuring minimum wage as per law. Note: As only few of the work forces meet their decent standard of living, so partial rating has given in this questionnaire.

PA 7: Occupational Health and Safety

In accordance with BSCI Performance Area (Occupational Health and Safety) No. 7.11 (Is there satisfactory evidence that the auditee confirms that the equipment and buildings used for production are stable and safe? And a) The Bangladesh Energy Regulatory Commission Act, 2003 chapter-6, section 30, (License can be renewed, cancelled and revised by a process prescribed by regulation.) b) Bangladesh Petroleum Act 2016, Section 6: (Notwithstanding anything contained in this Chapter a person need not obtain a license- a. For the transport or storage of class II & III] petroleum if the total quantity in his possession at any one place does not exceed two thousand litres and none of it is contained in a receptacle exceeding one thousand liters in capacity.) Finding: It was noted that; a) Facilities generator waiver certificate was found expired on 28 January 2021 having capacity of 5.472 MW for 10 generator and facility management has applied for same quantity to the concern authority on 27 January 2021. b) Facilities diesels storing license for using 50000 litres of diesel was found expired on 31 December 2020 and facility management has applied for same quantity to the concern authority on 13 December 2020. Note: As facility management maintained other required updated licenses and permissions as per requirement, so partial rating was given to this area.

In accordance with BSCI Performance Area (Occupational Health and Safety) No. 7.17 (Is there satisfactory evidence that the auditee ensures adequate safeguards for any machine part, function, or process which may cause injury to workers?) and Bangladesh Labor Law 2006, Section 63(d) (unless the following machinery are in such position or of such construction as to be safe to every person employed in the establishment as they would be if they were securely fenced (i) every part of an electric generator, a motor or rotary converter, (ii) every part of transmission machinery, (iii) every dangerous part of any

PA 7: Occupational Health and Safety

machinery.): Findings: It was noted that, while checking randomly at production floor eye guard was found in displaced condition with approximately 20% overlock machine and needle guard were found in displaced condition with approximately 15% sewing machines in sewing section located at 3rd, 4th and 5th floor of building-01. Note: As the facility had other machine guards in place, so partial rating is given in this section.

PA 10: No Precarious Employment

In accordance with BSCI Performance Area (No Precarious Employment) 10.2: (Is there satisfactory evidence that the auditee engages workers based on recognized and documented employment relationships?) and a) Bangladesh Labor Rules 2015, Section 19(5) (Each owner will provide identity card with the photograph to each worker working in the firm at the costs of the owner as per Form-6.) Finding: a) Randomly checked 15% provided ID card to the employees were not updated as per legal legislation such as some information like blood group, NID Number etc. was not updated. Note: As facility has provided ID card so partial rating has been given in this section.