

Monitoring result for KNIT HORIZON LTD. on site Knit Horizon Ltd.

Monitoring

Monitored Party : **KNIT HORIZON LTD.**
amfori ID : **050-001029-000**
Site : **Knit Horizon Ltd.**
Site amfori ID : **050-001029-002**
Address : **36/1, Block-E, Boherarchala, Sreepur,**
: **1740, Gazipur-1740**
: **Dhaka**
: **Bangladesh**
Monitoring Activity : **amfori Social Audit - Manufacturing**
Monitoring Type : **Full Monitoring**
Submission Date : **22/03/2022**
Expiration Date : **22/03/2024**

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Overall rating



Section rating

PA1: Social Management System	C
PA 2: Workers Involvement and Protection	A
PA 3: The Rights of Freedom of Association and Collective Bargaining	A
PA 4: No Discrimination	A
PA 5: Fair Remuneration	B
PA 6: Decent Working Hours	C
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

Assessment Time Frame & Scope:

This was regular full monitoring (semi-announced) that started at 09:00 am on March 09, 2022, and ended at 5:00 pm on March 10, 2022. ALGI team of auditors; Towhidur Rahman- lead auditor (APSCA registration No.– RA 21700958) and Faisal Hossain- team auditor (APSCA registration No.- ASCA 21705139) were assigned for two days (02 auditors 02 days) to verify the compliance status of the factory against the amfori BSCI code of conduct (BSCI Version 2.0) as well as applicable local laws relating to the following areas;

Social Management System, Workers Involvement and Protection, The rights of Freedom of Association and Collective Bargaining, No Discrimination, Fair Remuneration, Decent Working Hours, Occupational Health and Safety, No Child Labor, Special Protection for Young Workers, No Precarious Employment, No Bonded Labor, Protection of the Environment, and Ethical Business Behaviour.

The audit components included opening and ongoing discussions with management regarding factory practices, a review of documentation and records, a facility tour, confidential employee interviews, and a final closing meeting with management.

Factory Overview: The factory “Knit Horizon Ltd.” is a private limited company which was established in the year 2005 and started its operation in the existing place in 2011. As per business licenses, the factory is located at 36/1, Block-E, Boherarchala, Sreepur, Gazipur-1740, Bangladesh. According to the fire license, the total area of the whole premises is 123,440 square feet.

Site Description: The factory operates in 03 buildings and 09 sheds and descriptions are as below:

Building – 01 (05 storied):

Ground floor: Knitting section, printing section, bonded warehouse, main storage area, yarn store, and office.

1st floor: Cutting section, sample section, CAD room, and office.

2nd floor: Sewing section, quality section, sub storeroom, maintenance room, and office room.

3rd floor: Sewing section, quality checking area, idle machine area, prayer room, fabric store, finished goods area, and office.

4th floor: Finishing section, quality section, inspection room, spot removing room, and office room.

Roof Top: 100% free.

Building – 02 (02 storied):

Ground floor: Generator room, sub-station room, and compressor room.

1st floor: Workers dining and canteen area.

Building - 03: Security checkpoint.

Shed -01: Medical and creche facility.

Shed -02: Staff dining and kitchen.

Shed -03: ETP.

Shed -04: Yarn store.

Shed -05: Security restroom.

Shed -06: Chemical store.

Shed -07: Waste keeping area.

Shed -08: Boiler room.

Shed -09: Fire hydrant room.

This 100% export-oriented factory manufactures knit garments. Main production processes include sample development > knitting > cutting > printing > sewing > finishing > quality > packing. As per the management statement, the production capacity is around 84 lac pieces per annum and the level of production activity is high around the year.

Legal Documentations:

i. Factory License (No. 12832/Gazipur): Valid up to 30 June 2022.

ii. Trade License (No. 144/21-22 issued by Sreepur Pouroshova): Valid up to 30 June 2022.

iii. Certificate of incorporation: C-55957(2640)/05

iv. Fire License (No. DD/Dhaka/22932/2011): Valid up to 30 June 2022.

v. Export Promotion Bureau (Enrolment No. BD00716): Valid up to 30 June 2022.

vi. BERC (Bangladesh Energy Regulatory Commission) certificate no LWC-2040 for 750 KW power generation.

vii. Social (group) insurance through BKMEA (Bangladesh Knitwear Manufacturers & Exporters Association): Certificate No-DHK-609/2022.

A total of 848 employees are currently working in the factory, which includes 683 production workers and 165 management & staff. All the workers are local, and no migrant workers are employed, as well as there is no dormitory facility inside & outside the factory.

As per company policy, wages are calculated monthly basis and paid within 7 working days of the following month. The working shifts are as follows;

i. General shift: 08:00 am to 05:00 pm.

ii. Knitting section (2 shifts): 08:00 am to 05:00 pm and 08:00 pm to 05:00 am.

iii. Security section (3 shifts): 06:00 am to 02:00 pm. 02:00 pm to 10:00 pm and 10:00 pm to 06:00 am.

iv. Unpaid resting break one hour for all.

v. Friday is declared as a weekly holiday for all.

Opening Meeting: Md. Nur Kashem (Assistant Manager- HR & Compliance), Md. Mahbub Rahman (AGM- Operation), Md. habibur Rahman (Asst. Manager- HR & Admin), Md. Shohidul Islam (Welfare Officer), and workers representative attended the opening meeting. ALGI audit team provided a brief description of the audit process, scope, objectives, and provided ALGI Gift and Gratuity letter for review and signature.

Wage & Working time records review: 12 months' wage and working time records were requested and found available from March 2021 to February 2022 as well as reviewed in detail for the months of February 2022 (current month), December 2021 (random month), and July 2021 (random month).

Others Documents & records review: Legal documents, test reports, policy & procedures, training records, personnel files, different machinery & equipment checklists, various registers, production-related records, etc. have been verified during the whole audit process.

Health & Safety Tour: All areas and floors of this factory were toured including both production and non-production areas. The H&S condition of this factory was satisfactory. The auditee has taken necessary measures in the areas of fire, electrical, and structural safety. The auditee has installed centralized fire detection & protection system along with a fire hydrant system. The auditee has also ensured pure drinking water points, gender-wise separate toilets, and first aid boxes with sufficient first aid kits on each floor. The workplace was found well illuminated during emergency power backup checking. A sufficient amount of exhaust fans were found available. For easy evacuation, aisles, 03 exit ways, and 03 spacious staircases with both side rails were found obstacles free.

Workers Interview: A total of 35 (16 male and 19 female) workers were interviewed from all departments. 15 were interviewed individually & 20 were interviewed in 04 groups of 05 workers. The interviews were conducted in the dining area.

Closing Meeting: Md. Nur Kashem (Assistant Manager- HR & Compliance), Md. Mahbub Rahman (AGM- Operation), Md. habibur Rahman (Asst. Manager- HR & Admin), Md. Shohidul Islam (Welfare Officer), and a representative from the Workers' Participation Committee (WPC) attended the closing meeting. ALGI audit team communicated each finding in detail and allowed them to ask questions and provide any needed clarifications. They agreed on all the findings and signed the onsite monitoring report. The ALGI audit team handed over a copy of the onsite monitoring report to the management, thanked them for their cooperation, and left the factory at 17:05 on March 10, 2022.

Remarks:

1. Agency labor contract, contractor license, collective bargaining agreement, government waivers, inconsistency between time and production records, photos of the dormitory, and remediation of previous findings were not applicable in this audit.
2. The senior manager in charge has a good understanding of the situation concerning Covid-19 and has made all possible adjustments.
3. Anker Methodology has used to calculate the Basic Living Wage, and the audit team was unable to compare the calculation of the results as the auditee has not calculated the BLW.

Site Details

Site : Knit Horizon Ltd.

Site amfori ID : 050-001029-002

GICS Classification

Sector : Consumer Discretionary

Industry Group : Consumer Durables & Apparel

Industry : Textiles, Apparel & Luxury Goods

Sub Industry : Textiles

amfori Process Classifications

N.A.

NACE Classification

N.A.

GS1 Classifications

N.A.

Water Stress Situation

N.A.

Metrics

Key Metrics

Total workforce	826 Workers
Legal minimum wage in local currency	8000 Monthly
Lowest wage paid for regular work at the site	8300 Monthly
Calculated living wage in local currency	13090 Monthly
Total sample	35 Workers

Other Metrics

Male workers	466 Workers
Female workers	360 Workers
Permanent workers - Male	476 Workers
Permanent workers - Female	372 Workers
Temporary workers - Male	0 Workers
Temporary workers - Female	0 Workers
Seasonal workers - Male	0 Workers
Seasonal workers - Female	0 Workers
Management - Male	15 Workers
Management - Female	4 Workers
Apprentices - Male	0 Workers
Apprentices - Female	0 Workers
Workers on probation - Male	0 Workers
Workers on probation - Female	0 Workers
Workers with night shift - Male	46 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	476 Workers
Workers hired directly - Female	372 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	4 Workers
Workers on parental leave - Male	0 Workers
Workers on parental leave - Female	3 Workers
Sample - Male	16 Workers
Sample - Female	19 Workers

Findings

PA1: Social Management System

An effective management system is yet to be implemented in the following areas; Social Management System, Workers Involvement and Protection, Fair Remuneration, Decent Working Hours, Occupational Health and Safety, Protection of the Environment, and Ethical Business Behaviour.

According to the documents review and management interview, it was noted that the auditee prepares a production plan for every month based on 10 hours (regular working hour + 02 hours overtime) but such plan was not realistic with running production hours of February 2022. For instance, the daily maximum working hours were noted as 13 hours (regular working hour + 05 hours overtime). Further, the auditee did not prepare any corrective action plan to reduce overtime hours. (As per amfori BSCI CoC)

PA 2: Workers Involvement and Protection

According to the documents review and management interview, it was noted that the auditee has developed a Grievance policy and provided grievance boxes in the toilet so that workers' can write their complaints and inform the management in a confidential way. However, the auditee did not set any mechanism yet to keep records of verbal grievances that they received directly from the workers. Interviewed workers stated that they are comfortable to talk about their demands/complaint with the management and worker representatives directly rather than using grievance box. (As per amfori BSCI CoC)

PA 5: Fair Remuneration

According to the management interview, it was noted that the auditee does not have a good level of understanding regarding both the calculation methodology and the living cost of the region where the factory exists, as a result, the basic living wage (BLW) for that region is yet to be calculated. (As per amfori BSCI CoC)

PA 6: Decent Working Hours

During the audit, 35 sampled workers' working time records have been verified for 03 sampled months (February 2022, December 2021, and July 2021). According to those working time records, it was found that 22 out of 35 sampled workers performed excessive overtime hours in the month of February 2022 where the daily maximum overtime hours were 05 hours instead of 02 (performed by one sampled worker), and weekly maximum overtime hours were 23 hours instead of 12 (performed by one sampled worker). (As per Bangladesh Labor Law 2006, Section 100)

PA 7: Occupational Health and Safety

a) According to the documents review and management interview, it was noted that the approved layout plan was found mismatched with the current system which is as follows; i. As per layout, the generator, substation, and compressor room is located on the ground floor of building-01 but currently, this place is vacant. ii. As per layout, the palate machine area is located on the ground floor of building-02 but currently, this place is used as a room for generator, substation, and compressor. iii. Shed-04 (yarn store) was not included in the approved layout plan. (As per Bangladesh Labour Rule 2015, Rule 353-1) b) The auditee has given additional responsibility (look after the fire safety issues) to an HR person who was not competent for that job and does not have knowledge of basic fire safety. Further, the auditee was unable to show any training document/certificate related to the fire safety of that person. (As per Bangladesh Labor Rules 2015, Rule: 55_12)

According to the documents review and management interview, it was noted that the risk factors related to the printing section, flat knitting process, environmental hazards, and bond joining machine (APW) are yet to be assessed. (As per amfori BSCI CoC)

According to the documents review and management interview, it was noted that the auditee has conducted an emergency evacuation drill on 08.03.2021 but the auditee did not inform the concerned Inspector and nearby Fire Service Station a minimum of 15 days before the drill program. (As per Bangladesh Labor Rules 2015, Rule: 55_14)

According to the facility visit, it was noted that 02 out of 02 fusing machine operators were not using heat-protective gloves and 04 out of 04 operators of the flat knitting process were not using earplugs while working on the production floor. As per the risk assessment form of the fusing process, workers shall use heat-protective gloves during working time. Although the auditee did not identify the OHS risk of the flat knitting process, this area was found noisy. (As per Bangladesh Labor Rules 2015, Rule: 67-1)

According to the facility visit, it was noted that chemical containers in the color room of the printing section and maintenance room were found without secondary containment. (As per amfori BSCI CoC)

PA 7: Occupational Health and Safety

a) According to the risk assessment form of the toilet, the auditee mentioned that they will take immediate action to keep the toilet area dry but it was not mentioned what types of protection system they will implement. Further, the auditee neither provided an anti-slippery mat nor provided a warning sign for the wet floor in the toilet area. In addition, goods were kept in the excessive heights (almost touched to the ceiling) in the accessories store and the auditee did not post any warning sign for such falling hazards. (As per amfori BSCI CoC) b) According to the facility visit and management interview, it was noted that the sensor device of 01 out of 02 auto spreader machines was nonfunctional. As a result, if someone stands in front/behind this running machine subconsciously, it may cause bodily injury. (As per amfori BSCI CoC)

According to the facility visit, it was noted that there was no eye-protective guard in 70% of the sewing machines such as flatlock machines, Kansai, and button attached. Further, around 40% of sewing machine operators did not keep needle guards in the proper place while working. (As Bangladesh Labor Rules 2015, Rule: 67)

PA 12: Protection of the Environment

Observation: According to the documents review and management interview, it was noted that the auditee has applied to the department of environment for the environment clearance certificate on 27.10.2021 but they did not get the certificate yet.

According to the facility visit and management & worker interview, it was noted that the following possible mechanisms are yet to be taken to promote water conservation and water waste reduction; i. proper identification of water springs, rivers, lakes, and other water ecosystems in the area. ii. conducting risk assessments on water use. iii. arranging awareness-raising program for all employees on water waste reduction. (As per amfori BSCI CoC)

PA 13: Ethical Business Behaviour

According to the documents review and management & worker interview, it was noted that the auditee keeps workers' working data in manual time cards for regular working hours (08:00 am-05:00 pm) & 02 hours overtime (05:00 pm-07:00 pm) and only excessive overtime hours after 07:00 pm in an excel sheet (1/2 hours). They are not recording the actual fraction of hours in the time card and excel sheets. However, workers' acknowledgment on manual time cards and extra overtime (after 07:00 pm) payment sheets were found available. Interviewed workers also confirmed that they got the exact overtime time payment. (As per amfori BSCI CoC)