

## Alta Gracia Annual Monitoring Report

### Overview

Monitoring period	September 1, 2019 – August 31, 2020
Report publication date	November 12, 2020
Number of workers at the factory at the close of the monitoring period	60
Monthly living wage at the close of the monitoring period	RD\$27,023.22 (US \$463.52) <sup>1</sup>

### Background

The Alta Gracia factory was founded in 2009 with a commitment to pay all of its employees a living wage, to fully respect freedom of association, and to uphold [labor standards](#) that exceed those required by Dominican law and traditional university and corporate codes of conduct. Alta Gracia provides the WRC, as its designated monitor, with unrestricted access to the factory such that the WRC has the opportunity to interview employees, seek information from worker representatives, inspect factory health and safety conditions, meet with management, and review relevant records. The WRC's monitoring methodology at Alta Gracia is available [on our website](#).

The current monitoring period brought a unique set of challenges for Alta Gracia. The first of these occurred in October 2019 after the factory experienced a significant drop in client orders, which resulted in the need for the factory to significantly reduce the number of employees. During late October and early November, a total of 44 workers (approximately 40 percent of the total workforce) were let go from the company's employment. In selecting the workers that would be affected by this significant reduction in force, the factory consulted with the SITRALPRO union that represents workers at the factory and apprised the WRC of this unfortunate but necessary action. The WRC verified that all affected workers received the appropriate payment of severance.

A second significant challenge for the factory resulted from the onset of the Covid-19 pandemic in March 2020. Like other garment factories around the world, Alta Gracia was unexpectedly forced to deal with a new reality in which it had to keep its business afloat during a temporary government-required closure and a downturn in the economy while, at the same time, prioritizing the health and safety of its workers. As the pandemic swept quickly around the world, the factory temporarily closed its facility, a shutdown that took effect on March 20 and lasted until April 20. The factory, with some assistance from a Dominican government emergency fund for workers who were temporarily suspended, was able to pay the workers the full amount of their salaries for this period. Given the rapidly changing context for garment factories around the world, Alta Gracia quickly adapted to the production of masks, including [masks that were produced for US universities](#). At the close of the monitoring period, Alta Gracia continued to grapple with the complex circumstances resulting from the pandemic.

<sup>1</sup> For the purposes of this report, the WRC has used the exchange rate from Dominican pesos (DOP) to US dollars reported on the last day of the reporting period, August 31, 2020, which was USD 1:DOP 58.30.



Despite the significant challenges Alta Gracia faced during the current period, the WRC found the factory to be in full compliance with Dominican law and with the superior labor standards to which it has committed. The details of our compliance review are outlined below.

## Findings

### Wages and Benefits

#### Code Requirements

The factory shall pay employees, as a floor, wages and benefits which comply with all applicable laws and regulations and which provide for the essential needs of and establish a dignified living wage for employees and their families. The living wage must be provided by 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, exclusive of any overtime, and without requiring any work to be performed during meal or rest periods. A living wage is the amount of money required, based on local market prices, to meet the basic needs (housing, energy, nutrition, clothing, healthcare, education, potable water, childcare, transportation, and savings) of an employee and two dependent children.

At the time of the factory’s inception in 2010, the Worker Rights Consortium determined, through a country-specific market basket analysis, that the living wage in the Dominican Republic was, at that time, 222,042 Dominican Pesos per year, serving as the basis for the Living Wage Standard. Each year, the WRC adjusts this calculation based on inflation in the Dominican Republic. To comply with the Living Wage Standard, all employees in the factory must be paid a gross wage sufficient to result in take-home pay of the adjusted living wage for the current year.

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 contract or 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 unpaid 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. Compliance with this requirement by the factory may be suspended only with advance request to and agreement by the union representing workers at the factory. Such a request shall only be made by the factory in cases of force majeure or other exceptional circumstances necessitating non-seasonal suspension or termination of operations at the factory.
- 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 November 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.

#### Findings

On November 15, 2019, the factory implemented an annual wage increase in the amount of 4 percent, as stipulated by the Collective Bargaining Agreement (CBA) signed between the workers and factory management.<sup>2</sup> The living wage at Alta Gracia for the period November 15, 2019, to August 31, 2020, was \$6,237 Dominican pesos per week (US\$106.98), not including the payment of overtime hours. This is equivalent to a monthly salary of \$27,023.22 Dominican pesos<sup>3</sup> (US\$463.52), which, in keeping with the criteria outlined in the Code Requirement above, is equivalent to a living wage in the Dominican Republic. This amount is almost two and a half times the salary that is earned by most garment workers in the country.<sup>4</sup>

The WRC reviewed factory payroll records and hour logs for 12 pay periods, one per calendar month, between September 1, 2019, and August 31, 2020, and conducted interviews with factory employees to confirm the factory's compliance with all wage and benefit requirements. Through these sources, the WRC was able to confirm that the factory paid the living wage and corresponding benefits to all employees during the current monitoring period. This same review allowed the WRC to verify that the company also made all appropriate payments of overtime hours to factory employees.

The WRC verified that Alta Gracia made the appropriate deductions for and contributions to the Dominican healthcare and pension funds and that it appropriately deducted union dues from all union members and transferred these funds in a timely manner to the union.

As mentioned in the introduction, the factory was forced to lay off a significant number of workers during the current monitoring period. During this period, a total of 44 workers were dismissed from their employment at Alta Gracia. The factory apprised both the SITRALPRO union and the WRC of the need for such significant reduction in force and discussed with the union the workers who would be eliminated as well as the factory's process to select these workers. The WRC verified that all workers who were laid off from Alta Gracia received full payment of their severance, in accordance with Dominican law<sup>5</sup> and paid at the living wage rate.

Following the onset of the Covid-19 pandemic, Alta Gracia conducted a temporary shutdown of operations to ensure worker safety and to develop policies and practices (outlined in the section on health and safety below) to allow for safe operation and protection of workers from the virus. Factory employees were on paid furlough from March 17 to April 20. The workers received the full payment of their wages for this period. The factory covered the full amount for

<sup>2</sup> The Collective Bargaining Agreement between Altagracia Project and Workers Union of Altagracia Project (SITRALPRO), Article 6.4.3 states that the factory will increase the workers' salary in the amount of 4 percent each year in order to ensure that there is no erosion of the living wage as a result of inflation. Either party may renegotiate the percentage increase if the inflation rate, based on the previous year's Consumer Price Index, is significantly higher or lower than 4 percent. The Dominican Central Bank reported an inflation rate for the previous year of 2.02 percent, <https://www.bancentral.gov.do>.

<sup>3</sup> This figure is based on the Dominican calculation of a monthly wage, which is averaged as 23.83 eight-hour workdays per month and outlined by the Dominican Ministry of Labor in Resolution No. 14-2017, <http://www.cnzfe.gob.do/transparencia/phocadownload/BaseLegal/RESOLUCION%20No.%20%20%202014-2017%20ZONAS%20FRANCAS%20INDUSTRIALES.%20Refrendada.pdf>.

<sup>4</sup> The minimum and prevailing wage for garment workers in the Dominican Republic is 11,500 pesos per month (US\$197.26). See Dominican Ministry of Labor Resolution No. 14-2017, <http://www.cnzfe.gob.do/transparencia/phocadownload/BaseLegal/RESOLUCION%20No.%20%20%202014-2017%20ZONAS%20FRANCAS%20INDUSTRIALES.%20Refrendada.pdf>.

<sup>5</sup> Dominican Labor Code, Article 80.

the first two weeks of the furlough and drew on support from the Dominican government for the remaining period from a fund that was established to provide relief for factories forced to shut down as a result of the pandemic.

The WRC confirmed that the factory did not surpass the limits established by the code requirements with regard to the use of temporary workers.

Despite the significant challenges faced during this period, the WRC found the factory to be in full compliance with the wage and hour obligations established by Dominican law and by the requirements of the Code.

## Working Hours and Overtime

### Code Requirements

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.

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

In compliance with the parameters of regular working hours under Dominican labor law,<sup>6</sup> factory employees work Monday to Thursday from 7:00 a.m. to 5:30 p.m. with a one-hour, unpaid meal break and, on Friday, from 7:00 a.m. to 1:30 p.m. with a half an hour, unpaid break for a total of 44 paid working hours. All hours beyond the regular shift were worked only with the express consent of the workers and were, as mentioned in the previous section, paid with an overtime premium.<sup>7</sup>

## Child and Forced Labor

### Code Requirements

The factory shall not employ any person at an age younger than 16.

There shall not be any use of prison labor, indentured labor, bonded labor, or other forced labor.

### Findings

The WRC's monitoring during the current period found Alta Gracia to be in full compliance with the standards for child and forced labor. This finding is based on regular interviews with workers and worker representatives and the WRC's observations of working conditions at the factory during its regular visits to the factory.

## Health and Safety

### Code Requirements

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.

### Findings

The current monitoring period included the onset of the Covid-19 pandemic in March 2020. As mentioned above, the factory initially underwent a temporary shutdown of its operations. When workers returned to the building on April 20, 2020, the factory instituted policies and practices for safe operation. These policies were developed in

<sup>6</sup> Dominican Labor Code, Article 157.

<sup>7</sup> Dominican Labor Code, Articles 154, 155, and 203.

collaboration with the representatives of the factory's Health and Safety Committee and include implementation of social distancing and positioning workers back to back, handwashing stations, taking employees' temperatures, provision of hand sanitizer, frequent cleaning of all equipment, touchless clock-in system, and mask use. Workers who exhibit symptoms of the virus are sent home to quarantine in order to protect others at the factory. The Dominican Ministry of Labor has made multiple visits to the factory and approved Alta Gracia for continued operation during the pandemic. Furthermore, the factory and the union reviewed the WRC's guidance, "[Effective Infection Control Practices and Policies for Operating Apparel and Textile Factories](#)" and held a video conference meeting with Garrett Brown, head of the Maquiladora Health & Safety Support Network, which included the participation of both management and union representatives to discuss the guidance and to raise questions or concerns related to the factory's safe operation during the pandemic.

During the current monitoring period, the Health and Safety Committee, which includes the participation of a representative of the plant-level union, met one time per month<sup>8</sup> as per the requirements of Dominican labor law.<sup>9</sup>

In addition to the development and implementation of protocols for safe operation during Covid-19, as described above, the Committee addressed a number of health and safety concerns and improvements during the course of the monitoring period, which include the following:

- In October 2019, the factory replaced the existing unloading dock ramp, which was made of wood, with a new, stronger ramp made of iron, which provides a safer way for workers to transport boxes and other items from the loading dock.
- In October and November 2019, the factory made improvements to the men's and women's restrooms, including the repair of two toilets and the installation of new exhaust fans and liquid soap dispensers.
- In January and February 2020, the factory added additional LED lights and also set up a separation of trash bins for recycling purposes.
- In April 2020, the factory conducted an overhaul to air extractors, a process that allows for better regulation of factory temperature.
- In June 2020, the factory installed additional hand-washing sinks next to the water dispensers.
- In July 2020, the factory repaired one of the main entry doors to the facility.
- In August 2020, Alta Gracia replaced a hose that helps to remove fabric dust from the area where fabric is stored, repaired signage outside the plant, began investigation for improvements to both the kitchen and the factory's security system, and increased the number of monthly plant disinfections from one to two.

## Nondiscrimination

### 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 found no evidence of discrimination in hiring, promotion, or treatment in the workplace during the current monitoring period. Interviews with workers and worker representatives confirm that there has been no discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

<sup>8</sup> Given that there was a factory shutdown as a result of the Covid-19 pandemic, no meeting was held in the month of March 2020.

<sup>9</sup> Regulation 522-06 on Safety and Health in the Workplace and Resolution 04-2007, Article 6.2.1.

## 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 found Alta Gracia to be in full compliance to its commitments with regard to harassment and abuse at the factory.

During the current monitoring period, the WRC received a complaint from workers with regard to a recently hired supervisor's treatment of factory employees. The workers alleged that the supervisor was abusing his position of authority at the factory by asking workers for personal loans and by asking the workers for bribes in order to protect their employment. When workers raised concerns with factory management, the factory investigated the complaints and suspended the supervisor without pay for a period of five days. However, upon the supervisor's return to the factory following his suspension, the problems that gave way to the initial complaint persisted and, ultimately, the factory made the decision to terminate the supervisor's employment at Alta Gracia. The WRC confirmed that this supervisor was dismissed on October 24, 2019. The WRC commends Alta Gracia for its handling of the situation of the supervisor.

The WRC found no further evidence of harassment or abuse at Alta Gracia. This assessment was based on interviews with workers and union representatives that were conducted on an ongoing basis.

## Freedom of Association and Collective Bargaining Agreement

### Code Requirements

The factory shall recognize and respect the rights of employees to freedom of association 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.

### Findings

The WRC's verification of Alta Gracia during the current monitoring period found the factory to be in full compliance with standards on freedom of association and collective bargaining.

The WRC confirmed that the workers continue to be represented by the SITRALPRO union, registered at the factory since 2010. The union continues to be able to conduct representational activities free of interference from management and union leaders are allowed time during the workday to complete representational activities. The union leaders are able to consult with workers and represent them when they are called to meet with a member of management about any work-related issue. Alta Gracia management and SITRALPRO union leaders have a regular schedule of meetings, which are held once a month, and the parties meet on an ad-hoc basis when issues arise that

need to be addressed without waiting for the next regularly-scheduled meeting. The WRC has participated in many of these meetings as an observer.

During the current period, the SITRALPRO union and the Alta Gracia management finalized and signed a third Collective Bargaining Agreement (CBA) which will be in effect until December 12, 2022. The CBA upheld the commitments of past agreements and, importantly, maintained an annual salary increase of 4 percent, which will guarantee that the workers continue to earn a living wage at Alta Gracia.

## 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 without loss of income to the employee.

### Findings

During the current monitoring period, the WRC found the Alta Gracia factory to be in full compliance with the standards outlined above on women's rights.

To view past monitoring reports and to learn more about the WRC's work at Alta Gracia, please [visit our website](#).