2010

Fair Labor Association
Independent External Monitoring Report

COMPANY: H&M Hennes & Mauritz AB
COUNTRY: Turkey
FACTORY CODE: 4400761013I
MONITOR: Alpay Celikel
AUDIT DATE: April 21-22, 2010
PRODUCTS: Denim Trousers, Denim Skirts
PROCESSES: Cutting (Only for Sampling, Sewing, Warehousing)
NUMBER OF WORKERS: 370

For an explanation on how to read this report, please visit the FLA website here.

FAIR LABOR ASSOCIATION

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*Denotes a notable feature

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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Notable Feature

Explanation: There is a bonus system that grants 1,5 wage/year bonus payment for every worker without any selective criteria.

Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: OT compensation is not registered in the Social Security Administration records.

Ref: Social Security and General Health Insurance Law 5510 Article: 80

Plan Of Action: H&M requires the supplier and factory to follow local law as well as the requirements in the H&M Code of Conduct. Transparency is of utmost importance for H&M and we require the factory to record all hours and payments truthfully and to provide accurate records for our auditors during audits and follow-up visits. H&M is aware that this problem exists in Turkey and this issue is addressed to suppliers and factories through our audit reports and our ongoing dialogue with suppliers and factories. The primary focus is to get suppliers and factories to ensure all workers are registered and pay premiums to the Social Security Administration. We do encourage the supplier and factory to, in a sustainable way, work towards full legal compliance in this matter without forgoing their transparency towards our auditors/H&M.

Deadline Date: 06/30/2011

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Supplier CAP: About registration of OT compensation in Social Security Administration, board members will check all kind of expenses per month like market research, reviewing taxes, tax expenses and product expenses. According to the results, a decision will be made; the decision will be about which percentage of the OT hours will be registered in Social Security Administration. This decision will be finalized until June 2011.

Supplier CAP Date: 06/30/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Wages, Benefits and Overtime Compensation

Other

Notable Feature

Explanation: There are many free social activities for workers, such as bowling tournaments, for improving the social environment in the workplace.

Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

Noncompliance

Explanation: Despite the existence of workers' representatives, it was observed that they are not elected by workers; workers do not consider this representation system effective enough.

Plan Of Action: H&M encourages the factory to develop and maintain functioning communication channels between workers and management. We require that the workers' representatives are elected by the workers and represent different sections in the workplace.

Deadline Date: 05/15/2010

Supplier CAP: Between the dates April 27 and May 14, worker representatives are selected by employees working in the same department. (Please see file attached.)

Supplier CAP Date: 05/15/2010

Action Taken:

Plan Complete: No

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: There is no active grievance procedure in place to address workers' complaints which includes active participation from elected worker representatives. Also, the complaint boxes are not located in places that provide anonymity (current locations are hindering their use).

Plan Of Action: H&M encourages the factory to develop and maintain functioning communication channels between workers and management. We require that the worker representatives are elected by the workers and represent different sections in the workplace.

Deadline Date: 05/15/2010

Supplier CAP: Between the dates April 27 and May 14, worker representatives are selected by employees working in the same department. The active grievance procedure is written and announced to the employees in Health and Safety Committee meetings for more active use. Complaint boxes are put in clothing rooms (separate for women and men) to make the process active. (Please see photos attached.)

Supplier CAP Date: 05/15/2010

Action Taken:

Plan Complete:	No
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:	It was observed that disciplinary penalties, like written warnings, are under the sole control of management; there is no control mechanism or means to appeal against them.
Plan Of Action:	H&M requires the factory to set up an efficient system of progressive discipline. The disciplinary actions should follow legal requirements and should be clearly communicated to all workers. We have clarified to the factory how to handle disciplinary practices in different circumstances; decision-making authority must be given to both employer and worker representatives, not just to the supervisor.
Deadline Date:	06/28/2010
Supplier CAP:	The facility has already established a Disciplinary Committee and a written disciplinary procedure. (See attached document.) Elected worker representatives are members of the Disciplinary Committee; all kinds of disciplinary decisions will be made by this committee.
Supplier CAP Date:	06/28/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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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:	There is no written wage policy in place; wage raises are decided upon by supervisors without any measurable criteria. Ref: Labor Law 4857 Article: 5
Plan Of Action:	H&M encourages the factory to implement an active and sustainable wage policy with a strong connection between skills, experience, performance and workers' wages. This approach will retain workers and reduce worker turnover in the factory.
Deadline Date:	12/01/2010
Supplier CAP:	In [city name] factory, a new written and signed wage policy has been agreed to become applicable December 2, 2010.
Supplier CAP Date:	12/01/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: Although the factory has a general policy covering some elements of the H&M Code of Conduct, there was no text posted or any other document conveying H&M's principles observed in the factory.

Plan Of Action: All H&M suppliers are informed of our code of conduct content through workshops held by H&M compliance staff. H&M does not require our code of conduct to be posted in the factories; instead, we encourage factories to develop internal regulations in line with our code of conduct and labor law. We also encourage them to communicate these regulations to all workers. During audits and follow-up visits we conduct interviews with workers and hand out our contact information so workers can put forth their grievances to us directly.

Deadline Date: 08/01/2010

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation:	It was observed that workers were unaware of the company's workplace standards and that no training sessions had been held, by either the company or factory management, in an attempt to raise the awareness of workers.
Plan Of Action:	H&M requires that the suppliers inform their employees about workplace standards. These workplace standards should include Worker Rights, Worker Basic Rights, Health and Safety and Environment regulations. These standards should comply with local labor law, H&M Code of Conduct, international standards and ILO requirements.
Deadline Date:	08/31/2010
Supplier CAP:	In our factory, according to the recruitment process, we trained new employees about our company, our benefits, salary, working hours, etc. (See orientation program attached.) Also, the new law and standards are announced on the notice board.
Supplier CAP Date:	08/31/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Although there is an active internal grievance system in place encouraged by H&M, there is no established complaint channel between workers and the FLA member company.

Plan Of Action: During our audits and follow-up visits in factories, H&M compliance staff conduct interviews with workers. During these interviews, we hand out business cards with our contact information. The number provided on the card is a mobile number workers can call or SMS to put forth their grievances to us directly. We also encourage the workers interviewed to share our contact information with other workers. Further, we support the factory in building a dialogue system which allows workers the opportunity to put forth their grievances to management. All H&M suppliers are informed on the content of our code of conduct through workshops held by H&M compliance staff. H&M does not require our code of conduct to be posted in factories; instead, we encourage factories to develop internal regulations in-line with our code of conduct and labor law, and then communicate them to all workers.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: The Health and Safety trainings are not in-line with the related regulation; the Health and Safety Committee is not active. Members are not doing regular checks on the facility to check working conditions, personal protective equipment (PPE) selection, usage, etc. Topics covered in Health and Safety Committee meetings are too broad and do not cover most of the health and safety topics mentioned in the related regulation. Monthly work hours for the Health and Safety Specialist are not in compliance with related regulation.

Ref: Regulation on Health & Safety Trainings of the Employees (Official Gazette No: 25426dd 07.04.2004), Labour Law 4857 Article 77-80, Regulation on H&S Committees Article 7-8, Official Gazette No: 25426 dd 07.04.2004, Regulation on Workplace Health and Safety Units and Common Health and Safety Units Article: 5

Plan Of Action: H&M requires that factories follow the health and safety regulations in the local law and in the H&M Code of Conduct. The factory is responsible for providing a sufficient amount of worker training to inform them of their legal rights and work-related risks. This training must be in compliance with the related regulation in terms of material, choice of personnel to be trained, equipment, trainer, time and all other details. H&M encourages the factory to set up and maintain an efficient Health and Safety Committee and to develop an effective control system regarding the factory's health and safety conditions. This committee shall be established and work according to law. The committee should be guided by the facility doctor and a health and safety specialist. The health and safety specialist should evaluate factory risks and create each meeting's agenda according to the factory's work-related conditions and awareness levels. Health and safety specialist's working hours should be in compliance with legal requirements. The committee members should act in accordance with the law, do regular checks of the health and safety conditions in the factories, complete and monitor necessary improvements, etc. Minutes of the meetings should be recorded, enabling follow-up on the topic of monitoring and improvements via the records.

Deadline Date: 08/31/2010

Supplier CAP: A Health and Safety Engineer Contract is written and updated for 5 working days according to the procedure. (See attached.) During these days, necessary trainings will be given to the employees; after periodic controls, it (e.g., workshop form) will be recorded. Subject of the training will be compliance with legal requirements. (See attached document.)

Supplier CAP Date:	08/31/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation:	The factory does not have a working license. Ref: Labour Law 4857 Art.78-95; Regulation on Working License, Official Gazette No. 27422 dd 04.12.2009.
Plan Of Action:	H&M requires the factory to ensure that at all times they possess the relevant legal permits and licenses, such as the working license, work permits and other applicable legal documents.
Deadline Date:	05/05/2010
Supplier CAP:	We applied for the working license on April 27, 2010, and brought license on May 4, 2010. (20100603154536.tif, See photo attached.)
Supplier CAP Date:	05/05/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

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: Factory's emergency evacuation and fire preparedness requirements are insufficient.

1) The fire escape stairs on the outside of the building are not in good condition and not suitable for emergency evacuation. The stairs' width is insufficient for easy evacuation; recent damage caused by a truck accidentally hitting the stairs has made the structure unsafe;

2) Emergency lighting system for illuminating the evacuation routes is insufficient;

3) Emergency assembly area is not marked.

Ref: Labour Law 4857 Article 77, Health & Safety Regulation Article 19 (Official Gazette No: 14765, 11.01.1974), Regulation on Fire Prevention in Buildings Articles 70-71-72 (12.06.2002/Official Gazette: 24827)

Plan Of Action: H&M requires that safety in the factory is maintained according to local law and the H&M Code of Conduct. We suggest the factory sets up a complete system for health and safety. This system should include: maintaining all fire prevention equipment in good condition; checking the emergency lighting system periodically; ensuring illumination equipment is sufficient and functional; and keeping the emergency lighting area properly marked.

Deadline Date: 05/25/2010

Supplier CAP: Renovation of the building's outdoor fire escape stairs began May 10, 2010 and was completed May 24, 2010. The emergency charged lighting system is now done for evacuation routes: 4 in the sewing department and 3 in model sewing. The emergency area was agreed on with all departments; after committee meetings this was announced to worker representatives. (See attached photos regarding actions taken.)

Supplier CAP Date: 05/25/2010

Action Taken:

Plan Complete:	No
Plan Complete Date:	

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: Factory's safety equipment for emergency and fire preparedness is insufficient.

1) Some areas lack fire detectors (e.g., generator room, second quality warehouse, boiler room, lift operating room);

2) Some extinguishers are not suitable for fire risks in their particular location (e.g., lack of CO2 extinguishers for areas with a risk of electrical fire).

Ref: Health & Safety Regulation Article 19 (Official Gazette No: 14765, 11.01.1974), Regulation on Fire Prevention in Buildings Articles 70-71-72 (12.06.2002/Official Gazette: 24827)

Plan Of Action: H&M requires that safety in the factory is maintained according to local law and the H&M Code of Conduct. We suggest the factory set up a complete health and safety system. This system should include: checking all fire prevention equipment is maintained in good condition, ensuring fire detectors are provided to all necessary places and providing suitable fire extinguishers to related areas according to risk groups.

Deadline Date: 05/25/2010

Supplier CAP: Two fire detectors and two extinguishers are ordered and located in suitable areas for all departments. Fire detectors placed in lift operating room, generator room, second quality warehouse and boiler room. (See photos attached.)

Supplier CAP Date:	05/25/2010
Action Taken:	
Plan Complete:	No

Plan Complete Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: The chemical storage area needs to be improved for reactivity and fire safety of chemicals.

Ref: Labor Law 4857 Article 77, Regulation on H&S Precautions When Working with Chemicals, Article 7, Official Gazette No: 25328 dd 26.12.2003

Plan Of Action: H&M requires the factory to ensure their chemical supplier provides correctly labeled chemicals and corresponding material safety data sheets (MSDS). The MSDS' need to be accessible, both in the workplace and where chemicals are stored. The factory needs to develop a system to ensure the following are correct: labeling of chemicals and hazardous symbol(s); items are stored in accordance with their flammability and reactivity requirements as mentioned in MSDS; and proper handling. Further, and of utmost importance, MSDS information must be communicated through the training/education of workers handling chemicals. Training should include information on precautions, correct handling, storage and the use of protective equipment.

Deadline Date: 05/21/2010

Supplier CAP: Chemicals ordered for [city name] factory, were put in the warehouse located in [city name] due to a worker's mistake. Normally, this place is not used for chemical storage; workers and their managers are being warned about this issue.

Supplier CAP Date: 05/21/2010

Action Taken:

Plan Complete: No

Plan Complete Date:

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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: There is no active lightning rod providing workplace protection. Also, the forklift charging area is blocked by stored materials, thus posing a fire risk.

Ref: Regulation on Fire Prevention in Buildings, Article 68, Official Gazette No: 26735 dd 19.12.2007; Regulation of Grounding Systems, Official Gazette: 24500 dd 21.08.2001; Labour Law 4857 Article 77

Plan Of Action: H&M requires that safety in the factory is maintained according to local law and H&M Code of Conduct. We suggest the factory set up a complete health and safety system. This system should check that all fire prevention equipment is maintained in good condition and that the forklift charging area is kept unblocked.

Deadline Date: 08/31/2010

Supplier CAP: Forklift charging area is covered with iron railings, preventing its blockage by materials. Offers have been taken for the lightning rod and it will be set up soon.

Supplier CAP Date: 08/31/2010

Action Taken:

Plan Complete: No

Plan Complete Date:

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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: Needle protectors (finger and eye) on most of the sewing machines are missing or not used by the employees. Lower pulley guards are also missing on some sewing machines.

Ref: Labour Law 4857 Article 77, Health & Safety Regulation, Official Gazette No: 14765 dd 11.01.1974, Regulation of Machinery Protectors, Article 13, Official Gazette No: 18050 dd 17.05.1983

Plan Of Action: H&M requires the factory to develop policies and systems that ensure the factory's health and safety conditions are always in line with local law and H&M Code of Conduct. We will support the supplier in ensuring relevant production machinery is equipped with proper protective devices, and on providing worker education regarding when, how and why personal protective equipment and related equipment should be used.

Deadline Date: 05/25/2010

Supplier CAP: Needle protectors in all departments are done; a lower pulley guard has been put on the machines by our technician. (See photos attached.) The Health and Safety Engineer has trained all the employees on using these protectors; all trainings have been recorded.

Supplier CAP Date: 05/25/2010

Action Taken:

Plan Complete: No

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: It was observed that the workplace health unit is conducting additional health checks in addition to legally required health checks for specific health risks such as fungal infections.

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: The drinking water test sample is not taken from fountains.

Ref: Labour Law 4857 Article 77, Health & Safety Regulation Article 31, Official Gazette No: 14765 dd 11.01.1974

Plan Of Action: H&M requires the factory to provide clean drinking water that is easily available to all workers. The factory should be able to verify that the drinking water is clean.

Deadline Date: 05/26/2010

Supplier CAP: The drinking water test sample is taken to [testing center name], we applied on May 20, 2010; results were taken May 26, 2010.

Supplier CAP Date: 05/26/2010

Action Taken:

Plan Complete: No

Plan Complete Date:

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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: Some workers in the sewing and model sewing departments along with workers in the warehouse (personnel capable of all their department operations), worked more than 60 hours per week and also exceeded the 270 hours yearly legal OT limit (maximum: 270 hours completed within 4 months). Workers operating at specialized tasks, subcontractor review and help personnel can work overnight after a normal work day in case of urgent shipments.

Ref: Labour Law 4857 Article 41, OT Work Regulation Article 5, Official Gazette No: 25425 dd 06.04.2004

Plan Of Action: H&M requires that OT hours do not exceed the legal limit and that OT work is always done voluntarily and compensated according to the local law. All H&M suppliers are encouraged on possible measures for reducing OT both through our Code of Conduct Supplier Guideline (guidance on the implementation of H&M's Code of Conduct requirements) and via workshops held by compliance staff. In the short term, we require the factory to ensure workers stay for fewer OT hours than the number found during the audits in the months checked. In the long term, we will require the supplier to send H&M monthly OT analytic reports for each section. From the analytic reports, we will make a root cause analysis with the supplier, finding the reasons for exceeding OT hours, and encouraging the supplier in finding the best way to keep OT hours within legal limits.

Deadline Date: 06/30/2011

Supplier CAP: Beginning June 2010, we will analyze the situation of workers operating at specialized tasks and will bring OT hours to legal limits until June 2011.

Supplier CAP Date: 06/30/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

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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 there is not an Annual Leave Committee within the facility to determine annual leave periods and evaluate the employees' annual leave requests. Ref: Labor Law 4857 Article 60; Annual Leave Regulation Article 15 (Official Gazette No: 25391 dd 03.03.2004)
Plan Of Action:	H&M requires that workers' basic right of leave is respected and that the factory pays workers for all of the leaves they are entitled to according to the law. We encourage the factory to settle a system to ensure annual leave is provided to all employees as according to law.
Deadline Date:	05/10/2010
Supplier CAP:	An Annual Leave Committee is established May 10, 2010; the list of Annual Leave Committee members for each section is attached.
Supplier CAP Date:	05/10/2010
Action Taken:	
Plan Complete:	No
Plan Complete Date:	