



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: H&M Hennes and Mauritz AB

COUNTRY: Turkey

FACTORY CODE: 44007610151

MONITOR: Aydin Oruc

AUDIT DATE: December 14 – 15, 2009

PRODUCTS: Socks, Tights, Hosiery,
Boottees

PROCESSES: Dyeing, Washing, Printing,
Sewing, Ironing, Quality Control, Packaging,
Loading, Warehouse and Administration

NUMBER OF WORKERS: 1171

FLA Comment: After Nordstrom exited the factory, H&M Hennes & Mauritz AB has taken over the remedial efforts. Nordstrom is no longer a FLA affiliate.



CONTENTS:

Wages, Benefits and Overtime Compensation: Training and Probation Wage _____	3
Wages, Benefits and Overtime Compensation: False Payroll Records _____	4
Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation* _	5
Freedom of Association: Facilities for Worker Representatives _____	5
Child Labor: Employment of Young Workers _____	6
Code Awareness: _____	7
Code Awareness: _____	9
Health and Safety: Permits and Certificates _____	10
Health and Safety: Safety Equipment and First Aid Training _____	11
Health and Safety: Personal Protective Equipment _____	12
Hours of Work: General Compliance Hours of Work _____	13
Hours of Work: Rest Day _____	14
Hours of Work: Overtime/Reduced Mandated Overtime _____	15
Hours of Work: Overtime/Calculation Over Period Longer Than One Week _____	16

*Denotes a Notable Feature

Wages, Benefits and Overtime Compensation: Training and Probation Wage

WBOT.3 Where probation or training wages are legally allowed, no worker shall be paid a probation or training wage for more than three months cumulatively. (S)

Noncompliance

Explanation: According to Turkish Occupational Health and Safety Regulation (7/7583) Article 12/d of Turkish Labor Law 4857, all training hours should be paid to workers. It was noted that workers received Health and Safety training from 16:00-18:00pm on October 16, 2009, and 08:00-10:00am on October 22, 2009, after their shift, but no compensation was paid for mentioned workers.

Plan Of Action: H&M requires from suppliers that overtime work should always be properly compensated. All workers should be entitled to and receive overtime compensation according to labor law. We encourage the supplier to prepare a sustainable plan for correcting overtime wage payment and paying it according to law.

Deadline Date: 02/10/2010

Supplier CAP: After H&M meeting held on 09.07.2010: From now on we will try to give all trainings during working hours; if we need to make these trainings after shifts, we will pay compensation to the related workers.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010, a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this violation in our further audits to observe improvements on this factory.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Social Security and General Health Insurance Law 5510 Article: 80. Actual payments, OT compensation and wages higher than legal minimum wage do not match payroll records registered in Social Security Administration.

Plan Of Action: H&M requires supplier and factory to follow local law and H&M Code of Conduct requirements. Transparency is of utmost importance to H&M; we require factory to record all hours and payments truthfully and to provide accurate records for auditors during audit and follow-up visits. H&M is aware that this problem exists in Turkey and this issue is addressed to suppliers and factories through audit reports and ongoing dialogue. The primary focus is to get suppliers and factories to ensure all workers are registered and pay premiums to social security administration. We encourage supplier and factory to sustainably work towards full legal compliance in this without forgetting their transparency towards our auditors/H&M.

Deadline Date: 02/10/2010

Supplier CAP: After H&M meeting held on 09.07.2010: We are working on new feasibilities for this. But, we put into action decreasing OT first, by putting it under control of the Personnel Department. On a weekly basis, Personnel Department will warn all relevant operator chiefs; by checking OT figures, they will have the chance to select another worker.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010, a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this violation in our further audits to observe improvements on this factory.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation

Other

Notable Feature

- Explanation:** 1. Factory provides free transportation to/from work.
2. Factory provides a free meal to workers for lunch.
3. Factory provides Ramadan free food aid (100 TL) and religious holiday presents (socks).
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Freedom of Association: Facilities for Worker Representatives

FOA.25 Workers' representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces. (S)

Noncompliance

Explanation: It was noted that there was no elected worker representative at the factory.

Plan Of Action: H&M encourages the factory to develop and maintain functioning communication channels between workers and management. We require that workers are informed of their rights. A communication channel should be built between workers and factory management through worker representatives. Worker representatives should be elected by workers themselves and represent different sections in the workplace. Factory management should meet representatives regularly and keep minutes of the meetings to enable follow up on the discussed topics. Workers should be informed of the actions taken by factory management.

Deadline Date: 02/10/2010

Supplier CAP: After H&M meeting held on 09.07.2010: We will give attention to this proposal and plan to put it into practice soon.



Supplier 01/13/2010
CAP Date:

Action On 09.07.2010, a meeting was held with [Factory name] management to discuss
Taken: violations and get a correction plan. We will follow this violation in our further audits to observe improvements on this factory.

Plan No
Complete:

Plan
Complete
Date:

Child Labor: Employment of Young Workers

CL.6 Employers shall comply with all relevant laws that apply to young workers (i.e., those between the minimum working age and the age of 18) including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. (P)

Noncompliance

Explanation: According to regulation issued on Official Newspaper dated April 6, 2004, regarding Turkish Labor Law 4857, Article 71, written permission from parents of young workers shall be taken in order to employ young workers. It was found through document review that young workers do not have their parents signed permission to work.

Plan Of H&M requires factory to follow labor law concerning working conditions of young
Action: workers. We will further encourage factory to systematically implement H&M Code of Conduct and labor law requirements and to communicate them to all relevant personnel in the factory, including communicating to young workers the need for work permission from their parents.

Deadline 02/10/2010
Date:



Supplier CAP: [After H&M meeting held on 09.07.2010:](#) We fix young workers by checking the identity cards of all employees while we are preparing their files. We are getting in touch with the parents of young workers, as we want them to come to factory and sign permission forms. Now we have all of the young workers' signed permission forms and have put them in their files.

Supplier CAP [01/13/2010](#)
Date:

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. During the meeting we checked if young workers (total of 7 in facility) have written work permission from their parents. It is observed that all young workers' signed permission forms from their parents are available in their personnel files. We will follow this violation in our further audits.

Plan No
Complete:

Plan
Complete
Date:

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: [1. Workers are not aware of the code provision.](#)
[2. No communication from company to factory about the FLA.](#)

Plan Of
Action:

Deadline [02/10/2010](#)
Date:



Supplier CAP: During our audits and follow-up visits in factories, H&M compliance staff conducts interviews with workers. During these interviews we hand out business cards with our contact information. The number we provide on the card is a mobile number, which workers can call or SMS to put forward their grievances directly to us. We also encourage the workers interviewed to spread our contact information to other workers. Further, we support the factory in building a dialogue system in order to have a system for the workers to put forward their grievances to management. During our audits and follow-up visits we check the function of these systems.

Supplier CAP 01/13/2010
Date:

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

Plan No
Complete:

Plan
Complete
Date:

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: No company code of conduct was posted with a company representative's phone number as a confidential noncompliance reporting mechanism.

Plan Of Action: All H&M suppliers are informed about our code of conduct's content through workshops held by H&M compliance staff. H&M does not require our code of conduct (COC) to be posted in the factories. Instead, we encourage factories to develop internal regulations in line with our COC and labor law, and then to communicate them to all workers. During audits and follow-up visits, we conduct interviews with workers and hand out our contact information so that the workers can put forward their grievances directly to us. From now on, we will also encourage supplier to train workers in factory regulations, local labor law and our COC.

Deadline Date: 02/10/2010

Supplier CAP:

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

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: As per regulation issued on Official Newspaper dated August 8, 2005, regarding the law on establishing and running a new company, Article 6, it was noted that the operating permit (operating permit process needs building permit, fire department report, etc.) was not taken yet.

Plan Of Action: H&M requires factory to ensure at all times they obtain relevant legal permits and licenses such as operating permit, working license, work permit and other applicable legal documents.

Deadline Date: 02/10/2010

Supplier CAP: Supplier CAP after H&M meeting held on 09.07.2010: We have operating certificate, but we are still working on getting GSM working certificate. We applied to the Ministry for emission permit and all controls were finalized. We got a channel connect permit, which is valid till 16.11.2012. We also received fire reports.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

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: According to regulation issued on May 22, 2004, on Official Newspaper related with Turkish Occupational Health and Safety Regulation (7/7583), Article 16, it was noted that there were 46 first aid certificated employees, that is, 13 missing at the factory.

Plan Of Action: H&M requires that factories follow the health and safety regulations in the local law and the H&M Code of Conduct. We require that factory provides a health and safety training to at least 5% of workers (according to local regulation), preferably from all departments. We further require that factory implements a sustainable system to keep the number of trained workers in compliance with local law.

Deadline Date: 02/10/2010

Supplier CAP: Nordstrom action plan: "5% of the workforce will be had first aid certificates in January 2009." "Eyewash, latex gloves and burn cream were provided in the first aid kits."

Supplier CAP after H&M meeting held on 09.07.2010: We increased first aid certificated employees to 57 in April 2010. We organized a 15 employee training program in July 2010. We can reach around 70 first aid certificated employees mid-August 2010.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

Plan Complete: No

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Labor Law 4857 Article: 77, Personal Protective Equipments Regulation 09.02.2004, Regulation About Usage of Personal Protective Equipments Within the Workplaces 11.02.2004, Official Gazette No: 25370

1. It was noted that earplugs were not used by knitting section workers.
2. Masks, goggles and gloves were not used by printing section workers.

Plan Of Action: A safe and healthy working environment should be a priority at all times. H&M requires factory to develop policies and systems to ensure health and safety conditions in factory always are in line with local law and our code of conduct. H&M requires factory to ensure 1) relevant personal protection equipment (PPE) is available and used; and 2) workers are educated on when, how and why to use PPE and related equipment. Also, potential risks because of equipment shall be eliminated and proper evacuation routes shall be provided.

Deadline Date: 02/10/2010

Supplier CAP: Supplier CAP after H&M meeting held on 09.07.2010: This noncompliance was closed by giving trainings to all workers regarding how and in which conditions to use protective materials. These conditions are regularly checked by a business doctor and the responsible health and safety person. When they meet any noncompliances, verbal and written warnings are made. See sample of written warning on attached.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

Plan Complete: No

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: As per Turkish Labor Law 4857, Article 69, employees should not be allowed to work on night shift for more than 7 hours and 30 minutes. It was noted that the workers have worked between 20:00pm-08:00am on the night shift a total 11 hours, excluding rest, when overtime was needed.

Plan Of Action: H&M requires that overtime hours should not exceed the legal limit, and that overtime work is always done voluntarily and compensated according to local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our COC Supplier Guideline (guidance on how to implement H&M COC requirements) and via workshops held by compliance staff. In the short term we require factory to ensure that workers stay for less overtime hours than in the months checked during the audits. In the long term, we will require supplier to send monthly OT analysis reports to H&M for each section. According to the analysis reports, we will make a root cause analysis with supplier to find the reason for exceeding OT hours and we will encourage supplier to find the best way to keep OT hours within legal limits.

Deadline Date: 02/10/2010

Supplier CAP: Nordstrom action plan: "The employees do not work more than 7.5 hours during night."

Supplier CAP after H&M meeting held on 09.07.2010: We are working on arranging OT work according to Turkish labor laws; we arrange weekly controls for preventing this noncompliance. And, every week, people responsible for production are warned from Personnel Department by showing each worker's OT list. In this way, we try to prevent exceeding the legal limits for OT.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

Plan Complete: No

**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)

Noncompliance

Explanation: In accordance with Turkish Labor Law 4857 Articles 46 and 69, it was noted that almost 10% of workers have worked without 7th day rest in previous months (August, September and November). The most continuous days found without rest was 31 in August 2009.

Plan Of Action: H&M requires that overtime hours should not exceed the legal limit, and that overtime work is always done voluntarily and compensated according to local law. In the short term, we require factory to ensure that workers may have 1 day off per week. In the long term, we ask suppliers to work on their production planning to keep overtime hours within legal limits in a sustainable manner in the future.

Deadline Date: 02/10/2010

Supplier CAP: [Nordstrom action plan](#): "The 7th day rest was guaranteed for all employees."

[Supplier CAP after H&M meeting held on 09.07.2010](#): We are working on arranging OT work according to Turkish labor laws; we arrange weekly controls for preventing this noncompliance. And, every week, the people responsible for production are warned from Personnel Department by showing each worker's OT list. In this way, we try to prevent exceeding legal limits for OT.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this issue in our further audits to observe improvements in this factory.

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: In accordance with Turkish Labor Law 4857 Article 41, there is no system to ensure OT work is on a voluntary basis. For example, no written statement for voluntary OT from workers is available.

Plan Of Action: H&M requires that overtime hours should not exceed legal limit, and that overtime work is always done voluntarily and compensated according to local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our COC Supplier Guideline (guidance on how to implement H&M COC requirements) and via workshops held by compliance staff. Factories shall have a written statement for voluntary OT from workers available and shall have grievance systems to monitor if the overtime work is done on a voluntary basis and take actions where necessary.

Deadline Date: 02/10/2010

Supplier CAP: After H&M meeting held on 09.07.2010: We have all workers' signatures on their contracts and OT work forms on a voluntary basis. Also, we are getting signed OT work forms for each overtime shift.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. As per our controls, management renewed employment contracts by adding related article; they will also get voluntarily overtime permission on a yearly basis. They have also been getting workers' permission signatures at the beginning of every overtime work. We will follow this violation in our further audits to observe improvements in this factory.

Plan No

Complete:

Plan

Complete

Date:

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: 1. It was noted that weekly combined working hours (regular + overtime) were exceeding 60 hours in some employees' time records. As per reviewed 55 time records, around 20% of workers have worked between 60-72 hours a week in August, September and October 2009.

2. Labor Law 4857 Article 41, it was noted that employees have worked more than 11 hours a day when working 2 consecutive shifts (a total of 15 hours).

Plan Of Action: H&M requires that overtime hours should not exceed legal limit, and that overtime work is always done voluntarily and compensated according to local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our COC Supplier Guideline (guidance on how to implement H&M COC requirements) and via workshops held by compliance staff. In the short term we require factory to ensure workers are off 1 day per week and to work on measures to limit the number of overtime hours on weekdays. Further, we will make a root cause analysis with supplier to find the reason for excessive overtime and will support the supplier in possible measures to keep overtime within legal limits.

Deadline Date: 02/10/2010

Supplier CAP: Nordstrom action plan: "The employees do not work more than 60 hours per week." "The employees do not work more than 11 hours per day."

Supplier CAP after H&M meeting held 09.07.2010: We are working on arranging OT work; we arrange weekly controls for preventing this noncompliance. Every week people responsible for production are warned from Personnel Department by showing each worker's OT list. In this way, we try to prevent exceeding legal limits for OT.

Supplier CAP Date: 01/13/2010

Action Taken: On 09.07.2010 a meeting was held with [Factory name] management to discuss violations and get a correction plan. We will follow this violation in our further audits to observe improvements in this factory.

Plan Complete: No

Plan Complete Date:
