



2009

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** H&M Hennes & Mauritz AB

**COUNTRY:** Turkey

**FACTORY CODE:** 440076132H

**MONITOR:** Aydin Oruc

**AUDIT DATE:** September 24, 2009

**PRODUCTS:** Pants, Jackets, Skirts

**PROCESSES:** Fabric Warehouse,  
Accessories Warehouse, Cutting,  
Classification, Sewing, Cleaning, Ironing,  
Quality Control, Packaging, Loading

**NUMBER OF WORKERS:** 715

**Company Comment:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues. However, based on H&M's communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is H&M's understanding that the management is willing to remediate all issues raised as stated herein, although H&M may not verify the results owing to lack of business relationship. H&M was further informed that currently no other FLA affiliated company sources from the factory.



**CONTENTS:**

Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions \_\_\_\_\_ 3  
Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and  
Overtime Compensation \_\_\_\_\_ 4  
Wages, Benefits and Overtime Compensation: Minimum Wage \_\_\_\_\_ 5  
Forced Labor: Employment Terms/Prohibitions \_\_\_\_\_ 6  
Hours of Work: Rest Day \_\_\_\_\_ 7  
Hours of Work: Time Recording System \_\_\_\_\_ 8  
Hours of Work: Overtime/Calculation Over Period Longer Than One Week \_\_\_\_\_ 9



### **Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions**

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

### **Noncompliance**

**Explanation:** There were 2 types of employment at the factory: 1) full-time employees and 2) apprentices. Full-time employee hiring process: These workers are generally insured when they start work, as they have experience in textile factories before. This factory is located in a small town and there aren't many experienced employees, hence this process applies rarely on the hiring process at the factory.

Apprentices hiring process: The factory generally hires their employees by this method. The factory and local education service conduct training for 3 months. After this training, workers are socially insured by local education service; social insurance is a legal requirement. However, the factory also continues to hire employees within this 3 month period. Thus the workers who start work at the factory during this 3 month period are waiting between 1 week and 2.5 months to join the apprentice program in which they will be insured by the local education service.

Consequently, these workers have worked uninsured during the 1 week to 2.5 months before starting apprentice program.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline Date:**

**Supplier CAP:** The apprentices are now hired during the registration period.



**Supplier CAP** 10/31/2009

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

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### **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:** 1. As per Turkish Labor Law Article 63, the working period is a maximum of 45 hours a week. According to Turkish Labor Law Article 41, overtime is the work exceeding 45 hours a week within the framework of the conditions set forth in the Law. It was noted in the factory that the absence days of workers were calculated on monthly basis. These days/hours were deducted directly from monthly overtime hours.

2. Factory keeps double books on the payrolls.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.



**Deadline**

**Date:**

**Supplier CAP:** The working hours above 45 are considered as overtime. We will calculate the difference between the 2 ways of calculations and decide.

**Supplier CAP** 12/31/2010

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

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**Wages, Benefits and Overtime Compensation: Minimum Wage**

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

**Noncompliance**

**Explanation:** Uninsured workers (please see WBOT 13) were paid less than minimum wage between 250 TL - 350 TL.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline**

**Date:**



**Supplier CAP:** Workers are no longer paid under minimum wage.

**Supplier CAP Date:** 10/31/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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### **Forced Labor: Employment Terms/Prohibitions**

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

#### **Noncompliance**

**Explanation:** The employment contracts were not available for apprentices older than 19 years. This process was governed by National Education Management.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline Date:**



**Supplier CAP:** A new contract is available for the apprentices who will be hired in the future.

**Supplier CAP Date:** 10/31/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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### 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:** It was noted on some time records that the workers did not have 1 day off in 7 days.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline Date:**

**Supplier CAP:** The department chiefs and managers were warned about not having Sunday work. There will be no Sunday work during peak seasons without approval of the management.



Supplier CAP 12/31/2009

Date:

Action

Taken:

Plan

Complete:

Plan

Complete

Date:

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### Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

#### Noncompliance

**Explanation:** The workers did not record their working hours when they worked on Sundays.

**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline**

**Date:**

**Supplier CAP:** The factory will aim to end Sunday work. If and when there is Sunday work, the in and out records will be kept.





Supplier CAP 12/31/2009

Date:

Action

Taken:

Plan

Complete:

Plan

Complete

Date:

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### 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 employee time records.

2. As per Turkish Labor Law Article 63, the working period is a maximum 45 hours a week. Unless otherwise agreed, such period is applied by equally assigning it to working days of the week. The normal weekly working period may be differently assigned to working days of the week without exceeding 11 hours a day, upon agreement of the parties. It was noted that daily combined working hours (regular + overtime) were exceeding 11 hours in some employee time records.



**Plan Of Action:** Although approved initially by H&M, no order has been placed with this supplier since then. Currently, H&M is not interested in ordering from this facility for production related issues, either. However, based on our communications on compliance issues per this report, responses from the factory management are briefly provided herein. It is our understanding that the management is willing to remediate all issues raised as stated herein, although we may not verify the results owing to lack of business relationship. We were further informed that currently no other FLA affiliated company sources from the factory.

**Deadline Date:**

**Supplier CAP:** The needed attention will be paid in order to keep weekly combined working hours below 60. We will also take peak seasons into consideration.

**Supplier CAP Date:** 03/01/2010

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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