



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: H&M Hennes & Mauritz AB

COUNTRY: Turkey

FACTORY CODE: 440076131H

MONITOR: Alpay Celikel

AUDIT DATE: October 22, 2009

PRODUCTS: T-Shirts, Blouses, Shorts

PROCESSES: Cutting, Sewing, Ironing,
Packing

NUMBER OF WORKERS: 77

Company Comment: "H&M has been working with this factory through another supplier since 2006 and the linked supplier has decided to terminate business with the factory due to lack of orders. Therefore, we are not planning to conduct any follow-up audit at this factory in the future. The findings from the last H&M follow-up audit conducted on March 29, 2010 are available on the report."



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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)

Noncompliance

Explanation: 1. Minimum income tax refund payment for the month of September has not been paid yet.

2. There are 5 workers without social security registry on probation period.

Ref: Labour Law 4857 Articles: 32,34, Social Security and General Health Insurance Law 5510 Article: 8

Plan Of Action: H&M requires the factories to follow the local labor law about all wages, benefits and social insurance. The factory should pay wages to the worker at least 30 days after the pay cycle according to the law. The subcontractor needs to pay the minimum income taxes of previous months. In addition, the factory should work on a plan how to avoid a similar late payment case in the future and look for alternative financial solutions together with the supplier. All employees must be registered with the national social insurance office one day before their employment begins, as required by law. H&M encourage their suppliers to establish a system to ensure that employees are insured as they start work.

Deadline Date: 09/30/2010

Supplier CAP: 1. Minimum income tax refund payment for the month of September has been paid by the end of October. From now on, company plans to pay all basic salary, overtime and taxes together at the end of each month.

2. As soon as a new worker is employed, social registration will be made according to the law. Also, employees who do not wish to have SSK (social security), due to some own private financial benefits, will not be employed.

Supplier CAP Date: 09/30/2010

**Action
Taken:**

According to H&M follow-up audit conducted on March 29, 2010:

1. February salary paid March 9, 2010. Overtime compensation and tax refund payment paid March 23, 2010. As per management statement, they are planning to pay salary, overtime compensation and tax refund payment together until the 10th of each month.
2. There are still 5 employees working without social security. Registration is made during the audit. As per management statement, they are working on a sustainable solution to ensure all workers are registered with social security as required per law.

**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: Actual payments of OT compensation and wages do not match with the payroll records registered in Social Security Administration.

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

**Plan Of
Action:**

H&M requires supplier and factory to follow local laws, as well as requirements in H&M Code of Conduct. Transparency is of utmost importance for H&M; we require factory to record all hours and payments truthfully and to provide accurate records for auditors during audits and follow-up visits. H&M is aware this problem exists in Turkey and it is addressed to suppliers and factories through our audit reports and our ongoing dialogue with suppliers and factories. 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, in a sustainable way, work towards full legal compliance in this, without forgoing their transparency towards our auditors/H&M.



Deadline 09/30/2010
Date:

Supplier In the company, there are two payrolls. After evaluating the cost of having a single
CAP: payroll, management will decide whether they will be able to do it or not. The single payroll means actual payments of OT compensation and wages match with the payroll records registered in Social Security Administration.

Supplier CAP 09/30/2010
Date:

Action According to H&M follow-up audit conducted on March 29, 2010:
Taken: They will check this issue deeply with their external accountant in a couple of weeks. Then they will discuss with supplier the possibility of keeping one book.

Plan No
Complete:

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 were no periodic meetings held between management and worker representatives. No documentation was maintained of the few meetings they held at the beginning of this system. Both workers and worker representatives don't have enough knowledge (regarding their duties and responsibilities) about this system. There were many issues being raised by workers (problems about canteen, toilets, drinking water, etc., on audit report), but in the past they were not addressed by the management; therefore, the workers do not use this system anymore.

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

Deadline Date: 09/30/2010

Supplier CAP: Company tries to establish a dialogue system between management and workers through regular meetings. All workers will be trained about the system and they will be encouraged to be more effective. All meetings will be documented and posted on notice boards for the workers' notice. Procedures will be formed, and then implementations will start. The routines will be followed and feedback will be given.

Supplier CAP Date: 09/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:
They have made an election and chosen two worker representatives. They have begun keeping a logbook regarding these meetings, but the meetings are not regularly conducted.

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: Young workers are working as regular employees for both regular (45 hours/week) and OT hours.

Ref: Labor Law 4857 Article: 71, Regulation About Working Conditions of Child and Young Workers Article: 6, Official Gazette No: 25425, 06.04.2004

Plan Of Action: H&M requires the factory to follow the Labor Law concerning working conditions of young workers. We will further encourage the factory to systematically implement the H&M Code of Conduct and Labor Law requirements and communicate them to all relevant personnel in the factory, including the young workers.

Deadline Date: 06/30/2011

Supplier CAP: Young workers will work according to the law. In order to achieve this, we will evaluate each department's overtime hours. We are planning to take corrective actions in 18 months to prevent violation.

Supplier CAP Date: 06/30/2011

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

Factory has not taken any action yet. As per management's statement, the first step will be cancelling Saturday work for young workers in order to keep their working hours within legal limits.

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: There is no established complaint channel between workers and FLA member company.

Plan Of Action: During our audits and follow-up visits in factories, H&M compliance staff conducts interviews with workers. During these interviews we hand out our business cards with our contact information. The number we provide on the card is a mobile number which workers can call or SMS and 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 the management. During our audits and follow-up visits we check the function of these systems. 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 the factories; rather, we encourage the factories to develop internal regulations in line with our code of conduct and the labor law and to communicate these to all workers.

Deadline Date: 12/31/2009

Action Taken:

Plan [No](#)
Complete:

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 and a work permit.](#)

[Ref: Labour Law 4857 Article: 78-95; Regulation About Establishment and Working Licenses 17.12.2004 Official Gazette No: 25673; Regulation About Work Permits 14.07.2005; Regulation No: 2005/9207](#)

Plan Of Action: [H&M requires that the factories follow the health and safety regulations in the local law and H&M Code of Conduct. H&M always encourages the supplier and their factories to have working licenses and work permits.](#)

Deadline Date: [06/30/2011](#)

Supplier CAP: [Since the company will move to another building, we will apply for all the necessary legal documents for the new place.](#)

Supplier CAP Date: [06/30/2011](#)

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

As per management statement, they have been verbally informed by administration of industrial zone (AOSB) that their factory building is distrained by TMSF (Savings Deposit Insurance Fund), a governmental association. Therefore, they cannot get a work permit from Administration of zone. However, they don't have any official written application.

Plan Complete: No

Plan Complete Date:

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: The emergency and fire preparedness of the factory are insufficient, i.e.:

1. Emergency lighting system is not checked periodically;
2. Some illumination equipment is not operational or is missing;
3. Some fire extinguishers were blocked.

Ref: Health & Safety Regulation Articles: 19-134 (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 factories follow H&S regulations in local law and H&M Code of Conduct. All fire extinguishers and alarm buttons should be unblocked at all times; factory should have sufficient number of emergency lights on evacuation routes. Factory needs to establish a comprehensive H&S control system that should guarantee periodic checks are followed up regularly.

Deadline Date: 09/30/2010

Supplier CAP: Company will move to a new building. Missing illumination equipment will be completed and the fire extinguishers will be placed in an accessible way. In order to establish a health and safety policy in the company, management will select and educate two people who will be in charge of controlling the regular health and safety routines, such as emergency lights, battery operated emergency lights and fire extinguishers.

Supplier CAP Date: 09/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

A checklist is available and shows the functionality of illumination equipment and emergency exit lights, but one of the rechargeable lights is damaged. As per management statement, since the number of the lights is already sufficient, they did not remove the damaged one. Fire extinguishers are also checked by the responsible personnel for code of conduct issues every day to ensure all are unblocked, then the checklist is filled out.

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: Number of workers with valid first aid certificates is insufficient. (Two more needed)

Ref: First Aid Regulation Article 16 (22.05.2002/ Official Gazette: 24762)

Plan Of Action: H&M requires that factories follow the health and safety regulations in the local law and H&M Code of Conduct. We require that the factory provides first aid training by an approved local authority with certificates according to health and safety regulations. We further require that the factory implements a sustainable system to keep the number of trained workers in compliance with the local law.

Deadline Date: 03/31/2010

Supplier CAP: Company will send two more workers to have certificated first aid training. Also, there will be person in charge of health and safety. This person will regularly check health and safety issues, as well as check the number of certificated first aid employees.

Supplier CAP Date: 03/31/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:
They applied to Turkish Medical Association on February 23, 2010 and are waiting for the information regarding training dates.

Plan Complete: No

Plan Complete Date:

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: Some of the sewing machines are missing personal protectors, such as lower pulley guards and needle protectors (finger and eye), or the employees do not use them.

Ref: Labour 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

Plan Of Action: A safe and healthy working environment shall be a priority at all times. H&M requires the factory to ensure relevant production machinery is equipped with proper protective devices and that workers know when, how and why to use personal protection and related equipment.

Deadline Date: 09/30/2010

Supplier CAP: Missing devices will be completed. An employee from the health and safety committee will be trained about the protective equipment. This person will also be responsible for controlling whether these equipments are being used properly or not.

Supplier CAP Date: 09/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

Their own machines are operated with personal protectors; however, there are some rented machines and protectors are not available for them.

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)

Noncompliance

Explanation: 1. There is no H&S unit and no workplace doctor or H&S specialist in the factory. This impedes the availability of periodic health checks for employees and any preventive H&S actions (including H&S trainings, work environment checks, PPE usage, etc.).

2. There is no procedure for the periodic control of first aid kits.

Ref: Regulation About Workplace Health and Safety Units and Common Health and Safety Units Article: 5 Labour Law 4857 Article: 80

Plan Of Action: H&M requires that the factories follow the health and safety regulations in the local law and H&M Code of Conduct. Factory needs to employ a health and safety specialist who is in charge of all related applications in the factory. The factory doctor should, together with the health and safety specialist, implement a sustainable system for both the first and the periodic health checks of the employees, in order to trace their health conditions and eliminate work-related risks.

Deadline Date: 09/30/2010

Supplier CAP: 1. Company will move to another building, make an agreement with a new doctor and also arrange a doctor room with sufficient conditions. When the company doctor begins work, all periodic health checks will be completed and general health and safety education will be given to all workers.

2. Routine checks regarding first aid boxes will be done by the person made responsible in the health and safety committee.

Supplier CAP Date: 09/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

1. Factory is located in an Industrial Zone and a clinic is available in the zone which is very close to factory. As per management statement, they will also research the possibility of sharing a company doctor with other producers in the zone.
2. A person is designated as responsible. List of contents is to hang on each of the boxes. The person responsible checks the list of contents and expiry dates every day and fills out the checklist.

Plan Complete: No

Plan Complete Date:

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: The canteen area is not sufficiently cleaned and ventilated.

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

Plan Of Action: H&M requests from suppliers that all safety requirements applicable to the factory workshop also apply to the canteen/dining area. Good hygienic conditions in the kitchen and canteen should be maintained for workers' health.

Deadline Date: 09/30/2010

Supplier CAP: Company will move to a new building with a better ventilated dining area. Also, a regular checklist will be given to cleaning staff.

Supplier CAP 09/30/2010

Date:

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:

At the new address, they have stopped cooking inside the factory kitchen. They have an agreement with a private catering company. Also, they have hired a person who is only responsible for tea serving at break times and cleaning the kitchen and dining hall. Cleaning staff is using disinfectant when cleaning the kitchen and dining hall.

Plan Complete: No

Plan Complete Date:

Health and Safety: Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation: The single female toilet is insufficient for the 54 female workers in the facility, and both the lavatories are not clean enough. (A minimum of 1 cabin for every 25 females and 1 cabin for every 30 males required.)

Ref: Labor Law 4857 Article: 77; Health & Safety Regulation Official Gazette No: 14765, 11.01.1974 Article 38

Plan Of Action: H&M requires that the factories follow the health and safety regulations in the local law and H&M Code of Conduct. The factory should have sufficient number of toilets according to health and safety regulations.

Deadline Date: 06/30/2010



Supplier CAP: Company will have enough toilets for women in the new building. Also, a regular checklist will be posted and the cleaning staff person will record each time she cleans the toilets.

Supplier CAP Date: 06/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:
The number of toilets is sufficient at the new facility. Also, they have hired a cleaning staff person who is only responsible for cleaning the working area and the toilets.

Plan Complete: No

Plan Complete Date:

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: Drinking water fountains are dirty (test results are available from municipal pumping station) and there is not a system for periodic sanitizing.

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

Plan Of Action: H&M requests from suppliers to provide clean drinking water in hygienic conditions to employees for the whole production area. Factory should have a system to follow the periodic cleanliness of drinking water, containers and fountains.

Deadline Date: 06/30/2010



Supplier CAP: Regular cleaning checklist, including the cleaning of water fountains, will be given to the dining room person responsible, who is in charge of general cleaning two times a day and thorough cleaning once a week. Also, one worker from the health and safety committee will be responsible for updating the analysis reports of the drinking water.

Supplier CAP Date: 06/30/2010

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:
They have renewed all water fountains and kitchen staff is responsible for sanitizing and cleaning the fountains. They also have a treatment system for drinking water, and test results are available.

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: Most of the workers have worked without seventh day rest for the last four months. (Maximum: 12 consecutive days.)

(Daily work hour records for the first three months of 2009 could not be provided, as the management stated that the web program has been changed due to system problems, impeding the document's availability.)

Ref: Labour Law 4857 Articles: 46



Plan Of Action: H&M requires that the overtime hours should not exceed the legal limit, and that overtime work is done always voluntarily and compensated according to the local law. In the short term, we require the factory to ensure that workers may have one day off per week. In the long term, we ask the suppliers to work on their production planning to keep the overtime hours within legal limits and in a sustainable manner in the future by taking each employee's working days in consideration. H&M requires the factories to keep time records and wage records for the last one year due to the H&M transparency policy. Factory should establish a system to backup the records for the last one year.

Deadline Date: 06/30/2011

Supplier CAP: Company will evaluate the reasons why, and which sections work without the weekly break. They will try to eliminate those reasons and will try to give the weekly breaks. More emphasis will be given on effective production planning, and the material flow will be regulated accordingly.

Supplier CAP Date: 06/30/2011

Action Taken: According to H&M follow-up audit conducted on March 29, 2010:
As per management statement, they do production planning in a more effective way with suppliers in order to avoid Sunday work, but some workers worked 13 consecutive days in January 2010.

Plan Complete: No

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: 1. There is no system to ensure OT work is on voluntary basis.

2. During the weekly OT hours records check, it was observed that most of the workers have worked more than 15 hours OT per week on average in August, September and October.

(Daily work hour records for the first three months of 2009 could not be provided. Management stated that the program has been changed due to program problems, impeding the document's availability.)

Ref: Labor Law 4857 Article: 41, FLA Code

**Plan Of
Action:**

H&M requires that the overtime hours should not exceed the legal limit, and that overtime work is done always voluntarily and compensated according the local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our Code of Conduct Supplier Guideline (guidance on how to implement the H&M Code of Conduct requirements) and via workshops held by compliance staff. H&M requires the factories to keep time records and wage records for the last one year due to the H&M transparency policy. Factory should establish a system to backup the records for the last one year.

**Deadline
Date:** 09/30/2010

**Supplier
CAP:** 1. Company plans to reinforce the communication between workers and management, in order to ensure OT work is voluntary.

2. With the new in-out record system, all records will be kept and backups will be taken. By the root cause analysis, reasons for staying overtime will be examined and all necessary actions will be taken.

**Supplier CAP
Date:** 09/30/2010

**Action
Taken:**

According to H&M follow-up audit conducted on March 29, 2010:

1. They have a verbal policy that "the overtime is on voluntary basis," but it's not clearly communicated with all workers. This issue will also be discussed with the worker representatives in the following dialogue meetings.
2. In order to keep monthly overtime hours in ILO limits, they try not to stay overtime on Mondays and Fridays; they also stay overtime a maximum of 2 hours in a day. Monthly overtime was a maximum of 51 hours at the cutting section in February 2010.

**Plan
Complete:**

No

**Plan
Complete
Date:**
