COMPANY: H&M Hennes & Mauritz AB
COUNTRY: Turkey
FACTORY CODE: 440076129H
MONITOR: Alpay Celikel
AUDIT DATE: August 27-28, 2009
PRODUCTS: Knit shirt, Knit jacket
PROCESSES: Cutting, Sewing, Finishing, Packing
NUMBER OF WORKERS: 126

For an explanation on how to read this report, please visit the FLA website [here](#).
CONTENTS:

Wages, Benefits and Overtime Compensation: Timely Payment of Wages ________________________ 3
Wages, Benefits and Overtime Compensation: False Payroll Records ____________________________ 4
Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs ___________________________________________________________________________ 5
Code Awareness: _______________________________________________________________________ 6
Health and Safety: General Compliance Health and Safety ____________________________________ 7
Health and Safety: Notification and Record Maintenance _____________________________________ 8
Health and Safety: Safety Equipment and First Aid Training ___________________________________ 9
Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance___________________ 10
Health and Safety: Machinery Maintenance and Worker Training _____________________________ 11
Health and Safety: Medical Facilities ____________________________________________________ 12
Health and Safety: Toilets/Restrictions __________________________________________________ 14
Hours of Work: General Compliance Hours of Work ________________________________________ 15
Hours of Work: Rest Day __________________________________________________________________ 16
Hours of Work: Annual Leave/Wage Payments ____________________________________________ 17
Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Explanation: Due to the recent financial crisis, there have been delays on OT payments since March 2009. The OT payments for May have not yet been paid.

Ref: Labour Law 4857 Article: 34

Plan Of Action: H&M requires the factories to follow the local labor law regarding all wages, benefits and overtime compensation. 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 overtime hours of the previous months. In addition, the factory should work on a plan to avoid a similar late payment in the future and look for alternative financial solutions together with the supplier.

Deadline Date: 10/15/2009

Supplier CAP: All OT payments have been done October 2009. To avoid repeat of this case, the factory is trying to reduce overtime.

Supplier CAP Date: 10/15/2009

Action Taken:

Plan Complete:

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, be they OT compensation or wages higher than legal minimum wage, 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 the supplier and inside subcontractor 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 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 our audit reports and our ongoing dialogue with suppliers and factories. We do encourage the supplier and inside subcontractor to, in a sustainable way, work towards full legal compliance in this matter, without forgoing their transparency towards our auditors and H&M.

Deadline Date: 07/31/2010

Supplier CAP: The factory is working on costing this subject. At the moment, there are 247 workers. 153 of these workers’ wages are fully registered in Social Security Administration. The rest of the workers’ wages will also be fully registered by August 2010. (There are also 64 office staffers.) As a second step, their wages will also be fully registered in Social Security Administration until December 2012. The registration of OT wages will be considered as a long term goal together with the registration of the management staff’s wages.

Supplier CAP Date: 07/31/2010

Action Taken:

Plan Complete:
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: The worker representative is appointed, not elected by workers. The workers do not consider this system to be effective.

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

Deadline Date: 09/30/2010

Supplier CAP: In supplier's factory, worker representative election was done on October 20, 2009. In inside subcontractor wing of the factory, worker representatives were already elected by workers in November 2007.

Supplier CAP Date:

Action Taken:

Plan 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.

Explanation: There is no established complaint channel between workers and FLA member company. Since there was no training session about the H&M's Code of Conduct, the workers’ awareness of the H&M Code of Conduct is very low.

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 card 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 labour law and to communicate these to all workers.

Deadline Date: 12/25/2009

Supplier CAP: 12/25/2009

Action Taken: 

Plan Complete:
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)

Explanation: The Health & Safety trainings are not in line with the related regulation.

Ref: Regulation about H&S Trainings of the Employees (Official Gazette No: 25426, 07.04.2004)

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 is responsible for providing workers a training session to inform them about their legal rights and work related risks. The training session 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. The factory shall keep records of attendance and training material to be presented upon request.

Deadline Date: 12/25/2009

Supplier CAP: H&S trainings will be more effective with H&S specialist and there will be checks by the supervisors after trainings to get efficiency.

Supplier CAP Date: 12/25/2009

Action Taken:

Plan Complete:

Plan Complete Date:
Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Explanation: First and periodical health check reports of most employees are missing.

Ref: Regulation About Workplace Health and Safety Units and Shared Health and Safety Units, Article: 8, Appendix 1 15.08.2009/ Official Gazette: 27320

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 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 the first and periodical health checks of the employees in order to track their health conditions and eliminate the work related risks.

Deadline Date: 10/31/2009

Supplier CAP: Missing documents will be completed till the end of October. H&S specialist started working at the factory on October 16, 2009. All first and periodical health check reports are completed. There will be auto-control and these checks will be followed by the human resource manager and the general manager.

Supplier CAP Date: 10/31/2009

Action Taken:

Plan Complete:

Plan Complete Date:
Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as firefighting 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)

Explanation: 1) At the in-house subcontractor company, there was an insufficient number of first aid training certificates (5 more needed).

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

2) The factory was missing pieces of equipment that are very important for workplace health and safety (e.g., oxygen tube, mobile stretcher and computer).

Ref: Regulation About Workplace Health and Safety Units and Shared Health and Safety Units, Article: 8, Appendix 1 15.08.2009/ Official Gazette: 27320

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 a health and safety training to at least 5% of the workers (according to the local regulation) preferably from all departments. We further require that the factory implements a sustainable system to keep the number of trained workers in compliance with the local law. Factory needs to employ a health and safety specialist who is in charge of all related applications in the factory including the maintenance of the equipment such as oxygen tube, mobile stretcher and computer.

Deadline Date: 10/16/2009

Supplier CAP: The factory has applied for the first aid certificates for additional 5 people. The training will start on 22nd of October. The owner of the company will be in charge of this training. Also, the Human Resources department will check the number of the trained workers. If it is needed, more additional people will be sent to first aid trainings. The procurement of missing equipment will be completed till the end of October. A H&S specialist has started in our factory on 16/10/09.

Supplier CAP Date: 10/16/2009
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: The internal parts of isolation on some electrical panels are missing ground connections on their covers.


Plan Of Action: H&M requires that safety in the factory is maintained in accordance with local law and the H&M Code of Conduct. The factory should make sure that electrical installations are installed in a safe and correct way by a certified electrician. These electrical installations are to be kept free from dust and dirt. For the future, the factory should employ a health and safety specialist who implements a system to trace similar maintenance work and regular inspections as well as other health and safety matters.

Deadline Date: 08/28/2009

Supplier CAP: The missing grounding connections were completed. The electrician is same for both on-site facilities and will check all electrical panels every day.

Supplier CAP Date: 08/28/2009
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 (for the finger and eye) are missing on most of the sewing machines or not used by the employees. Lower pulley guards are missing on some sewing machines.

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

Plan Of Action:

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

Deadline Date: 12/25/2009
When the needle guards get dusty it is difficult for workers to sew needlepoint. So we are searching different ways for protecting eyes and fingers, i.e., glasses. Lower pulley guards were installed on sewing machines.

A H&S Specialist will train the workers with on this matter; supervisors will also be observing. And all workers will be inspected more strictly from now on.

Supplier CAP 12/25/2009

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: There is no Health & Safety specialist in the factory’s health and safety unit.

Ref: Regulation About Workplace Health and Safety Units and Shared Health and Safety Units, Article: 8, Appendix 1 15.08.2009/ Official Gazette: 27320

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.
A H&S specialist started working in our factory on October 16, 2009.
Health and Safety: Toilets/Restrictions

H&S.24 Employers shall not place any undue restrictions on toilet use in terms of time and frequency. (P)

Noncompliance

Explanation: At the in-house subcontractor company, it was observed that there were some restrictive policies on toilet use in terms of time.

(E.g. Notice of toilet restriction -posted on doors- between 08:30-10:30 and 14:00-16:30. The notices were removed during the audit.)

Plan Of Action: H&M requires the factories to follow the local laws and regulations and the H&M Code of Conduct while taking disciplinary actions against the workers. Factories should respect workers’ basic necessities such as access to food, water, toilets and not use them as means to maintain labour discipline. In case of violations against this principle, factories should, in short term, stop the violation. In long term, responsible administrative personnel should be trained in order to avoid the repeat of the violation. Workers should be informed about the changes in the previous applications which led to the violation. Follow up should be enabled through internal communication channels in the factory.

Deadline Date: 08/27/2009

Supplier CAP:

This restrictive policy was put into place due to the demands of pregnant workers. They wanted to be the first to use the toilets. But the notices were removed during the audit. There are no more restrictions on toilet use. In addition, cleaning will be done while the toilets are open. It is now a written policy.

Supplier CAP Date: 08/27/2009

Action Taken:

Plan Complete:

Plan Complete Date:
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: At the in-house subcontractor company, most workers have exceeded the total yearly overtime limit of 270 hours by the end of June 2009. (Max. observed OT hour: 370 hrs)

During the inspection of OT records the audit team found out that some workers have occasionally worked up to 20 of OT per week in the last 6 months.

Ref: Labour 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. In the short term we require the factory to ensure that workers are off 1 day per week and work on measures to limit the number of overtime hours in the weekdays. The supplier is requested to send monthly OT analysis reports to H&M for each section. Further we will make a root cause analysis with the supplier to find the reason for excessive overtime and support the supplier in possible measures to keep overtime within legal limits.

Deadline Date: 12/25/2009

Supplier CAP: The factory is preparing a schedule for overtime like the in-house has been doing. OT will be observed according to list. Schedule shows overtime records of all workers. The limits will be checked by the Human Resources Department. Schedule will show overtime hours for each worker daily.

Supplier CAP Date: 12/25/2009

Action Taken:
Plan
Complete:

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:** 5 workers at the in-house subcontractor worked without a weekly rest day in January and May 2009. (Up to 20 consecutive days)

Ref: Labour Law 4857 Articles: 46,69

**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 1 day off per week. In the long term, we ask the suppliers to work on their production planning to keep the overtime hours in legal limits in a sustainable manner in the future.

**Deadline Date:** 12/25/2009

**Supplier CAP:** This issue has been under control since September. Overtime hours will be periodically checked by the general manager.

**Supplier CAP Date:** 12/25/2009

**Action Taken:**
Hours of Work: Annual Leave/Wage Payments

HOW.18 Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under local laws, regulations and procedures. (S)

Noncompliance

Explanation: There is no Annual Leave Committee within the facilities for determining the annual leave periods and evaluating the annual leave requests of the employees.

Ref: Labour Law 4857 Article: 60; Annual Leave Regulation Article: 15 (Official Gazette No: 25391, 03.03.2004)

Plan Of Action: H&M requires that workers' basic right of leave is respected. The factory should provide legal paid leave to workers respectively. Further we encourage the factory to arrange for an Annual Leave Committee to be settled. The worker representatives of the Annual Leave Committee shall be elected by the workers, not appointed by the management.

Deadline Date: 12/25/2009

Supplier CAP: Workers have passed their demands to HR manager before. The Annual Leave Committee will be working for the following months. This committee is organized by worker representatives and company officials. The Human Resources manager and the workers’ representatives are the members of this Committee. The committee will hold meetings once a year, as per government law.

Supplier CAP Date: 12/25/2009
Action
Taken:

Plan
Complete:

Plan
Complete
Date: